Strategic Touchpoint Management:
How Luxury Brands Can Successfully Attract Millennials

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The President:

Prof. Dr. Thomas Bieger
Abstract

Recent years have brought a remarkable increase in possibilities for brands to get in touch with customers, driven especially by the rise of digital media. This has added significant complexity to the management of customer touchpoints. Brands are confronted with the challenge of deciding where to be present for what purpose and with which content. Furthermore, they need to adapt to changing customer preferences, predominantly driven by the customers of the Millennial cohort. Luxury brands are particularly exposed as they both aim to provide the best experience for their customers and face the risk of diffusion due to overexposure.

Previous research has not sufficiently aided brands in coping with these new challenges of reaching and engaging Millennial customers and using opportunities to their advantage. Thus, the dissertation at hand explores the following research question: How can luxury brands strategically approach touchpoint management to successfully attract Millennials along the customer journey?

To do so, I have first generated insights on what customer journeys for luxuries look like both from a brands’ perspective and a customers’ perspective. The first viewpoint shed light on how luxury brands constitute success for themselves along the journey. The latter analyzed what characterizes Millennial journeys and identified critical touchpoints. The comparison of the two views has resulted in nine insights for luxury brands to consider when serving Millennials. Second, I have taken a closer look at prevailing stereotypes of the Millennial cohort and extracted five luxury customer segments. Third, I have integrated the previous findings to derive a strategic approach for brands regarding how to successfully manage their touchpoints in a Millennial market, which I refer to as touchpoint strategies.

Based on the developed insights, luxury brands should strategically manage five groups of touchpoints to successfully attract Millennials along the customer journey. They should put their primary focus on the critical touchpoints, which are split into the must-dos (WOM, brand website, predominant POS, staff, and product or stay) and the should-dos (social media and direct contact). Furthermore, they should strategically position themselves in four strategic touchpoint groups, namely: the attractor, exciter, engager, and facilitator touchpoints. In this way, they can adjust their touchpoint setup to different strategic goals, industry requirements, or target customer needs. By applying this touchpoint strategy concept, brands can respond to Millennials’ rather lengthy, distracted, diverse, and more digitally-oriented customer journeys.


Zusammenfassung

In den vergangenen Jahren sind die Möglichkeiten, durch welche Marken mit Kunden in Kontakt treten können, merklich gestiegen; eine Entwicklung, welche besonders durch das Wachstum digitaler Medien beschleunigt wurde. Marken stehen hierdurch vor der Entscheidung, wo und warum sie mit welchen Inhalten präsent sein möchten. Zudem müssen sie auf Veränderungen der Kundenbedürfnisse reagieren, welche insbesondere durch Kunden der Generation der Millennials verstärkt werden. Für Luxusmarken stellen diese Entwicklungen eine besondere Herausforderung dar, da sie einerseits danach streben, ihren Kunden ein hervorragendes Einkaufserlebnis zu ermöglichen und andererseits stets dem Risiko einer zu hohen Marktpräsenz und somit einer Verwässerung ihres Markenbilds ausgesetzt sind.

Da die existierende Forschung diese Thematik noch nicht ausreichend aufgegriffen hat, beschäftigt sich die vorliegende Dissertation mit der Forschungsfrage: Wie können Luxusmarken das Thema Kundenkontaktpunktmanagement strategisch angehen, um die Millennials auf ihrer gesamten Customer Journey erfolgreich für sich zu gewinnen?


Content

List of Figures ............................................................................................................. VI
List of Tables .............................................................................................................. VII
Abbreviations ............................................................................................................. VIII

1 Introduction .............................................................................................................. 1
  1.1 Setting and Problem Statement ................................................................. 1
  1.2 Objectives ...................................................................................................... 4
  1.3 Outline ............................................................................................................ 5

2 Theoretical Background ....................................................................................... 7
  2.1 Touchpoints Strategies ................................................................................. 7
      2.1.1 Touchpoints ............................................................................................ 7
      2.1.2 Customer Journeys ................................................................................. 8
      2.1.3 Customer Experience .......................................................................... 10
      2.1.4 Touchpoint Strategies as an Integrative View .................................. 12
  2.2 Luxury Brands ............................................................................................... 12
  2.3 Millennials ....................................................................................................... 14
  2.4 Deducting the Research Objectives ............................................................ 15
      2.4.1 Millennials and Luxury Brands ............................................................ 15
      2.4.2 Touchpoint Strategies in a Millennial Market .................................... 17
      2.4.3 Touchpoint Strategies for Luxury Brands .......................................... 18
      2.4.4 Touchpoint Strategies for Luxury Brands in a Millennial Market ... 20

3 Research Approach ............................................................................................... 23
  3.1 The Customer Journey for Luxuries – an Experts’ Point of View ............. 23
      3.1.1 Research Design .................................................................................. 24
      3.1.2 Sample and Data Collection ............................................................... 24
      3.1.3 Data Analysis ....................................................................................... 26
  3.2 The Customer Journey for Luxuries – a Millennials’ Point of View .......... 26
      3.2.1 Research Design .................................................................................. 27
      3.2.2 Sample and Data Collection ............................................................... 28
      3.2.3 Data Analysis ....................................................................................... 31
  3.3 The Millennial Cohort .................................................................................... 31
      3.3.1 Research Design .................................................................................. 32
      3.3.2 Sample and Data Collection ............................................................... 32
      3.3.3 Data Analysis ....................................................................................... 35
  3.4 Aggregation of Findings to Touchpoint Strategies ...................................... 37
4 The Customer Journey for Luxuries .......................................................... 39
  4.1 Findings from Expert Interviews .......................................................... 40
    4.1.1 Constituting Success for Brands along the Journey ......................... 40
    4.1.2 Describing Customer Journeys for Luxuries ............................... 44
    4.1.3 Differences across Industries ..................................................... 48
    4.1.4 Discussion and Summary of the Experts’ Perspective ..................... 50
  4.2 Findings from Millennial Customer Interviews ..................................... 51
    4.2.1 Describing Journeys from a Customers’ Perspective ....................... 52
    4.2.2 Five Typical Journeys .................................................................. 61
    4.2.3 Specifics of the Millennial Journeys ........................................... 64
    4.2.4 Critical Touchpoints along the Journey for Millennials ................. 65
    4.2.5 Millennial Determinants of the Customer Experience .................... 68
    4.2.6 Summary of the Millennial Customers’ Perspective ....................... 70
  4.3 Discussion ......................................................................................... 71
    4.3.1 Comparison of the Two Perspectives ........................................... 71
    4.3.2 Interim Conclusion ..................................................................... 77
5 The Millennial Cohort ............................................................................. 81
  5.1 Insights on Millennial Stereotypes ...................................................... 81
    5.1.1 Quality-Focused Customers ......................................................... 81
    5.1.2 Always-Connected Customers .................................................... 82
    5.1.3 Experience-Oriented Customers .................................................. 83
    5.1.4 Non-Materialistic Customers ...................................................... 85
    5.1.5 Ethically Responsible Customers ................................................. 86
  5.2 Five Luxury Customer Segments ....................................................... 87
    5.2.1 Overview of Millennial Luxury Customer Segments ....................... 87
    5.2.2 The Experience Seeker ............................................................... 89
    5.2.3 The Identity-Driven Connoisseur ................................................ 91
    5.2.4 The Materialistic Positioner ........................................................ 93
    5.2.5 The Brandless Indifferent ........................................................... 95
    5.2.6 The Immaterial Experiencer ....................................................... 96
  5.3 Discussion ......................................................................................... 97
    5.3.1 Comparison of Segments ............................................................. 97
    5.3.2 Comparison to Other Segmentation Efforts ................................... 99
    5.3.3 Interim Conclusion .................................................................... 101
6 A Strategic Approach to Touchpoint Management .................................. 103
  6.1 Current Approach to Touchpoint Management ..................................... 103
List of Figures

Figure 1: Overview of Dissertation Chapters ................................................................. 6
Figure 2: The Brand Purchase Funnel (own illustration based on the Brand Purchase Funnel by Perrey et al. (2015)) ................................................................. 8
Figure 3: The Consumer Decision Journey (own illustration based on Edelman (2010) and Edelman and Singer (2015)) ................................................................. 9
Figure 4: Integration of Concepts to Touchpoint Strategies (own presentation) ... 12
Figure 5: Overview of Research Projects ........................................................................ 23
Figure 6: Overview of Luxury Brands' Goals along the Customer Journey (own presentation) ................................................................................................................. 41
Figure 7: Overview of Customer Journey Stages in Luxury (own presentation) ... 52
Figure 8: Discovered Types of Customer Journeys (own presentation) ............... 61
Figure 9: Distribution of Respondents based on their Answer to the Question "A Luxury is rather..." ........................................................................................................ 84
Figure 10: The Touchpoint Strategy Concept (own presentation) ...................... 108
Figure 11: Summary of Research and Derived Findings ........................................ 130
### List of Tables

Table 1: List of Expert Interview Partners ................................................................. 25
Table 2: List of Customer Interviews .......................................................................... 30
Table 3: Sample Statistics for Millennial Cohort Analyses ........................................... 33
Table 4: Summary of Brands’ Goals, Customer Activities, and Popular Touchpoints along the Journey ................................................................. 48
Table 5: Summary of Customer Journey Stages, Activities, and Popular Touchpoints ............................................................................................................. 60
Table 6: Summary of Derived Customer Experience Influencers ................................ 70
Table 7: Comparison of Millennials’ and Experts’ Viewpoints ..................................... 72
Table 8: Respondents' Orientation towards Materialism ................................................. 85
Table 9: Respondents' Agreement to Dimensions of Ethical Responsibility ............... 86
Table 10: Means of Clustering Variables for Millennial Customer Segments .......... 88
Table 11: General Characteristics of Millennial Customer Segments ...................... 88
Table 12: Means of Profiling Variables for Millennial Customer Segments .............. 89
Table 13: Percentage of Millennial Interviewees who Mentioned the Critical Touchpoints ............................................................................................................. 109
Table 14: Average Number of Stages with Presence of Critical Touchpoints .......... 109
### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>ANOVA</td>
<td>Analysis of variance</td>
</tr>
<tr>
<td>A&amp;A</td>
<td>Apparel &amp; accessories</td>
</tr>
<tr>
<td>BI</td>
<td>The brandless indifferent</td>
</tr>
<tr>
<td>BLI</td>
<td>Brand Luxury Index</td>
</tr>
<tr>
<td>CIT</td>
<td>Critical incident technique</td>
</tr>
<tr>
<td>CRM</td>
<td>Customer Relationship Management</td>
</tr>
<tr>
<td>C1-C31</td>
<td>Interviewed customer 1-31</td>
</tr>
<tr>
<td>e.g.</td>
<td>exempli gratia</td>
</tr>
<tr>
<td>et al.</td>
<td>et alia</td>
</tr>
<tr>
<td>ES</td>
<td>The experience seekers</td>
</tr>
<tr>
<td>E1-E13</td>
<td>Interviewed expert 1-13</td>
</tr>
<tr>
<td>GSA</td>
<td>Germany, Switzerland, Austria</td>
</tr>
<tr>
<td>IC</td>
<td>The identity-driven connoisseurs</td>
</tr>
<tr>
<td>IE</td>
<td>The immaterial experiencers</td>
</tr>
<tr>
<td>MP</td>
<td>The materialistic positioners</td>
</tr>
<tr>
<td>n/a</td>
<td>Not available</td>
</tr>
<tr>
<td>No.</td>
<td>Number</td>
</tr>
<tr>
<td>POS</td>
<td>Point of sale</td>
</tr>
<tr>
<td>pPOS</td>
<td>Predominant point of sale</td>
</tr>
<tr>
<td>PR</td>
<td>Public relations</td>
</tr>
<tr>
<td>ROVO</td>
<td>Research online, verify offline (identified journey type)</td>
</tr>
<tr>
<td>SIT</td>
<td>Sequential incident technique</td>
</tr>
<tr>
<td>TP</td>
<td>Touchpoint</td>
</tr>
<tr>
<td>WOM</td>
<td>Word of mouth</td>
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1 Introduction

Based upon a foundation of tradition and craftsmanship, the luxury industry has characteristically been quite resistant to change (Okonkwo, 2009a). Some recent trends have, however, led industry leaders to start reconsidering some of the fundamentals of their marketing approach. The prime reason for this necessary adaptation is changing consumer behavior, predominantly shaped by the rise of the Millennial consumer generation. Imran Amed, founder of “The Business of Fashion” refers to this trend as “the emergence of a new paradigm, where old rules no longer work. There is an increased need for companies to (...) deal with all of the rapidly changing consumer demands led by the Millennials and Gen Z” (The Business of Fashion, 2018).

Research has so far approached the topic by analyzing parts of it in further detail but has not yet taken a more holistic approach. The dissertation at hand will address this gap to provide insights for brands dealing with the challenge of how to successfully attract Millennials using a strategic touchpoint management approach.

1.1 Setting and Problem Statement

Recent years have seen a significant increase in the possibilities for brands to engage both potential and current customers (Lemon & Verhoef, 2016; Neslin et al., 2006). The rise of digital media, in particular, as well as online sales channels, has added a considerable number of opportunities through which to manage customer interactions (Brynjolfsson, Hu, & Rahman, 2013; Lamberton & Stephen, 2016; Sashittal, Hodis, & Sriramachandramurthy, 2014). Thus, brands find themselves faced less with the task of creating points of interaction, but more with the need to select an appropriate set of touchpoints and to coordinate them along the customer journey.

For many brands, however, these myriad opportunities present a substantial challenge (Edelman & Singer, 2015; Rawson, Duncan, & Jones, 2013). On the one hand, they need to decide where and where not to be present. On the other hand, being present at every possible point is not a compelling strategy either. Such an approach is costly and significantly increases the risk of providing an inconsistent brand image across touchpoints (De Barnier, Faley, & Valette-Florence, 2012). In addition, as touchpoints represent both direct and indirect points of contact of a customer with a brand, not all touchpoints can be directly influenced by the brand itself. External or social touchpoints, for example, include conversations about the brand, which can take place both offline
or increasingly through online platforms that facilitate the exchange of views on brands and are growing in significance (Baxendale, Macdonald, & Wilson, 2015; Lemon & Verhoef, 2016).

For luxury brands the challenge is particularly pressing. These brands aim to provide the best experience for their customers to underpin their exclusiveness (Atwal & Williams, 2009; Kapferer, 1997, 2015). At the same time, they face the risk of inconsistency by being present at a large number of touchpoints. Their limited experience with digital touchpoints reinforces this challenging task (Heine & Berghaus, 2014; Okonkwo, 2009b). In light of the market developments, choosing not to react at all is not a viable option. These developments include an apparent shift in consumer preferences regarding how, where, and when to get in touch with brands, be approached by them, and interact with them (Batra & Keller, 2016; Edelman, 2010; Sherman, 2017). Furthermore, customers have become more savvy in selecting when to interact and buy from a brand, which raises expectations for luxury brand strategy from merely hanging the products in their stores to really engaging with what consumers want and need (Silverstein & Fiske, 2003).

At the forefront of this trend are consumers of the Millennial cohort, who are stereotyped to be more connected, social media present, impatient, and demanding than previous generations (Fromm & Garton, 2013; Goldman Sachs, 2016). For many years, the Millennials were mentioned as an important customer group but were still seen as a topic of the future for the luxury sector. Recently, this group has emerged to the center of attention in terms of customer buying power. In 2017, Millennials and Gen Z represented 85% of growth in the luxury sector according to the Bain & Company and Fondazione Altagamma Market Monitor (D’Arpizio, 2017). Furthermore, they are forecast to account for 55% of the absolute market for personal luxury goods by 2025 (D’Arpizio & Levato, 2018).

Closer examination of this cohort may help not only to understand this consumer group of the future, but also to gain insights into general developments in consumer behaviors and preferences. Some of the developments viewed as particular to Millennials can be ascribed to all the luxury consumers and can rather be labeled as a “Millennial mindset” that is changing how people shop and what they value (Flaccavento, 2018).

This setting and problem description, which was primarily derived from literature and reports on the topic, was further confirmed in discussions and interviews with industry representatives focusing on the practical relevance. This managerial point of
view on the topic was discussed with experts from the luxury industry at several workshops organized by the Competence Center for Luxury Management at the University of St. Gallen and through four validation conversations and a brief questionnaire on the practical relevance as part of a seminar at the University of St. Gallen. In addition, the expert interviews conducted as part of the research endeavor also pointed out similar phenomena and raised questions that underlined the importance of the topic for practitioners.

The interviewed experts highlighted the increasing number of touchpoints to handle and gave examples for changes in the way touchpoints are used by customers or should be used by brands. Expert 9 (E9) explained: “As the number of messages that reaches us [increases], it is even more relevant, even more important to have a relevant topic, otherwise you don’t cut through the noise (...) and that is because we are overexposed to a million of things and we are becoming much, much better in removing or not getting engaged in things that are not relevant for us in the here and now.” E2 focused on the initial contact: “That means, where do I actually find out about the brand – it is today still word of mouth, that stayed. But now, of course, the whole social, virtual world was added.” 1 E11 provided the example of the changing role of the physical store: “(...) the store is becoming a media channel. Before, stores were a distribution channel, but now it is a communication channel. You have the big flagships that not only sell, but they also communicate with the client.” Furthermore, the interviewed experts raised similar questions to the ones that emerged from the literature: “I would be interested to know which touchpoints are most relevant to Millennials? Do they still read emails?”2 This was a question posed by the interviewed expert 5 (E5), while E1 wanted to know: “How is luxury defined nowadays or in different generations?”3

The presented setting indicates that previous research has not been sufficiently able to help brands in coping with the new challenges involved in reaching and engaging Millennial consumers to use the presented opportunities to their advantage. Published studies predominantly focus on specific groups of touchpoints, mainly exploring new digital touchpoints or retail channels (Baxendale et al., 2015; Heine & Berghaus, 2014; A. J. Kim & Ko, 2012). They also characterize Millennials as one large customer group and mainly analyze their status consumption behavior when it comes to luxury spending (e.g. Bolton et al., 2013; Eastman & Liu, 2012; Giovannini, Xu, & Thomas, 2015).

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1 Translated from German.
2 Translated from German.
3 Translated from German.
are therefore significant gaps in the literature. First, a differentiated understanding of the Millennial generation is required (Bolton et al., 2013; Noble, Haytko, & Phillips, 2009). Second, research must overcome the lack of a holistic understanding of the required customer interactions (Baxendale et al., 2015; Lemon & Verhoef, 2016) – especially regarding the luxury sector targeting Millennials (Heine & Berghaus, 2014; A. J. Kim & Ko, 2012; Lee & Watkins, 2016). Thirdly, more research is needed to support brands in approaching the management of such interactions (Homburg, Jozić, & Kuehnl, 2017).

1.2 Objectives

The research gap presents itself at the intersection of the three topics: strategic touchpoint management, luxury brands, and Millennials. The dissertation at hand aims to close this gap by answering the following overarching research question:

*How can luxury brands strategically approach touchpoint management to successfully attract Millennials along the customer journey?*

To answer this question, the following sub-questions need to be addressed: What constitutes success for luxury brands along the customer journey?; What do Millennial customer journeys look like?; What are the key attitudes and preferences of the Millennial cohort relevant to luxury brands?; and What characterizes a successful touchpoint management targeting Millennials?

The contribution of my research is threefold:

A. I generate insights on customer journeys for luxuries from both the brands’ (A1) and the Millennial customers’ (A2) point of view. To achieve this, (A1) I have conducted a series of 13 interviews with industry experts to develop a generic view on customer journeys in the luxury industry. This includes the constitution of success for luxury brands along the journey, as well as a description of their typical activities in each of the stages, plus the expected ideal typical customer activities. To shed light on (A2), the Millennial customer perspective, I have drawn insights from 31 interviews with customers of luxury brands (thereof 25 Millennials). These interviews provide a description of luxury customers’ – and especially Millennial luxury customers’ – journeys, which could then be classified into different types and helped to identify critical touchpoints.

B. I contribute to a better understanding of the Millennial cohort, especially regarding their attitudes towards luxury in general and commercial luxuries. In this area, it was necessary to, on the one hand, debunk prevailing stereotypes
regarding Millennials’ attitudes and, on the other hand, provide a segmentation of the Millennial luxury customer base. Both of these efforts are based on 510 datasets collected via an online-based questionnaire and enriched with insights from the above-mentioned Millennial customer interviews.

C. I integrate the findings to develop the concept of touchpoint strategies as a strategic approach to touchpoint management for luxury brands targeting Millennials. In order to shape and verify this concept, it was enriched with practical examples and discussed with several industry experts.

As the cultural differences especially to Asian luxury customers is quite strong (Kapferer & Valette-Florence, 2018), the geographical focus of the dissertation is Europe, predominantly the German language zone (Germany, Switzerland, and Austria), to ensure a more homogenous customer base as an object of examination.

1.3 Outline

After this introduction, chapter 2 will provide a clarification of the relevant definitions to discuss the topic, an overview of the existing literature in the fields of interest, and, subsequently, the deduction of the research gap to be addressed. Based on this, I will present the research objectives, the three empirical studies, and the integrative study used to approach these objectives in chapter 3. Chapter 4 will present the findings of the qualitative empirical studies on customer journeys for luxuries. The insights on the Millennial cohort and prevailing stereotypes associated with this cohort, along with the results of the segmentation effort, will be presented in chapter 5. In chapter 6, the insights of the empirical studies will be integrated and discussed to deduct the touchpoint strategy concept and hence provide an answer to the overall research question of how to strategically approach touchpoint management in order to successfully attract Millennials along the customer journey. Chapter 7 will summarize the findings, provide information on the theoretical and managerial contributions of this dissertation, point out limitations and offer an outlook on avenues for future research endeavors. Figure 1 provides a graphic representation of how the different chapters are structured.
Figure 1: Overview of Dissertation Chapters
2 Theoretical Background

To approach the research question, clarifications regarding the terms used and the description of the current state of research in the three areas are required: the deduction of the term touchpoint strategies, the area of luxury brands, and the Millennial cohort.

2.1 Touchpoints Strategies

The rise of a multitude of digital channels has increased the complexity of where and how to reach potential customers and make them loyal to one’s brand (Baxendale et al., 2015; Lemon & Verhoef, 2016; Verhoef, Kannan, & Inman, 2015). This challenge, not only restricted to luxury brands, has led to an increasing interest of consumer-brand touchpoints, their interplay, and their management in the academic literature (e.g. Baxendale et al., 2015; Grønholdt, Martensen, Jørgensen, & Jensen, 2015; Lemon & Verhoef, 2016; Verhoef, Kannan, & Inman, 2015).

2.1.1 Touchpoints

According to Baxendale et al. (2015, p. 236) a touchpoint is defined as any “episode of direct or indirect contact with the brand”. This broader view has been used by other literature in the field, highlighting the importance of the scope that not only includes direct brand to consumer interactions, but explicitly includes consumer to consumer or third party to consumer interactions as well (Batra & Keller, 2016; Baxendale et al., 2015; Grønholdt et al., 2015; Lemon & Verhoef, 2016; Verhoef et al., 2015).

These episodes can include one-way or two-way interactions between customers and brands (Verhoef et al., 2015). This means that the scope is not limited to channels in the classical sense as an interaction of a the firm with the consumer (e.g. Neslin et al., 2006). It also refers to mass communication media and peer-to-peer communication as a one-way communication point from the brand to the customer (Verhoef et al., 2015) or product usage as a consumer-only touchpoint (Batra & Keller, 2016). Hence, some touchpoints cannot be controlled by the brand, like word of mouth recommendations, while others can only be shaped indirectly, like the presence in a multibrand online shop (Baxendale et al., 2015; Lemon & Verhoef, 2016).

To reflect this aspect, Lemon and Verhoef (2016) distinguish four types of touchpoints: brand-owned, partner-owned, customer-owned, and social/external ones. Brand-owned touchpoints include classic one-way advertisements, a company website,
or other elements of the marketing mix such as product attributes, packaging, or service. Partner-owned touchpoints are usually co-created with a partner that can, for example, be a retailer selling the brand’s products or services. They can hence be indirectly influenced via this partner. Customer activities like product usage are referred to as customer-owned. Social/external touchpoints can reach from classical word of mouth communication over influencer blogs to review pages. Baxendale et al. (2015) have a similar structure: they also refer to brand owner and third party touchpoints as categories and then refer to retail touchpoints as a third category that comprises retailer advertising or in-store communications.

### 2.1.2 Customer Journeys

A sequence of touchpoints constitutes a customer journey that can be split into several stages (Baxendale et al., 2015; Court, Elzinga, Mulder, & Vetvik, 2009; Lemon & Verhoef, 2016). The customer journey view has emerged from previous considerations of advertising effectiveness that looked at the purchase process of a consumer in the form of a funnel (Lemon & Verhoef, 2016; Neslin et al., 2014). Typical purchase funnel views are the AIDA (attention, interest, desire, action) model or the funnel described by Lavidge and Steiner (1961) that splits the process into the stages awareness, knowledge, liking, preference, conviction, and purchase. Further variations of the purchase funnel as visualized in figure 2, i.e. by Perrey, Freundt, and Spillecke (2015, pp. 131–138), in most examples picture fewer steps before purchase – awareness, familiarity, and consideration – but include loyalty after purchase as an additional element. The brand or purchase funnel has long been an effective tool in the marketing controlling landscape assuming that each customer goes through different stages in a purchase decision process (Burmann, Dierks, & Fink, 2017, pp. 294–295; Tomczak, Reinecke, & Kaetze, 2004, pp. 1843–1844). Despite the oftentimes mentioned critique that this linearity of the decision process does not correctly picture the customer behavior, the purchase funnel is an easy to implement and helpful tool applied by brands in so-called brand audits. It helps to identify where customers get lost as compared to competitor brands along the process (Burmann et al., 2017, p. 295; Reinecke, 2014, p. 37).

![Figure 2: The Brand Purchase Funnel (own illustration based on the Brand Purchase Funnel by Perrey et al. (2015))](image)
The extension, introduced by Court et al. (2009), criticizes the traditional linear model in that the funnel metaphor – implying that the number of brands in consideration is reduced from stage to stage – does not apply anymore. In contrast, it may decrease and increase again along the way until the final purchase choice is made. Court et al. (2009) and later on Edleman (2010) conceptualize the customer journey in four stages: initial consideration, active evaluation or research, closure or the moment of purchase, and post-purchase. Lemon and Verhoef (2016) exclude the initial consideration stage as a separate description and distinguish three stages: (I) pre-purchase starting with the need recognition, consideration, and search, (II) purchase including choice, ordering, and payment, and (III) post-purchase referring to consumption, usage, engagement, and service requests. Apart from these generic models far more detailed ones exist, distinguishing more sub-stages, usually depending on a certain context or industry. Batra and Keller (2016), for example, include a total of 12 stages in their analysis.

This customer journey perspective displayed in figure 3 takes on a more customer-oriented view, trying to understand the customer’s activities and touchpoints used along the journey. It also takes into account the circular aspect of several purchase processes, bringing the customer back to the beginning of a new purchase process or accelerating the repeated purchase in a loyalty loop that excludes another consideration and evaluation stage and moves directly to purchase (Edelman, 2010; Edelman & Singer, 2015; Lemon & Verhoef, 2016).

Figure 3: The Consumer Decision Journey (own illustration based on Edelman (2010) and Edelman and Singer (2015))

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4 Other terms for the customer journey are among others shopper journey (e.g., Hall & Towers, 2017) or consumer decision journey (e.g., Court et al., 2009; Edelman, 2010; Edelman & Singer, 2015).
In addition to these two linked concepts, there is also the moments of truth concept, which postulates that brands usually have to win two so-called “moments of truth” along the journey. After an initial stimulus the first critical moment happens at the shelf and the second one when experiencing the bought product. The concept was originally applied in the fast-moving consumer goods sector. The Google perspective now adds a third moment of truth to the model – the zero moment of truth – happening after the stimulus and before the store visit and usually taking place in a digital environment. This new consumer behavior of checking options online before going to the store applies to all product categories the researchers analyzed, including B2B businesses, and recommends marketers to not send messages to the customers when they wish for, but to engage with them when they are ready for it. (Lecinski, 2013, p. 12; 15-16)

From a corporate performance measurement and goal setting perspective, the brand funnel is hence still often used as it is easier to apply. To really understand customer behavior, the journey perspective appears to be the more up-to-date concept. The moments of truth concept focuses more on one specific purchase situation that has already been initiated and claims that for marketers the focus should lie on the critical moments and not on the full journey.

2.1.3 Customer Experience

The sum of all touchpoints experienced by the customer along the stages of the customer journey constitutes the customer experience (Lemon & Verhoef, 2016; Verhoef et al., 2009). According to Lemon and Verhoef (2016, p. 71) the customer experience is hence “a multidimensional construct focusing on a customer’s cognitive, emotional, behavioral, sensorial, and social responses to a firm’s offerings during the customer’s entire purchase journey”. In their review, they conclude that a general measure of customer experience and a clear conceptualization has not yet been established but would be of highest interest to the research area. The current alternatives stem from the service context: the long-established service quality measure SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988) or the newer service experience measure EXQ (Klaus & Maklan, 2012). An alternative measure, the so-called brand experience relates rather to consumers’ responses to brand-related stimuli and hence also appears to be connected to the full customer experience, while not exactly picturing it (Brakus, Schmitt, & Zarantonello, 2009).

Recent literature concludes that the provision of a seamless customer experience and the management of the relevant customer touchpoints is important for a brand’s success.
Theoretical Background

(Batra & Keller, 2016; Bolton, Gustafsson, McColl-Kennedy, Sirianni, & Tse, 2014; Homburg et al., 2017; Verhoef et al., 2009). This includes not only the purchase and consumption experience and hence touchpoints in this phase, but already starts with the pre-purchase experience (Jiang, Luk, & Cardinali, 2018), pointing at the importance to take a customer journey perspective. The various touchpoints involved increase the complexity of this management securing a consistent experience and brand image across touchpoints (Polo & Sese, 2016).

The research streams in the fields of touchpoints, customer journeys, and customer experiences and experience management are highly intertwined. Most publications in the field are of conceptual nature, aiming to define the spaces, reviewing previous research avenues, and giving propositions for future questions to tackle (e.g. Batra & Keller, 2016; Lamberton & Stephen, 2016; Lemon & Verhoef, 2016; McColl-Kennedy et al., 2015; Meyer & Schwager, 2007; Tax, McCutcheon, & Wilkinson, 2013; Verhoef et al., 2015, 2009). Empirical studies are predominantly focused on specific areas or apply mainly quantitative methods: some focus on a single or a few touchpoints (Gensler, Neslin, & Verhoef, 2017; Ogruk, Anderson, & Nacass, 2018; Van den Bulte, Bayer, Skiera, & Schmitt, 2018), some have an online focus (e.g. Anderl, Becker, von Wangenheim, & Schumann, 2016; Anderl, Schumann, & Kunz, 2016; Dimitriu & Guesalaga, 2017; Kozlenkova, Palmatier, Fang, Xiao, & Huang, 2017; Li & Kannan, 2014), and others are located in the field of service encounters (e.g. Collier, Barnes, Abney, & Pelletier, 2018; Rawson et al., 2013; Roy, 2018; Zomerdijk & Voss, 2010). Further empirical publications take on a channel perspective (De Keyser, Schepers, & Konuş, 2015; Neslin et al., 2006). There is a growing amount of studies that adopt a more holistic approach. Most of them, however, apply quantitative methods and focus predominantly on the influence of customer experience or specific touchpoints on brand consideration and loyalty (Ahrholdt, Gudergan, & Ringle, 2019; Baxendale et al., 2015; Gensler, Verhoef, & Böhm, 2012; Grønholdt et al., 2015; Ieva & Ziliani, 2018; Jiang et al., 2018; Polo & Sese, 2016; Umashankar, Bhagwat, & Kumar, 2017). Only few have so far looked at the concept of customer experience along the customer journey from a qualitative empirical standpoint (Edelman & Singer, 2015; Homburg et al., 2017; Martin & Jacob, 2016). Taking such a holistic view on the topic and integrating the customer perspective is what most papers recommend for further research (Batra & Keller, 2016; Baxendale et al., 2015; Lamberton & Stephen, 2016; Lemon & Verhoef, 2016; McColl-Kennedy et al., 2015).
2.1.4 Touchpoint Strategies as an Integrative View

Figure 4 provides an illustration of how the presented concepts can be integrated. In this thesis, I will refer to the term touchpoint strategies as an integrative view on customer experience management based on the notion that the whole experience a customer has is the sum of all her or his direct and indirect touchpoints with the brand. A touchpoint strategy hence refers to a holistic view on how to manage a brand’s touchpoints to provide a desired customer experience.

![Diagram of touchpoint strategies](image)

**Figure 4: Integration of Concepts to Touchpoint Strategies (own presentation)**

## 2.2 Luxury Brands

The definition of both the term “luxury” and “luxury brand” has been a strongly discussed topic in the literature on the subjects (Dubois, Czellar, & Laurent, 2005; Kapferer, 1998; Keller, 2009; Phau & Prendergast, 2000; Vigneron & Johnson, 1999; Wiedmann, Hennigs, & Siebels, 2009). Early definitions stem from a historical view and a needs-based perspective referring to luxuries as “the goods that admit of easy and painless substitution” (Berry, 1994, p. 41). Kapferer (1997) mainly focused on the economic perspective of luxury brands, noting that they have the ability to demand higher prices than their tangible functions would recommend as a value. This definition takes into account earlier notions from Veblen (1899) and Mason (1998), focusing on the conspicuousness and hence non-tangible value of luxuries.
Starting with Kapferer (1998) a stream of research emerged that focused on the definition from a consumer’s point of view. A review by De Barnier et al. (2012) compares the three most common luxury brand scales by Kapferer (1998), Vigneron and Johnson (1999, 2004), and Dubois et al. (2005; 2001). They find that the scale by Vigneron & Johnson appears to be the most complete one, encompassing five dimensions of a luxury brand. These five dimensions, also referred to as the Brand Luxury Index (BLI), are conspicuousness, uniqueness, high quality, the extension to one’s self, and hedonism. The other two scales add a more affective dimension, shedding light on the dream factor of a luxury brand.

Another stream has started to conceptualize the luxury brand from more of a management point of view, encompassing many of the above-mentioned aspects. The characteristics are extended to the importance of a strong brand identity and signature, a compelling communications strategy, superior service and consumption experience, and the brand heritage or story (Fionda & Moore, 2009; Kapferer & Bastien, 2012, p. 47; Keller, 2009).

Summarizing these insights, luxury brands can be characterized as conspicuous, unique, of high quality, and coming with a high price premium. They serve as reflections of one’s self and offer a hedonistic appearance. Their management is characterized by valuing their brand heritage or story and creating as well as preserving a strong brand identity and signature. This is complemented by a compelling communications strategy and the provision of superior service and consumption experiences.

Departing from this general characterization of luxury brands, different levels of luxury can be distinguished: ultimate, intermediate, and accessible luxury (De Barnier et al., 2012; Kapferer, 1997). These levels reflect the progression of the establishment of the luxury industry that has evolved from predominantly small high-end manufactories crafting products for the “happy few” (Dubois et al., 2001; Kapferer & Laurent, 2016), towards an industry of currently estimated above 1 billion € in value (D’Arpizio, Levato, Zito, Kamel, & De Montgolfier, 2016). This development – often called the “democratization” of luxury – has led to luxuries being consumed by a large group of customers, which has demanded a change in the management of luxury businesses (Danziger, 2004, p. 19; Dubois et al., 2001; Kapferer & Laurent, 2016; Truong, McColl, & Kitchen, 2009). As prevalent in the academic literature, the selling of luxury brands has evolved over the past years. This has led brands to demanding more insights on their customers. The industry’s focus has changed towards the marketing and management of brands rather than the running of a small workshop of craftsmanship.
Theoretical Background

(Kapferer, 2015). As Chandon, Laurent, and Valette-Florence (2017) note, today’s luxury customers are actually expecting great customer experiences.

2.3 Millennials

Among the growing consumer base of the luxury brands, a key group are the consumers of the Millennial cohort (Baron, 2015; Giovannini et al., 2015; Schade, Hegner, Horstmann, & Brinkmann, 2016). As they are the fastest growing and soon to be largest consumer group for luxury goods (D’Arpizio, 2017; D’Arpizio & Levato, 2018), they were chosen as the focus of the analysis. Definitions on the exact delineation of the Millennials vary slightly (Bolton et al., 2013; Goldman Sachs, 2016; Howe & Strauss, 2009, p. 41); in this thesis I will refer to them as the consumers born between 1982 and 2000 as also done by Howe and Strauss (2009). The term “Millennials” has not always been the most prominent one to describe this generation; other names include “Generation Y”, “Generation Why?”, or “Generation.com” (Howe & Strauss, 2009, pp. 6–7). It is the next generation after Generation X (born between 1961 and 1980) and the Baby Boomers (born between 1943 and 1960) and it is characterized to differ significantly from these earlier generations in terms of values, attitudes, and consumption behavior (Bolton et al., 2013; Eastman & Liu, 2012; Fromm & Garton, 2013; Howe & Strauss, 2009; Obal & Kunz, 2013).

Generational cohorts are shaped by the events happening in the years of their adolescence or “coming of age” and have evolved as a segmentation tool often applied by marketeers (Schewe & Meredith, 2004; Schewe, Meredith, & Noble, 2000). Howe and Strauss (2007) note that this view of generations is more insightful than simply looking at age brackets. They argue that people belonging to one generation are characterized by significantly different values, attitudes, and behaviors than another generation at the same age. Even though Noble and Schewe (2003), in their validation study of cohort segmentation, raise the question if consumer cohorts really exist, they argue that consumer segmentation by cohorts still is a more effective approach than others. Furthermore, similar to simple segmentation by age or income, it is quite easy to apply (Howe & Strauss, 2007; Schewe & Meredith, 2004; Schewe & Noble, 2000).

Key characteristics attributed to the Millennials are their digital savviness, being the first generation that has fully grown up in a digital world (Bennett, Maton, & Kervin, 2008; Goldman Sachs, 2016), their activity on social media and proneness to social influencers (Fernandez, 2009; Kilian, Hennigs, & Langner, 2012; Moore, 2012), and their communication and interaction behavior with brands (Sashittal et al., 2014).
addition, they are said to have high demands, be it towards their workplace, but also in terms of ethical and environmental consciousness (Bolton et al., 2013; Hewlett, Sherbin, & Sumberg, 2009; Obal & Kunz, 2013).

Most of the literature characterizes the group in general or as a comparison to other generational cohorts (Bolton et al., 2013; Noble et al., 2009). Differentiation within the group is currently focused on demographic traits like different age segments, career stages, or income (Barton, Haywood, Jhunjhunwala, & Bhatia, 2013; Noble & Schewe, 2003; Wolburg & Pokrywcynski, 2001). Studies taking a more holistic segmentation approach are rare and focus on general consumption behavior, media usage and values (e.g. Barton, Fromm, & Egan, 2012; Fromm & Garton, 2013).

There are, though, indications that there is a substantial heterogeneity in many aspects within the cohort and hence a need to better understand this variety (Bolton et al., 2013, p. 257; Kilian et al., 2012; Noble et al., 2009). Furthermore, most studies so far are focused on US Millennials and neglect international explorations and comparisons (Moore, 2012).

2.4 Deducting the Research Objectives

In the following sections, I will provide an overview of the existing literature at each of the intersections of the three topics. This will serve as a basis to then derive the overarching research question, integrating all three topics, as well as the supporting sub-questions.

2.4.1 Millennials and Luxury Brands

The importance of the Millennials already is significant for the luxury industry and will increase even further as more Millennials are entering the professional world. Millennials are more susceptible to treating themselves to something they want (Giovannini et al., 2015; D. Kim & Jang, 2014; Simmers, Parker, & Schaefer, 2014). They also have more money to spend than older generations had when they were young (Morton, 2002). As a consumer group they are the fastest growing one (D’Arpizio, 2017; Schade et al., 2016). In addition, they are more brand-conscious and brand-embracing (Fernandez, 2009; Giovannini et al., 2015; Noble et al., 2009).

Research on Millennials’ luxury consumption and their attitudes towards it remains limited. The papers that exist focus primarily on the consumption attitudes of Millennials, especially their status consumption behavior:
Four studies focus on status consumption behavior. Eastman and Liu (2012) compare differences in status consumption across generational cohorts and show that this behavior is strongest among Generation Y consumers. They also show that gender, education, or income are less relevant segmentation criteria for status consumption than generational cohorts. This underlines the importance of Millennials for the status market. Grotts and Johnson (2013) discover that handbags are used for status consumption among Millennials and that materialism orientation significantly correlates with this behavior. Kim and Jang (2014) find that Korean Generation Y consumers that are materialistic, socially comparing, or prestige desiring, are more prone for status consumption in case they do not spend their earned money, but pocket money. Finally, Simmers et al. (2014) show Chinese Millennials to be more concerned about social comparison information than American ones and are becoming more individualistic, resulting in an increased interest in branded fashion consumption.

Additional studies take a broader view on the antecedents of luxury consumption. Giovanni et al. (2015) find that public self-consciousness and high self-esteem is positively correlated to brand consciousness, which has a positive effect on purchase intention and brand loyalty. Marketing to Millennials should hence appeal to attributes that promote self-confidence and rather focus on messages that come from peers than celebrities. This supports the general market trend of influencers and bloggers gaining importance with Millennials (R. A. Smith, 2017). Soh, Rezaei, and Gu (2017) provide a quantitative empirical study analyzing the antecedents and consequences of purchase decisions for luxury goods by Generation Y consumers. The study is based on an Asian student sample. Findings are that perceived quality and social influence are related both to purchase intention and behavior. Brand consciousness, traits of vanity, and the need for uniqueness, however, are only directly related to purchase intention. Purchase intention is positively related to purchase behavior.

Several studies highlight the positive effect of perceived quality on brand loyalty or purchase intention (Esmaeilpour, 2015; Schade et al., 2016; Yang & Lau, 2015), which holds true across age groups (Schade et al., 2016; Yang & Lau, 2015). Yang & Lau (2015) identify that Generation X hotel guests seem to put more emphasis on convenience, while Generation Y on security. Schade et al. (2016) focus on general consumption attitudes and identify the higher importance of hedonic and social-adjustive functions for young Millennials (16-25 years) and value-expressive functions for young adults (26-39 years). This supports the higher importance of status consumption for Millennials also underlined by Eastman and Liu (2012). A study by Francis, Burgess, and Lu (2015) uncovers, however, that for Generation Y consumers
buying counterfeit products is more about the counterfeit aspect and not about the brand or price of the product. This would go against previous research on counterfeits that has usually explained the purchase of such products via status consumption motives (Francis et al., 2015). These contradictory findings may be additional indications of a diversity within the Millennial cohort.

Mundel, Huddleston, and Vodermeier (2017) analyzed the perceptions Millennials have on luxuries and affordable luxuries. While quality expectations are similar, affordable luxuries are regarded as rather unnecessary and status-granting, while they are not related to exclusivity as much as luxuries are. Affordable products are seen as gateway products that Millennials can already afford and are often referred to as something one could splurge on.

To conclude, most of the studies focus on the luxury fashion sector and some on hotels and upscale gastronomy. Studies in other sectors like hard luxury, automobiles, cosmetics, or comparative and integrative studies across industries remain rare. Nearly all studies were based on surveys with quantitative analyses, most of them focused on a small sample from one geographical region, resulting in a lack of holistic views on the generation’s behavior. Lastly, all the studies regarded Millennials as one group of consumers and neglected the indications for differences depending on psychographic attributes as mentioned above. In summary, the articles discussed focus on what Millennial consumers value about luxury products and why they consume them. However, there is a lack of research looking at why they would decide on which brand to buy and moreover how, where, and when they buy luxury products or services.

2.4.2 Touchpoint Strategies in a Millennial Market

As noted by Sashittal et al. (2014) Millennials do have a different way of interacting with brands. It is important for brands to understand what type of interactions Millennials really value, where they want to engage, and what they do not like. To better grasp this behavior, studies focused on the topics of customer journeys and customer experience would be helpful.

Articles by Smith (2011) and Obal and Kunz (2013) focus on the online environment. Smith (2011) generates insights into which marketing means are preferred by Millennials, focusing on digital marketing strategies. Her online survey of 571 Millennials in the US identified a preference for online coupons and side-panel ads over pop-up advertising. Furthermore, she highlights the importance of competitive pricing and good shipping rates. She also mentions the importance of peer-to-peer
communication for Millennials, which puts additional emphasis on word of mouth communication or online consumer reviews as a trusted source. Obal and Kunz (2013) conducted an experimental study on what factors influence trust by customers in an e-tailing environment, which is an important antecedent for usage of such a service. They find that for Millennial shoppers feedback mechanisms, a good and fast navigation, and advice by the vendors have a higher influence on trust as compared to shoppers from the Baby Boomer generation. Privacy concerns on the other hand have a stronger effect on trust for Boomers.

Hall and Towers (2017) explore the decision-making process of Millennials in a fashion garment setting. They also apply an online survey with Millennials in England who made a fashion purchase of at least 15£. In general, they concluded that shoppers go on very different journeys, influenced by different touchpoints and different lengths. What also stood out in this study, is that they are seeking for social validation and influence from people that cannot be controlled by the brands themselves. This validation seeking takes place both online and offline before making a final decision.

The studies highlight the importance of influence by peers. Still, studies of this kind remain rare and through the online survey method stay at a rather general level. Both studies suggest to have more research to better understand these preferences and behaviors; maybe referring to different Millennial consumers.

### 2.4.3 Touchpoint Strategies for Luxury Brands

Taking a look at the touchpoint topic in the luxury context, most papers take a general focus on social media, online marketing, and specific touchpoints or groups of touchpoints.

Klein, Falk, Esch, and Gloukhovtsev (2016) measure the effectiveness of pop-up brand stores in luxury retail. They conducted a survey of visitors to two pop-up stores of luxury cars in the UK and US. Their results show that word of mouth intentions increase based on the uniqueness of the store, its atmosphere, and its hedonic shopping value referring to the excitement and fun people associate with the store. Dion and Borraz (2017) take a look at the in-store service encounter for luxury brands. In a qualitative research setting including expert and consumer interviews as well as store observations, they explore status at the service encounter. Their findings reveal that luxury brands not only display status or class via the products, but also at the service encounter, creating customer experiences of status. They show that the brands actually make the customers feel like being class subjects that have a clear understanding of
where they stand in the social hierarchy. This gives rise to new ideas of marketing the status component of luxuries. The study is not focused on Millennials and the question arises if the more inclusion and community focused generation (Berezan, Krishen, Agarwal, & Kachroo, 2018) is still attracted by these status centered encounters.

Among the social media focused papers, Lee and Watkins (2016) analyze one touchpoint – YouTube vlogs – while the other two (Godey et al., 2016; A. J. Kim & Ko, 2012) refer to several social media marketing efforts. Lee and Watkins (2016) launched an online survey after showing a video review of a handbag and analyzed how this video blog influences consumers’ luxury brand perceptions. Overall, the effect was found to be positive and also purchase intentions increased. They conclude that social media in general can be an important tool in luxury brand management; especially to establish relationships with consumers. Two studies on social media marketing analyzed the effect of such marketing activities on brand equity and consumer behavior (Godey et al., 2016; A. J. Kim & Ko, 2012). Kim and Ko (2012) surveyed luxury consumers in Korea and found positive effects of social media activities on value, relationship, and brand equity as well as purchase intention. Godey et al. (2016) surveyed four different nationalities: China, France, India, and Italy. The impact of social media marketing efforts on brand equity and consumer behavior was found positive. However, the authors highlight that the effect was stronger for the impact on brand preference and loyalty and may hence be well suitable to build relationships with consumers. To convince them to pay a price premium traditional tools like atmospherics or store image appear to be better suited.

Another study in the online environment by Quach and Thaichon (2017) looks at value co-creation and co-destruction in an exploratory manner. It finds that in online interactions there are four types of resources involved, where value can be created or destroyed: love, status, information, and services. It is further notable that the co-creation and -destruction not only happen in direct interactions between the brand and the customer, but also in more social interactions and conversations involving several participants. Due to the value-creating and -destructing possibilities, the researchers recommend to luxury brands to put more emphasis on the management of their online presences.

All previous studies in the area of touchpoint management for luxury brands are restricted to the analysis of a single touchpoint or small groups of touchpoints. Those taking a broader look all use quantitative models to test several touchpoints’ effects on
specific variables. A holistic view on the overall strategic approach of deciding at which points to be present and for which goal is non-existent.

2.4.4 Touchpoint Strategies for Luxury Brands in a Millennial Market

The research gap my studies aim to fill is at the intersection of the three discussed topics: touchpoint strategies, luxury brands, and Millennials. First, the literature lacks more differentiated studies on the diverse luxury customer groups among the Millennials and does not cover the behavioral aspect of luxury consumption but is so far restricted to psychological aspects. Second, the customer journeys of Millennials and their preferences regarding interactions with brands are an underrepresented topic when it comes to research focused on the luxury industry. And third, research on consumer touchpoints of luxury brands has also been restricted to a narrow aspect of the whole spectrum. More holistic views on customer journeys in the luxury industry and how these can be managed by brands are missing. While the interplay of all three is important in today’s world and will be even more in the years to come, the knowledge on the way touchpoint strategies need to be managed by luxury brands to attract Millennials remains unclear.

Based on these insights, I aim to answer the following research question:

*How can luxury brands strategically approach touchpoint management to successfully attract Millennials along the customer journey?*

The target of this dissertation is to help brands in the luxury industry better reach and attract Millennials in the future and hence sustain their success. To achieve this, I have defined four sub-questions. Each of these sub-questions will be the focus of one of the subsequently outlined research projects.

Firstly, my goal is to explore customer journeys for luxury brands and define what constitutes success along these journeys. I will hence answer the question:

*(A1) What constitutes success for luxury brands along the customer journey?*

Secondly, I aim to provide a better understanding of the Millennial customers regarding their attitudes towards luxury and luxury consumption as well as their purchase behavior. This should also allow some inferences on the overall preference changes of luxury customers in general. In other words:

*(A2) What do Millennial customer journeys look like?*
(B) What are key attitudes and preferences of the Millennial cohort relevant to luxury brands?

Aggregating the insights from the first three questions, I derive overall insights for luxury brands on how to successfully approach touchpoint management in the future when targeting the Millennial generation. The fourth sub-question is hence:

(C) What characterizes a successful touchpoint management targeting Millennials?
3 Research Approach

To answer the research questions, I have chosen an exploratory approach breaking down the question into several sub-projects that build upon one another. The structure corresponds to the sub-questions presented in the previous chapter, each project relating to one question. In the following, I will present the research design, sample and data collection, and approach to analysis for each of the projects. Figure 5 provides an overview of how the four projects connect to one other and to the outlined research sub-questions.

![Figure 5: Overview of Research Projects](image)

3.1 The Customer Journey for Luxuries – an Experts’ Point of View

The first area focuses on the luxury brands as objects of examination. The main goal of this project was to get perspectives of the brands’ managers on what constitutes success for them when it comes to their customer interactions. This requires the conceptualization of the customer journey for luxury brands, the definition of goals along the customer journey, and the exploration of how the management of touchpoints is approached by luxury brands today. Furthermore, initial thoughts from the experts’ point of view on what the differences are when it comes to serving Millennials and what their questions on this cohort are were collected. The findings of this project are presented in chapter 4.1.
3.1.1 Research Design

To approach the topic, I used a pragmatic grounded theory approach with an exploratory orientation. This qualitative approach appeared best-suited for the explorative goals of this first area of interest as it allowed me to gather holistic viewpoints of experts in the industry. I combined semi-structured interviews with experts in the field of luxury brand and general management and literature research to gain the intended insights (Corbin & Strauss, 1990). Grounded theory research is on the one hand well suited for areas where theory is still very nascent and on the other hand for areas where theory is rather fragmented and would benefit from a more holistic viewpoint (Edmondson & Mcmanus, 2007; Yadav, 2010). Especially in the second area, the method helps to extend existing concepts integrating new points of view (Yadav, 2010). As existing literature often argues that brand management and marketing for luxuries follows different rules than for regular or mass market products and services (Kapferer & Bastien, 2009, 2012, pp. 65–83), an open-minded exploratory approach appeared to be meaningful to allow for unbiased expert opinions.

3.1.2 Sample and Data Collection

As is common in grounded theory studies, a theoretical sampling approach was used (Corbin & Strauss, 1990; Homburg et al., 2017). The goal was to get a balanced view on customer journeys from luxury brands’ perspectives. Hence, the target interviewees were marketing and general managers from the luxury industry and general industry experts for luxury. Furthermore, a well-balanced sample across different product and service groups was intended, while avoiding too big differences between product groups as it would have made the analysis less robust. The industry focus was hence set on personal luxury goods and the hospitality and travel sector as an important sector in the whole area of creating experiences (D’Arpizio, 2016). This selection included purchases performed several times a year and excluded more investment-oriented categories like cars or furniture usually purchased less often and consequently less comparable.

A first round of interviewees was sourced via the network of the Competence Center for Luxury Management at the University of St. Gallen. Further interviewees were sourced via the professional network of the researcher, until no new insights were generated via the interviews and a good balance between the represented sectors was achieved (Glaser & Strauss, 1967, pp. 50–52). To reduce barriers to participate and due to financial reasons, most interviews were done via telephone.
A total of 13 interviews were conducted over a timeframe of six months, which is consistent with the findings by Guest, Bunce, and Johnson (2006), stating that results are quite stable after 12 interviews. The average duration was 44 minutes, with a minimum of 28 and a maximum of 59 minutes. Nine interview partners were from the general management of luxury brands, three operated in marketing management functions, and one was an overall industry expert on luxury and fashion brands. The interviewees represented the following luxury sectors: hospitality and travel, hard luxury (watches, jewelry, and other performance-oriented products), apparel and leather goods, and more fast-moving luxury goods such as cosmetics and food and beverage. A list of the interviewees can be found in table 1.

<table>
<thead>
<tr>
<th>No.</th>
<th>Interviewee’s Job Position</th>
<th>Primary Industry of Interviewee</th>
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</thead>
<tbody>
<tr>
<td>E1</td>
<td>General Management</td>
<td>Hospitality/Travel</td>
</tr>
<tr>
<td>E2</td>
<td>General Management</td>
<td>Cosmetics</td>
</tr>
<tr>
<td>E3</td>
<td>General Management</td>
<td>Hard Luxury</td>
</tr>
<tr>
<td>E4</td>
<td>General Management</td>
<td>Leisure</td>
</tr>
<tr>
<td>E5</td>
<td>Customer Relationship Management (CRM)</td>
<td>Hard Luxury</td>
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<tr>
<td>E6</td>
<td>Partner</td>
<td>Consulting in the Luxury Sector</td>
</tr>
<tr>
<td>E7</td>
<td>Brand Management</td>
<td>Food &amp; Beverage</td>
</tr>
<tr>
<td>E8</td>
<td>General Management</td>
<td>Food &amp; Beverage</td>
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<td>E9</td>
<td>General Management</td>
<td>Hospitality/Travel</td>
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<td>E10</td>
<td>General Management</td>
<td>Apparel &amp; Leather Goods</td>
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<tr>
<td>E11</td>
<td>General Management</td>
<td>Apparel &amp; Leather Goods</td>
</tr>
<tr>
<td>E12</td>
<td>Client Relations and CRM</td>
<td>Apparel &amp; Leather Goods</td>
</tr>
<tr>
<td>E13</td>
<td>General Management</td>
<td>Hospitality/Travel</td>
</tr>
</tbody>
</table>

Table 1: List of Expert Interview Partners

The interviews were split into four main parts. In a brief introduction, I described the overall topic of the dissertation and how the interviews fit in. After inquiring about some demographics on the interviewee, the first topic covered was the customer journey seen from the brand’s point of view. To gather a well-rounded picture of the experts’ ideas on the topic, they were asked to plastically explain how they would describe the typical journey of a new customer (Stauss & Weinlich, 1997). This gave them space to also recount some examples and details, which would be useful in describing the stages of the journey. Several probing questions were used to identify all the different stages that the managers see customers go through when purchasing a product or service of their brand. In the second phase of the interview the goal was to identify what constitutes success in the different stages identified in the first section. Oftentimes, insights on these topics were already included in the first stage of the interview, especially with more narrative descriptions. The third main block covered the management of touchpoints. In a fourth step, experts were asked about their thoughts on what differences exist when it
comes to serving Millennials compared to other generational cohorts. Finally, the interviewees had the opportunity to provide general remarks on the research topic and ask any open questions. This was a good way to grasp some further insights on the relevance of the topic for practitioners and point the focus of the consumer interviews into the right direction. The full interview guide can be found in Appendix A.

3.1.3 Data Analysis

All interviews were audio recorded and transcribed. Data analysis was conducted in a multi-step, iterative approach based on Glaser and Strauss’ (1967, pp. 101–106) constant comparative method. Transcriptions were coded with the help of the Atlas.ti software reflecting the pre-defined questions in the interview guide and including general observations connected to the research question. Thereafter a code summary was compiled per interview, structuring the codes that emerged in each of the interviews along the typical customer journey described by the interviewee. The summaries included all codes, sorted by the different journey stages and categorized by descriptions and information on the stage in the journey, the touchpoints described, the goals pursued from a brands point of view, and general observations per stage. In addition, the overall notions on differences in the luxury segment and insights into current characteristics of touchpoint management were noted down. Appendix B provides an example of such a summary. Finally, comparison of the different summaries supported by current literature on the topics led to the deduction of the findings on the customer journeys for luxury from a brands’ point of view. These findings also set the basis and were used as a structuring tool for the analyses of the data collected in the customer interviews.

3.2 The Customer Journey for Luxuries – a Millennials’ Point of View

The second and third parts of my research endeavor shift the focus at the Millennial customers as the object of examination. To gain meaningful insights about the different types of Millennial luxury customers, I proceeded in two ways. On the one hand, I undertook an interviewing effort of current luxury customers of the Millennial cohort and some comparison customers from the Baby Boomers and Generation X to better understand their customer journeys, focusing on their touchpoints with luxury brands. This will be the focus of this sub-chapter. On the other hand, I aimed to better understand the differences within the Millennial customer group, which was indicated in various literature resources and by the interviewed experts. To do so, I performed a segmentation of the Millennial cohort identifying the different kinds of personas that exist within this
cohort based on their attitude towards luxury and luxury consumption behavior. The research approach to this project will be described in chapter 3.3.

The goals of the interviews with Millennial luxury customers were to gain a deeper understanding of their journeys when shopping for luxury brands, the factors that make their overall experience positive or negative, and to gather insights on what critical touchpoints are. The results of this effort are presented in chapter 4.2 and used as part of the customer segment descriptions in chapter 5.2.

3.2.1 Research Design

To pursue the objective of gaining a deep and holistic understanding of customers’ journeys and attitudes towards their experience, I followed a qualitative sequential incident approach. The sequential incident technique (SIT) appears to be a meaningful method as it provides firsthand information about experiences from a customer perspective, allowing respondents to answer freely and provide holistic information on all of the steps that were taken (Stauss & Weinlich, 1997; Stein & Ramaseshan, 2016). In addition, it does not view the purchase as one single event, but takes the process character of the purchase experience into account (Stauss & Weinlich, 1997).

The sequential incident technique (SIT) is based on the critical incident technique (CIT), first introduced by Flanagan (1954), but extends its lens by taking into account the process of a service delivery both in the data collection and in the data analysis phase (Stein & Ramaseshan, 2016). CIT is aimed at studying human behavior by relying on a set of procedures to collect, analyze and classify observations. In service research, data is usually collected via qualitative interviews were respondents tell about their experience (Gremler, 2004). Nenonen, Rasila, Junnonen, and Kärnä (2008) refer to customer journeys as one kind of a service process, describing the cycle of interaction between the customer and the organization regarding their relationship or buying intention. The description of events by the interviewee usually allows the identification of the critical incidents (Bitner, Booms, & Tetreault, 1990). Critical incidents refer to those observable human actions that have an effect on the final outcome of the overall activity (Bitner et al., 1990). The combination of identifying critical elements and at the same time recording rich contextual data make the method well-receptive for practical applications as the results can be supplemented by vivid examples (Gremler, 2004). The sequential incident technique takes up the benefits of this approach, but includes all incidents in a process-oriented manner taking into account the full course of the buying and consumption process (Stauss & Weinlich, 1997; Stein & Ramaseshan, 2016). It is
in this regard very similar to the method described and applied by Rutschmann (2018) who also recommends a very process-driven recording and analysis of the buying journey and points out its advantages in identifying the key steps\(^5\). This holistic view and analysis fits well with my goal to identify both overall specifics of Millennial journeys and critical stages and touchpoints along the Millennial journey.

### 3.2.2 Sample and Data Collection

A purposive sampling was used to ensure a good balanced sample regarding demographic attributes to get a broad range of insights (Corbin & Strauss, 1990, pp. 8–9). All customers participating in the interviews had to fulfill a set of sample criteria. The focus was on participants from the Millennial cohort born between 1982 and 2000 (as described in chapter 2.3), which finally made up 25 out of 31 interviewees, while 6 participants represented the comparison group of customers from older cohorts. To reduce the complexity of the analysis, I delineated the scope to customers from the cultural region Germany, Switzerland, and Austria. This was intended to limit intercultural differences among respondents. All participants were required to speak about a recent (within the past 12 months) luxury purchase experience to ensure both the relevance of the answers avoiding hypothetical responses and a clear memory of the experience.

To ensure that the respective purchase experiences would qualify as “luxury purchases”, a two-staged validation was applied. As the definition of what qualifies as luxury is very subjective (Kapferer, 1998; Kapferer & Laurent, 2016), the first stage was to specifically ask the potential interviewees to speak about a “luxury purchase”. This assured that the interviewee subjectively classified the purchase as such and was hence included in the set of participants. As Kapferer and Laurent (2016) found that the price threshold where consumers think luxury begins differs significantly per person, a second validation stage was applied by setting a price threshold per category. A brief and pragmatic survey with 48 usable responses (4 outliers were eliminated) was performed and cross-checked with the values stated on the one hand by Kapferer and Valette-Florence (2018) based on the previous publication from Kapferer and Laurent (2016) and on the other hand in a report compiled by The Boston Consulting Group and Fondazione Altagamma (2017) to deduct the thresholds. Respondents were asked: “What would you see as the minimum price for a product in this category to be

\(^5\) Translated from German: Schlüsselstelle
considered a luxury product?” for ten product and service categories. The overview of the survey results, the reference values from Kapferer and Valette-Florence (2018) and The Boston Consulting Group and Fondazione Altagamma (2017), and the deducted thresholds can be found in Appendix C.

A total of 31 interviews were conducted, an amount comparable to the amount in similar studies (Hohenauer, 2016; Stein & Ramaseshan, 2016). Most interviews were done via telephone, five were performed in person. Interviews lasted on average 31 minutes, with a minimum of 16 minutes and a maximum of 45 minutes. The interviewees split into 18 female and 13 male respondents (3 each from the comparison group, the rest from the Millennial age bracket). In terms of their primary occupation, 7 interviewees are students, 4 freelancers, and 20 employed. On scales from 1 to 10, 26 respondents would rate their interest for the topic of luxury brands at least 5 and 24 of them would rate themselves at least 5 when asked if they were frequent buyers of luxury goods. The purchases spoken about in the interviews were distributed across the following categories: 14 in apparel and accessories (e.g. bags, shoes), 11 in hard luxury (watches and jewelry), and 6 in hotel stays. Table 2 (p. 30) provides a complete list of the interviewees and respective characteristics.

At the beginning of each interview, a brief introduction on the dissertation topic and the process of the interview was provided. The interviewees had already received a general information up front to check if they would fit into the required sample criteria. They were informed that the main part of the interview would evolve around them telling their story about the specific purchase experience from the beginning to the end, trying to involve as much detail as possible. I also informed them that I would pose some clarifying questions from time to time to make sure the complete journey was recorded. Once it was assured that there were no further questions the first part of the interview was the narrative description of the whole journey by the customer, starting with the moment of an initial thought about the potential purchase of the product or service, then evolving along the pre-purchase, purchase, and post-purchase stages, and finally asking about any potential earlier knowledge of the brand purchased. Several probing questions were used to ensure that the holistic purchase process was documented. While Stauss and Weinlich (1997) suggest to guide the customer through the different steps of the journey, I left the course of the interview to the participants. This is due to the fact that one finding from the expert interviews (as described later on in chapter 4.1) was the often non-linear paths that customers are taking.
### Table 2: List of Customer Interviews

After this usually quite lengthy part of the interview, I asked some more specific questions on the customer experience preferences of the participant and his or her expectations towards luxury brands. In the final part, I inquired about the interviewee’s view on differences in purchasing behavior and attitudes of the Millennial cohort. The interview was concluded with questions on demographics and a brief closing. The questionnaire slightly evolved in terms of focus throughout the interviews. As noted by Babbie (2010, p. 318) qualitative interviewing is oftentimes iterative and design can be flexible depending on the evolution of the interviews. The questionnaire including the probing questions can be found in Appendix D.

All interviewees were asked to also fill out the online questionnaire used in the third project (described in chapter 3.3.2) to perform the segmentation effort. This way, I was
later on able to match the interviewees to the different segments and include behavioral aspects in the segment descriptions. 29 of 31 participants (24 of the 25 Millennials) filled out the survey and could be linked to the extracted customer segments.

3.2.3 Data Analysis

All interviews were audio recorded and transcribed. The transcriptions were then coded and analyzed in a similar process as described for the expert interviews (see chapter 3.1.3). The coding stayed close to what respondents said, gathering insights on the following topics: all steps of the customer’s journey, the intentions of the customer in the specific step, and the touchpoints involved, any positive or negative statements about the experience as well as expectations towards it, any specifics in behaviors or attitudes of the Millennial consumers, and finally, any further statements that appeared to be relevant for the journey of the customer, connected to his or her experience or the decision-making process.

In a second step a summary of each of the described journeys was compiled as done for the expert interviews. These summaries included the different journey steps, the touchpoints involved, the intentions of the customer, and any notes gathered on the respective process step. In addition, insights were summarized for the questions on what influenced the final decision, what were positive and negative aspects of the experience, what were expectations towards luxury brands, and what are Millennial specifics from the customer’s point of view. Appendix E provides an example of such a summary.

Then, the overall journeys were compared and the stages from a customer standpoint derived. Looking at patterns in the sequence of the stages and the touchpoints involved, four typical journeys and one important special sub-type emerged. Based on these types of journeys the Millennial paths were compared to the ones of the comparison group and general findings for Millennial journeys were deducted. In a second step each of the stages was examined in a more detailed manner to identify critical moments and especially critical touchpoints along the way. Finally, the findings from the Millennial customers’ viewpoint were compared to the point of view from the expert interviews to derive additional insights.

3.3 The Millennial Cohort

As mentioned above, previous efforts to describe the Millennial customers have indicated that there is significant heterogeneity within the cohort (Bolton et al., 2013, p.
Research Approach

257; Kilian et al., 2012; Noble et al., 2009). Conversations with practitioners from the luxury industry have pointed towards the need to better understand the different types of luxury customers that exist within this cohort and learn about their attitudes and behaviors. The goal of this third project was to gain further insights on the cohort as a whole and on what different segments may exist taking a luxury-related standpoint.

3.3.1 Research Design

Since the pioneering article by Smith (1956), customer segmentation has long been part of marketing research and practice. It is a crucial tool when it comes to better understanding the market or the customers in particular and based on the insights accordingly planning and deploying resources in a more effective manner (Punj & Stewart, 1983; Wind, 1978). Especially in today’s multi- and omnichannel environment it becomes more and more important to understand the different customer segments as the complexity of serving the customer has also increased significantly (Konuş, Verhoef, & Neslin, 2008; Neslin et al., 2006). The analysis of the sportswear industry by Ko et al. (2012) has furthermore shown that a global approach to segmentation can be meaningful in today’s world.

Using a segmentation study to better understand the Millennial cohort consequently appears to be a good method as it supports the research goal in several ways. It helps to better describe the given population, to reduce complexity and give structure, and supports the identification of similarities and differences among the population elements (Bailey, 1994; Punj & Stewart, 1983). For this goal an explorative approach – not aiming at representing the whole population, but rather extracting the existing differences – appeared to be reasonable.

3.3.2 Sample and Data Collection

The project to establish the data basis for the segmentation effort was launched in summer 2016 by the Competence Center for Luxury Management at the University of St. Gallen as a joint effort of the former head of the Competence Center, Dr. Benjamin Berghaus, three master students, one bachelor student, and myself. I will in the following refer to this research team as the conductor of the data collection. The goal was to establish a multinational data basis of Millennials’ attitudes towards luxury and luxury consumption in a pragmatic manner via an online-based survey. This would not only allow for a segmentation, but also the identification of potential cultural differences. The subsequent data analysis was performed by myself for the purpose of this dissertation.
To distribute the survey, a network of 14 universities was set up to participate in the study and each conducted a data collection among their students. A full list of universities and the respectively collected data sets can be found in Appendix F. Four university samples were directly excluded as the number of participants was too low (Hongkong, Thailand, Belgium, and Korea). The St. Gallen (Swiss) data set was combined with the one from Germany, to represent the Germany, Switzerland, Austria (GSA) region and hence reach a usable amount of responses. The remaining data sets were cleaned in a two-step approach to exclude sets of poor quality. First, data sets with a too low time to completion were excluded, then the remaining sets were tested for a significant number of same answers in a row. The cleaning procedure showed that the Asian data sets were of poor quality as more than 50% of the responses had to be excluded. In the end, I decided to focus the analysis on the Western European regions (answers from participants with the nationalities Germany, Austria, Switzerland, Italy, and France), which also corresponded to the focus of the expert interviews and the GSA focus of the consumer interviews. The further analyses reinforced this decision as variances in the responses based on cultural differences were only limited.

The sample finally used amounted to a total 510 completed surveys, thereof 168 from the GSA region, 241 from Italy, and 101 from France. The overall female share was at 62% and hence a bit overrepresented. More than half of the students claimed to be at least occasional luxury shoppers (59% for GSA, 43% for France, and 49% for Italy). Another 39% stated to be at least interested in the topic or to find it worthwhile but lacking the needed financial means (33% for GSA, 49% for France, and 38% for Italy). Table 3 provides an overview of the sample statistics.

<table>
<thead>
<tr>
<th>Gender</th>
<th>GSA</th>
<th>France</th>
<th>Italy</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>66% (111)</td>
<td>67% (68)</td>
<td>57% (137)</td>
<td>62% (316)</td>
</tr>
<tr>
<td>Male</td>
<td>34% (57)</td>
<td>33% (33)</td>
<td>43% (104)</td>
<td>38% (194)</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;21</td>
<td>5% (8)</td>
<td>44% (44)</td>
<td>1% (2)</td>
<td>11% (54)</td>
</tr>
<tr>
<td>21-25</td>
<td>60% (101)</td>
<td>56% (57)</td>
<td>76% (184)</td>
<td>67% (342)</td>
</tr>
<tr>
<td>26-30</td>
<td>31% (53)</td>
<td>0% (0)</td>
<td>16% (39)</td>
<td>18% (92)</td>
</tr>
<tr>
<td>&gt;30</td>
<td>4% (6)</td>
<td>0% (0)</td>
<td>7% (16)</td>
<td>4% (22)</td>
</tr>
<tr>
<td>Relationship to commercial luxuries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Frequent spender</td>
<td>7% (12)</td>
<td>2% (2)</td>
<td>1% (2)</td>
<td>3% (16)</td>
</tr>
<tr>
<td>Occasional treat</td>
<td>52% (87)</td>
<td>41% (42)</td>
<td>48% (115)</td>
<td>48% (244)</td>
</tr>
<tr>
<td>Worthwhile, but not affordable</td>
<td>21% (35)</td>
<td>41% (41)</td>
<td>35% (84)</td>
<td>31% (160)</td>
</tr>
<tr>
<td>Generally interested</td>
<td>12% (21)</td>
<td>8% (8)</td>
<td>3% (8)</td>
<td>7% (37)</td>
</tr>
<tr>
<td>Think it is a waste of money</td>
<td>8% (13)</td>
<td>8% (8)</td>
<td>13% (32)</td>
<td>11% (53)</td>
</tr>
</tbody>
</table>

Table 3: Sample Statistics for Millenial Cohort Analyses
The utilization of a student sample comes both with advantages and disadvantages. On the positive side, it is a pragmatic approach to secure a sample of Millennials as students predominantly cover the required age range from around 18 to 36 and are usually easily approachable to fill out an online survey. The drawbacks are that such a sample does not have a representative character to describe the Millennial cohort as a whole as it was limited to enrolled students and hence does not represent the whole spectrum. As the survey goal was to get an understanding of the types of customer segments that can exist within the Millennial cohort in an explorative manner, these drawbacks were acceptable.

The survey was distributed online at the universities in the network. Using online surveys is very useful to collect data of a large population where direct observation is hard and is a good method to measure orientations and attitudes (Babbie, 2010, pp. 254, 283), which is what we intended. The survey consisted of nine elements of exploration that were structured along different prevailing stereotypes on Millennials identified both in the literature and via conversations with practitioners in the luxury industry. To ensure a reasonable quality of the answers, we predominantly used existing scales that inquire about the topics interesting to us. In some cases, we used the scales developed by other researchers one-to-one. If necessary, we made some adaptations to fit them to our context or to reduce the number of items in order to keep our survey at an acceptable length. In addition, we complemented these established scales with a series of questions that we could not fit into one of these existing frameworks. We pre-tested the survey in October 2016 at the University of St. Gallen. Based on the data collected, I performed an initial test segmentation including two scales to check feasibility of moving forward. Minor adjustments were applied thereafter for the final survey, which can be found in Appendix G. In the following, I will briefly outline the areas covered.

The survey started with some general demographic questions. Afterwards, we inquired how survey participants think about the term luxury and what luxury means to them. This topic is of interest as many voices describe the Millennials as being more experience-oriented than possession-oriented (Barton et al., 2012; Fromm & Garton, 2013, p. 143; Pine & Gilmore, 1998), and luxury spending on experiences has significantly increased over the past years (D’Arpizio, 2016). We then explored how luxurious brands are defined for participants based on the Brand Luxury Index (BLI), which is a five dimensional scale measuring luxury (Vigneron & Johnson, 2004). We wanted to find out if Millennials have the same perception of luxury or if they would describe a brand rather on the other end of the semantic differential provided by Vigneron and Johnson. A similar stereotype underlies our desire to explore the next area.
Several voices argue that luxury in the eyes of Millennials has a different meaning than for other generations (Binkley, 2017). This was followed by questions about what brands mean to participants, uncovering reasons for consumers to buy branded products based on the scale by Strizhakova, Coulter, and Price (2008). The next part dealt with the motivations for social media usage of Millennials due to the many notions about their significant activity on social media (Fernandez, 2009; Kilian et al., 2012; Moore, 2012). We applied the motivation scale developed by Enginkaya & Yılmaz (2014) to do so. Then we asked about their orientation towards ethically minded consumption (Sudbury-Riley & Kohlbacher, 2016) referencing the notions of purpose-oriented consumption and workplace preferences (Barton et al., 2012). Finally, we asked about respondents’ tendency towards materialism (Richins & Dawson, 1992) and explored their personal reasons behind consumption for materialistic goods applying the consumer arrogance scale (Ruvio & Shoham, 2016).

3.3.3 Data Analysis

In an initial step, I performed an overall analysis of the data with the aim to identify general insights on the Millennial population and debunk existing stereotypes with the use of the data collected via the online survey. The findings of these rather descriptive insights can be found in chapter 5.1. I then analyzed the dataset via cluster analysis to identify viable segments of Millennials. The next paragraphs will describe this process in further detail.

Two pre-analyses for the clustering effort were performed (Backhaus, Erichson, Plinke, & Weber, 2016, p. 511): the overall correlation matrix including all variables included in the survey data was compiled and a principal component analysis performed. This was done to get an initial understanding for the underlying constructs present in the data and to avoid using correlated variables as an input into the cluster analysis.

As cluster analysis is a rather explorative quantitative tool, there is no direct way to achieve the final analysis result. Hence, an iterative clustering approach with varying input variables and clustering mechanisms was pursued. Both Backhaus et al. (2016, pp. 512–513) and Bailey (1994, p. 60) suggest that replication is a good tool to increase robustness of the clustering results and approach a meaningful and stable solution. Based on Backhaus et al. (2016, pp. 511–513), Kabacoff (2015, pp. 371–387), and Kassambara (2017, pp. 18-26; 129-131) the following steps were performed until the final cluster solution was extracted: A meaningful set of input variables was chosen that was interpretable and non-correlated (correlation <0.3). The input data was then normalized.
to a mean of 0 and a standard deviation of 1 and Euclidian distance was calculated. Clustering via different algorithms (Ward, k-means, and hierarchical k-means) was performed and different numbers of clusters extracted. Results were checked via ANOVA to see if clusters were significantly different from one another (Field, Miles, & Field, 2012, pp. 432–442; Ko et al., 2012; Wiedmann et al., 2009) and subsequently interpreted with the use of descriptive statistics from other variables included in data set.

The final cluster solution is based on five input variables: the extent to which luxury is rather seen as something commercial (vs. something you cannot buy) and the extent to which it is seen as an experience (vs. something you can own). Furthermore, the combination of the consumer arrogance elements exhibition and bragging, representing a rather loud or silent consumption attitude. Fourth, the degree to which brand names are indicators of product quality was included and finally, the extent to which choice of brand says something about the respondent’s personality or self-identity. These variables also fit well with the characteristics of Millennials from the literature and the initial general analyses.

As it is most commonly used in similar studies (Ko et al., 2012; Wiedmann et al., 2009) and better suitable than hierarchical methods for data sets of more than 150 observations (Kabacoff, 2015, p. 371), I selected k-means clustering for the final solution. The k-means membership of this solution conformed with the one of the hierarchical k-means approach by 81%, which shows the stability of the chosen cluster result. While the three- and four-cluster solutions were even more stable, their interpretation was not as insightful as the five-cluster solution. This led me to the selection of the five-cluster result, which provided insights at a managerially useful level of detail. The split across both gender and country of respondents was also relatively stable across the resulting clusters, which goes in line with the results from Ko et al. (2012), indicating that cross-national segments of consumers exist.

As described by Bailey (1994, p.67), developing a classification based on empirical results does not mean that the journey needs to end there. To round up the segmentation effort, results were hence discussed with several industry representatives, to further shape the profile descriptions. In addition, the insights generated from the consumer interviews were used to include not only insights on attitudes in the segment descriptions, but also behavioral elements. This led to the resulting segment profiles as presented in chapter 5.2.
3.4 Aggregation of Findings to Touchpoint Strategies

The three empirical projects laid the basis for the development of a touchpoint strategy concept. Based on (A1) what constitutes success for brands, and (A2) what characterizes Millennial customer journeys, what are critical touchpoints, and what are Millennial preferences, (A) insights from the comparison of these two viewpoints were derived. Structuring these insights and supplementing them with (B) the insights on Millennial stereotypes, requirements for a successful touchpoint management targeting Millennials were derived. (C) The touchpoint strategy concept was then developed to structure these requirements into five elements that need to be strategically addressed by brands.

I approached the further development and tested the applicability of the concept in three ways. First, I used best practice examples of luxury brands to better visualize each of the concept’s elements. Second, I outlined the application of the concept to different types of customer segments using the Millennial segments identified in project B. And third, I discussed the dissertation findings and the applicability of the concept with several industry experts to finalize the concept. The touchpoint strategies concept for luxury brands targeting Millennials is presented and discussed in chapter 6.
4 The Customer Journey for Luxuries

In this chapter, I will present the findings generated regarding how customer journeys for luxuries can be described both from a brand’s and a customer’s viewpoint. After briefly introducing the two points of view, I will turn to the experts’ perspective on the topic, focusing on the general journey, constituting success, and industry specifics. Thereafter, I will switch to the Millennial customers’ perspective, outlining their typical journeys, specifics to their cohorts’ behavior, and their expectations towards brands. In discussing this, I will deduct insights from the comparison of the two viewpoints.

To explore customer journeys in luxury in a holistic manner, I have taken a two-perspective approach, considering both the firms’ and the customers’ perspectives. Current customer journey and experience literature asks for more insights on the topic from an empirical standpoint and points out the need to understand both the customer and firm perspective (Homburg et al., 2017; Lemon & Verhoef, 2016). The focus of the previous literature is mainly on customer behavior along the journey or at specific touchpoints (Baxendale et al., 2015; Court et al., 2009), but neglects the marketing manager’s point of view on how to actively shape the customer experience as explored, for example, by Homburg et al. (2017). As my research question targets insights for managers, taking this multi-lens approach appears likely to be insightful.

The findings were deducted from the analysis of 13 expert interviews for the brands’ perspective and 31 customer interviews for the Millennial customers’ perspective. The expert interviews focused on the typical journeys in the luxury industry and the brands’ goals along it. The main goal of the interviews was to define the success component in the overall research question and get a baseline journey in luxury, as prior research indicated that customer journeys for luxuries differ from those for products or services in the mass market (Remy, Catena, & Durand-Servoingt, 2015); this notion was confirmed in the interviews conducted. The customer interviews focused on the Millennial cohort and its behavior (25 out of the 31 interviews were conducted with Millennials). The target was to better understand Millennial customer journeys, the influences on their experience, and their expectations towards luxury brands.
4.1 Findings from Expert Interviews

This chapter summarizes what constitutes success for luxury brands in terms of interacting with customers along the journey, provides insights on the typical journey of the customer through the stages, and shows the differences that exist between the various industries covered by the interviewed experts. For the purpose of simplicity, I will often refer only to the male form when presenting the insights. They do, however, refer to both male and female customers to the same extent.

4.1.1 Constituting Success for Brands along the Journey

The overall customer journey roughly splits into three phases as outlined in chapter 2.1.2: a pre-purchase phase, a purchase phase, and a post-purchase phase. The analysis of the interviews revealed seven goals that brands pursue in their interactions with customers. These are: get awareness, spark interest and create excitement in the pre-purchase phase, convert in the purchase phase, as well as generate addiction, nourish engagement, and foster advocacy in the post-purchase phase. Figure 6 provides a visualization of the seven goals along the different phases. While the experts usually described a linear process and the goals in this order, most of them mentioned that the customer often jumps back and forth, even between different phases. E5, for example, notes: “I think what is also important there, is that there is not the one customer journey, I believe that there are a lot of jumps in between these different phases.”6 This became more obvious in the customer interviews, which referred to specific events; conversely, the experts mentally ordered the process, when speaking about it. In the following paragraphs, I will describe what is meant by each of the goals by brands and finally summarize what constitutes success for brands overall.

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6 Translated from German.
Figure 6: Overview of Luxury Brands' Goals along the Customer Journey (own presentation)

The get awareness stage is more of a general “pre-stage” mentioned by many of the experts. It was either mentioned quite briefly as by E6 “(...) you have awareness first, like I know the brand” or was referred to later on as something that has happened at an earlier point in time, as by E7: “That means, clearly somewhere along the line I have to become aware of the brand. Normally, these are recommendations by others.” The importance of this stage is often not directly at the point in time where it happens, but rather at a later stage, where the customer refers back to what they already know.

The initial step to attract a customer to really consider the brand for a purchase is then to spark their interest in the brand and its products or services. This phase is mostly mentioned in case a customer has never shopped with the brand, but it can also be relevant to starting a new purchase process with a former client who may have not had the brand present in their mind. This step should create the willingness in the customer to be open to take up further information on the brand and its products or services. E11 explained:

“I would say a lot of things are digital, you see either on a friends’ (...) Instagram, or somebody follows on Instagram, or you see a commercial from the brand, you follow the brand, you see a celebrity wearing a dress. So I think, usually you get to know the brand in digital or print, you know. In

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7 Translated from German.
communications or somebody you know. And then you go into the store or online, research it (…)"

This then opens up into the second stage, during which the brand wants to create excitement in the customer. This is the step, during which the customer really should generate enthusiasm about the brands’ products or services and, in the best case, develop some kind of emotional attraction. E3 explains it in this way:

“When he [the customer] is in the boutique, he gets delivered an experience, a service, a consultation, that matches what he is looking for, respectively rather excels what he is looking for. So that we can excite him. And that out of this excitement he buys the product.”

This phase often involves information gathering by the customer learning about the brand and what it stands for in order to, in the best case, confirm the potential upfront perceived fit the brand has with ones’ own values and beliefs.

In the convert phase the customer will make the final decision on whether or not to buy the product or service they considered and then make the purchase. This is often an extension of the previous stage, where many of the experts said that the real decision to buy comes on its own. It can also be more distinct, if the buyer still wants to do final checks of the product or is undecided. For the brands, the goals in this purchase phase are, however, more far-reaching than simple conversion to buy. As E11 states: “Then the job of the store is to convert and make sure that the client comes back. But we need to be the extension of the dream that is created from the collections, from the runway, and that is communicated.” The goals hence also include the creation of a satisfactory purchase experience; ideally, registration in the brand’s database as the first step to loyalty, as well as an initial trigger to advocacy. In other words, laying the groundwork for the post-purchase goals that follow.

The generate addiction goal is usually rather product and service driven. This is where after being captured by the stories of the brands, the real products now need to thrive so that the customer comes back. Hence, it is a further excitement of the customer; in the best case, it exceeds their expectations. E1 referred to it as “you also need to put the cherry on top, the Americans would call it the “blow-away”, the wow effect, something that delights or amazes the customer (…)”.

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8 Translated from German.
9 Translated from German.
The second post-purchase goal is to *nourish engagement*. This is again a more actively influenceable goal. Via different activities, brands try to stay relevant and top of mind with their customers and continuously keep in touch. E1 expresses this as, “(…) how do I keep him close to me, so that he comes back.”\(^{10}\)

Finally, there is *foster advocacy*. In the hotel business, this was very much associated with the experience at the stay. As stated by E13: “And at check-out, afterwards, it is of course about that it will be communicated, that he passes on, that he says, it was great, refers us, and of course comes back.”\(^{11}\) Most of the experts put the advocacy as a goal nurtured via the stay, shopping, or usage experience. E7 also mentions the nourishing element, saying that they work with current customers and encourage them to articulate their beliefs, for example on social media. The goal hereby is, of course, to first of all get people to be advocates, but then also, in turn, to *spark interest* again in additional relevant customers. This was mentioned by E3:

“The other thing that is extremely important for us, are recommendations. Meaning that customers come to us because existing customers recommended them to do so or because other people recommended them to come to us. So, they come by because someone told them that it is great.”\(^{12}\)

Summarizing these goals along the journey, three points of interest emerge. First, it becomes clear that, not only is the customer path not always linear and jumps between stages, but also the goals cannot always be clearly assigned to one phase. For example, the three post-purchase goals appear to already be just as present in the purchase phase and, therefore, should be pursued while converting the customer to purchase the product or service. Second, experts often struggled to clearly indicate goals in each of the journey stages they had described or even overall. They then often stated general goals, which can be subsumed under the following topics: financial success, satisfaction and experience, loyalty and addiction, and advocacy. Third, upon closer inspection, these goals are quite close to what emerged along the journey; however, they start only at a later stage. Taking into consideration that the customer experience in the purchase phase was often mentioned as the groundwork for satisfaction, loyalty, and advocacy, it appears to be reasonable to also include the pre-purchase stages, as the whole customer experience includes all the touchpoints. Hence, the deducted goals along the journey

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\(^{10}\) Translated from German.

\(^{11}\) Translated from German.

\(^{12}\) Translated from German.
appear to be a reasonable guiding line to foster a great experience, and success for brands.

4.1.2 Describing Customer Journeys for Luxuries

Having learned about what goals brands pursue in different stages of the customer journey, I will now shed light on how they typically achieve these goals, what typical customer behaviors are, and at which touchpoints these take place. Furthermore, I will point out the specifics to luxury brands in each of the three overall phases.

The brands’ activities in the get awareness and the spark interest stage are quite similar. It is about capturing the potential clients’ attention to generate awareness and then get them interested and willing to further engage with the brand. From a brand’s perspective, the goal should always be towards sparking interest directly, but often the customer is not ready to consider a purchase, and so, a previous awareness can have a positive impact at a later point in time. The brands’ main task is to find the right touchpoints at which to be present and identify the right extend of visibility across touchpoints, which often depends on the industry and positioning of the brand. E9, speaking about a high-end travel brand, explains this step as follows:

“So, a lot of our efforts are face to face and word of mouth. Referrals, events, invitation through exclusive situations, those are the main means of contact for us. Then there is a second element, which is the influencer level and I mean not instagarmers, I am talking the people who work with these types of billionaires or multimillionaires, so their trusted advisors”.

E11, on the other hand, operating in the apparel and accessories space, includes a much broader reaching set of digital and print touchpoints, such as Instagram, celebrity endorsements, or print advertisements in magazines.

In addition to this, the messages are also important. Here, the role of storytelling comes into play to capture this first interest of the potential new customer. The customer has a rather passive role in this phase, at some point getting in contact with the brand’s content, hearing about its reputation or friends’ experiences with it, or taking notice of the brand’s products. It is also possible that the customer hears or reads about the brand’s background or heritage instead of the products or services itself. This stage includes the broadest set of touchpoints mentioned by the experts: WOM and trusted advisors, who can be friends or family, but also trusted sales representatives or business partners, were top mentioned. Digital advertising, social media, print campaigns, PR, events,
cooperations, visibility with influencers and bloggers, and at the POSs were also included.

To create excitement, brands try to trigger emotionality and entertain the customer, once he takes the active role and starts to inform himself. To do so, they try to identify and learn about customer preferences to personalize the interaction as much as possible. This often depends on a well-instructed staff and independent advisors, who not only take on the role of transmitting information and educating the customer on the craftsmanship or history of the brand, but also have the responsibility for giving him a good feeling during a potential POS visit; that is, making him feel at ease. The customer, on the other hand, now having found interest in the brand, is usually keen on acquiring information about the brand and its products or services, gathering advice, and, if possible, trying out the products and services and experiencing the brand world to get inspired. E1 effectively describes such a stage in the hotel industry:

“Then he [the customer] will look for these criteria (…) if he does not yet know it [the hotel], first of all via the internet, pictures, attracting texts, things that emotionally attract him, which is often a question of a few seconds. (…) So, this is really the phase to emotionally bring to the customers’ eyes, what may come closest to his expectations.”13

In this case, the excite phase mainly takes place online, which is often the case in the hotel industry. More generally, the POS and the sales staff are very important touchpoints in this stage. Furthermore, a broad range of online touchpoints, like social media, the company websites, and online shops or platforms, events, and trusted advisors can be involved.

In explaining what happens in the convert stage, E4 says, “And the purchase at the end is actually just a formal thing, I do not see that being so important.”14 This reflects the idea that, in this stage, the main brand activities go beyond making the customer feel at ease and ensuring a smooth purchase transaction and service. To go further in the conversion element, for most brands, the registration of the customer is important in order to initiate further interest and engagement. In this stage, customers make the final purchase decision. They then complete the purchase transaction and receive their product or service. In a POS environment, this reception can be direct, but if the customer is shopping online or booking a service that will occur in the future – for

13 Translated from German.
14 Translated from German.
example, a hotel stay – then the reception can also occur later. Hence, the relevant touchpoints are again the POS and staff, or the brand-owned or external online shop or platform, respectively, or it can happen via personal contact, like email or phone.

The convert stage already contributes to a potential loyalty or even addiction to the brand. This then needs to be further developed. Addiction can mostly be actively shaped by the brand in a service environment. For hotels, this includes the customer’s stay, where an individualized experience and more excitement can be created. This also accounts for service encounters in a product environment. Regarding the product or service, the main job of the brand is to ensure that it is flawless and in the best case exceeds the usually already high expectations that have developed over the previous stages as E12 points out:

“I think that the experience that you have with your first product that you purchase is critical. If for whatever reason the product does not deliver what it was meant to deliver, which is about quality and sense of savoir faire, an experience with a product that will be different than previous experiences, thinking for instance about functionality in a handbag. (…) it might have a big impact on the perception of the brand itself.”

The customers activities are mainly around experiencing the acquired product or service and potentially getting exposed to more of the brand world that generates more addiction. E5 explains this additional process of confirmation: “Then we have the 5th phase, Sales Follow-up, and there it is about acknowledgement, giving the customer the feeling that he has made the right choice after the purchase. And also giving him a good feeling.” The predominant touchpoints in this phase are, as mentioned, the product or service itself, the staff, and the customer care or personal contact.

For nourish engagement, E4 gives the following examples:

“Then we have all the data of the customer and we will take care of him. Be it via correspondence, invitations, information, or calls, where we always again reach out and ask, how satisfied he is with the product, what points of improvement there may be, etc.”

This refers to brands trying different levels of follow-up or entertainment elements, which can range from generally relevant information, over a segment-specific, and up to an individual targeting of customers. This can involve mere information elements and

15 Translated from German.
conversations, but also invitations to events. Where relevant, it is also important to offer service packages. To do so, a lot of brands rely on CRM (customer relationship management) platforms to aid them with the individual follow-up topics. The customer, in this phase is often rather passive and consumes the engagement elements. Some customers, however, also take a more active approach and want to keep up-to-date on information about the brand, engage with the brand or brand community, and, in this way, feel part of the “brand family”. Typical touchpoints are newsletters, personal contact – e.g. via emails or calls –, and invitation to events or the use of social media for a broader audience.

To foster advocacy, E7 mentions as example a class on specific jewels, where you can bring friends along, or simply the encouragement of a conversation on social media. This means providing or facilitating opportunities for WOM behavior through great experiences that need to be offered. In the interviews, many of the experts identified these as the main drivers of advocacy. Sharing positive experiences with the brand or their fascination about it, as well as engaging in discussions on the brand, be it online or offline, are the key customer activities mentioned. Thus, the dominant touchpoints are WOM behavior, events, and social media as platforms to do so.

When comparing the luxury-specific customer journey to one of a mass market product or service, the experts mentioned that the process is characterized by higher involvement of the customer. Hence, more touchpoints are often involved to cater to the needs for education on the product, as the process has also been said to be much more conscious. Furthermore, emotionality plays an important role in exciting and addicting the customer. Finally, customers usually have high expectations regarding both the products and services, but also the whole experience, when shopping.

On their part, brands try to exceed even these high expectations by appealing to the best standards in their products as well as their service delivery. The most commonly mentioned difference for luxury brands is creating a more personalized experience along the journey. Some experts also mentioned that luxury brands often act as specialists in a certain field and, hence, have the capabilities to deliver to these high standards. It was also mentioned that luxury brands do not usually use classic advertisements and that being top of mind is more important for them; these two notions may be interrelated.

Table 4 summarizes the activities and touchpoints used along the stages.
### Table 4: Summary of Brands’ Goals, Customer Activities, and Popular Touchpoints along the Journey

#### 4.1.3 Differences across Industries

Using insights gained from interviews with experts across four different industries – namely apparel and accessories (A&A), hard luxury, travel and hospitality, and fast-moving luxury categories, such as cosmetics and food and beverage brands – I will now provide a brief overview of the differences in the journeys they described. Overall, it is possible to derive one generic journey for luxuries, as presented in the previous subchapter, but it is also important to note the nuances of difference across industries.

When considering the A&A brands, the POS plays the most important role in the pre-purchase and purchase phase. Furthermore, the most mentioned aspect was the need to provide an omnichannel approach and complementarity across touchpoints, i.e. to continuously entertain and engage their customers. A&A experts consistently mentioned

<table>
<thead>
<tr>
<th>Brands’ goals</th>
<th>Brands’ activities</th>
<th>Customer activities</th>
<th>Popular TP$s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get awareness</td>
<td>Be present at the right TPs with interesting stories and to the right extend</td>
<td>Initial contact with the brand or product</td>
<td>Broad spectrum, most mentioned are:</td>
</tr>
<tr>
<td>Spark interest</td>
<td></td>
<td>Take more active notice of the brand, its products, or its reputation and develop interest to further get in touch</td>
<td>WOM</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Digital advertising, social media</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PR, print</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Events</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>POS</td>
</tr>
<tr>
<td>Create excitement</td>
<td>Trigger emotional excitement with e.g. experiential atmosphere, personalized interaction</td>
<td>Acquire information</td>
<td>POS &amp; staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Try out products and experience brand world</td>
<td>Social media, website, online shops &amp; platforms</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gather advice</td>
<td>Events</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Advisors</td>
</tr>
<tr>
<td>Convert</td>
<td>Provide smooth purchase experience and make customer want to come back</td>
<td>Make final checks</td>
<td>POS &amp; staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Decide on and perform purchase</td>
<td>Online shop</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Receive product</td>
<td>Online platform (hotel)</td>
</tr>
<tr>
<td>Generate addiction</td>
<td>Flawless product/service</td>
<td>Use product or experience service (i.e. hotel stay)</td>
<td>Personal contact</td>
</tr>
<tr>
<td></td>
<td>For hospitality, ensure personalized experience</td>
<td>Get more exposed to full brand world</td>
<td>Product/service</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Personal contact</td>
</tr>
<tr>
<td>Nourish engagement</td>
<td>Segment-specific up to individual follow-up and nourishing with relevant content</td>
<td>Keep up-to-date</td>
<td>Newsletter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Engage with brand community and feel part of it</td>
<td>Personal contact</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Events</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Social media</td>
</tr>
<tr>
<td>Foster advocacy</td>
<td>Provide or facilitate opportunities for WOM behavior</td>
<td>Share positive brand experience or fascination</td>
<td>WOM</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Engage in conversations about brand</td>
<td>Advisors</td>
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<td>Social media</td>
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<td></td>
<td></td>
<td></td>
<td>Events</td>
</tr>
</tbody>
</table>
the importance of registering the client in the customer database and getting him addicted to the brand in the initial purchase moment. Here, having an interaction at the POS comes in handy as the experience can be shaped in a more inspiring way than in an online encounter. Furthermore, they emphasized the importance of their top customers and the nurturing of their relationship via direct contact and interaction with clients.

The hard luxury sector, including mainly watches and jewelry brands, as well as brands with a strong focus on performance orientation in the product, is characterized by the highest process orientation in its journey and brand goals, from finding potential customers to after sales care. In this sector, the use of cooperations with other luxury players was often mentioned to accomplish the spark interest stage. These could include the joint organization of events for customers or, for example, the presence of a counter or store at luxury hotels. The importance of the POS and the customer registration is similar to the apparel and accessories industry, paired with a strong focus on events and individual customer follow-up.

In the hospitality and travel industry, need recognition was more present compared to the other categories covered. Due to the nature of this sector, a “try and experience” option has never been available for the service before purchase or booking. Because of this, the hospitality and travel sector is the most digitized in the pre-purchase phase, often even purely digitized. However, there is an ambition from the brands’ side to get into direct contact with the customer as early on as possible to drive involvement. Here, the hotel stay or travel journey are the key drivers of the experience, addiction, and advocacy, while for product selling brands, there is a more even split between the purchase and usage experience.

For the more fast-moving categories, like cosmetics, perfumes, fine food, and beverages, the pre-purchase phase is very punctuated and can instead be described as one or a few “moments of truth” rather than as a process. The role of the POS and advisors at this POS to consult and convert is more important for brands in these categories, as they often have to share this POS with other brands. In general, the engagement generation is broader, as is the customer base, with brands making use of new digital touchpoints like social media, newsletters, and presence at the POS to stay top of mind. Only the very high-priced brands in this sector really engage in direct contact follow-up.
4.1.4 Discussion and Summary of the Experts’ Perspective

To conclude the expert perspective, I will reflect and substantiate the findings with the existing literature before providing a summary to this sub-chapter.

Compared to the generic brand funnel as presented in chapter 2.1.2, the deducted goals along the journey are quite comparable. The stages of awareness, interest, conversion or purchase, and loyalty are present in a similar way. Nonetheless, some aspects that are specific to luxury can be identified.

The pre-purchase phase includes the additional goal to create excitement and emotional appeal to the customer. To do so, experts repeatedly mentioned that a clear brand DNA, authenticity, and a consistent brand image are of great importance. On top of that, relevant messages and storytelling must be complementary across touchpoints in order to stay relevant to the customers. Brands also strive towards personalizing the experience from as early on as possible to further support the excitement and emotionality creation. The importance of the pre-purchase experience has also been identified by Jiang et al. (2018), who found that a positive experience with a brand’s marketing activities has a positive effect on brand preference and perceived value.

In the purchase phase, the brands’ focus is not only on conversion, but more so on providing the customer with a satisfying purchase experience that already aims at triggering loyalty and advocacy in this stage. Furthermore, much emphasis is on customer registration to lay the groundwork for an active follow-up and engagement post-purchase. These insights align with the findings by Roy (2018) that the experience customers have, both during and post-purchase, positively affect the future loyalty and advocacy of the customer. He further finds that this effect is even stronger for hedonic services. As luxury brands lay a strong emphasis on loyalty and advocacy building (further explained in the next paragraph), this focus on experiences even during the purchase phase appears to be meaningful.

Finally, luxury brands place a much higher focus on the post-purchase phase, which is rather neglected by the purchase funnel for other brand types. In addition, other brand types usually only include loyalty as a stage for post-purchase, while luxury brands emphasize it throughout. The customer journey by Court et al. (2009) also includes advocacy, which comes closer to what luxury brands’ strive for in this phase. Loyalty, or even addiction and advocacy, are key goals for luxury brands and should both be included in any luxury-focused journey description. Advocacy is especially central to them because – as explained previously – WOM or small talk about brands by family and friends triggers much of the awareness and interest. While it is key that the core
product or service exceeds expectations and customer care is exceptional, the dominant activities in this phase to further nurture the emotionality and get the customers attached to the brand family include: nourishing engagement via newsletters, personal contact, events, and segment-specific up to personal targeting.

The industry differences regarding the rather shorter and more punctuated journeys for the faster-moving goods effectively reflect the moments of truth concept (Lecinski, 2013). For the higher-priced categories – especially hard luxury – the descriptions and brand goals appear to be much more process driven. This may be due to the higher importance placed on emotionality and excitement building that often occurs pre-purchase, which develops over time rather than in a few specific moments.

The expert perspective provided insights into the goals of luxury brands and the typical activities of brands to lead customers on an ideal typical customer journey. Apart from general success indicators mentioned by brands, such as financial success, customer satisfaction and experience, as well as loyalty and addiction, additional goals were identified along the journey. These include awareness, interest, excitement, and engagement. While experts were able to describe these goals in a linear manner, they can also be achieved or pursued in a different stage of the journey, i.e. creating excitement not only pre-purchase, but also during and after purchase.

To achieve these goals, luxury brands focus on the following activities during the different stages

- Excitement and emotionality generation via storytelling and relevant content pre-purchase;
- Ensuring a smooth and remarkable purchase experience to create an initial bond with the customer; and
- Generating addiction and advocacy via an outstanding product or service experience (for hospitality sector) as well as nourishing engagement with the customer post-purchase.

### 4.2 Findings from Millennial Customer Interviews

The second perspective on the customer journey is the Millennial customers’ perspective. First, I will give an overview on the journey from a Millennial customers’ standpoint and then I will describe the five journey types that emerged from the analysis. Afterwards, focus on the identified critical touchpoints along the journey and provide insights on stated determinants of the customer experience before summing up the
customers’ perspective. All quotes from the customer interviews are originally in German as the interviews were conducted with German, Austrian, and Swiss customers and were translated into English.

4.2.1 Describing Journeys from a Customers’ Perspective

In the following section, I will outline the different stages a customer goes through, when shopping for luxury brands, explaining typical customer behaviors in each stage, touchpoints used, and notable comments related to the specific stage. Figure 7 provides an overview of the seven different stages that were derived from the customer interviews: an initial passive awareness stage that already exists before entering the real customer journey associated with the purchase, a trigger point that starts off the consideration stage, the purchase stage, and a post-purchase phase that includes behaviors around loyalty and addiction, dedicated awareness, and advocacy.

The passive awareness stage often begins as early as the customer’s childhood. C4 describes memories of her initial contacts with the brand as follows:

“My mum actually always used to have Tods shoes and as a child I remember the moments, when, for example, in Hamburg at the “Neuer Wall” – it is a really chic store – when we went there and selected a new pair of shoes for mum, and it was somehow special (…) and this is I think why I am a bit brainwashed, because [I thought] at some point, when I earn some money, I also want to buy such shoes.”
At that time, she did not actively think about a purchase, but the positive experiences with the brand in her childhood most probably had an influence on her brand preferences. In all cases, except for one, initial awareness of the purchased brand had occurred earlier. Most of the times, products owned by a family member or friends, or conversations about the brands and its products or services drove this awareness. Sometimes the initial contact was also in a different context; for example, it could have been seen on the street or on a blogger’s social media page. In particular, family and friends related initial awareness is often linked to emotional notions and knowledge of the brand’s tradition, and hence fosters a trust in the brand. This stage is a completely passive stage for the customer. The most common touchpoints in this stage are family and friends, small talk, WOM, and – more rarely – social media, influencers, and bloggers.

The active purchase consideration usually starts with some kind of initial trigger. The interviews revealed three different kinds of trigger situations: triggered by need/consideration, by interest, or by looking around. Typical statements pointing towards a consideration- or need-triggered journey include: „(...) I generally wanted a new handbag, but it was not yet clear to me which one.“, stated by C6. Or as explained by C12: “We somehow sat together and talked about it, (...) we had the topic “watches”. Then I said, I could imagine (...) to buy a new watch at some point.” Or as C14 put it in a more needs-based manner: “I somehow got to the point that (...) I opened my shoe cabinet and realized that I needed something new.” These situations may or may not involve any touchpoints. Sometimes, as in the case of C6, it is more about realizing that the process had started at a certain point of time, when one started considering buying the product. Often, it is at least triggered by some point of interaction; however, this does not need to be brand related. The second trigger type, interest, is what most of the experts explained. C1 stated a situation that did not involve a direct interaction with the brand, but an indirect one via the product and a friend: “So, I actually got aware of the bag, because a friend of mine had it and I found it so incredibly beautiful.” C5 explained a situation that involved an interest trigger by the brand: “So in general I quite like handbags and somehow I had seen that one in a magazine I think, in an advertisement. It was a handbag by Fendi.” The third trigger type occurs while looking around and starting to consider a product more by coincidence, as C17 explained:

\[16\] My family and I
“I actually had not planned to buy shoes. I then saw on BestSecret that they had shoes on sale and then got the idea to maybe buy some shoes. Then, I saw that they had beautiful Cavalli shoes. And then I saw that they were 40% off.”

When comparing the three trigger types, the need- and consideration-triggered purchases are most open regarding brand choice. The interest-triggered ones are already quite targeted at one specific brand that arose the customer’s interest, and hence, are the most attractive type for brands. Finally, the looking around trigger often happens when people are already familiar with the brand and, consequentially, look around at this brand. Trigger touchpoints are mostly family, friends, small talk, WOM, and products of the brand. They can also be advertisements or PR articles in magazines, social media pages or influencers, and bloggers. Furthermore, the POSs, both in an online and offline environment, can also be involved.

In the subsequent consideration phase, three behaviors occur, usually several times and in different sequences: getting inspiration, gathering information, and seeking consultation. Looking around includes getting inspired and finding out about different options and price points. C9 describes his activities as follows: “For options, I predominantly looked online, I googled it, then looked at watch websites, and took many screenshots of Instagram. Something in that direction.” Information gathering often involves two stages. The first one is related to looking around and is rather around making oneself familiar with the offer and gathering general information. C2 explains the involved activities: “Very classic, we looked online, what types of different hotels there are, that also have available rooms for the period, as first week of January is not that easy to get something.” The second one involves going more into detail for specific options, as C14 describes:

“For each of the stores I visited, I had at least one to two shoe models in my mind that I wanted to look at on the ground based on the online research. That means, the intention to go into the shops was relatively clear: I had these one to two, sometimes three shoes in my head, wanted to go to the shops, wanted to look at them on the ground, wanted to physically look at them, examine them, try them, and see if they fit or not. And in the end, if they fit, make a purchase.”

Consultation refers to getting the opinion of other people; mostly friends and family members, but also sales personnel or other trusted advisors. C21, for example, reached out for feedback from her boyfriend and her best friends by sending them screenshots of the product she wanted to buy. C3, on the other hand, went on several retail visits to consult with the sales representatives. Reflecting these three activities, a typical
Millennial process is to first do online research and get inspiration, and then to go to a physical store to get more specific information, while in between or throughout the process consulting with friends over mobile. This was also mentioned by some of the experts who stated that many Millennial customers come to stores already very well-informed, knowing quite well what they wanted and what they still needed to know about the products. The touchpoints present in this often lengthy stage are a diverse set of online resources ranging from search, multibrand stores and platforms, social media, to brands’ own websites and online shops. Furthermore, the retail and multibrand retail touchpoints, as well as the staff at these points of sale, play an important role. Finally, friends and family are involved especially when it comes to seeking advice.

After the consideration phase, the customer moves on to purchase. Here, final checks are made, the purchase is performed, and the product handed over. In case of an online purchase, the product reception occurs at a later point in time, similar to the booking of a hotel, where the stay occurs later. There are two scenarios for when the purchase decision is made: either during an online or offline store visit or when the actual decision was already made up front. This later scenario happens frequently, as the consideration phase is quite long and distracted. At some point, the decision is made in between and then the customer goes back to the store to perform the purchase, maybe including some final checks. There is also often a check of or registration to the customer registry, which was sometimes mentioned as not contributing to a great experience. The involved touchpoints are the store – either the mono or multibrand store online or offline – including its staff, and additionally family and friends, who are often involved to provide feedback during final checks.

The activities in the post-purchase phase do not usually split clearly into the three mentioned stages but the structure may be useful for brands to better react to customers’ actions. The first area is around the loyalty or addiction of a customer. The product use or the stay at a hotel are most often related to statements on these topics. They seem to be the most common driver of loyalty and addiction. People also mostly talked about satisfaction or excitement about the product or service when stating why they came back to the brand (if this was not their first purchase there). In addition, I subsume most customer-driven activities in post-purchase here. These activities include getting further inspiration on the brands’ products and checking what is new, learning about the brand’s background, and having a general interest in complementary products or variations of the brand. Loyalty appears to be also closely related to statements on emotions towards the brand. Signs of emotional proximity include feeling satisfied or happy and stating that one needs to take care of the product. Typical touchpoints are the product or service
itself, the staff at the retail store or hotel, the retail store or website of the brand, and social media channels. An example of statements on addiction is the following from C9:

“I take a look from time to time, I look at new models from time to time. I have the feeling that if you buy a watch, it is a bit like a tattoo – even though I do not have a tattoo. But if you have bought one once, you are a bit addicted. So, I kept looking for watches (…), but I stayed with the brand. So, also on social media or so, I did not look at other brands, I mainly stayed with Rolex.”

C12 talks about emotionality in his interview:

“So, the one thing is rather, I would say a conscious, emotional way. It was somehow the case, that I like it, when we pass some shop windows and I see the watch or in general the IWC watches, where I then usually stop and take a look, if it somehow is the same model, or a different model and so on. This is rather an emotional bond I would almost say. It is somehow not a clear touchpoint.”

Dedicated awareness is driven instead by activities from the brands that constantly remind the customers of the brand and should trigger additional purchases or WOM. It can, however, also involve a more active behavior by the customers, such as checking from time to time for new products, or letting themselves be entertained by the brand’s content. This behavior is quite similar to the loyal behavior of more actively noticing the brand and the brands’ products in day-to-day life, but may be enhanced further by brands’ offerings. The most commonly stated element was receiving newsletters from the brands, which was, however, often mentioned as an aside and not regarded with great interest. Other forms include either the social media channels of the brands or all kinds of other post-purchase communication, for example, feedback forms. The different forms of direct contact with the customer – be it via email, WhatsApp, phone calls, or written cards – were mentioned as the most memorable and positive ones by the interviewees, as explained by C21:

“He [the sales representative] also gave me his business card. I think that is something special, let’s say compared to normal products. He then meant, I could text him anytime on WhatsApp about new products or information or reservations for other products in the store. I thought that was something really cool.”

Another means by which to stay in touch with the customer is via event invitations from the brand. C22 refers to this method, highlighting the personal aspect of the invitations: “And then always in November he [the goldsmith] hosts a classic concert
for all his customers. (...) [The invitation comes] in written form with a super beautiful invitation, partially also handwritten. So, he really focuses on the personal aspect, always with very noble, thick paper.”

The *advocacy* stage is characterized by people becoming advocates for a brand and in turn engaging potential new customers. The most common activities include sharing experiences with the brand, engaging in small talk about products or services, and sharing both positive and negative feedback. The advocacy can often be triggered by other people, mostly friends and family members, giving feedback or inquiring about products, which starts a conversion on them and the brands behind them. While some interviewees actively spoke about their acquisitions or experiences, many interviewees only talked about the purchase with close friends and family members or as a reaction to friends’ comments. Postings to social media were only seldomly mentioned; they were more common for hotel stays than for products and product usage. This may point to active WOM behavior being more common with experiential aspects than with products. The typical touchpoints are WOM, friends and family and their feedback, and – more rarely – social media. C9 is an example of a rather open conversation about the purchase being more focused on small talk:

“Afterwards, of course, I proudly showed it to many of my close friends. They then asked some questions on how I came to it, why exactly I had chosen that model, such things. So, we even talked a bit about it.”

C11 indicated a rather bad store visit experience. She did not actively speak about her new product, only with friends who had previously been involved in the decision process. However, when asked if she spoke about her purchase and store visit experience, she said:

“Yes, I did, quite actively actually. Because I was really (...) well, firstly, I had looked forward to buying the bag on that day. So it was bad, that on the one hand they did not have it and when it already was not available, I was very upset about the treatment [by the sales representatives]. I told that quite actively then.”

Comparing these insights again to the general customer journey literature, the stages and activities do not differ much from the journey models by Court et al. (2009), Edelman (2010), or Lemon and Verhoef (2016). There is a trigger point, consideration, purchase, and loyalty and advocacy post-purchase. However, some luxury journey specifics can be identified.
First, the passive awareness stage should be considered when examining the journey for luxuries. Lemon and Verhoeven (2016) note that the pre-purchase phase practically starts with the need/goal/impulse recognition and Court et al. (2009) mark the trigger point as the start of the journey. This is also what most customers noted as the moment they first thought about making the purchase they talked about. Nevertheless, many mentioned that the brands they considered had already been in their mind before this trigger point. A study by McKinsey & Company found that the brands present in the mind of the customer when they start considering the purchase are twice as likely to be purchased compared to the ones that are added during consideration (Remy et al., 2015, p. 12). Hence, it is key for brands to actively take this stage of passive awareness in a customer’s mind into account, although this adds significant complexity to the journey analysis. While getting to know the brand in this passive stage via friends and family or by seeing one of its products are by far the most dominant touchpoints, the long tail of alternatives is nonetheless considerable.

Connected to the importance of the passive awareness stage is the fact that the trigger point for luxury brands appears to be less needs-driven than for other sectors. Approximately one third of the journeys included a needs trigger, another third simply started the consideration, and the rest were predominantly triggered as interest was sparked for the brand, while three journeys started with the customer looking around. In contrast to the needs-based journeys, which are often quite open in terms of brand choice, the interest-triggered ones are focused on one brand, making it the most attractive trigger for brands who succeed in this stage. But the key set of brands was usually also pre-defined for consideration-triggered journeys. Hence, as mentioned previously, it is key for brands to be already in the customers’ minds once they start the journey to improve the chance of purchase.

The consideration stage or as Court et al. (2009) call it the “active evaluation” stage includes activities of search and information gathering to add and subtract options from the consideration set. Additionally, for luxury brands, it is shaped by inspiration gathering and reaching out for consultation. As the decision-making in the luxury context appears to be often less rationally but more emotionally driven and characterized by a higher involvement, the excitement generation and conviction to make the right buy is more important than for other purchases. This seems to support the rather lengthy consideration stages that are, despite this, highly heterogeneous among customers (further discussed in the following chapter). This stage is more of a pull stage for customers, making it the main task for brands to be there with the right information or content at the right point in time and then to excite the customer.
The luxury specifics in the purchase phase reflect and confirm the experts’ statements. As the consideration phase is lengthy, the purchase decision is often taken before the concrete point of sale visit. This means that brands can quite quickly move from more of an information provision or consultation mode into bonding and relationship building to lay the groundwork for a long-term customer relationship. The experts added that the goals in the purchase phase include not only the pure conversion, but also the building of loyalty and advocacy with the customer.

The post-purchase phase is again characterized by a higher focus on not only loyalty, but also advocacy and dedicated awareness or engagement. Loyalty is usually associated with the consumption or stay experience, as described by the generic literature (Court et al., 2009; Lemon & Verhoef, 2016), but again in luxury, it involves more of an emotional factor. Advocacy is in this case often triggered by more feedback from friends, as the purchased goods or stays stand out more and provoke attention. The customer engagement element is mentioned by Lemon and Vorhoef (2016), while it is not so present with Court et al. (2009). For luxury, it is noted to be quite central in the brands’ goals. Customers experience it as often a rather passive element of consumption in contrast to the engagement pursued by brands. I hence labeled it as “dedicated awareness” referring to the concept of actively knowing the brand, but not actively engaging with it. This involves being occasionally reminded of the brand, through the brands’ activities, but also through an active noting of the brand’s presence in customers’ lives, or the engagement with the brand at events they organize.

To sum up this chapter, table 5 provides an overview of the specifics of the different stages, activities, and touchpoints present from the customers’ perspective.
<table>
<thead>
<tr>
<th>Stage</th>
<th>Customer activities</th>
<th>Popular TP(s)</th>
</tr>
</thead>
</table>
| **Passive awareness** | ▪ Initial contact with the brand or product  
▪ Sometimes passive observation or contact points from time to time | ▪ Family/friends  
▪ Small talk  
▪ Product  
▪ WOM  
▪ Social media/influencers/bloggers |
| **Consideration trigger** | ▪ 3 types:  
▪ Need/ consideration: start to think about purchasing with or without need  
▪ Interest: get interested and start considering  
▪ Look around and see product | ▪ Family/friends, small talk, WOM  
▪ Product  
▪ Magazine  
▪ Retail  
▪ Social media, influencer/blogger  
▪ Online multibrand shop |
| **Consideration** | ▪ 3 behaviors:  
▪ Looking for inspiration  
▪ Gathering Information  
▪ Consulting with advisors or friends | ▪ Online:  
▪ Search  
▪ Multibrand stores and platforms  
▪ Website and online shop  
▪ Social media  
▪ Retail & staff (Mono- and multibrand)  
▪ Family/friends |
| **Purchase** | ▪ Make final checks  
▪ Decide on and perform purchase  
▪ Pay  
▪ Receive product | ▪ Family/friends for checks/ decision  
▪ Mono- or multibrand retail, offline or online  
▪ Staff  
▪ Online platform (hotel)  
▪ Direct contact |
| **Loyalty** | ▪ Use product or experience service (i.e. hotel stay)  
▪ Feeling of satisfaction and emotionality towards products and brand  
▪ Learn about brand background and explore | ▪ Product/ service  
▪ Staff  
▪ Retail, Web site  
▪ Social media |
| **Dedicated awareness** | ▪ Seeing and receiving communication by brands  
▪ Being in direct contact  
▪ Attending events  
▪ Seeing the products | ▪ Direct contact  
▪ Feedback form  
▪ Newsletter/catalogue  
▪ Event invitations |
| **Advocacy** | ▪ Share experiences with brand, products, services – both positive and negative  
▪ Engage in small talk  
▪ Friends giving feedback often triggers conversation | ▪ WOM  
▪ Friends/ family and feedback  
▪ Social media |

Table 5: Summary of Customer Journey Stages, Activities, and Popular Touchpoints
4.2.2 Five Typical Journeys

By examining the journeys explained by the interviewees more closely, four different paths customers take can be differentiated: direct, info&buy, experiential, and coincidence. In addition, I have identified ROVO (research online, verify offline) as a special path that is so prominent as to merit mention as a separate type. ROVO journeys are at the intersection of the direct and info&buy journey and are quite linear. However, they include a switch from online to offline in the consideration stage. The journeys differentiate primarily in terms of linearity and the number of touchpoints involved. Figure 8 visualizes the different types. In the upcoming paragraphs, I will outline the characteristics of each of the journeys and, therefore, what differentiates them from one another.

Figure 8: Discovered Types of Customer Journeys (own presentation)

The direct journey is, as the name indicates, the most direct one. From the consideration trigger, the customer usually uses only one more touchpoint interaction, where he combines consideration activities and makes a purchase. The only detour may be due to consultation desires. Thereby, the customer also does not take into account any other brands than the one that was already present at the trigger point, which is normally either interest or consideration generated. Most of the customers who reported a direct journey were repeat customers or trusted in a recommendation. In summary, this is the most linear journey, involving the fewest touchpoints. It is the typical journey of
The Customer Journey for Luxuries

the comparison group of non-Millennial customers (4 out of 6 non-Millennial journeys) but was also present four times with Millennial customers.

The info & buy journey type involves a medium number of touchpoints and is characterized by a rather distracted order of touchpoints and activities pre-purchase. Information seeking, inspiration, and consultation are involved but do usually not occur one after another, instead in different sequences and going back and forth. The journey may start in a retail environment, continuing online, go back to retail, detour to consultation with friends, then to seeking information online again and, finally, to purchasing in a retail store. This journey type usually involves checking several brands and may involve both subtracting brands from the consideration set and adding others later. This rarely focuses on one single brand. Six Millennial customer journeys were assigned to this type.

The experiential journey is the most distracted one involving the highest number of touchpoints. It is quite lengthy, often stretching across several months and is a process in which the customers enjoy participating; they come back to it again and again, getting inspiration, information, and consultation across different touchpoints. In many cases, the purchase experience itself is rather important, sometimes even the post-purchase experience. As the customers in this case appear to enjoy their activities throughout the whole process, they usually involve several brands in their considerations set or at least take some time to check out alternatives in case focused on one specific brand. Nine Millennial journeys can be characterized as experiential.

Finally, there is the journey, where the purchase happens as a coincidence while looking around or buying other products. The journey in this case involves few touchpoints after the interest for the product is triggered. This trigger is usually already focused on a specific product and the only prior touchpoint is a consultation focused one. Either information or inspiration seeking has led to the product interest, as a trigger is not found in this journey. Two Millennial journeys fell into the coincidence group.

The research online, verification offline (ROVO) is a fifth type that can be labeled as a special version at the intersection of direct and info&buy. It is a rather linear journey, albeit one involving various touchpoints. After the trigger point, the customer usually starts off with an inspiration and information search, using several online touchpoints to deduct a relevant set of brands or products to consider. Then the verification of the online researched information is performed in an offline environment. The reasons for this behavior are usually the urge to be able to touch and feel the product, try it on, check if it fits oneself, and to get some further consultation and information
from sales personnel. The initial broader research is performed online as this is, on the one hand, more comfortable and give a better overview of the different options and, on the other hand, avoids the discomfort that some customers associate with the luxury sales environments. C21 explains this issue as follows: “Well, I do not really like to go into these – let’s say – luxury stores and look at bags, because I then always think that I – let’s say – am maybe not taken really seriously as a younger customer.” After the offline consideration, the purchase is then either performed directly in the retail environment, as it was the case for all of the interviewees but could also be performed back in an online environment, potentially involving another consultation with friends and family before placing the order. In this type of journey, usually several brands are considered online and then all of them or fewer are then also looked at in retail. There is, however, also the possibility that the ROVO is performed with a focus on one specific brand. To sum up, this is quite a linear journey that involves more touchpoints than the direct one, including a change from online to offline consideration. This is the second journey type that was present with the non-Millennials, accounting for two out of six people in this group. In the Millennial group it was present four times.

If we assume the direct journey to be the typical one for the non-Millennial generations, we can see, firstly, that a diversification of journeys is happening. This appears to be the case for the older generations as well. They also follow a ROVO type of journey, in some cases, including the online channel for inspiration and research. While this multiplication of touchpoints exists for both customer groups, the distraction element of the journey predominates the Millennial generation, diversifying the types of journeys not only towards including many touchpoints, but also away from purely linear types. This presents brands with some challenges. The inclusion of the research online episode in the journey already diversifies the previous knowledge people have when entering a retail store. This is what some of the experts meant when they referred to Millennials as being very knowledgeable about the products when entering the store and then having higher expectations of the sales personnel in the stores. In addition to this trend, the distraction multiplies the reasons and possibly also the frequency with which people use different touchpoints along their journey. This makes it even harder for brands to know their customers’ needs in each specific situation and to cater to them.

Another insight is around journey triggers: while the direct and experiential journeys are often triggered by consideration or interest, the info&buy and ROVO are rather consideration and need-triggered. Interest-triggered journeys for the comparison group mostly resulted in direct journeys, while for the Millennial group it mostly resulted in experiential journeys. When older generations saw something that attracted their
interest, this resulted in them directly advancing with the purchase. Millennials, however, do not advance toward the purchase directly; instead, they appear to then start to make an experience out of the purchase process. Need-based triggers result in more information-oriented journeys like ROVO and info&buy. Consideration, on the other hand, can result in either type. The consideration trigger is, however, also broader, so it could be that the resulting experiential journeys are in fact quite interest-driven, while others are focused on information gathering, but in a more targeted manner. Another reason could be the individual preferences of the customers, which I will outline further in chapter 5.2.

4.2.3 Specifics of the Millennial Journeys

In general, the stages as presented in chapter 4.2.1 are the same for both Millennials and the interviewees in the comparison group. As the description of the five typical journeys indicates, differences exist when comparing the two groups. Overall, four differences can be identified.

First, Millennial journeys have the tendency to be longer than those of the elder cohorts and include more touchpoints. On average, the interviewed Millennials had five different touchpoints in the consideration phase, several of which were included numerous times, such as visiting different brand websites or retail stores or going back to the retail store several times. The comparison group in contrast only included on average three touchpoints in the consideration phase; these were usually included only once.

Second, the Millennial journeys are not as linear as the ones of the comparison group, but can often be characterized as distracted, as explained in the previous chapter. Older cohorts usually have a quite linear journey, transitioning from stage to stage and touchpoint to touchpoint. Many of the Millennial journeys, especially the ones from the info&buy and experiential type are instead characterized by going back and forth several times.

Third, there is a significant diversity of journeys when it comes to Millennials. While for the comparison group most journeys are direct and few ROVO, Millennials have five different types of journeys. In addition, the journeys are also more diverse in terms of which touchpoints are used and the sequence they occur in.

These three first insights fit well with the findings presented by Hall and Towers (2017) who analyzed Millennial journeys for fashion purchases. They also identified Millennial journeys to be quite diverse, having different lengths and involving different
touchpoints. In addition, they note that Millennials are undertaking significant activity to acquire information from a set of retailers, which fits with the general lengthiness of the consideration phase.

Finally, more digital touchpoints are involved. Only three out of the 25 analyzed Millennial journeys did not include any digital touchpoint pre-purchase. Two of them included none at all (C8 and C15); the third one did only due to in-store unavailability. For C5, the bought bag was ordered online as it was not available in-store and the customer checked the social media presence of the brand post-purchase. This aligns with previous findings on Millennial behaviors and is reflected in their nickname “digital natives” (Bennett et al., 2008; Goldman Sachs, 2016). In this sense, this aspect is not surprising. Nonetheless, luxury brands have long been hesitant to include digital touchpoints in their portfolios (Okonkwo, 2009a), an approach that must be overcome when targeting the Millennial cohort.

When asked about the differences between the cohorts, the interviewees’ answers match the presented insights. While the second most mentioned point was that the journeys are quite similar, the most mentioned one was that the process was longer for Millennials. The less focused nature of the process was also noted. The notion that Millennials use a different set of touchpoints, especially digital ones, was mentioned numerous times as well, for example: performing the purchase and information search online, using different information sources in general, trusting online sources and reviews more, placing less importance on WOM, and using social media. The findings by Smith (2011) support the positive effect of online reviews on Millennials’ purchase decisions and Sashittal et al. (2014) stress the importance of mobile touchpoints and social media. Further topics that arose in the answers referred to Millennials having higher expectations towards quality and service, and a stronger orientation towards prices and discounts as well as design when it comes to decision-making.

4.2.4 Critical Touchpoints along the Journey for Millennials

In the following paragraphs, I will describe the main differences between Millennials and the customers of the comparison group in each of the journey stages, and identify the critical touchpoints. This will serve as a basis for the development of a more strategic approach for touchpoint management from a brands’ perspective in chapter 6.

The passive awareness stage and the consideration trigger can be described as very similar when comparing the Millennial cohort to the older customers. In both cases, the
major focus is on WOM recommendations or small talk about the brand from family and friends or, alternatively, the discovery of the product that attracts the attention of the future customer. The long tail of touchpoints still includes classic ones like magazines, the retail store, sponsoring, or PR. However, they are complemented by the digital versions like social media or influencers and bloggers. Apart from touchpoints which cannot be directly influenced around the friends and family and the products, there is no specific touchpoint that can be identified as being absolutely critical; this varies significantly between customers. Nonetheless, being in the initial consideration set at the trigger point is key as in most cases one of the brands that is considered at this point in time will be purchased. As mentioned earlier on, a previous study found that the chance of a purchase is twice as high for a luxury brand being in this initial set (Remy et al., 2015).

The consideration stage appears to be the one with the most divergences for Millennials. In general, Millennials not only use more different touchpoints than other cohorts, but also use them more frequently. While the classic journey goes from one touchpoint to the next, the Millennial may visit the company website several times, making visits to the store or even different stores in between, and check other information or inspiration sources. Hence, this is the stage where the distraction of the journey – as explained above and also found by Hall and Towers (2017) – mainly occurs. Also, the touchpoints used for all of the three main activities are more diverse. Inspiration happens predominantly online, often via various touchpoints, mainly the brand’s website and social media. Information is also mostly first collected in an online environment, and then, if more specific detail or touching, feeling, or trying on the product is required, it is complemented offline. As pointed out above this is the typical ROVO sequence, but it can also involve back and forth movement if it is one of the more non-linear journeys. Consultation tends to involve friends and family much more, while for the comparison group this tends to be performed by staff and usually takes place in a retail environment. For Millennials, this often not only takes place during the retail visit, but also afterwards, before the final purchase decision is then made thereafter. This aspect of social validation was also identified by Hall and Towers (2017) and Fromm and Garton (2013, p. 113). The first critical touchpoint in this stage is clearly the company website, which was visited by 72% of all Millennials either for inspiration or information. In the A&A segment the ratio was even higher, at 77%, while for hard luxury only one person did not visit the website. However, she completely skipped this stage and went directly to purchase. The second dominant touchpoint is the retail store and the staff there. Excluding the hotel customers from the analysis, 85% of all
customers visited either a mono- or multibrand store in the consideration stage; 85% for A&A and 83% for hard luxury (again due to the one person who skipped the inspiration and information stages). For hotels, only two of five customers checked the website, and none visited a physical point of sale. In this sector, the online platforms – predominantly booking.com – take over these roles and were visited by all of the customers pre-purchase. Specifically for inspiration, social media can be named as another important touchpoint. For the A&A segment 31% of customers used it for inspiration gathering and it played a very central role for one of the hard luxury journeys.

The purchase phase is likewise more digitally driven for Millennials. While for the comparison customers only the hotel booking was performed online, for Millennials one third of purchases were made online. This differs across segments: from the hotel bookings 4 of 5 were performed online, 2 thereof on a platform, 1 on the website itself, and 1 on the brand-owned app. The 5th booking was done in direct contact via the phone, but the customer had checked on the platform before. In hard luxury, none of the purchases was performed online. In A&A 31% were placed there, two thereof after a store visit and two in a pure online journey. The critical touchpoints are hence the retail environment and the staff at the point of sale. 15 of the 20 non-hotel purchases were performed in a retail environment. One hard luxury and one hotel transaction was performed via a direct contact. The online shop presence (either owned or multibrand) for A&A, and the online platform for hotels especially, are also key. Often the purchase decision has already been taken before the specific purchase situation. Overall, 48% of customers had made the general decision before entering the store or going online to make the purchase. In their purchase situations, solely final checks were performed before making the final decision. In the hard luxury category 85% had already made up their mind. For hotels it was more common to directly book after checking the available options, while the A&A purchases were also at 46% for upfront decisions. Hence, the purchase moment is rather critical to start building a long-term relationship with the customer instead of convincing him to buy.

In the post-purchase phase, behaviors are again more similar between cohorts. For loyalty, product usage or, in terms of hotels, the stay and staff must excite. For Millennials, retail was quite often mentioned in addition as some of the customers went and checked out further products of the brand to get inspired or feel close to the brand. The comparison group, which instead keeps activities separate, did not mention this behavior of visiting or passing by stores without a purchase intention. Some Millennials also checked out the brands on social media, a behavior also not observed in the
comparison group. The key touchpoints in this stage are the product itself and the hotel stay, as well as the service and staff around it.

For dedicated awareness there are no significant differences. Direct contact by the sales representatives was, however, perceived as rather surprising for Millennials and can, therefore, be seen as a critical touchpoint.

Advocacy behavior appears to be more rare for Millennials and is driven by feedback of friends or by positive or negative experiences. Few Millennial customers posted about their purchase to social media, but this did not seem to be a dominant behavior. Regarding critical touchpoints, this stage is like the passive awareness and triggers, in that they are dominated by interactions with friends and family and, hence, do not directly involve the brand.

To summarize, the most critical touchpoints along the journey are WOM and small talk, predominantly with friends and family, the brand website, the physical retail store (mono- or multibrand) and the staff there, online platforms for hotels, a direct contact for purchases or post-purchase care, the product itself and the stay or purchase experience, and to a lesser degree, the presence on social media, in the brand’s own online shop, or in an online multibrand shop for A&A brands.

4.2.5 Millennial Determinants of the Customer Experience

This section will briefly shed light on the Millennial perspective regarding influence on their customer experience, both positively and negatively, and in terms of their expectations of brands. Appendix H provides an overview of the coded topics and the frequency with which they were mentioned by the Millennial interviewees.

The most mentioned topics of positive influence for the experiences of Millennials centered on the service provided. This includes the service itself and the staff or service personnel. More specific answers referred to the staff being very friendly, ensuring a smooth process, giving a good welcome, and taking their time to serve the customer. The second influencer of a positive experience is the experience in the store itself, which can also be linked to the atmosphere and provided exclusivity. Furthermore, the customers positively noted feeling at ease, experiencing no pressure, and being treated as adults while shopping. The result of having acquired a great product or service was also mentioned as having a positive influence on the overall experience, as well as good quality and beautiful packaging. Finally, the brand’s provided standards were mentioned as a positive influence. These include product or hotel room availability, a good
overview of the assortment on offer, fast delivery, good information quality both online and offline, and the existence of an online presence.

The negative influencers generally mirrored the positive ones. The top-mentioned aspect was a too crowded retail environment, which together with a long waiting time, bad service, and no personalization can again be categorized under the service aspect. Having had no or a bad experience was another often-mentioned element. Brand-related service topics like a bad payment experience or process, no product or service availability, and no or a bad retail presence were also stated often. The atmosphere and feeling component appeared again, such as when the customers felt the sales and service staff were judging them, that they not being appreciated as a customer, or that the staff in general had a snobbish attitude. Finally, the customers mentioned overpriced products or service elements or large price differences across different sales channels as negative influencers.

Regarding expectations a third of coded topics refer in some way to the service level offered; service level itself being by far the top-mentioned one (18 times out of 25 interviews). The other coded elements that refer to the service level include well-trained and friendly staff that make time for the customers, ensure they do not have to wait, show products and offer alternatives, and bring in a personal aspect. The second most mentioned topic is quality, which mainly refers to expectations regarding the product. The next one is around the experience and atmosphere throughout the purchase phase, usually in the retail store. Finally, there are some further expectations regarding the service level, but these are more company-oriented. They include the expectation of the provision of a high quality of information both online and in store, product availability, privacy, and a retail presence in bigger cities.

Comparing the positive and negative experience influencers, as well as the expectations towards luxury brands, it is evident that the topics that were mentioned by the interviewees were quite consistent. Four dominant themes emerged: two types of service levels, (1) the specific service level realized mainly via the staff and (2) the service system offered by the company; (3) the product or service itself; and (4) the created experience and atmosphere. Table 6 summarizes these four deducted customer experience influencers.
<table>
<thead>
<tr>
<th>Identified customer experience themes</th>
<th>Brief description and examples</th>
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<tbody>
<tr>
<td>Offered service system</td>
<td>Provided service level by the brand, e.g.</td>
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<tr>
<td></td>
<td>▪ Product availability</td>
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<tr>
<td></td>
<td>▪ Retail presence in major cities</td>
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<td></td>
<td>▪ High quality of information in store and online</td>
</tr>
<tr>
<td>Realized service level</td>
<td>Service level realized mainly by the sales and service staff, e.g.</td>
</tr>
<tr>
<td></td>
<td>▪ Well-informed and friendly staff</td>
</tr>
<tr>
<td></td>
<td>▪ Short waiting times, staff taking their time when serving the customer</td>
</tr>
<tr>
<td></td>
<td>▪ Showing products and alternatives</td>
</tr>
<tr>
<td>Product or service</td>
<td>Flawless core product or service, comprising e.g.</td>
</tr>
<tr>
<td></td>
<td>▪ Highest quality and craftsmanship</td>
</tr>
<tr>
<td></td>
<td>▪ Appealing design</td>
</tr>
<tr>
<td>Delivered experience</td>
<td>Experiential aspect of the shopping experience, including e.g.</td>
</tr>
<tr>
<td></td>
<td>▪ Agreeable atmosphere in store</td>
</tr>
<tr>
<td></td>
<td>▪ Customers feel at ease when shopping and not under pressure</td>
</tr>
<tr>
<td></td>
<td>▪ Experiential elements of the shopping event</td>
</tr>
</tbody>
</table>

Table 6: Summary of Derived Customer Experience Influencers

A comparison of these elements and the ones mentioned by the interviewees of the comparison group reveals many similarities. Hence, brands do not need to fear that delivering the expectations of Millennials would deter non-Millennial customers.

4.2.6 Summary of the Millennial Customers’ Perspective

From a customer’s point of view, seven journey stages exist: passive awareness, a consideration trigger moment, consideration, purchase, loyalty, dedicated awareness, and advocacy. On closer inspection, five types of journeys can be differentiated according to the number of touchpoints involved and the distractedness of the journey. These are direct, info&buy, experiential, coincidence, and the special type ROVO.

Comparing the Millennial journeys to the ones of the older cohorts, it becomes clear that they are significantly more diverse, tend to be longer, and are more distracted. Furthermore, they involve more digital touchpoints.

The critical moments along the Millennial journey can be summarized in seven steps within the journey stages:

- Millennials usually include more touchpoints in their initial awareness stage and do not solely rely on WOM or seeing a product of the brand.
- In the best case, an interest trigger point starts the journey; otherwise, it is important for brands to be in a potential customer’s mind at the time the trigger occurs.
- During consideration, there are usually three critical elements, first the brand website visit; second, the store or online shop visit (mono- or multibrand), or for
hotels the online platform visit – both can usually be influenced; and third, the family or friends consultation, which brands should allow to happen or positively support.

- In the purchase phase, the critical stage is either a store visit involving a great experience with the brand’s staff or an online visit.
- One post-purchase critical moment is the personalized follow-up, which led to positive emotions for all the customers that reported on it.
- Another post-purchase moment is a potential service encounter, for example, due to a defective product or the regular maintenance of a watch; this can lead to positive experiences, but can also result in negative advocacy if not handled well.
- Finally, if the client wants to engage in post-purchase follow-up behavior – examples can be checking social media pages or looking for additional products – it is important that the brand provides this opportunity, as this is where the loyalty of the customer can be nurtured further.

In addition to these specific moments, the basis for a long-term happy and loyal customer is still to provide an excellent core product or service, in terms of hotels, to the client.

### 4.3 Discussion

Having outlined both the findings from the expert and customer interviews, this chapter will adopt a comparative view to discuss the two perspectives. Afterwards, I will summarize the findings on the customer journeys for luxuries, reflecting again on the dissertation’s research questions.

#### 4.3.1 Comparison of the Two Perspectives

To compare the two perspectives, table 7 provides a summary of the findings from the previous chapters, structured according to the different journey stages deducted from the customer interviews. It includes the brands’ goals and activities, the ideal typical customer behavior from a brands’ point of view, the Millennial-specific customer behavior, and the critical touchpoints identified for Millennials in each of the stages. In the following section, I will highlight and discuss the differences that emerge from the table and identify the challenges that arise for brands when trying to attract Millennials along the journey.
<table>
<thead>
<tr>
<th>Stage</th>
<th>Millennial specifics</th>
<th>Critical TPs</th>
<th>Brands’ goals</th>
<th>Brands’ activities</th>
<th>Ideal typical customer activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passive awareness</td>
<td>• Initial contact with the brand or product&lt;br&gt; • Sometimes passive observation or contact points</td>
<td>• Family/friends, small talk, WOM&lt;br&gt; • Product&lt;br&gt; • Social M./influencers/bloggers</td>
<td>Get awareness</td>
<td>• Be present at the right TPs with interesting stories and to the right extent</td>
<td>• Initial contact with the brand or product</td>
</tr>
<tr>
<td>Consideration trigger</td>
<td>• 3 types:&lt;br&gt; • Need/ consideration: start to think about purchase&lt;br&gt; • Interest: get interested and start considering&lt;br&gt; • Look around and see product</td>
<td>• Family/friends, small talk, WOM&lt;br&gt; • Product&lt;br&gt; • Magazine&lt;br&gt; • Retail&lt;br&gt; • Social M., influencer/blogger&lt;br&gt; • Online multibrand shop</td>
<td>Spark interest</td>
<td>• Trigger emotional excitement with e.g. experiential atmosphere, personalize interaction</td>
<td>• Take active notice of the brand, its products, or reputation and develop interest to further get in touch</td>
</tr>
<tr>
<td>Consideration</td>
<td>• 3 behaviors:&lt;br&gt; • Looking for inspiration&lt;br&gt; • Gathering Information&lt;br&gt; • Consulting with advisors or friends</td>
<td>• Online: search, multibrand stores and platforms, website, Social M.&lt;br&gt; • Retail &amp; staff (Mono- and multibrand)&lt;br&gt; • Family/friends</td>
<td>Create excitement</td>
<td>• Make final checks&lt;br&gt; • Decide on and perform purchase&lt;br&gt; • Pay&lt;br&gt; • Receive product</td>
<td>• Acquire information&lt;br&gt; • Try out products, experience brand world&lt;br&gt; • Gather advice</td>
</tr>
<tr>
<td>Purchase</td>
<td>• Make final checks&lt;br&gt; • Decide on and perform purchase&lt;br&gt; • Pay&lt;br&gt; • Receive product</td>
<td>• Family/friends for checks/ decision&lt;br&gt; • Mono- or multi-brand retail &amp; staff, offline &amp; online&lt;br&gt; • Online platform (hotel)&lt;br&gt; • Direct contact</td>
<td>Convert</td>
<td>• Provide smooth purchase experience, make customer want to come back</td>
<td>• Use product or experience service&lt;br&gt; • Get more exposed to full brand world</td>
</tr>
<tr>
<td>Loyalty</td>
<td>• Use product or experience service&lt;br&gt; • Feeling of satisfaction and emotionality for products and brand&lt;br&gt; • Learn about brand background</td>
<td>• Product/ service&lt;br&gt; • Staff&lt;br&gt; • Retail, Website&lt;br&gt; • Social media</td>
<td>Generate addiction</td>
<td>• Flawless product/ service&lt;br&gt; • For hospitality ensure personalized experience</td>
<td>• Keep up-to-date&lt;br&gt; • Engage with brand community and feel part of it</td>
</tr>
<tr>
<td>Dedicated awareness</td>
<td>• Seeing and receiving communication by brands&lt;br&gt; • Being in direct contact&lt;br&gt; • Attending events&lt;br&gt; • Seeing the products</td>
<td>• Direct contact&lt;br&gt; • Feedback form&lt;br&gt; • Newsletter/catalogue&lt;br&gt; • Event invitations</td>
<td>Nourish engagement</td>
<td>• Segment-specific up to individual follow-up with relevant content</td>
<td>• Share positive experience or appeal&lt;br&gt; • Engage in conversations about brand</td>
</tr>
<tr>
<td>Advocacy</td>
<td>• Share experiences on brand, products, services (positive and negative)&lt;br&gt; • Engage in small talk&lt;br&gt; • Friends giving feedback triggers conversation</td>
<td>• WOM&lt;br&gt; • Friends/family and feedback&lt;br&gt; • Social media</td>
<td>Foster advocacy</td>
<td>• Provide or facilitate opportunitie s for WOM behavior</td>
<td>—</td>
</tr>
</tbody>
</table>

Table 7: Comparison of Millennials’ and Experts’ Viewpoints
Brands’ initial goals are to get the customers’ awareness, but even more to spark their interest and start them on a concrete purchase journey. As the experts interviewed explained the ideal typical journey for them, they focused mainly on those journeys triggered by interest, the only exception being the hospitality industry experts who mentioned need as a trigger. Reflection on this reveals that interest is the best journey trigger for the brands, as it initiates a journey that is usually already quite focused on one specific brand or even product, the one that sparked the customer’s interest. Hence, this journey trigger is the one brands should strive for and, consequently, was the one the experts focused on when explaining an ideal typical journey. The customer interviews, however, revealed that the set of triggers is more diverse than that. There are also need-triggered purchases in the non-hospitality sectors, as well as consideration-based journeys and those that start out by looking around. These different trigger types are present in the same way for older generations. It is thus key for brands that customers have a passive awareness of them and, ideally, a positive association. Usually, this happens via WOM or small talk with family and friends (explained further in the advocacy section in this chapter), but there can be other sources of awareness. In many cases, WOM is complemented by additional touchpoints. After, for example, hearing about a brand or seeing it with a friend, many of the Millennials went online or on social media to perform some initial – and usually purchase unrelated – research. For example, C26 had seen a product of the brand with his girlfriend, talked about it and then also checked it out online and took notice of it on social media. This all happened before the concrete need for buying a new purse arose. When his old one broke, he started considering buying a purse from this specific brand. This initial research is also what Lecinski (2013) refer to as the “zero moment of truth” that often leads to people relating back to the researched brand when entering the purchase situation. In general, it becomes clear that the breadth of touchpoints, and also the number of touchpoints that had an influence for each of the customers, are higher for Millennials. The first insight for brands when targeting Millennials is thus:

**#1: Millennials include a broader touchpoint range early on, in addition to the WOM awareness and interest trigger that is preferred by brands.**

The consideration stage is the one with the highest influence for brands, but also the one with the most behavioral differences for Millennials. Experts clearly explained their goal in this stage as creating excitement for their products or services – be it via great content and pictures online for a hotel, via great service in a retail environment, or with events to test and experience the product world (e.g. E1, E3, E4). In the classical direct journey, it is quite clear for brands where to create this excitement, as most customers
perform their pre-purchase activities at few touchpoints. They also enter the consideration situation after developing an interest and take their time to absorb what the brand has to say and show. The comparatively diverse and distracted journeys of many Millennials therefore pose a challenge to brands. Many Millennials used a broader set of touchpoints and split up their activities; i.e., inspiration search on social media, information gathering on the brand’s website and more detailed in store, consultation with friends and family, and purchase in a multibrand online shop or back in the store. Others united all of these activities in store. Brands, therefore, need to be aware that it is very possible that a customer has a specific goal when using one touchpoint and may not be open to excitement creating activities. This means that brands need to serve customers’ needs at the touchpoints they use and try to identify the right moment to really excite them at some point during this stage. Therefore, the second insight is:

**#2: Brands need to deal with the separation of different activities of the consideration and purchase phase in contrast to serving the customer once at the POS.**

Insight number three is also connected to this separation of activities, but more specifically focused on the purchase decision. The classic direct journey usually united all consideration stage activities in one store visit that then either ended with the customer purchasing the product or with him leaving and, most probably, purchasing somewhere else. The distractedness of journeys and separation of activities breaks up this conviction. In addition to the previous insight, this is especially present in terms of the point where the purchase decision is made. As mentioned, a direct journey would include the consultation during a store visit and result in a purchase. For Millennials, it is often the case that customers are in store but then leave again. The reasons mentioned by the customers for this behavior are quite diverse. Some customers want to consult again with a friend or family member, others want to think about the decision again. This behavior often leads to the fact that the purchase decision is then taken outside of any purchase situation, but before entering the physical or online point of sale to perform it. This purchase moment then solely includes final checks, like the choice of color or style, but the decision to purchase the product is not of relevance. Experts described this behavior as Millennial-specific, as they are not used to customers entering the store without interest in consultation and instead simply stating that they want a specific product. Therefore, brands must be aware that:

**#3: It is common that the general purchase decision is taken before entering the situation where the purchase takes place, which often reduces the time spent during purchase.**
The diversity and distractedness of journeys creates a challenge for brands in any personal service encounter situation. While in the case of a linear journey it is quite clear how to serve the customer once he enters the store, the Millennial diversity of journeys makes it unclear in what stage the customer is when entering the store and what needs and expectations he has. It may be – as in the case of C5 – that the customer is on a direct journey, having become interested in a product of the brand, she is now in the store to look around, gather information, and directly place a purchase. It is, however, also possible that the customer had already been in a longer inspiration, information, and consultation phase beforehand and is now entering the store to simply perform some final checks and purchase the product, like C11. In the first case, the customer still needs to go through the complete pre-purchase activities while, in the second case, she had already done that in previous visits after which she left again or at other touchpoints. The sales staff in the retail environment needs to be aware of this set of possibilities and be able to serve the customer in any of these situations, taking into consideration that:

#4: The diversity and distractedness of journeys leads to ambiguity for brands when serving the customer in a retail environment in contrast to offering the full set of services.

The purchase situation itself is characterized by impatience from the Millennials’ side. Several Millennials mentioned that they did not like the fact that the purchase transaction stretched out over a long time period. They appreciated a smooth process in terms of payment, registration, and product handover. Four of the customers had trouble with the payment process; in one case the store did not accept credit cards and the customer had to go and withdraw cash. This did not stop her from buying the product, but was remembered as an irritating incident. The registration for the customer database was also mentioned as inefficient. In many cases, the customers needed to fill in a paper card that was then transferred by a sales representative. In contrast to their often lengthy journey up to the decision, Millennials appear to be rather impatient to then finish the transaction. In general, most customers appreciated a smooth and efficient process from the point in time when they decided to buy the product. A smooth process was hence a positive experience driver, also in online shopping contexts. Insight five can thus be summarized as follows:

#5: Millennials have a low tolerance for complications during the purchase transaction, while brands strive to spend more time with the customer to bond.

Finding number five relates to the online purchase situations. As explained in chapter 4.2.4, one third of the Millennial purchases were performed online. Many of the
customers who bought their product online stated that they missed the experience of the purchase situation in a physical store. Experts also mentioned the importance of creating a memorable experience during purchase to excite customers and initiate loyalty and advocacy. With 80% of bookings covered in the customer interviews occurring online, the hotel industry is already quite accustomed to these situations. In some cases, the hotels followed up with the customers before the stay for service requests or to welcome them. Brands from the A&A and hard luxury sectors could also consider this type of follow-up for online purchases. One customer mentioned that she would have been very happy to receive a personalized card or something similar after her online purchase. This type of behavior was also very positively received in other cases presented (e.g. C5, C22). Therefore, brands may consider bringing some type of experiential aspect to the online purchases to trigger loyalty and advocacy as in physical sales situations. The insight here is that:

**#6: Online purchases have become more common but do lack the experiential aspect of an in-store experience, which does not match brands’ goals to do more than convert.**

Several Millennials reported researching other products of the brand or dealing with the brand’s background as one of their contact points post-purchase. C21 for example did another store visit quite close to the purchase of the bag to buy another product of the brand. C3 and C9 from time to time go to check matching product alternatives or new options. They both also follow the brand on Instagram to stay up-to-date with products that become available and get insights into the brand’s history, manufacturing, and other background stories. This behavior of further exploring the brand, usually associated with pre-purchase, is more prevalent in post-purchase with first-time buyers. This could explain why it was not observed in the interviews of the comparison group. It is, however, a great chance for brands to stay in touch with the customers over the long term, in case the content provided appears to be relevant to them. Or, as was the case for C21, it can act directly as a trigger for another purchase. The insight here is that:

**#7: Millennial customers are more likely to actively deal with brands after having made a purchase, performing activities that are usually considered by brands to be pre-purchase behaviors.**

Aside from exploring alternative products and doing research on the brand, Millennials’ post-purchase activities are rather infrequent. The experts described more of an engagement of the customer in this phase, like going to events of the brands, engaging in discussions on social media, and feeling part of the brand family. For
Millennials, brand activities were noticed and created awareness, but they did not speak about really engaging with the brand and feeling part of the club or family. Rather, they spoke about the offers in a positive way and participated with them, but the emotionality and engagement aspect appeared to be missing. This may be due to the higher amount of offers now available. Previously, it may have been common to have a few favorite brands and get really engaged with them and appreciate all their offers to do so. Today, customers may be overwhelmed by the choice of offers and may also be involved in a broader range of brands. Hence, brands must determine how to nourish engagement so that customers are not only aware but really engage, because currently:

#8: Millennials have a dedicated awareness post-purchase rather than an active engagement with the brand and its community as brands desire.

Connected to the previous finding is one regarding Millennials’ advocacy behavior. It appears that Millennials have a lower tendency to be a real advocate of the brand from which they purchased. Only a few interviewees said they actively spoke about their purchase. Some spoke about it after friends addressed it once they noticed the new product. For services and positive and negative experiences with the brands, Millennials were more prone to talk. Experts, on the other hand, emphasized the importance of an active advocacy behavior of their customer base as it is one of the key awareness and interest triggers for new customers. Consequently, it may be important for brands to consider this insight and think about how to nurture advocacy with Millennials. The final key insight is therefore:

#9: Millennials’ advocacy behavior appears to be lower, which is not beneficial for brands’ reliance on WOM as an awareness and interest trigger.

4.3.2 Interim Conclusion

This chapter has presented and discussed the findings from the 13 expert and 31 customer interviews. To conclude, I will refer back to the research questions and summarize the insights that were generated by integrating and comparing the two perspectives.

The first research question that was addressed by the experts’ perspective was:

(A1) What constitutes success for luxury brands along the customer journey?

Based on the interviews, the customer journey for luxuries can be outlined by seven stages a customer goes through, which were also described in a similar way by the customers. Success for brands along the stages can be constituted as follows: get
awareness, spark interest, and create excitement pre-purchase, convert to purchase, and generate addiction, nourish engagement, and foster advocacy post-purchase. While the goals are usually pursued in this order along the journey, it became clear that journeys are often not linear and, hence, it is very possible that goals are also pursued at different points in time. In addition to these stage-specific goals, experts described that the overall goals for brands are usually financial success, customer satisfaction and experience, and addiction.

Compared to generic journeys, the create excitement goal is specific to the luxury industry. Brands try to excite and emotionally bond with the customer via storytelling, relevant content, and the chance to experience the brand world. Furthermore, luxury brands place a greater focus on the post-purchase goals of addiction, engagement, and advocacy. Already during the purchase phase, they focus on creating an initial bond with the customer by ensuring a smooth and remarkable purchase experience intended to trigger loyalty and advocacy. In addition to providing an outstanding product or service experience, they try to engage with the customer.

The customer perspective’s core research question was:

(A2) What do Millennial customer journeys look like?

Millennial journeys include the same stages as the journeys of the other cohorts. These are passive awareness, a consideration trigger moment, consideration, purchase, loyalty, dedicated awareness, and advocacy. However, they differ in four overarching characteristics and on a more detailed level in each of the stages. In general, Millennial journeys are well spread across all types identified (direct, info&buy, experiential, coincidence, and ROVO). Journeys of the older cohorts were predominantly located in the linear types (direct and ROVO). Millennial journeys hence have a tendency to be longer, more distracted, more diverse in their sequence and presence of touchpoints, and include more digital touchpoints.

Most stages also reveal some specific differences for Millennials. Traditionally passive awareness or interest is sparked predominantly via WOM or the products being present and aided by magazine advertisements or PR and sponsoring activities. For Millennials, more digital touchpoints are involved in this stage and also a higher number of touchpoints. WOM in particular is often supported by the inclusion of at least one additional touchpoint. Similar activities characterize the consideration stage, but these are lengthier and more diverse, and frequently occur in a distracted manner, going back and forth from one touchpoint to another. Furthermore, different touchpoints are often only used for one purpose, then the customer moves on to the next one. For example,
moving from inspiration search on social media, to information gathering on the brand website and in store, and then to consultation with a friend. This consultation aspect with friends and family is crucial for many Millennials and, in contrast to older generations, cannot be replaced by consultation with the sales personnel. The purchase decision is often taken before entering the concrete purchase situation. Additionally, Millennials perform more online purchases. Post-purchase – close to the purchase moment – Millennials like to check out the brand’s additional products and follow the brand on social media. The advocacy behavior is often limited to feedback of friends that triggers a conversation on the purchase. Finally, Millennials strongly appreciate direct contact from the brand.

There are seven multipurpose critical touchpoints that are involved in most of the Millennial journeys at least once – but often even several times – and play a critical role in at least one of the stages. These are WOM, the brand website, the industry-specific predominant point of sale (the physical store for A&A and hard luxury, and an online platform for hotels), the sales staff for products and service staff for hotels, the product or stay itself, social media, and direct contact.

To build the basis for the development of a touchpoint strategy concept to help brands in successfully attracting Millennials, a comparison of the brands’ view with the Millennials’ view was performed. It resulted in nine insights:

#1: Millennials include a broader touchpoint range early on, in addition to the WOM awareness and interest trigger that is preferred by brands.

#2: Brands need to deal with the separation of different activities of the consideration and purchase phase in contrast to serving the customer once at the POS.

#3: It is common that the general purchase decision is taken before entering the situation where the purchase takes place, which often reduces the time spent during purchase.

#4: The diversity and distractedness of journeys leads to ambiguity for brands when serving the customer in a retail environment in contrast to offering the full set of services.

#5: Millennials have a low tolerance for complications during the purchase transaction, while brands strive to spend more time with the customer to bond.

#6: Online purchases have become more common but do lack the experiential aspect of an in-store experience, which does not match brands’ goals to do more than convert.
#7: Millennial customers are more likely to actively deal with brands after having made a purchase, performing activities that are usually considered by brands to be pre-purchase behaviors.

#8: Millennials have a dedicated awareness post-purchase rather than an active engagement with the brand and its community as brands desire.

#9: Millennials’ advocacy behavior appears to be lower, which is not beneficial for brands’ reliance on WOM as an awareness and interest trigger.

Together with the findings on critical touchpoints for Millennials, these insights will be used in chapter 6 to determine the needs for successful touchpoint management.
The Millennial Cohort

Having taken Millennial behavior as the center of analysis in the previous chapter, this chapter will provide insights on the Millennial cohort’s attitudes and beliefs, and thereby will set aside or confirm some of the prevailing stereotypes. Chapter 5.1 will offer general insights on Millennials’ attitudes towards luxury and luxury consumption. Chapter 5.2 will then present the results of the segmentation effort, describing the five distinct Millennial luxury customer segments based on the data from the survey and amended by findings from the customer interviews that were matched to the different segments. In chapter 5.3, I will discuss the results in light of findings from other publications in the field and summarize the relevant implications.

5.1 Insights on Millennial Stereotypes

The initial analysis of the survey data revealed five general insights on the Millennial generation’s attitudes towards luxury and luxury consumption that are aimed at providing insights regarding prevailing Millennial stereotypes.

5.1.1 Quality-Focused Customers

Firstly, high expectations are an omnipresent topic in discussions regarding Millennials. The topic of quality was the most mentioned and observed one in the questionnaire. Screening the responses, all areas that referred to the topic of quality in connection to luxury found high approval rates by respondents and Millennials also deliberately mentioned the topic in open questions.

The term “quality” was by far named most frequently in the open question that asked for the initial association respondents have with luxury. The fifth ranked item was the word “beauty”, which can also be associated with the worthiness of luxuries. The ranking of the top 30 mentioned keywords can be found in Appendix I. For responses related to luxury brands, such as the Brand Luxury Index (BLI), the dimension “quality” also rated highest, representing crafted, sophisticated, superior brands of best quality. 70% of GSA respondents, 66% of French, and 56% of Italians rated 4 or 5 on the 5-point scale on this quality dimension of the BLI. Furthermore, regarding the statement that a brand name is an important source of information about the durability and reliability of a product, 55% of respondents agreed, rating it 4 or 5 on the 5-point scale; this also clearly relates to the concept of quality.
High expectations have often been ascribed to Millennials, but research on this has mainly focused on these expectations in the workplace environment (Bolton et al., 2013; Hewlett et al., 2009). These high demands appear to be also relevant for the quality of luxury brands and services. While Millennial customers with lower income levels have a strong focus on price, Millennials who have the means to spend more expect a high level of quality in return (Deloitte Insights, 2018). These findings are also reflected in quotes from the conducted interviews. For the consumer interviews, design, quality, and best product were the top 3 mentioned reasons for making the final purchase decision. Furthermore, service level and quality were the two top-mentioned expectations towards luxury brands. C15 stated:

“I think in general quality is very important. But for a luxury handbag I naturally expect that the quality is even better. And that the bag not only lasts for, let’s say, 5 years, but maybe for 10 or 15, 20 years. And accordingly, that I can maybe pass it on at some point.”

These expectations towards quality align with a high interest regarding quality, which today can also be served due to higher transparency levels, especially in the online environment. C20, for example, stated that she already explicitly searched for the hotel, she also ended up booking afterwards, but was very keen on reading the reviews on the hotel, before making a final booking decision. Approximately half of the experts stated high expectations as one Millennial characteristic. However, most of them focused on the service offered and the shopping experience and did not refer to the service quality. E12 mentioned: “Even the purchase experience is even faster, they are really expecting this like super quick and they are really demanding with us. They want everything for nownownownow (…)”.

To summarize, Millennials appear to have high expectations when spending on luxuries both towards the product or service quality itself, and also towards the service and experience that comes along with it.

5.1.2 Always-Connected Customers

The second topic that stood out was the strong response rates regarding social media usage and the positive attitude to using it to connect or interact with brands. 95% of respondents use social media at least in a passive way; 60% are active users. Most respondents confirm the positive aspects of engaging with brands on social media. In

17 Translated from German.
the following statistics, I always refer to the percentage of respondents who scored at least 3.5 on the average of two statements that covered the topic on a 5-point scale, with 5 referring to “being completely descriptive of me” and 3 to “somewhat descriptive of me”. 65% of respondents follow brands with which they are affiliated; in the French group, this statement applies to 77%. 55% of respondents both find it convenient to have conversations with brands on social media and, hence, feel closer to them and see this as a reliable and transparent information resource. Following brands for information on promotions and new offerings is descriptive of the behavior of 46% of respondents. Further, 44% like to be entertained by the brands’ content.

These insights are completely in line with commonly held notions about this generation of digital natives who use interactive media both to be entertained and for information purposes, significantly more than older generations (Barton et al., 2012; Moore, 2012). According to the consumer interviews, the touchpoint social media was involved in half of the Millennial journeys. It was mentioned as a good tool to stay in touch and get insight about a brand and its background (e.g. C3 and C15), and get inspiration (e.g. C9), or simply be entertained (e.g. C18). Only a few posted about their products or stays, and none spoke about interacting with a brand on social media. Hence, while for the survey respondents, interactive aspects dominated after general affiliation, the information and entertainment aspects were more present.

Experts also increasingly see social media as a great touchpoint to exploit as it reaches customers and engages them. E4 noted, for example, that they attract and engage with more and more people over their social media pages – many of them asking questions, which they can then answer. This development, to them, is a great result as the investment for these marketing activities are very low.

Consequently, social media does not seem to be a “no go” anymore for luxury brands, but rather a “should have”. The positive aspects of being able to continuously engage with customers and support them, when looking for inspiration, should not be overlooked.

5.1.3 Experience-Oriented Customers

A topic frequently raised in discussions with industry representatives and articles on the luxury industry is the notion that Millennials are more experience-oriented than product-oriented and hence are shifting their spending towards experiences (Sherman, 2017).
In the Millennials’ answers on their initial association with luxury\textsuperscript{18}, the term “experience(s)” only ranked 25\textsuperscript{th}. Associated key words like “comfort” and “time” made it to places 9 and 11, while “lifestyle” ranked 12\textsuperscript{th}. The top-mentioned referred to aspects that would instead relate to a traditional understanding of luxury, like “quality”, “expensive”, “wealth”, “exclusivity”, “status”, or “brands”. When it comes to categorizing luxury as an experience or something you can own, the tendency for GSA is instead directed towards the experiential end (40\% vs. 17\%)\textsuperscript{19}. The Italian and French respondents are, however, rather balanced (40\% vs. 35\% for Italy, and 33\% vs. 40\% for France). Furthermore, for the Italian and French samples nearly 50\% of respondents regarded luxury as something commercial and only 28\% overall related to it as something you cannot buy. Figure 9 provides a graphic representation of these statistics.

![Figure 9: Distribution of Respondents based on their Answer to the Question "A Luxury is rather..."]

The consumer interviews provided similar insights. Experience was mentioned often as an expectation towards luxury brands but was not the top-mentioned aspect (experience ranked 4\textsuperscript{th} and atmosphere 5\textsuperscript{th}). Nevertheless, it does seem to positively affect consumers’ overall purchase experience. On the positive influences to the overall customer experience, the term “experience” ranked 5\textsuperscript{th}, “smooth process” 8\textsuperscript{th}, and

\textsuperscript{18}For full ranking, please refer to Appendix I.

\textsuperscript{19}On a 5-point semantic differential, 40\% rated 1 or 2 (rather something experiential) and 17\% rated 4 or 5 (rather something you can own). The subsequent statistics refer to the same understanding.
atmosphere 4th, in terms of number of Millennial respondents who mentioned it. Having had “no experience” was named 2nd for negative influences of the overall experience.

In conclusion, experiences appear to be rather an add-on to commercial aspects rather than a substitute. Many Millennials appreciate the commercial aspects of luxury and see it as something you can own. However, having a great experience is something that this generation values as well.

5.1.4 Non-Materialistic Customers

This aspect ties in with the previous one: the question of whether Millennials still value material possessions. As also discussed in the above-mentioned article by Sherman (2017), the focus of young consumers is apparently shifting towards experiences and away from material possessions. Currid-Halkett discusses this both in an article and a book, calling the phenomenon “inconspicuous consumption”, and explaining it using the observation that young consumers tend to invest their money into education and travels instead of material objects (Currid-Halkett, 2017).

The survey results show that this phenomenon does not completely describe the Millennial generation. They still find it worthwhile to have material possessions or to have more in life than one needs. However, Millennials do not see material possessions as an expression of success and something that influences their happiness. Table 8 provides an overview of these results.

<table>
<thead>
<tr>
<th>Percentage of respondents who agree…</th>
<th>GSA</th>
<th>France</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>…that material goods are central to them</td>
<td>41%</td>
<td>52%</td>
<td>18%</td>
<td>32%</td>
</tr>
<tr>
<td>…that material goods are required to be happy</td>
<td>15%</td>
<td>22%</td>
<td>28%</td>
<td>23%</td>
</tr>
<tr>
<td>…that material goods are an indicator of success</td>
<td>13%</td>
<td>22%</td>
<td>13%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Note: Agreement refers to a score of at least 3.5 as an average of four variables on a 5-point scale, where 1 referred to “fully disagree”, 3 to “partially agree” and 5 to “fully agree”

Table 8: Respondents’ Orientation towards Materialism

The findings from the brand meaning scale are also in line with this. The concept of choosing brands to connect with other people or social groups was only relevant for 27% of respondents, while reflecting ones’ social status via brands was only relevant for 19%20. On the other hand, 48% agreed that their choice of brands says something about them as a person.

---

20 Percentages refer to the respondents who scored 4 or 5 on a 5-point scale and hence agree with the statement.
Material possessions are hence still worthwhile for Millennials. However, they do not feel that they express their success or group association via luxury brands or material possessions.

5.1.5 Ethically Responsible Customers

Several articles refer to Millennials being more ethically minded (Ahmed, 2017; Barton et al., 2012) and caring more about the positive impact they have on the world than previous generations (Hewlett et al., 2009). E3 mentioned this as a topic of interest for his brand, stating that there is a lot of talk about consumers’ ethical orientation, but no real insights on the magnitude of it. The questionnaire results show that, for the Western European area, social and environmental topics only play a partial role when it comes to making purchase decisions. 47% of respondents would boycott a company’s offering if it is not socially responsible or causes environmental damages. However, only a few would switch brands to buy recycled (23%) or ecologically responsible products (38%). 40% say they would pay more for socially responsible or environmentally friendly products; this was mainly driven by the GSA region (59%).

Table 9 summarizes the results from the ethically minded consumer behavior scale.

<table>
<thead>
<tr>
<th>Percentage of respondents who agree to…</th>
<th>GSA</th>
<th>France</th>
<th>Italy</th>
<th>All countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>...boycott products harming the environment.</td>
<td>46%</td>
<td>39%</td>
<td>50%</td>
<td>47%</td>
</tr>
<tr>
<td>...boycott brands not acting socially responsible.</td>
<td>49%</td>
<td>48%</td>
<td>46%</td>
<td>47%</td>
</tr>
<tr>
<td>...pay more for products socially responsible or environmentally friendly products.</td>
<td>37%</td>
<td>29%</td>
<td>40%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Agreement refers to a score of at least 3.5 as an average of two variables on a 5-point scale, where 1 referred to “fully disagree”, 3 to "partially agree" and 5 to "fully agree"

Table 9: Respondents' Agreement to Dimensions of Ethical Responsibility

This partial agreement on responsible consumption aligns with the findings of other reports and articles. A Nielsen report from 2015 states that 66% of consumers are willing to pay more for sustainable brands. But the sales of such brands do not yet reflect these self-statements of consumers (Hahn-Petersen, 2018). The topic seems not to be top of mind when consumers think about luxury purchases, as it was never raised as a topic in the consumer interviews.

---

21 Agreement to statements always refers to respondents who score at least 3.5 on the average of two variables on a 5-point scale.
To conclude, unethical behavior appears to be a reason for not buying from a specific brand. However, it does not appear to be a real attractor for consumers. This could indicate a new normal in which ethically and environmentally responsible behavior by brands is a hygiene factor for consumers, but not a differentiator.

5.2 Five Luxury Customer Segments

Having gained general insights on Millennial attitude, I will now introduce the five extracted customer segments. In a first step, I will provide an overview of the segments’ profiles across the different variables. Thereafter, I will describe each of the segments in detail, firstly based on the data from the questionnaire and segmentation study, and secondly, by enriching these descriptions with insights from the customer interviews. For each of the segments, I will provide an exemplary journey description from the customer interviews to better visualize the customer that is being described in a more objective manner in the text.

5.2.1 Overview of Millennial Luxury Customer Segments

The five segments that emerged from the data are:

- The experience seeker (ES): Identity- and achievement expressing persons with an experiential luxury understanding being open to talk about their purchases.
- The identity-driven connoisseur (IC): Quiet customers with a commercial luxury understanding and a preference for brands of highest quality with which they can identify.
- The materialistic positioner (MP): Rather vocal customers with a materialistic orientation towards luxury and high expectations regarding quality, who like to position themselves over their purchases. This segment has a very traditional understanding of luxury, seeing luxury as something you can own and buy.
- The brandless indifferent (BI): Persons with a commercial luxury understanding and a material orientation, who do not, however, care about brands.
- The immaterial experencer (IE): Experience-oriented customers to whom luxury is something you cannot buy and who do not care about material possessions, but rather care about experiences.

The following overview tables provide details for the segments’ profiles across the compiled data set. Table 10 shows the means of the variables used for clustering, table 11 provides information on some general characteristics of the segments, and table 12
provides further detail based on the means all profiling variables used to describe the different segments. In the subsequent paragraphs, I will provide a description for each of the identified customer segments.

<table>
<thead>
<tr>
<th>Segementing variables</th>
<th>ES</th>
<th>IC</th>
<th>MP</th>
<th>BI</th>
<th>IE</th>
<th>Average</th>
<th>F value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience (vs. sth. to own)</td>
<td>4.3</td>
<td>2.9</td>
<td>2.1</td>
<td>2.6</td>
<td>3.8</td>
<td>3.1</td>
<td>81.41***</td>
</tr>
<tr>
<td>Commercial (vs. cannot buy)</td>
<td>3.0</td>
<td>3.8</td>
<td>3.8</td>
<td>1.7</td>
<td>3.2</td>
<td>3.2</td>
<td>90.26***</td>
</tr>
<tr>
<td>Quality as brand meaning</td>
<td>3.7</td>
<td>4.0</td>
<td>4.0</td>
<td>2.5</td>
<td>3.6</td>
<td>3.6</td>
<td>57.09***</td>
</tr>
<tr>
<td>Self-Identity as brand meaning</td>
<td>4.1</td>
<td>4.0</td>
<td>3.8</td>
<td>2.3</td>
<td>2.8</td>
<td>3.4</td>
<td>90.32***</td>
</tr>
<tr>
<td>Exhibition/Bragging</td>
<td>3.4</td>
<td>1.7</td>
<td>3.6</td>
<td>2.6</td>
<td>2.0</td>
<td>2.7</td>
<td>135.3***</td>
</tr>
</tbody>
</table>

Notes: all variables are based on a scale from 1-5, where 5 refers to the variable being fully descriptive of the segment; *** refers to p<0.001; the number in bold refers to the highest mean for the variable, the one in italics to the lowest mean.

Table 10: Means of Clustering Variables for Millennial Customer Segments

<table>
<thead>
<tr>
<th>General Characteristics</th>
<th>ES</th>
<th>IC</th>
<th>MP</th>
<th>BI</th>
<th>IE</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Close relationship to lux. brands</td>
<td>3.4</td>
<td>3.3</td>
<td>3.5</td>
<td>3.2</td>
<td>3.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Female</td>
<td>64%</td>
<td>60%</td>
<td>53%</td>
<td>69%</td>
<td>63%</td>
<td>62%</td>
</tr>
<tr>
<td>Male</td>
<td>36%</td>
<td>40%</td>
<td>47%</td>
<td>31%</td>
<td>37%</td>
<td>38%</td>
</tr>
<tr>
<td>Germany, Switzerland, Austria</td>
<td>39%</td>
<td>31%</td>
<td>28%</td>
<td>36%</td>
<td>31%</td>
<td>33%</td>
</tr>
<tr>
<td>France</td>
<td>17%</td>
<td>18%</td>
<td>21%</td>
<td>25%</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Italy</td>
<td>45%</td>
<td>51%</td>
<td>50%</td>
<td>39%</td>
<td>52%</td>
<td>47%</td>
</tr>
<tr>
<td>Number of people in cluster</td>
<td>103</td>
<td>99</td>
<td>103</td>
<td>107</td>
<td>98</td>
<td>510</td>
</tr>
</tbody>
</table>

Note: Close relationship to luxury brands is based on a scale from 1-5, where 5 refers to the variable being fully descriptive of the segment.

Table 11: General Characteristics of Millennial Customer Segments
<table>
<thead>
<tr>
<th>Area</th>
<th>Variable</th>
<th>ES</th>
<th>IC</th>
<th>MP</th>
<th>BI</th>
<th>IE</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury Association</td>
<td>Enjoyed in public</td>
<td>3.0</td>
<td>3.2</td>
<td>3.2</td>
<td>3.1</td>
<td>2.9</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td>Sin</td>
<td>2.4</td>
<td>2.5</td>
<td>2.4</td>
<td>2.5</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td>Complex</td>
<td>3.3</td>
<td>3.2</td>
<td>3.4</td>
<td>3.3</td>
<td>3.4</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>Constant</td>
<td>3.1</td>
<td>3.2</td>
<td>3.2</td>
<td>3.5</td>
<td>3.6</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>Known by few</td>
<td>2.9</td>
<td>2.7</td>
<td>2.5</td>
<td>2.6</td>
<td>2.9</td>
<td>2.7</td>
</tr>
<tr>
<td>Brand Luxury Index (BLI)</td>
<td>Average of all variables</td>
<td>3.3</td>
<td>3.3</td>
<td>3.5</td>
<td>3.4</td>
<td>3.1</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>Conspicuousness</td>
<td>3.5</td>
<td>3.6</td>
<td>3.6</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>Uniqueness</td>
<td>3.2</td>
<td>3.3</td>
<td>3.5</td>
<td>3.4</td>
<td>3.1</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>Quality</td>
<td>3.7</td>
<td>3.7</td>
<td>3.9</td>
<td>3.6</td>
<td>3.2</td>
<td>3.6</td>
</tr>
<tr>
<td></td>
<td>Hedonism</td>
<td>2.6</td>
<td>2.8</td>
<td>3.0</td>
<td>3.1</td>
<td>2.7</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>Extended Self</td>
<td>3.3</td>
<td>3.4</td>
<td>3.5</td>
<td>3.4</td>
<td>3.2</td>
<td>3.4</td>
</tr>
<tr>
<td>Brand Meaning</td>
<td>Group Identity</td>
<td><strong>3.0</strong></td>
<td>2.8</td>
<td>2.9</td>
<td>2.2</td>
<td>2.2</td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td>Status</td>
<td><strong>2.8</strong></td>
<td>2.4</td>
<td>2.8</td>
<td>2.1</td>
<td>2.0</td>
<td>2.4</td>
</tr>
<tr>
<td></td>
<td>Values</td>
<td>3.3</td>
<td>3.4</td>
<td>3.0</td>
<td>2.7</td>
<td>3.0</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td>Family Tradition</td>
<td>1.8</td>
<td>2.0</td>
<td>1.8</td>
<td>1.8</td>
<td>1.7</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>National Tradition</td>
<td><strong>2.8</strong></td>
<td>2.7</td>
<td>2.5</td>
<td>2.4</td>
<td>2.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Social media Usage and Motivations</td>
<td>Engagement on social media</td>
<td>3.7</td>
<td>3.5</td>
<td><strong>3.8</strong></td>
<td>3.7</td>
<td>3.6</td>
<td>3.7</td>
</tr>
<tr>
<td></td>
<td>Average of all variables</td>
<td>3.2</td>
<td>3.2</td>
<td><strong>3.3</strong></td>
<td>3.1</td>
<td>3.0</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>Affiliation</td>
<td>3.2</td>
<td>3.3</td>
<td><strong>3.5</strong></td>
<td>3.3</td>
<td>3.2</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>Opportunity seeking</td>
<td>3.3</td>
<td>3.4</td>
<td><strong>3.5</strong></td>
<td>3.3</td>
<td>3.0</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td>Conversation</td>
<td><strong>3.1</strong></td>
<td>2.9</td>
<td>3.0</td>
<td>2.9</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td></td>
<td>Entertainment</td>
<td>3.7</td>
<td>3.6</td>
<td><strong>3.7</strong></td>
<td>3.3</td>
<td>3.4</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td>Investigation</td>
<td>2.9</td>
<td>2.9</td>
<td><strong>3.1</strong></td>
<td>2.7</td>
<td>2.7</td>
<td>2.9</td>
</tr>
<tr>
<td>Ethically Minded Consumer Behavior</td>
<td>Average of all variables</td>
<td>3.0</td>
<td>3.1</td>
<td>2.8</td>
<td>3.0</td>
<td><strong>3.1</strong></td>
<td>3.0</td>
</tr>
<tr>
<td></td>
<td>Eco Buying</td>
<td>2.9</td>
<td>3.0</td>
<td>2.7</td>
<td>2.9</td>
<td><strong>3.1</strong></td>
<td>2.9</td>
</tr>
<tr>
<td></td>
<td>Eco Boycott</td>
<td>3.1</td>
<td><strong>3.3</strong></td>
<td>3.0</td>
<td>3.2</td>
<td>3.2</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td>Recycle</td>
<td>2.6</td>
<td>2.5</td>
<td>2.4</td>
<td>2.5</td>
<td><strong>2.8</strong></td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td>CSR Boycott</td>
<td>3.2</td>
<td>3.3</td>
<td>3.0</td>
<td>3.3</td>
<td><strong>3.4</strong></td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>Paymore</td>
<td>3.1</td>
<td><strong>3.1</strong></td>
<td>2.7</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Materialism</td>
<td>Average of all variables</td>
<td>2.9</td>
<td>2.7</td>
<td><strong>3.1</strong></td>
<td>2.8</td>
<td>2.5</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>Expression of Success</td>
<td>2.8</td>
<td>2.4</td>
<td><strong>3.0</strong></td>
<td>2.5</td>
<td>2.2</td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td>Centrality</td>
<td>3.2</td>
<td>2.8</td>
<td><strong>3.2</strong></td>
<td>3.1</td>
<td>2.7</td>
<td>3.0</td>
</tr>
<tr>
<td></td>
<td>Happiness</td>
<td>2.8</td>
<td>2.8</td>
<td><strong>3.1</strong></td>
<td>2.6</td>
<td>2.6</td>
<td>2.8</td>
</tr>
<tr>
<td>Consumer Arrogance</td>
<td>Average of all variables</td>
<td>3.4</td>
<td>2.4</td>
<td><strong>3.5</strong></td>
<td>2.8</td>
<td>2.4</td>
<td>2.9</td>
</tr>
<tr>
<td></td>
<td>Image</td>
<td>2.9</td>
<td>2.5</td>
<td><strong>3.0</strong></td>
<td>2.6</td>
<td>2.1</td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td>Superiority</td>
<td><strong>3.9</strong></td>
<td>3.5</td>
<td>3.8</td>
<td>3.5</td>
<td>3.5</td>
<td>3.6</td>
</tr>
<tr>
<td></td>
<td>Exhibition</td>
<td>3.7</td>
<td>1.8</td>
<td><strong>3.7</strong></td>
<td>2.7</td>
<td>2.1</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>Bragging</td>
<td>3.2</td>
<td>1.7</td>
<td><strong>3.6</strong></td>
<td>2.6</td>
<td>1.9</td>
<td>2.6</td>
</tr>
</tbody>
</table>

Note: all variables are based on a scale from 1-5, where 5 refers to the variable being fully descriptive of the segment; the number in bold refers to the highest mean for the variable, the one in italics to the lowest mean.

Table 12: Means of Profiling Variables for Millennial Customer Segments

5.2.2 The Experience Seeker

Luxury for the experience seekers is highly experience-oriented but can be both commercial and not able to be bought. Compared to other segments that see luxury instead as something widely recognized, this segment mostly leans towards seeing it as known by only few, but still below the middle value (score 2.9). Underlining this
tendency is that brands, the experience seekers like, tend to be perceived as rather conspicuous, elitist, and only for wealthy people. Furthermore, they are of the best quality, crafted, and sophisticated.

Compared to other segments, for experience seekers, luxury brands are a strong expression of ones’ own identity. Furthermore, they also tend most towards seeing brands as expressions of achievements and belonging to a group. The scores, however, are still just below a 3.

This segment has a high score in social media brand interest, especially regarding being entertained and communicating with brands. This high engagement connects well with experience seekers’ preference for buying products that attract attention and show others what they bought. The other consumer arrogance elements also score quite highly. People in this segment feel greatly superior in their purchase decisions and they rank second in the preferences for buying name brands. They also score second in their orientation towards materialism; to them, having material possessions is quite worthwhile.

These consumers’ initial associations with luxury were quite diverse, which matches the description of this segment. Brand names were, for example, named more often than in other segments, which aligns with the high scores for the brand meaning dimensions. Their perception of luxury as a dream, lifestyle, pleasure, and experience reflects their experiential concept of luxury. The second part of Appendix I provides an overview of the segment-specific analysis of luxury associations, also referred to in the other segment descriptions.

Having learned about the experience seekers’ attitudes towards luxury, I will now outline specifics that emerged from the interviews on customer journeys and experiences. Regarding the types of journeys, all the members of this segment followed experiential journeys that were quite long, included a fair degree of distraction, and put emphasis on the experiential aspect of the purchase. The trigger types were mostly interest and consideration, with one need-driven purchase; however, the purchaser had an interest in the product that had already been present beforehand.

In terms of drivers for the overall experience and expectations, the most mentioned topics were related to the personal service level, the atmosphere and experience, and the quality of the core products and services. Quality and design were also the dominant purchase decision drivers as named by the interviewees.
Example journey for the experience seeker

Before deciding to buy the brand’s bag as a gratification to herself, the customer, C11, had already seen the product several times on influencer or blogger pages, on Instagram, and on other people. After this initial moment that made her enter the real consideration phase, she started to explore the different options on the brand’s website and looked for information on where one could purchase it. In the following months, she went to different retailers (multi- and monobrand) to take a look at the bag, the different sizes available, and to see if it fit her, but she had not yet taken the final purchase decision. Throughout the process, she showed pictures of the bag to friends to receive their feedback. She then went back to the monobrand store with the intention to purchase after having made up her mind, but the product she wanted to buy was not available and the staff was not ready to assist her to find it at another point of sale. She decided to buy it from an online multibrand retailer that had it on stock. While the ordering process was not really special, as she had already made up her mind on the purchase beforehand, she was happy when receiving the product. She spoke afterwards about her purchase to friends with whom she had consulted on a potential purchase or who addressed her new bag. She also actively spoke about her bad in-store experience, as she would have preferred to buy the product in a physical store. She did not recall any further contact points with the brand, other than seeing it again on social media.

5.2.3 The Identity-Driven Connoisseur

This segment has a commercial understanding of luxury, seeing it as something you can buy rather than something immaterial. However, this segment also sees it as both something you own or an experience. The Millennials in this segment have a rather classic understanding regarding the BLI dimensions. For them, luxury brands are clearly a sign of quality and they prefer brands whose values they share and with which they can identify. On the contrary, expressing belonging to a group or achievements is not very interesting to them; neither are material belongings, when compared to the other segments.

They are the group with the second highest ethically minded consumer orientation and have the strongest tendency to boycott brands that do not comply with ecological standards and pay more for brands that act according to their mindset. This fits with their preference to buy brands they can identify with, as stated above.

The identity-driven connoisseurs are also rather quiet consumers. They do not like to show off and brag about products they buy or make image-based purchases.
Furthermore, they have the lowest social media engagement compared to others, although it is still quite high (3.5). Regarding their motivations for brand interactions on social media, they also tend towards the rather passive components, expressing their affiliation, seeking opportunities, and being entertained.

The initial luxury association reflects their orientation: they state quality and beauty, expensiveness, exclusivity, high fashion and jewelry, as well as elegance more often. They also state that luxury is something that is not necessary or abundant.

In terms of journeys, three of the identity-driven connoisseurs followed an info&buy journey, two a ROVO, and one each a direct, experiential, and coincidence journey. A tendency towards fewer touchpoints, less time, and less going back and forth were present in their journeys when compared to other segments. Most journeys were need or consideration triggered.

Experience preferences were focused on the offered service level and the core product or service quality. The experience and atmosphere aspect, as well as the personal service level topics were, mentioned significantly less. The purchase decision was again mainly based on quality and design, but interviewees also referred to known brands and emotionality.

*Example journey for the identity-driven connoisseur*

The identity-driven connoisseur, C14, already knew the brand beforehand and already possessed several of the brand’s products. At some point, he opened his shoe cupboard and felt like he needed something new. He went on the internet, first searched for “luxury shoe brands” or similar keywords, and then checked the brand websites of about 8-10 brands, all ones he already knew about beforehand. He checked the current assortment and narrowed down the consideration set to about four brands that he planned to check out in store. He mentioned that he does not really like to visit these types of stores as he feels like the sales personnel is often snobbish, but he likes the overview and space the stores provide and that products and sizes are usually available. He went through the shops and tried on the shoes he had already seen online, however was not satisfied. He then found another pair that he had not seen before but liked in the last shop he went to, where he had already suspected he would find something he liked. His girlfriend was with him throughout the whole process for consultation; he did not feel like he required consultation from the sales staff, except for asking for his size. The payment process went smoothly. He was asked about being on the customer list, but he does not like to join them as he does not want to receive emails or information and be tempted to buy something. He was happy about the purchase and is reminded about the
brand from time to time, when he sees the shoes in his cupboard or he uses a branded shoe bag. He has also received compliments from friends on his new shoes but did not actively speak about them. He then started to consider buying new business shoes and is again thinking about the brand as an option. Finally, he occasionally sees advertisements of the brand online after having been on their page. He is hence quite aware of the brand, but only actively deals with it once the next purchase plan arises.

5.2.4 The Materialistic Positioner

The materialistic positioners have a very traditional understanding of luxury. For them, luxury is something you can buy and own. It is widely recognized and can be enjoyed in public. Brands these Millennials like score high on all of the BLI criteria, indicating a rather classical luxury brand preference. For them, brand names are a sign of quality and, compared to other segments, are used to express the most status and group identity, similar to the experience seekers.

The materialist positioners have the highest orientation towards materialism of all segments. Furthermore, they are also rather vocal consumers, scoring high on consumer arrogance and social media engagement. They like to brag about their preferably image-based and showy purchases. They also see the most benefit in social media usage to follow brands, especially in terms of being entertained, showing their affiliation to brands, and seeking opportunities for purchases. They express the lowest interest in ethically minded consumer behavior. This segment is the one with the highest number of males.

The interviewee’s stated luxury associations confirm many of the observations. They predominantly name quality, expensiveness, and exclusivity, as well as wealth and money. In addition, brand names, prestige, brag, distinction, and material goods are stated significantly more often than in other segments, reflecting their tendency towards “braggy” spending behavior focused on name brands.

Two interviewed Millennials belonged to this segment. They both followed a ROVO journey type and only included one brand in their consideration. They also both had previously seen the product with friends and had then checked for information online before visiting the brand’s store with the direct intention to make a purchase. Compared to other segments, they hence had a quite linear journey involving only a limited amount of touchpoints.

The decisions to purchase were, in both cases, already made rather before entering the store; the visit was more about picking a specific size or style. The expectations
towards luxury brands are along the lines of the offered service and, especially, staff, and the atmosphere and experience. Both interviewees in this segment also mentioned exclusivity as a positive aspect of their experience, which was only mentioned rarely by the other segments.

*Example journey for the materialistic positioner*

The materialistic positioner, C26, in this example took note of the brand and its products on Instagram and had also seen the brand’s products with friends and his girlfriend. At some point, he said he can remember passively taking notice of the products at a day out at brunch or coffee and subsequently checked for further information on the brand. Close to this event, the zipper of his old purse broke and so he actively started considering buying a new one. At this point, the brand that had previously been passively present was the one about which he chose to further inform himself. He checked the brand’s website but did not find an online store and also little further information. He then looked for the closest physical store and realized that he had to combine the store visit with his next trip to New York, as this was the closest retail presence and there was no option for an online purchase. Due to the minimalistic information on the website, he checked out social media and searched for the brand to gather further information and get a feeling about the product range. When he checked out the location of the store to see how to get there, he also took a look at the reviews posted by other users. The store appealed to him as it was rather like entering an apartment building. He visited with friends and was let into a waiting area that resembled a living room, where elements of the brand history were on display. Soon a sales representative arrived and, after informing him that he was looking for a purse, he was shown the different product types and alternatives. He then decided on one product and was informed about the option to personalize it, which he declined, as he was not interested at that point in time. The payment process was quite smooth, even though the registration to the customer data base via a paper card that needed to be filled in appeared a bit out-of-date to him. This was especially the case, as he did not want to waste too much time in the store, preferring to spend the time with the friends he was visiting on that weekend. After the purchase, he did not have further active touchpoints with the brand, but most probably saw some posts by the brands on social media. He also spoke to friends either because they were among the set that had similar products of the brand or after they noticed his new purse and mentioned it to him. Triggered by this feedback, he expressed that he liked the design, functionality, and that the brand is quite traditional.
5.2.5 The Brandless Indifferent

The brandless indifferents have a rather commercial luxury understanding and tend to see it as something you can own. A traditional understanding of luxury brands prevails for them and, compared to others, they have the highest scores on the hedonic dimension, referring to brands they like being glamorous, exquisite, and stunning. The meaning of brand names is rather low for this group. They do not see any purpose in them, scoring below 2.7 on each of the brand meaning scale dimensions.

To these Millennials, material goods are comparably central, but not an expression of success or something that makes them happy. Their score on the consumer arrogance dimensions is in the middle of the other segments. The same applies to their ethical mindedness. They are, however, second in their willingness to boycott brands that do not act in a socially responsible way.

The brandless indifferents have the second highest engagement level on social media. They are positively minded towards following brands they like and seeing new offers by those on social media, but in general their motivation for brand interactions on social media are lower compared to other groups. This aligns with their overall low opinion on brands, as mentioned above. The brandless indifferent segment is also the one with the highest female share.

Their initial thoughts on luxury differ from those of the previous groups. They do mention quality, wealth, exclusivity, and beauty most, but significantly less than the other groups. They instead stand out due to their notions of material goods (e.g. cars, houses) and seeing luxury as special, not necessary, and unique.

Out of the interviewed Millennials, seven belong to the brandless indifferents. For this segment, all journey types were present except for ROVO. This could, however, be related to the high presence of hotel bookings in this group, where ROVO journeys are not so relevant, but rather substituted by direct or info&buy ones. The journeys are, furthermore, more product- than brand-focused. For the few brand-focused journeys (i.e. C7, C13, and C20), the preference emerged either out of previous usage (C7) or due to tradition or emotional aspects (C13 and C20). Five of the seven journeys were consideration triggered; the other two were based on interest and need.

The preferences of this customer group are mostly focused on quality and on the personal service level. Atmosphere and experience play a minor role and the offered service level is not so relevant to these more product-focused customers. The decisions are hence also more product-driven, with references to design and personalization.
Example journey for the brandless indifferent

The brandless indifferent, C20, in this case planned a trip to Scotland and wanted to surprise her father with a nice hotel stay. She had already heard of the hotel from her parents. She checked the specific hotel on different platforms and the hotel website, but also looked out for other options. She was especially interested in the reviews, pictures, and how the hotel presented itself. After researching, she consulted with her mother who also recommended the hotel, then made the final decision and booked via a platform. She received a confirmation and a reminder email shortly before the trip. During the stay, she especially appreciated the friendliness of the hotel staff and that they valued her as a customer despite her young age. After departure, the hotel sent a follow-up email with a request for a review. Apart from that, there were no further contact points.

5.2.6 The Immaterial Experiencer

The immaterial experiencers see luxury as something you cannot buy and as an experience, hence, as something you can also not own. Their favorite category of luxury goods by far is travel, adventure, and gastronomy (42% of respondents compared to an average of 24% of respondents across all segments), substantiating this immaterial understanding of luxury. They also express low interest in the meaning of brands, the highest for them being a sign of quality (3.6) and are neutral to brands representing their values (3.0). Brands these Millennials like predominantly represent a democratized luxury understanding with low scores on the BLI.

This segment does not care about material possessions and is not interested in image-based consumption or bragging. On the contrary, the interest in ethically minded behavior is highest. The immaterial experiencers also have the lowest interest in following and interacting with brands on social media and the second lowest general engagement on social media.

Their most mentioned initial thoughts on what luxury is are quality, expensive, wealth, and exclusivity. However, their scores are significantly lower than for the other segments. The people in this segment mention time, lifestyle, health, experiences, travel, holiday, and family and friends more often, which confirms their immaterial and experiential luxury understanding. Still, the key words money, braggy, and unique are also mentioned comparably often. As the survey did not ask for positive or negative associations, it could be that these elements are connected to the term luxury by this group, but maybe not in a positive way.
In terms of journey insights from the immaterial experiencer segment, the findings are based on one single interview. The journey was an info&buy type and was needs triggered. The experience drivers were in this case mainly the product quality and the offered service aspects. The decision was also taken as the product was seen as the best option and appreciated for its functionality.

*Example journey for the immaterial experiencer*

The journey trigger was a need for a new suitcase as the old one broke and the customer, C19, needed a new one for a trip. Her previous suitcase was from the same brand and so she checked on the brand’s website for newer models. In addition, she looked at multibrand websites for alternatives, but the initial brand appeared to be the best option for her. She considered a store visit, but did not find the time to do so. After considering the purchase for a couple of days and checking with her partner and a friend for their opinion, she returned to the brand-owned website and ordered in the online shop. Once the suitcase arrived, she was very happy and excited to see the color she had picked out and the fact that it had more space than her previous model. The discussion with her partner after the purchase was related to the product itself and especially to the offered service. She deliberately spoke positively about the smooth process for this online purchase, but also mentioned negative aspects of her experience around the delivery.

5.3 Discussion

To reflect on the generated insights, a comparative discussion of the segments and a comparison of the segments with existing segmentation efforts will be provided before a summary of the results is given in order to answer the research sub-question.

5.3.1 Comparison of Segments

The segmentation effort resulted in five segments of customers that can be differentiated based on their attitudes towards the topic of luxury and luxury consumption. It can therefore be confirmed that the cohort is characterized by a certain degree of diversity, as suggested by several publications (Bolton et al., 2013, p. 257; Kilian et al., 2012; Noble et al., 2009) and it may be meaningful for brands to consider this when trying to address the Millennials. The fact that some of the stereotypes could only be confirmed partly also points towards a potential heterogeneity that may include persons who conform absolutely to the stereotype while others do not at all.
The stereotype of high expectations is very present and could also be confirmed on an overall level from the data set, with Millennials mainly associating luxury with quality and placing a high importance on this aspect. This quality focus is present in all of the segments, especially regarding the quality of the product itself. The focus on other quality aspects differs slightly among the segments. For example, the identify-driven connoisseur is more focused on product quality and the offered service level provided by brands. The material positioner and the experience seeker, on the other hand, are focused on the personal service level and the atmospheric aspects alongside the product quality.

In terms of connectedness and social media, usage differences between the segments can be identified, even though the overall level is quite high across all segments. Nearly all of the respondents are present on social media, are connected, and have a quite positive attitude to following brands on these touchpoints. Still, the material positioners, brandless indifferents, and experience seekers are the ones who are most present and active. This may be connected to the fact that the material positioner and the experience seekers are also the most open in speaking about their purchases. They may hence serve as good multipliers for brands, while the brandless indifferents are less open to presenting their purchase behavior. While still quite open to social media, the tendency for the identify-driven connoisseurs and the immaterial experiencers is towards a quieter presence.

In terms of experience-orientation, the analysis of the whole Millennial cohort resulted in a fairly moderate agreement. Here, the segments help to identify the customers who are strongly focused on experiences. On the one hand, there are the immaterial experiencers, for whom luxury is dominantly about experiences and immaterial elements – they therefore adhere to the trend of being interested in travel elements or educational aspects and represent the most extreme Millennial stereotype. Experience seekers are also strongly experience-oriented, but see luxury still as something that can be bought. They are consequently interested in purchasing luxuries and want an experience along their journey. On the other hand, material positioners are focused on things to own; hence, they represent a more traditional attitude in this case.

As already referred to in the previous paragraph, orientation towards materialism is a key descriptor of the immaterial experiencers. These Millennials would explain luxury as something that cannot be bought and they are not interested in material possessions at all. Again, this segment reflects the extreme notion of a Millennial, as it is often stereotyped. However, other segments have a different attitude towards materialism:
both the experience seeker and the material positioner see material goods as something for which it is worthwhile to strive. The identity-driven connoisseurs also have a commercial understanding of luxury, although material possessions are not as central to them as for the other two segments.

In terms of ethical responsibility, the differentiation between segments is rather minimal. Still, the immaterial experiencers and identity-driven connoisseurs are more interested in ethically and environmentally responsible consumption than are the material positioners.

As this discussion shows, segmenting the Millennials helps to better understand in what ways the stereotypes hold true for this cohort. This differentiated view on the cohort can help brands to approach and attract Millennials in a more targeted and individualized manner.

5.3.2 Comparison to Other Segmentation Efforts

To further demonstrate the contribution of this segmentation project, I have compared the results to several existing efforts. To my knowledge, none have considered Millennials through the lens of perspectives on luxury, so I chose publications that focus either on Millennials or luxury, but go beyond segmenting purely on demographics, gender, or wealth. The three Millennial segmentations I will refer to all emerged from practically-oriented publications, while the luxury segmentations are academic publications.

The segmentation by Deloitte Insights (Deloitte Insights, 2018) results in four segments (Aspirationalists, Responsible Go-Getters, Pragmatists, and Discerning Achievers) and the one by Interbrand Design Forum (2015) in five (Up&Comers, Mavens, Eclectics, Skeptics, and Trendsetters). While they provide some insights on the identified segments, the differences are still strongly dominated by demographics and wealth as well as spending behavior on consumer goods. Due to this, it is difficult to connect them to the derived segments in this thesis. Barton et al. (2012) provides six segments (Hip-ennial, Gadget Guru, Millennial Mom, Clean and Green Millennial, Anti-Millennial, and Old-School Millennial). This segmentation also has a strong focus on demographic traits, but does offer information on ethical responsibility orientation, social media usage, lifestyle, and consumption attitudes. The Old-School Millennial can be related to the identity-driven connoisseur, a rather quiet consumer who is identity-driven and more traditional in his values. The Gadget Guru, a progressive and confident consumer who likes to push content, can be linked to the material positioner.
From a luxury perspective, Dubois et al. (2005) obtained three segments based on an analysis of attitudes towards luxury: elitist, democratic, and distant. The distant is someone who does not really care about luxury products or considers them unnecessary or snobbish. The other two segments differentiate based on their attitude towards the access a broader mass should have to luxuries. The elitist segment has – as the name indicates – a very elitist view on who can understand and own luxuries. The democratic segment has a more progressive luxury understanding, in which it is accessible to a broader mass. The BLI measures offer the best approximation to the segments uncovered by my research. This shows that the materialistic positioner is at the more elitist end, while the immaterial experiencer has a democratic understanding of luxury. The elitist and democratic segments are the ones that are of real interest to luxury brands. The segmentation may help them to target either of the groups by adjusting ones appearance to the segment’s preferences. The segmentation by Dubois et al. (2005) is hence a good starting point, but lacks actionable insights for companies. Wiedmann et al. (2009) extracted four luxury segments with a values-based approach: the materialists, the extravagant prestige seekers, the rational functionalists, and the introvert hedonists. Here, similarities to my results are clearly visible. The materialistic positioner can be linked to both the materialists and the extravagant prestige seekers, as they represent the materialistic orientation and the tendency to buy showy products or speak about their purchases. The brandless indifferent can be linked to the rational functionalist who is focused on quality aspects of luxury brands rather than their hedonic value. The Introvert Hedonist can be linked to the identity-driven connoisseur based on their common elitist luxury understanding and rather quiet consumption attitude. As the self-identity aspect is not as present for the Introvert Hedonist, the link is, however, not as strong. The experience driven aspects that are strongly present in Millennial descriptions are not included in this segmentation; however, of the previous described segmentation efforts, it appears to be the most actionable one for luxury brands.

While the link to the Millennial-focused segmentation efforts was difficult to establish, the luxury-focused segments can be linked to several aspects of the extracted segments in this thesis. The addition of more Millennial-specific aspects, like the experience-, and quality-orientation, contribute to provide more actionable insights to target Millennial customers. This could be explained by the fact that characteristics of Millennial luxury customers are perhaps closer to luxury customers in general than they are to overall Millennial traits.

The developed segmentation effort can also be linked to specific phenomena described by authors when speaking about the Millennials as a whole. For example,
Elisabeth Currid-Halkett (2017) – as mentioned above – describes a phenomenon she calls “inconspicuous consumption” among the Millennial elite:

“This new elite cements its status through prizing knowledge and building cultural capital, not to mention the spending habits that go with it – preferring to spend on services, education and human-capital investments over purely material goods. These new status behaviors are what I call ‘inconspicuous consumption’.”

In terms of the segments identified in this thesis, one can link her insights to the segment of the immaterial experiencer, who sees luxury purely as something immaterial and experiential, and prefers to spend on experiences rather than material possessions. The existence of the other segments explains why many experts agree with such a strong position while at the same time stating that this may not be valid for all customers within this cohort.

5.3.3 Interim Conclusion

The overarching question of this chapter was:

(B) What are the key attitudes and preferences of the Millennial cohort relevant to luxury brands?

I have answered this question in two ways: first, I have provided insights on prevailing stereotypes regarding the attitudes and preferences of the Millennial cohort. Second, I have further deepened the understanding of the generation by providing a luxury-specific segmentation. This second step has added explanations to the stereotyped view on Millennials.

Two of the examined stereotypes were confirmed by the collected data set: first, the importance of quality when it comes to luxuries; and second, the always-connected mindset with a positive attitude towards getting in touch with brands on social media. For the other three, a more differentiated view is required. The experience-orientation is a phenomenon that can be seen among the cohort. However, it is not the case that everything is only about experiences for Millennials. Experiences play an important role, but material possessions are still worthwhile. The insights regarding the ethical responsibility orientation of the cohort are similar: yes, Millennials are quite conscious and interested in a more socially and environmentally friendly consumption, nonetheless, this is rather a hygiene factor than value-adding in a commercial way. Most Millennials would boycott a brand if it does not comply with their ethical standards, but
few would actually pay more. For the latter three stereotypes, the segmentation effort has provided additional insights: the extreme experience and non-materialistic orientation can be found in the segment of the immaterial experiencer. The described Millennials hence do exist, but do not make up the whole cohort. There is also the other extreme, the materialistic positioner, for whom the commercial and material possession aspects still dominate their luxury understanding. This differentiated view may help researchers to better grasp the extent to which the prevailing stereotypes really hold true and in which cases a more traditional attitude and consumption behavior dominate.

The segmentation effort resulted in a five-segment solution, differentiating based on two luxury association elements (experience and commercial), two brand meaning elements (sign of quality and expression of self-identity), and the combination of the exhibition and bragging variables from the consumer arrogance scale. The five segments are: the experience seeker, the identity-driven connoisseur, the materialistic positioner, the brandless indifferent, and the immaterial experiencer. Enriching the data-based segmentation with insights from the customer interviews allowed this research to provide not only a description based on attitudes and preferences, but also to connect the purchase behavior to each segment. The comparison to existing efforts showed that a luxury-specific segmentation of the Millennials provides more tangible and actionable insights for brands than the general segmentation efforts, where most high-earning customers seem to end up in one or two broad segments.

The accumulated findings on the Millennials’ traits and the different types of Millennials will help brands to detail their touchpoint strategy and target the customers they want to attract in a more effective manner.
6 A Strategic Approach to Touchpoint Management

While chapters 4 and 5 provided insights based on the direct analyses of the empirical studies, this chapter will outline the derived concept that was developed integrating the presented findings. Chapter 4 first gave insights on brands’ success definition and the ideal typical customer journey for luxury brands. Secondly, the customer journey and archetypical paths were described based on the customers’ perspective, Millennial specifics were expanded upon, and critical touchpoints for Millennials were identified. Finally, the comparison of the brands’ and Millennial customers’ viewpoints resulted in nine insights for brands when targeting this generational cohort. Chapter 5 provided insights on the Millennials’ attitudes towards luxury. On the one hand, findings on five prevailing Millennial stereotypes were presented and, on the other hand, five Millennial customer segments were extracted from the collected dataset. Based on these different elements, this chapter will propose a structured approach on how to successfully attract Millennials. First, the current approach to touchpoint management is described. Second, the requirements for successful touchpoint management are derived from the above-presented insights. And thirdly, the concept of touchpoint strategies is presented as an approach through which to realize these requirements in a brands’ touchpoint management. To make the description more tangible, this is supported with industry examples.

6.1 Current Approach to Touchpoint Management

Based on the expert interviews, this paragraph describes of how brands currently manage their touchpoints. The expert answers can be split into two categories: the first explains what is needed for a successful touchpoint management; the second what is currently done to accomplish this.

In terms of what is needed, experts repeated the need for a clear brand image, a uniform appearance, and consistency across all touchpoints. Content across touchpoints should paint a holistic picture, be complementary, and locally adapted. The highest service standards should be secured and a personalized experience provided.

Experts mentioned that, to achieve this consistency in touchpoint management, brands aim to have one central person or team that is the backbone. They refer to a need for a cross-functional organization to achieve the goals operatively, which is, however, not easy to accomplish. They further point out the importance of staff hiring and
training, and a close relationship to potential distribution partners. In terms of aiming for a more individualized follow-up with customers, CRM tools are mentioned as being a useful support.

Brands, therefore, appear to be very clear about what they want to accomplish, which aligns with the identified topics in the previous chapters, and what is done from an organizational viewpoint. Missing, however, is explanation regarding how these needs can be accomplished. The touchpoint strategy concept described in the following section will thus serve as a tool to approach this topic from a managerial standpoint.

6.2 Requirements for Successful Touchpoint Management

Chapter 4 resulted in four overall findings on Millennial customer journeys, the identification of seven critical touchpoints, and the extraction of nine insights for brands based on the comparison of their goals and the contradicting Millennial behavior. Chapter 5 reinforced some of the perspectives developed: e.g. the low tolerance for complications in insight #5 is supported by the high quality and expectation orientation of Millennials. Furthermore, the diversity within the customer group and the extraction of five customer segments supports the diversity in journeys and behaviors.

Consolidating and structuring the findings resulted in six requirements for a successful touchpoint management approach targeting Millennials in general. Based on these, suggestions on how to approach each of the requirements were developed.

The first requirement is predominantly based on the overall characteristics of the Millennial customer journeys. As Millennials involve a broader set of touchpoints and as their journeys are in tendency more distracted and diverse, it may be meaningful for brands to take on a touchpoint-based approach when making plans to serve the customers. While the journey insights are helpful, it may be better for brands to be able to serve customers at specific touchpoints no matter their stage of the journey. This approach also accommodates for the often-mentioned non-linearity of journeys in the expert interviews. Furthermore, insights #2, #4, and #7 indicate that brands need to deal with the separation of activities from one touchpoint encounter to the next, ambiguity on where in the process the customer is when it comes to serving customers at certain touchpoints, and the fact that Millennials exert, for example, pre-purchase behavior in the post-purchase stage. This first requirement confirms the idea of developing a touchpoint strategy concept as proposed in chapter 2.1.4.
Requirement 1: Brands should opt for a touchpoint-based rather than a journey-based approach when managing their customer interactions.

To fulfill this requirement, it is hence necessary to not only know how the customer journeys can be structured, which stages exist, and what different types exist. Luxury brands should go one step further and base their touchpoint architecture on potential interactions, in other words apply a touchpoint-based strategy. The following five requirements will show the different touchpoint types that are necessary to support them in reaching their goals.

The second requirement is based on the detailed analysis of the Millennial customer journeys. In this context, seven critical touchpoints emerged, of which five appear to be must-dos for brands and two can be labeled as should-dos. The critical touchpoints are characterized by the fact that nearly all Millennial customers were in contact with those touchpoints at some time throughout their journey, in many cases, not only once but several times, and in addition their importance for the customers on a qualitative level was quite significant. To ensure that the Millennial customer flows through his journey without difficulties, it is crucial to be present at these critical touchpoints. In addition, they need to be set up to serve the multiple purposes for which the customers approach them.

Requirement 2: Brands need to set up the critical touchpoints in a way that serves multiple purposes.

To set up the critical touchpoints for success, they should be the basis of the touchpoint architecture of every luxury brand. In case the brand’s strategy or other circumstances do not envisage the presence of one of the touchpoints, it is important to consider how to compromise on its absence. In this case, the strategic touchpoint groups should be considered, which will be outlined further in the next chapter.

Requirement 3 refers to the get awareness and spark interest stages where, as identified in insight #1, Millennials appear to include a broader range of touchpoints, in addition to the traditional WOM. Millennials are still often triggered by WOM, but usually are influenced or refer to additional sources. This aligns with their information-hungry nature and the fact that today’s transparent world gives them a stage to execute on it (Fromm & Garton, 2013, pp. 110–113). Hence, brands should offer a broader spectrum of touchpoints to get Millennials interested.

Requirement 3: Brands need a broader range of trigger and awareness touchpoints, as WOM is often not sufficient to convince Millennials.
I will refer to the set of touchpoints needed to meet this requirement as attractor touchpoints. They should be able to spark customers’ awareness and interest in the brand, its products, or its services.

To derive requirement 4, I combined insights #5 and #6 and the insights on Millennials’ high expectations and orientation towards quality as well as their preference for experiences when it comes to luxury. Insight #5 referred to customers’ low tolerance for complications and impatience during the purchase process and insight #6 to the lack of experiential aspects for online purchases. Millennials’ high expectations in brands’ service levels and their desire for instant gratification have also been identified by Barton et al. (2012) and Fromm and Garton (2013, p. 64). These insights stand in contrast to the fact that luxury brands often strive for a celebration of the purchase moment, focusing on creating a great experience instead of offering an efficient solution like an online purchase. Brands should, however, try to appeal to the efficiency expectations of Millennials if required by the situation. In such a case, they should try to bring in the excitement factor in another stage or at least outside the POS context.

Requirement 4: Brands need to appeal to the high expectations of Millennials and strive to excite them also outside of the POS context.

The touchpoint group that allows brands to create excitement will be called exciter touchpoints. To fulfill requirement 4, brands may consider exciter touchpoints not only in the purchase phase, but also in the pre- and post-purchase phases of the journey.

The fifth requirement results from insights #8 and #9 which predominantly focus on the post-purchase phase. These insights highlight Millennials’ low engagement and advocacy behavior. As these two behaviors are important for brands not only to bond with the specific customer in the long term, but also to attract additional customers via the customer recommending the brand, it is important for brands to think about touchpoints where they can overcome this passive behavior of Millennials after their purchase.

Requirement 5: Brands need to think about how to overcome dedicated awareness and truly engage Millennials to potentially trigger advocacy.

I call this required set of touchpoints engager touchpoints. They have traditionally been important post-purchase but are closely connected to the pre-purchase phase due to the advocacy aspect.

Lastly, requirement 6 finally relates back to the distractedness of Millennial journeys. It predominantly picks up insights #2, #3, and #4: the separation of activities
from one touchpoint encounter to several ones, the decision-making separate from a purchase environment, and the ambiguity in service encounters due to the distractedness and diversity of journeys. All of these topics are tough to manage for brands. If a customer always enters a store, goes through all elements of the consideration stage from inspiration, to information, consultation, and then makes a purchase, the risk of not serving the customer well or losing him before purchase is low. The characteristics of Millennial journeys, however, increase this risk substantially, as brands need to serve the customer in significantly different stages of the journey and also need to accept that the customer may continuously leave and come back on the journey.

Requirement 6: Brands need to deal with the diversity and distractedness of Millennial journeys.

To better deal with these challenges and, at the same time, decrease the risk of losing the customers, brands may think about how to use facilitator touchpoints to guide Millennial journeys to move forward in a more linear manner without constraining the customers.

Successful touchpoint management should consequently comprise all of the six derived requirements. It should follow a touchpoint-based approach and include a strategic plan for both the seven critical touchpoints and the four groups of strategic touchpoints: attractors, exciters, engagers, and facilitators. This will be detailed further in the next chapter.

6.3 Deriving a Concept for Touchpoint Strategies in Luxury

Based on the developed requirements, the touchpoint strategy concept consists of five elements that should help brands plan their touchpoint architecture and better reach their goals with customers. In this chapter, I will first of all outline the concept and explain each of the different elements to target Millennials in general. To illustrate the concept, I will then provide examples of what different types of strategies can look like, depending on which customer group a brand wants to target or which specific goals it is pursuing at that moment. Figure 10 visualizes the five elements of the concept. The critical touchpoints are at the center of each touchpoint strategy and built their foundation. They are key to serve the needs of the customers and have been deducted from analyzing the Millennials’ purchase journeys and experience expectations in detail. Then there are the attractor touchpoints, the exciter touchpoints, and the engager touchpoints. They complement the must-do and should-do touchpoint offering in the foundation to better pursue the brands’ goals and can be shaped depending on the focus.
the brand wants to set. They can be understood as boosters that give height and support to the foundation. Finally, there are the facilitator touchpoints. They can support when brands experience difficulties in bringing back customers from touchpoint to touchpoint and, hence, help to connect all other important touchpoints. I will explain the ideas behind each of the touchpoint groups in the next paragraphs.

Figure 10: The Touchpoint Strategy Concept (own presentation)

6.3.1 Critical Touchpoints – Five plus Two

The basis for a successful touchpoint management is laid by the seven critical touchpoints. As visible in figure 10, they can be split into five must-do and two should-do touchpoints. The reason for this becomes obvious when considering tables 13 and 14, which display the percentage of Millennials who mentioned the specific touchpoint in their interview and the average number of stages the touchpoints are present. As we can see, the five must-dos are present in significantly above half of all Millennial journeys and, on average, at least once up to 3.6 times. The two should-dos are still quite present and have had positive influences in all journeys in which they appeared. Hence, while missing these will most probably not have a negative influence, their presence will most probably have a highly positive one.
Table 13: Percentage of Millennial Interviewees who Mentioned the Critical Touchpoints

<table>
<thead>
<tr>
<th></th>
<th>A&amp;A</th>
<th>Hard lux.</th>
<th>Hotel</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOM</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Brand Website</td>
<td>77%</td>
<td>86%</td>
<td>40%</td>
<td>72%</td>
</tr>
<tr>
<td>Predominant POS</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Sales and Service Staff</td>
<td>62%</td>
<td>71%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Product or Stay</td>
<td>92%</td>
<td>86%</td>
<td>80%</td>
<td>88%</td>
</tr>
<tr>
<td>Social Media</td>
<td>54%</td>
<td>43%</td>
<td>40%</td>
<td>48%</td>
</tr>
<tr>
<td>Direct Contact</td>
<td>23%</td>
<td>71%</td>
<td>80%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Table 14: Average Number of Stages with Presence of Critical Touchpoints

<table>
<thead>
<tr>
<th></th>
<th>A&amp;A</th>
<th>Hard lux.</th>
<th>Hotel</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOM</td>
<td>3.5</td>
<td>4.3</td>
<td>3.2</td>
<td>3.6</td>
</tr>
<tr>
<td>Brand Website</td>
<td>1.1</td>
<td>1.6</td>
<td>0.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Predominant POS</td>
<td>2.6</td>
<td>3.3</td>
<td>1.6</td>
<td>2.6</td>
</tr>
<tr>
<td>Sales and Service Staff</td>
<td>1.5</td>
<td>1.6</td>
<td>0.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Product or Stay</td>
<td>2.2</td>
<td>1.9</td>
<td>1.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Social Media</td>
<td>1.0</td>
<td>0.4</td>
<td>0.4</td>
<td>0.7</td>
</tr>
<tr>
<td>Direct Contact</td>
<td>0.3</td>
<td>1.0</td>
<td>1.4</td>
<td>0.8</td>
</tr>
</tbody>
</table>

Note: The consideration stage was split into inspiration, information, and consultation for this analysis.

In the following, I will detail each of the critical touchpoints with regards to the following questions: what is meant by it?; in which stages is it important for the Millennial customers?; what are the specifics regarding Millennials’ expectations or wishes towards this touchpoint?; how can or should brands react to these expectations, and what are examples of successfully accomplishing this?

**Word of Mouth (WOM)**

The critical touchpoint word of mouth (WOM) includes active word of mouth recommendations, but also, in general, any conversations with family members, friends, colleagues and other persons in one’s social environment that deal with the brand. Often, it is also just small talk that then leads to mentioning the brand or discussions involving it.

WOM is present in all stages of the journey, but most prominently – and for brands most importantly – in the pre-purchase phase. The included stages are passive awareness, information seeking, consultation (both during consideration and purchase), dedicated awareness, and advocacy.
For Millennials, the trigger moment or awareness creation often happens during small talk, for example, speaking about watches in general and then starting to think about buying a new one or talking about handbags and then starting to consider buying one. Most importantly, consultation with friends and family is crucial for Millennials. Brands should hence allow it and may especially think about how to support Millennials with it instead of trying to prevent it from happening. In this case, it also comprises a kind of advocacy, as the second person is confronted with the brand and may think back to it at a later point in time or also start considering a purchase. Post-purchase, advocacy behavior is usually triggered by feedback of friends on the new product or by speaking about the hotel stay as part of the trip. Active WOM often occurs especially with close friends or relatives and is more focused on service elements both in a positive and negative way.

As brands are not directly involved in this touchpoint, it is also hard for them to influence it as this is not directly possible. Despite this, they can think about how to facilitate WOM behavior in a positive way or even offer facilitator touchpoints (see chapter 6.3.5 for more information on these) to support. For example, customers seem to appreciate speaking more about experiences than products, C5 positively reported to friends the friendly experience she had in store. An experience being a good trigger is also mentioned by Danziger (2004, pp. 33–38), who explains that experiences are both a better driver of satisfaction and happiness and due to its social aspect an easier conversation content than a material good. Another option is to facilitate the consultation element, which is important for many Millennials between direct brand touchpoints. To do so, brands may consider letting them take a picture with the product in store and then letting them leave and discuss the potential purchase with friends. This gives them a good feeling and the brand may collect the contact data and remind the customer again after a couple of weeks if he has not yet purchased the product. As WOM can only be influenced indirectly, facilitators like the ones explained can help to foster it. I will provide additional examples later on in the facilitator touchpoint explanation.

**Brand Website**

The brand website refers to the brand’s own online presence that provides information on the brand’s background, its products, and additional areas, like insights on fashion shows, corporate information, and information on corporate social responsibility. It may include a brand-owned online shop, but this does not need to be the case.
The brand website is the most prominent go-to point for Millennials in the consideration stage, especially for inspiration and information gathering in the A&A and hard luxury categories. It may rarely also be present post-purchase. A great brand website can be the start of a great experience as C24 explained with regards to her purchase with Cartier. It can also be the start of a negative one, as in the case of C6 for Chanel; she visited the store of the brand afterwards, but was not convinced and ended up buying at another brand.

The online presence is the shop window in the digital world and most Millennials use this touchpoint to check information on the brand’s products, while an integrated online shop was usually not expected. C26 bought a brand with a basic online presence that hardly offered any information. It did not prevent him from purchasing a product of the brand later on, but he expected to find information on the website and instead needed to look on other online touchpoints and visit the store.

The Cartier website was mentioned as a positive example in the interview with C26. In the answer to the question “what was positive about the overall purchase experience?”, her reply was: “That the experience already starts before the door. The website is very nice and cleanly organized (…)”. As many customers look for information on websites, a well-organized and easy to navigate page is usually positive for the customer. If a brand also wants to appeal to the inspiration element, video-based content is helpful. Another example of a good brand website is the one from Burberry, which also has a clear structure, but includes elements of the fashion shows or background stories of the brand to entertain the customer.

**Predominant Point of Sale**

The predominant point of sale (pPOS) for luxury brands is usually a monobrand store for A&A brands, a multibrand store for hard luxury brands, and an online platform (namely booking.com) for hotels. Due to the difference in industries, I refrained from using the more specific retail or multibrand retail terms and applied the generic one.

The pPOS can be a consideration trigger, especially in terms of looking around or via the shop window for physical stores as an interest trigger. In the consideration stage it is present for information gathering. In terms of the physical stores this often includes more specific information seeking and the touching or trying of the product. For hard luxury, inspiration and consultation are also represented. The pPOS is mostly present in the purchase phase and sometimes post-purchase, if the customer is looking for additional products by the brand or options to complement the purchased one. For hotels, the platform is present in the consideration stage for inspiration and information, and for
the purchase transaction. All of the hotel bookers from my sample visited the platform at one of these points.

Millennials’ behavior at the pPOS is characterized by less use of physical store visits for inspiration than previous generations and also less for all-in-one store visits (i.e. direct journeys). In the case of distracted journey types, like info&buy and experiential, several visits with different goals are usually performed. The interviewees mentioned that they expect a brand to have a physical presence in bigger cities. Many like to go to the stores after their initial purchase to check alternatives, matching products, or simply to feel close to the brand when seeing the shop window. For hotels, Millennials mentioned the ease of use and good service of the platforms as a positive feature.

Brands must be present with the respective pPOS for their industry, as otherwise it is difficult for them to compete. Physical stores in particular need to accept the different usage forms by Millennials and should not be concerned if the customer leaves the store without buying. Millennials appreciate a good overview of the offering and an inviting atmosphere and service level. C14 describes what he likes about the shops:

“I like the atmosphere in the sense of that the shops are spacious. The shops have a lot of space. The products are set in scene meaning that the shelves are not too packed etc. and in 95% of cases the size or measurements one is looking for are available.”

What he does not like is the often unnatural or even snobbish behavior of the sales staff. A positive shop environment hence provides a good overview of the products, has good availability, and service that makes customers feel at ease. Examples are brands that are able to make the point of sale feel like a cozy place to experience rather than a traditional shopping venue. Tory Burch, for example, had this intention when opening her second Flagship Store in London in 2017. She stated (Petter, 2017): “We want it to feel as if you're walking into someone's living room where you can hang out and have a drink.”

If a brand decides to go for a pure online presence, the experience and excitement aspects of the physical point of sale should be delivered to the client in a different way. The important aspects, like a good overview of the offer, access to detailed information, and the option to try on the products may also be delivered in this context. The hotel industry is a great example of this as the pPOS is purely online through the booking platforms, but it provides a great depth of information, is well structured, includes

22 Translated from German.
reviews that function in a similar way to a consultation for Millennials. The experiential aspect is then brought to the customer during the stay. So, if a product-based brand is selling online, it should consider ways to deliver additional exciters to the customer at a different point in time.

**Sales and Service Staff**

Closely connected to the point of sale in the physical case are the sales and service staff. I refer here to the staff at the store or at the hotel, while any other interactions with a representative of the brand in a direct way is subsumed under the *direct contact* touchpoint, outlined later in this chapter.

The interaction points are similar to the ones for the pPOS, but have a higher importance for information, consultation, the purchase situation itself, and the post-purchase follow-up by the sales staff.

As mentioned in the previous paragraph with the example of C14, Millennials appreciate friendly behavior and want to be treated as adults. They do not appreciate elitist behavior as often been mentioned to be present in many stores of luxury brands. Furthermore, Millennials expect to receive good service, a smooth process, and that the staff be well-informed about the products and brand. Outstanding service can be an exciter for Millennials, but even more important is that a negative one is almost always a trigger for negative WOM, as in the example of C11 who spoke quite actively with friends about her bad in-store experience.

Consequentially, brands should ensure that their staff is well-informed and friendly. The staff should furthermore be able to adjust to the needs of the customer in the specific situation (referring back to insight #2 and #4), especially depending on if a quick process is required or the customer has time to indulge the whole experience. In this regard, it is also important not to put pressure on the customers, but to accept the potential distractedness of the purchase process.

Interviewees pointed out positive service several times. It was always connected to a friendly and knowledgeable staff person, being treated as a fully rounded customer despite their young age or it being a first-time purchase, and a kind of personalization in follow-up, which in many cases was the handover of a business card or phone number to be in touch after the purchase situation. Cartier was mentioned twice to perform a great service in this area, fulfilling all of these requirements.

While I will address the hotel staff in the stay touchpoint, many of the above insights are also relevant to this group of people, especially regarding the service aspect.
**Product or Stay**

The product refers to any of the brand’s products the customer buys or sees in some context – this may be in real life with another person, in a store or on a picture, for example, on social media. For hotels, it may also be the hotel premises that the customer sees while passing by, in a friend’s picture, or during the stay in the hotel itself that the customer experiences.

Next to WOM, these are the strongest awareness builders. Furthermore, they spark interest, which often happens combined with WOM, i.e. seeing a product at a friend and starting to talk about it. In case of a product, it is also often involved again during the purchase phase when performing final checks or, for online orders, specially mentioned when the product arrives. The most important aspects are, however, the usage of the product or the experience of the hotel stay. These two elements appear to have the highest influence on loyalty, dedicated awareness, and serve as a trigger for feedback of friends.

For this touchpoint, the quality focus of Millennials is again crucial. They show a high interest in the product or stay’s quality by looking at reviews or information on the product. In addition, they have the expectation that it be flawless. If they have a great experience with a hotel stay, especially including friendly service, they also tend to tell friends about it deliberately.

For brands, it is central to note that even though the other critical touchpoints are important in many ways, the product or stay are still the core element of their business. If they do not perform, customers might purchase once, but will not come back, so it is crucial to give people the feeling of “having made the right decision”, as several experts pointed out in their interviews. For hotels, the staff is again very important and is the key to providing an individualized experience.

**Social Media**

Moving on to the should-do touchpoints, social media refers to any interaction predominantly via brand-owned channels on Instagram and Facebook, but also includes bloggers and influencers, as customers refer to these in similar ways. The social media touchpoint is hence a very versatile one that can be shaped in different ways depending on a brand’s strategy, but should at least meet the customer expectations in the phases they refer to it.

Social media is present mostly in the inspiration stage during consideration and post-purchase loyalty via checking for additional products, following the brand to stay up-to-
date regarding its offering or getting some background insights on the brand. In addition, it also plays a role during information gathering, and in passive awareness or as a trigger. It was more seldomly present with active advocacy, but it may happen in a more subliminal way, e.g. by posting about a holiday without directly referring to the hotel, but it being visible in the pictures.

For Millennials, inspiration search usually takes place online and not at the POS. In this regard, Millennials value social media as an easy way to explore a brand’s world and product portfolio. Furthermore, Millennials like to follow a brand after purchase, as they see this as a good way to stay up-to-date, without being bombarded with information. In general, they have a positive attitude to engaging with luxury brands on social media, which was also what the survey results confirmed.

Brands should consider being present on social media, as it is a great tool to stay in touch and nurture brand interest with inspiration on products and the brand world in the long-term. Many brands already use it as a tool for online inspiration seeking or exploring of background stories on the brand, such as giving a peek into the fashion shows. They could, however, consider using it even more to also actively engage with customers like many influencers do. This may have a positive effect on advocacy and engagement. Some brands, like Gucci, sometimes include more interactive content that invites followers to engage. Many others have great content that can be described as a mixture of what traditionally was in a magazine and now is on the website.

**Direct Contact**

The second should-do touchpoint, direct contact, refers predominantly to direct interactions customers have with the personnel of the brand, be it via phone, email, or messaging. It can also involve mailings with a personal flair like handwritten or signed cards from the brand’s employees.

The most common presence for direct contact is in the purchase phase, if the contact is already known or in the follow-up of the purchase or booking for hotels to, for example, add additional services to the booking. Alternatively, it is also present post-purchase as a follow-up initiated by the brand, e.g., via a thank-you card, which was very positively received and actively noted by the interviewees.

If the Millennial customer already had a personal contact at the brand, this contact was also used for information or bookings and purchases. It could, however, be possible that this is not so present yet, as Millennials first need to build up their network. When
everything worked out fine and the contact was friendly and especially in the cases of follow-up by the brand, Millennials were always positively impressed.

Being in direct contact is not a must, but it is a great way to nurture excitement, especially post-purchase. If a customer actively contacts the brand and gets a personal reply instead of a standard customer care neutral one, this can have a positive influence and can be a great start to build up a longer-lasting personal connection. Both C22 and C5 spoke very positively about their brand-initiated direct contact experience. C22 received a handwritten card from Burberry after making her first purchase with the brand. C5 was in touch via WhatsApp with the sales representative who first asked if everything had worked out fine with the bag’s home delivery, as it was out of stock in the store, and then informed her about the arrival of matching products to fit with her new bag.

The preceding paragraphs showed in the ways in which each of the critical touchpoints plays its role for a positive customer experience for Millennials. Brands can choose not to be present at any of the critical touchpoints, but should think well about how to serve the customer needs that are present at these touchpoints in another way, as I briefly noted in the example regarding the reliance on an online store instead of the physical point of sale. In such cases, it is essential that the specific strategic touchpoints be used to compensate for the absence of the critical one.

6.3.2 Attractor Touchpoints

Attractor touchpoints have the goal of serving as additional awareness and interest builders. As Millennials usually refer to a broader range of touchpoints early on, the breadth offered by brands should accommodate for this behavior. In addition to that, many Millennials are first-time buyers with the brands due to their young age, so the two initial stages are of a higher importance. Being able to start a journey with an interest trigger is highly attractive to brands, as customers are then already very focused on the specific brand. While traditional touchpoints like magazines or other print advertisements, sponsoring and PR activities, and presence at events are still relevant and were named by the interviewed Millennials, digital touchpoints also play an important role in today’s world. Brands must respond to this, be it by expanding PR activities to digital outlets, using the critical touchpoint social media in an attractor way, or by simple banner advertisements or sponsored posts on social media pages. More creative ways include collaborations with other brands or influencers, special events, or combinations of several factors as a specific campaign. In addition, being present in the
customers’ inspiration stage during consideration may serve as an attractor, as some customers still have not finalized their brand choice. Here, a presence in multibrand shops both online and offline may be meaningful. While in the past this broader presence would have been an unacceptable behavior for luxury brands as they would have feared overexposure, some of the experts mentioned that a more prominent presence is what they strive for today. Literature also supports this behavior: according to Kapferer and Valette-Florence (2018), a higher market penetration does impact the desirability of a brand in a negative way, but a higher awareness level has a positive impact.

Two examples of great attractor touchpoints by brands are the Loewe Soulwax record launch and the business school regatta sponsoring by Rolex. In these cases, the brands considered how to get in contact with potential customers in other ways than via typical magazine advertisements. Loewe extended its collaboration collection with a boutique on Ibiza and its pop-up store on the island to the launch of a music track in collaboration with the Belgian DJ duo Soulwax, which was launched during the summer in 2017 (Midwood, 2017; Nakiska, 2017). In this way, they got in touch with customers during their holidays where positive feelings usually dominate and, in doing so, established their name. Getting in contact with MBA students from the top business schools of the world, the Rolex MBA’ Conference and Regatta fits well with Rolex’ general sponsorship and presence in the yachting and sailing world and targets the younger clientele (SDA Bocconi, 2017).

6.3.3 Exciter Touchpoints

One of the clear goals of luxury brands is creating excitement and emotionality with customers pre-purchase, during the purchase phase, and post-purchase. This excitement is not something that customers actively search for but is very useful to build long-term relationships with them. Exciters can – in other words – be described as the creators of the brands’ “dream factor”. The groundwork should be laid by appealing to Millennials’ expectations regarding service in-store or online, smooth processes, and quality standards. Based on the expert interviews, typical exciter touchpoints are among the critical ones like the sales staff, direct contact, and the product or stay itself. In addition, brands may consider how they can create additional excitement or compensate in case Millennials skip the typical excitement creators by purchasing online and leaving out the direct service interaction in-store. Customer events that bring the brand’s world closer to the client can be exciters, and special or limited editions have recently created a lot of excitement for luxury brands and become a major trend (Morency, 2018). Other
options include personalization or individualization, or anything else that goes beyond the already flawless product or service that people would purchase.

One example of a successful exciter for both the Louis Vuitton and Supreme brands was their collaboration on the creation of a limited-edition Louis Vuitton x Supreme collection combined with the set up of pop-up stores across the globe. The collaboration was said to be “the ultimate fashion partnership” by the industry at the time, as it brought together the iconic Louis Vuitton brand that stands for excellence in craftsmanship with the hyped streetwear label Supreme that attracts the Millennials. The collection retailed so well that some pop-ups closed earlier as originally planned as they ran out of stock (Cook & Ellison, 2017; Morency, 2018).

6.3.4 Engager Touchpoints

The engager touchpoints pick up Millennials’ rather passive behavior post-purchase. Their aim is creating engagement and, thereby, should potentially also trigger advocacy. To encourage such behavior with Millennials, it may not be enough to simply follow-up with them and entertain, but activities should really strive towards engagement; in other words make them really feel like “Hey, I belong to this brand’s family”. Classic engagers at the top end of the clientele and only accessible to few customers are invitations to the brands’ fashion shows, exclusive events at the brands’ headquarters, or product launch events. At a more diffused level, digital formats like Burberry’s “The Art of the Trench” blog, which invites customers to set in scene the way they wear their Burberry trench coat, are often used, as they allow a broader customer group to take part. Other options are local store events, events at the hotels’ restaurants, or exhibitions organized by the brands.

The Art of the Trench is probably one of the best examples for a great engager touchpoint. Two more recent examples are the Hermès #hermesmatic pop-up laundromats and the “Gucci Places” project. In 2017, Hermès opened pop-up laundromats all over the world, where customers were able to dip-dye their Hermès scarves to give them a fresh look (Medina, 2017). This gives customers the chance to actively experience something with the brand that they can tell friends about or even bring friends for a common experience. The Gucci Places project is incorporated in a special app that allows people to experience specific places selected by Gucci that are connected to the brand’s tradition. People can collect badges by visiting different Gucci Places and sharing them on social media (Slibian, 2017). The app hence combines an
experiential aspect with an educational one, learning more about the brand’s background and, at the same time, getting involved through the playful element of collecting badges.

6.3.5 Facilitator Touchpoints

Facilitator touchpoints should help brands to bring more linearity into Millennials’ rather distracted journeys or simply make it easier for them to place a purchase and move on to the next stage of the journey. In this case, brands should consider meaningful connectors between touchpoints or additional touchpoints that facilitate the journey advancement. Typical facilitators are digital counterparts to critical touchpoints like offering an online shop in addition to a physical predominant point of sale. This allows Millennials to place their purchase directly when having made up their mind if they want to purchase. Another option are online newsletters with direct links to the online shop instead of a physical card that requires them to then go on the website and search for the product. More connected examples could be the idea to facilitate Millennials’ consultation with friends after a store visit by giving them the chance to take a photo with the product and send it to them to receive feedback. This could even be enhanced to an experiential store element, which may serve as an exciter touchpoint in addition. For hotels, it could be an app that may invite Millennials to book additional services for their stay up front in an easier manner than contacting the customer service via phone or email. In all cases, it is important to think about potential consequences that the introduction of a facilitator touchpoint may have. As already explained above, the purchase via an online shop lacks the experiential aspect of a store visit, so brands should, in such a case, consider how to compensate by delivering this experience in another way.

For the ROVO journeys brands may fear losing customers between the visit of the brand website to the store visit. Prada’s tool on their website (Prada S.p.A., 2019) through which customers can make an appointment in-store may be a response to this challenge. It may create some commitment and make the store visit more likely.

6.4 Applying the Touchpoint Strategy Concept

Having outlined the touchpoint strategy concept in general, the next sections will provide some brief examples of how it can be implemented. To do so, I will first indicate which industry specifics exist for the three focus industries apparel & accessories, hard luxury, and hotels. Afterwards, I will provide two examples of how a brand’s touchpoint strategy can be shaped to target a certain Millennial segment.
6.4.1 Considering Industry Specifics

Some elements specific to the resulting touchpoint strategies can be identified for the three focus industries. For A&A brands, of the critical touchpoints, the brand website, the pPOS, and social media are even more prominent compared to the other two industries. 77% of A&A customers visited the website – all during consideration – and used it as an essential part of either their information or inspiration search, or both. The second most prominent element in these stages was the pPOS, in this case, a monobrand store. This monobrand store was relevant for over 60% of customers for gathering information, especially to touch and feel the product or to try it on. As a number of people placed their orders online, the pPOS had the lowest level of customer attention compared to the other segments in the purchase phase. Social media was comparably important, as over 30% of customers referred to it for information in addition to the brand website and the pPOS. When it comes to the brand’s products, they were often present as an initiator of passive awareness as well as a consideration trigger.

In terms of strategic touchpoint groups, attractor touchpoints in the A&A field are usually characterized by a broader presence, especially in the digital field. This supports the often product-based awareness and interest creation by including a broader visual presence that can initially attract potential customers. To create excitement, many brands make use of limited editions or pop-up stores and rely on their fashion shows’ media coverage. An important facilitator in the A&A field are online shops, be they multi- or monobrand, as a considerable number of purchases in the interviews were placed online. The physical stores may serve more as experiential hubs, where customers can touch and try the products or receive further information from the staff.

The hard luxury sector shows similarities to the specifics in A&A. The product in this case is also often the trigger for awareness and consideration. The website has an even higher importance for inspiration and information as does the pPOS – in this case, a multibrand store – for information and purchase. For 86% of hard luxury purchases, the physical store was present both for information and during purchase. In addition, more customers (43%) referred to the physical store and the staff there for consultation purposes compared to the other segments, whereas consultation for Millennials was usually focused on friends and family members. Direct contact was significantly more present compared to A&A (71% vs. 23%) and was used to place the purchase via a direct contact instead of the initial store visited for information purposes. Such purchases were more influenced by the sales staff, who handed over their business card and became the responsible contact person for the next store visit or any service or information requests.
Attractor touchpoints in hard luxury often occur around sponsoring activities and cooperations, which may be influenced by the performance aspect of the products and not mere beauty. Exciter and engager touchpoints also seem to be more focused on more content-oriented elements, which can be accomplished through events in-store or at the brands’ manufactories.

To summarize, the personal interaction in-store or via direct contact, as well as the consultation element with the staff, seems to be more prominent for the hard luxury brands and should be considered by luxury brands. These insights may also hold true for other luxury brands that offer a more complex or performance- and technology-oriented product, such as car or sports equipment manufacturers.

The hotel sector’s specifics are mostly related to the fact that it is a service business and not a product-based one. The consideration stage is dominantly shaped by the pPOS, which in this case is an online platform (in most cases booking.com). Such platforms were visited by all hotel-booking interviewees in this stage and used by two for placing the booking. Direct contact was present in 4 of the 5 Millennial interviews, with a focus on a hotel booking. This was either because the booking was done via a direct contact (phone call) to the hotel or because there was some interaction before the stay via email, to book additional services or check if anything else was needed. This direct interaction post-purchase is pivotal for this industry, as bookings and pre-purchase stages usually exclusively happen in an online environment. Hence, the personal aspect and exciter element is missing in these stages and needs to be compensated for pre-visit and during the stay. In turn, the stay was most present in the reports about the origins of loyalty and advocacy. All interviewees in this sector at least spoke about their booking or stay with close friend. As mentioned previously, this can be related to the fact that Millennials feel more comfortable speaking about experiences than products they purchased.

Due to the often purely online pre-purchase phase, hotel brands seem to be more present on exciter touchpoints. The areas in which they are already most present are among the critical ones: the stay, staff, and direct contact. However, some brands try to add additional elements, such as technology features via an app. In addition, facilitator touchpoints are very present around the stay, for example, to make the arrival or check-out process easier and smoother. In addition, a lot of focus is placed on loyalty and advocacy triggers, as aside from finding a hotel due to search criteria, most customers book due to having already stayed in the brand’s other hotels or due to WOM.

The important take-aways for brands in the hotel sector are hence to make sure to compensate for the lack of personal excitement generators pre-purchase and to ensure
advocacy post-purchase. In addition, it is almost impossible to bypass having a presence on the typical platforms, as all interviewed Millennials checked these platforms. If a hotel decides to do so, it needs to compensate for this missing presence.

### 6.4.2 Targeting Different Customer Segments

To successfully attract Millennial customers, it is not only necessary to adjust to industry specific elements, but also to position a brand based on what it wants to stand for and based on which customers it aims to attract. In this chapter, I will outline how a brand’s touchpoint strategy could be shaped to target the experience seeker segment and also, for contrast, the identity-driven connoisseur segment. While the critical touchpoints stay the same for all Millennials, their importance and the way they can be shaped can vary across brands.

The experience seekers, as described in chapter 5.2.2, are customers willing to express their identity and achievements with their brand choices and who have an experiential understanding of luxury as well as a high experience-orientation in their shopping behavior.

Among the critical touchpoints the staff and point of sale in particular need to be ready to serve the customers in a variety of different situations, which will often result in the customer leaving the point of sale again. This is due to the usually lengthy and distracted customer journeys of the experience seekers, which may involve many POS visits, each serving a different purpose. For experience seekers, the should-do touchpoints of social media and direct contact have even more positive resonance than for other segments. This can, on the one hand, be explained by their continuous interest in dealing with the brand and, on the other hand, on their preference for a great experience, which is especially supported by a positive direct contact with the brand.

In terms of using strategic touchpoints to target experience seekers, it is especially important for brands to offer a well-rounded portfolio of attractor and facilitator touchpoints. Attractors are important, as experience seekers tend to check out the brand on several touchpoints early on, even if the interest trigger came from a specific one or a WOM recommendation. Hence, a strong presence across different types of attractors, such as magazines, bloggers, or in multibrand online shops, is crucial. After this initial attraction stage, a well-rounded portfolio of facilitator touchpoints can help brands deal with the length, distractedness and diversity of the experience seekers’ experiential journeys. The best option to follow appears to be the use of connecting touchpoints to avoid losing the customer along the way. These can be used to support them in their
experience along the journey, for example, via innovative features. Examples could include: creating a wish list option online, the possibility to take a wish list home from the store, the chance to take a picture in-store with the desired product and share it with friends for consultation. This latter point is a crucial element compared to other segments and one that could pull the consultation element into the store visit instead of letting it happen outside of it. As much as facilitators are important for this customer group, they should not place pressure on the customers, but leave them space to make their own decisions.

Exciters for experience seekers are usually already well-represented via delivering a great service at the POS and giving the customer the ability to take their time and feel at ease during the pre-purchase and purchase phase. Post-purchase direct contact and the core product or service serve as exciters. Additional options for this could include effective handling of service requests or prevention of anything that may disturb the experience with the product post-purchase. In terms of engagers, these may be positioned around the experience seekers’ interest in the tradition and background of the brand. The customers of this segment like to further experience the brand post-purchase and feel close to it. A good offering of background stories, e.g. on social media or the website, appears meaningful. A brand could also go one step further and invite the customers to events or create initiatives or specials that relate to the brand world, such as the above-mentioned Gucci Places app.

The identity-driven connoisseurs, in contrast, are rather quiet customers with a preference for brands of the highest quality to which they can relate. They also have a rather commercial understanding of luxury. In their shopping behavior, they are more target-oriented and less experience-focused than the experience seekers. Their journeys can also be distracted but involve comparably fewer touchpoints.

Among the critical touchpoints WOM consultation in the consideration stage does not play as significant of a role as for the experience seekers. The consultation usually takes place only with close relatives or friends, which mostly also applies to post-purchase advocacy WOM typically triggered via feedback. At the POS, the identity-driven connoisseurs focus on service level and not so much on the staff interaction. Important factors they noted were the overview of the product, the fact that the staff brings the products and shows alternatives, a high level of information quality offered, convenience, and availability of the products. The staff interactions are often rather transactional and seen as quite negative by many customers in this segment, as they are often perceived as having a quite snobbish and elitist attitude. The should-dos of social
media and direct contact are not as important for the connoisseurs as for the experience seekers. They are used and appreciated if needed, but do not have a strongly positive impact on the experience, as the connoisseurs are not as interested in continuously interacting and experiencing the brand. They are rather purchase focused in their brand interactions.

To successfully shape a brands’ profile to target the identity-driven connoisseurs, some strategic touchpoints should be created to fit with their preferences and behaviors. Many potential customers in this segment already become aware of the brand during childhood, via their family or products they have seen. This initial awareness is especially important for this segment, as the connoisseurs’ brand choice is usually limited to few brands. To make sure a brand gets the initial awareness in case it was not established in the customer’s childhood, touchpoints should be shaped to have an educational element. Focus on the brand’s identity and background is a most suitable approach. The same applies for engagers, which could be realized via visits to the brand’s manufactories, fashion shows, or headquarters. More broad reaching touchpoints could include background stories on social media or store events with an educational twist on a topic relating to the brand. For facilitator touchpoints, they should be designed to meet this segment’s convenience expectations. For example, the option to order a product online, as mentioned by C6 and C17, or easier connection of the steps from browsing online to then checking out the items in store. In this case a pre-selection tool could be feasible that then ensures the availability in store on a specific date selected by the customer.

The two described examples show how specific touchpoint strategies can be developed using the target segments as a background. Apart from the industry specifics to consider and targeting diverse customer segments, brands could further shape their touchpoint strategies based on their overall brand strategy or by trying to overcome current weaknesses they have identified. Based on these factors, certain touchpoints or touchpoint groups have different levels of relevance or need to be shaped in other ways.

6.5 Reflection

The following paragraphs will reflect on the developed touchpoint strategy concept from several standpoints. First, I will refer to the luxury specifics of the concept and then the Millennial specifics. I will conclude by discussing the applicability of the concept to a broader field.
6.5.1 Luxury Specifics in Touchpoint Strategies

The luxury-specific elements of the touchpoint strategy concept draw from the fact that luxury brands usually focus their marketing activities on exciting, satisfying, and emotionally engaging their customers and on building a long-term bond with them, as described in chapter 4.1. This presents itself in contrast to the activities and touchpoints of mass market brands that would rather be directed to the conversion and generation of sales. These strategic differences present themselves in three areas: some of the selected critical touchpoints are quite specific to the luxury industry and on the two strategic touchpoint categories exciters and engagers are most probably not as present for mass market brands.

Direct contact and WOM can be considered as most prominently present in the luxury industry, as is the role of the sales and service staff. The luxury industry is characterized to be more personalized and individualized compared to lower priced industries, as customers expect not only a flawless product, but also an exceptional service and experience around it. Here, the critical touchpoints staff and direct contact play a crucial role, bringing this personal aspect to the customer journey. In a mass market environment, interactions with brands sometimes also exist, but are often handled in a more anonymous manner via call centers or anonymous contact email addresses. In the luxury journey cases analyzed in this dissertation, it became clear that many customers receive a direct person of contact during their purchase or after their hotel booking. Also, the experience with the sales staff is often much more personalized and not as transactional as it would be for lower priced brands. Despite the fact that the importance of WOM has decreased with Millennials – as they also refer to other points of reference and the luxury customers are no longer a clearly separated population segment that only buys in this high-end sector –, it is still the number one attractor of customers’ attention and interest for a luxury brand. For mass market brands, it can also play an important role, but here purchase-oriented attractor touchpoints, such as special price offers and similar promotions, may play a more prominent role.

From the strategic touchpoint groups, attractors and facilitators may play a similarly important role for mass market brands if they want to attract Millennials, especially as WOM does not serve as the primary attractor among the critical touchpoints. Exciter and engager touchpoints, on the contrary, are rather luxury specific. They strongly pick up the emotional, exciting, and bonding aspects mentioned above. For luxury brands, these elements are highly important, as purchases in this sector are less based on rational decisions and more on emotional ones. In the mass market, these rather cost-heavy
activities are not as present. Brands focus more on attracting the customers’ attention and then, moving directly to conversion and repurchase.

6.5.2 Millennial Specifics in Touchpoint Strategies

The Millennial specifics can mainly be derived from the insights on Millennial customer journeys. The digital touchpoints included in the critical touchpoints are less relevant to older cohorts and the groups of strategic touchpoints may be positioned in a different manner.

In terms of critical touchpoints, the digital touchpoints of website and social media are quite central for Millennials. None of the comparison group interviewees referred to social media in their journeys and only one third visited the brand’s website compared to two thirds of the Millennials. The Millennial critical touchpoints of WOM, staff, and PPOS are even more central to the journeys of the older customers. The personal relationship to the staff became especially notable in the customer interviews of the comparison group, with interviewees mentioning that the sales staff know them and their preferences. The physical POS and staff also serve an even wider range of purposes for this group, as they are usually the one-stop consideration touchpoint, uniting the information, inspiration, and consultation activities.

Therefore, while the strategic touchpoints are quite Millennial specific, considering certain excitors and engagers can also be helpful to successfully attract older generations. They may need to be shaped in a different way, as the interests of these generations are different. Still, they remain important elements of brand’s marketing portfolios. Attractor and facilitator touchpoints are not as central to a touchpoint strategy targeted toward older generations and can hence be set up in a way to primarily target Millennials. As older customers rely strongly on WOM and usually already have a set preference for brands, less emphasis can be placed on the group of attractor touchpoints. In terms of facilitators, their usefulness for other generations is situated in the field of convenience, as their journeys are not as distracted and do not need to be guided. This is similar to the described use of facilitators for the segment of identity-driven connoisseurs given in chapter 6.4.2.

To summarize, as the touchpoint strategy concept was deducted based on findings from behaviors and preferences of the Millennials, its elements are predominantly relevant to attracting the customers of this cohort or other customer segments whose journeys tend to be highly distracted and diverse. Still, it is a helpful tool to shape a
brand’s touchpoint architecture to target other generations as well. I will discuss how this could be approached in the next section.

6.5.3 Applicability to a Broader Field

The touchpoint strategy concept is structured around a basis and accompanying elements; an approach that is common in the marketing field and may point towards a broader applicability beyond luxury brands and Millennials. The zone model of differentiation\(^2\) by Rudolph (1993) focuses on a retail environment, and assists with planning the different elements of marketing instruments for a retailer (Kuß, Tomczak, & Reinecke, 2007, pp. 263–265; Schweizer & Rudolph, 2004, pp. 128–130). These instruments can be compared to the touchpoints I incorporate in the touchpoint strategy concept, which broadens the focus from a retail view to a holistic customer journey view.

The Zone Model by Rudolph (Kuß et al., 2007, pp. 263–265; Schweizer & Rudolph, 2004, pp. 128–130) distinguishes between three zones. The first is a safety zone that includes services and marketing instruments that customers expect. This zone is comparable to the critical touchpoints that build the basis for competing successfully. The second zone is the profiling zone, where brands can add additional instruments that customers would like to have but which are not present with all other competitors. Finally, the model includes an early detection zone, which comprises elements that are not yet present with competitors but may respond to latent customer needs. The latter two zones are similar to the four groups of strategic touchpoints. These strategic touchpoints may distinguish a brand from its competitors or excite customers by offering something unexpected. One might also consider approaching the touchpoint planning of the strategic touchpoints by grouping them into profiling, early detection, or innovative subsets, depending on how a brand wants to position itself.

The touchpoint strategy concept hence serves as a structuring tool for strategic touchpoint management, just like the zone model for marketing instruments in the retail area. This again indicates that the touchpoint strategy concept might be applicable in a broader context beyond just luxury and Millennials. In this case, some adjustments would most probably be required to take out the luxury and Millennial specific elements described in the two previous sections and, potentially, to replace them with elements that match the new context or customer group. To do so, one could identify the critical

\(^2\) In German: Zonenmodell der Profilierung
touchpoints for the specific environment and then consider what groups of strategic touchpoints may be required. In a mass market environment, for example, it is possible that one would add a group of conversion touchpoints or selling touchpoints and leave out the engager touchpoints. If a brand aims to target a customer group or operates in an industry characterized by more direct and linear journeys, it could place less emphasis on the facilitator touchpoints. In this way, brands are able to adjust the touchpoint strategy construct to different settings and make use of it beyond the specific context for which it was developed.
7 Conclusion and Outlook

Strategically approaching touchpoint management or, in other words, mastering the touchpoint jungle has been identified as an important aspect of successfully attracting the Millennial cohort. As the fastest growing customer group in the luxury sector, it is key for luxury brands to gain a better understanding of the Millennials and adapt to their needs. To support luxury brands in doing so, the aim of this thesis was to answer the following research question:

*How can luxury brands strategically approach touchpoint management to successfully attract Millennials along the customer journey?*

In this final chapter, I will first provide a summary of the answer to this question and the underlying insights generated. I will then point out the theoretical contributions and managerial implications and, lastly, discuss the limitations of my research and provide an overview on avenues for future research endeavors in the field of touchpoint management for luxury brands in a Millennial context.

7.1 Summary of Findings

The answer to the research question indicated by the findings can be summarized as follows:

*To successfully attract Millennials along the customer journey, luxury brands need to strategically manage five touchpoints groups. They need to put special focus on the critical touchpoints – five must-dos and two should-dos. In addition, they should position themselves in four strategic touchpoint groups, namely: the attractor, exciter, engager, and facilitator touchpoints.*

Figure 11 provides an overview of how these results were developed. Three empirical studies served as the basis to develop this integrative conclusion. I explored the customer journey for luxuries both from a brands’ and from a Millennial customers’ perspective and derived insights from the comparison of the two. Furthermore, I extracted five Millennial customer segments and provided insights regarding prevailing stereotypes ascribed to the cohort.
The brands’ perspective primarily offered insight regarding what constitutes success for luxury brands along the customer journey based on 13 expert interviews (see chapter 4.1). The primary goals brands strive for are usually financial success, customer satisfaction and experience, and addiction. In addition, success can also be defined within each of seven identified journey stages: get awareness, spark interest, and create excitement (pre-purchase), convert to purchase (purchase), and generate addiction, nourish engagement, and foster advocacy (post-purchase). The excitement aspects, as well as the high importance of the goals in the post-purchase stages, are quite luxury specific when compared to the generic goals of the brand funnel.

The 31 customer interviews aimed at identifying characteristics of Millennial customer journeys (see chapter 4.2). The stages of the Millennial journeys can be described in the same way as for older cohorts: passive awareness, a consideration trigger moment, consideration, purchase, loyalty, dedicated awareness, and
advocacy. Looking for patterns in the way customers travel through the stages, five typical journeys were identified: direct, info&buy, experiential, coincidence, and ROVO. While for older cohorts, the linear journey types direct and ROVO dominate, all types of journeys are present with Millennials. Millennial journeys hence differ in four characteristics; they tend to be longer, more distracted, more diverse, and include more digital touchpoints. In addition to these overarching Millennial attributes, differences also exist within the stages, most prominently in the consideration stage. Seven multipurpose critical touchpoints have been identified that play a crucial role in at least one of the journey stages: These are: WOM, the brand website, the predominant point of sale (which depends on the industry of the brand), the sales or service staff, the product or stay itself, social media, and direct contact.

The comparison of the two viewpoints (chapter 4.3) resulted in nine insights that luxury brands should consider when serving Millennials:

#1: Millennials include a broader touchpoint range early on, in addition to the WOM awareness and interest trigger that is preferred by brands.

#2: Brands need to deal with the separation of different activities of the consideration and purchase phase in contrast to serving the customer once at the POS.

#3: It is common that the general purchase decision is taken before entering the situation where the purchase takes place, which often reduces the time spent during purchase.

#4: The diversity and distractedness of journeys leads to ambiguity for brands when serving the customer in a retail environment in contrast to offering the full set of services.

#5: Millennials have a low tolerance for complications during the purchase transaction, while brands strive to spend more time with the customer to bond.

#6: Online purchases have become more common but do lack the experiential aspect of an in-store experience, which does not match brands’ goals to do more than convert.

#7: Millennial customers are more likely to actively deal with brands after having made a purchase, performing activities that are usually considered by brands to be pre-purchase behaviors.

#8: Millennials have a dedicated awareness post-purchase rather than an active engagement with the brand and its community as brands desire.

#9: Millennials’ advocacy behavior appears to be lower, which is not beneficial for brands’ reliance on WOM as an awareness and interest trigger.
Chapter 5 provided findings regarding the attitudes and preferences of the Millennial cohort relevant to luxury brands. These are based on the data set collected via an online questionnaire. In a first step (see chapter 5.1), I analyzed prevailing Millennial stereotypes and concluded that two stereotypes are strongly present in perceptions of Millennials: their quality focus and high expectations towards luxury brands, and their connectedness via social media. The other three need to be viewed in a more differentiated manner. Experience-orientation is present with many Millennials, but materialistic possessions are often still regarded to be worthwhile. Also, ethical responsibility appears to be important to Millennials, but does not seem to be a value-driver.

A second analysis resulted in the extraction of the five Millennial luxury customer segments: the **experience seeker**, the **identity-driven connoisseur**, the **materialistic positioner**, the **brandless indifferent**, and the **immaterial experiencer**. The five segments are described in more detail in chapter 5.2, both in terms of the findings from the questionnaire and the matched insights from the customer interviews. The segmentation not only provides a more differentiated view on the heterogenous cohort in general, but also helped to explain that not all stereotypes are present with every Millennial. For example, the immaterial experiencer is strongly experience and non-materialistically oriented, while for other segments these stereotypes do not apply to such an extent.

The integration of the empirical findings in chapter 6 resulted in five requirements luxury brands should consider to successfully attract Millennial customers. These are:

**Requirement 1:** Brands should opt for a touchpoint-based rather than a journey-based approach when managing their customer interactions.

**Requirement 2:** Brands need to set up the critical touchpoints in a way that serves multiple purposes.

**Requirement 3:** Brands need a broader range of trigger and awareness touchpoints, as WOM is often not sufficient to convince Millennials.

**Requirement 4:** Brands need to appeal to the high expectations of Millennials and strive to excite them also outside of the POS context.

**Requirement 5:** Brands need to think about how to overcome dedicated awareness and truly engage Millennials to potentially trigger advocacy.

**Requirement 6:** Brands need to deal with the diversity and distractedness of Millennial journeys.
Based on these requirements, the **touchpoint strategy concept** was derived as a strategic approach to manage a luxury brand’s touchpoints. It includes the **critical touchpoints**, which are split into **five must-dos** (WOM, brand website, predominant POS, staff, and product or stay) and **two should-dos** (social media and direct contact). These touchpoints need to be the first focus of brands when designing and managing their touchpoints. The four groups of **strategic touchpoints** then serve to complement the touchpoint setup, depending on the target customer segments of a brand, its industry focus, or its strategic goals. These groups are the **attractor, exciter, engager, and facilitator touchpoints**.

While the touchpoint strategy concept was developed in the context of luxury brands and Millennials, an application to a broader field may be fruitful. In this case, the touchpoints that are critical may be adapted to the different setting and there may be other groups of strategic touchpoints to consider. Still, the general structure of the concept can serve all marketing managers that aim to approach the design and management of their brand’s touchpoints in a more strategic and structured manner.

### 7.2 Theoretical Contribution

My research contributes to several areas in the theoretical field: customer journeys and brand touchpoints, marketing of luxury goods, and research on the Millennial cohort. In addition, it provides an integrative view of the three connected topics taking on a European perspective with a focus on the German language area.

I extend the research field looking at customer journeys, customer experience, and touchpoints by adding a qualitative empirical study including both an expert or firm perspective and a Millennial customer perspective as suggested by Lemon and Verhoef (2016). As described in chapter 2.1.3 this field of research is currently dominated by rather conceptual studies (e.g. Batra & Keller, 2016; Lemon & Verhoef, 2016) or ones that apply quantitative empirical methods to specific areas (e.g. Anderl, Schumann, et al., 2016; Baxendale et al., 2015; Rawson et al., 2013). Several publications mention that qualitative studies taking a more holistic standpoint would be beneficial to the debate (Batra & Keller, 2016; Lemon & Verhoef, 2016). My work also adds to the few studies taking a more marketing management point of view instead of observing customer attitudes. The holistic insights generated in this thesis can therefore form the basis for further endeavors, which may integrate the previously incomplete findings and those that focus on specific parts of the journey.
The four areas of customer experience determinants, consolidated based on the customer interview insights and described in chapter 4.2.5, extend the currently rather service-oriented viewpoints on how to measure the satisfaction of the customer (Klaus & Maklan, 2012; Parasuraman et al., 1988). While the identified determinants of customer experience are not yet able to measure this construct, they may act as a starting point for future endeavors developing a scale for the measurement of customer experience.

In terms of research on luxury marketing, previous efforts have also focused mainly on specific touchpoints (e.g. Dion & Borraz, 2017), the online and social media marketing environment (e.g. A. J. Kim & Ko, 2012), customer’s consumption attitudes and their antecedents (e.g. Eastman & Liu, 2012; Giovannini et al., 2015), or on specific luxury industries (e.g. Fionda & Moore, 2009). My research adds to these efforts from three perspectives. First, via the analysis of brands’ goals along the customer journey, I take on a marketing performance management perspective to the luxury industry. This point of view could assist luxury brands in extending their performance measures from pure financial and customer satisfaction elements to more holistic systems taking into account the different journey stages. Second, I add a behavioral purchasing perspective to the more attitude focused research field of luxury marketing, which provides more context than quantitative studies analyzing the effect of certain touchpoints on purchase intentions. This qualitative setting can also be the basis for future endeavors of this kind, which can base their hypotheses on the contextual and holistic insights drawn from my efforts. Finally, I add to the spectrum an integrative and comparative study spanning across several luxury industries.

In terms of the Millennial cohort, there have already been considerable efforts to explore common Millennial traits (e.g. Bolton et al., 2013; Noble et al., 2009). Analyses of Millennial purchase behavior are again typically characterized by specific situations and quantitative methods (Hall & Towers, 2017). Furthermore, despite many indications regarding the differences among Millennial customers, few segmentation efforts exist (Fromm & Garton, 2013; Interbrand Design Forum, 2015). My research effort takes up the increasing interest in the Millennial customer group and expands the horizon of these perspectives. First, I add an additional empirical basis to existing descriptions of common Millennial traits, which are often also described according to observable phenomena. Second, I expand on the incomplete insights previously available on Millennial purchasing behavior, integrating both online and offline touchpoints and focusing on luxury purchases. Third, the conducted segmentation effort confirms the indications that heterogeneity exists within the cohort. This is supported by the
extraction of five segments based on luxury-specific segmentation criteria. The segments can serve as a basis for future research in the luxury area, focusing not only on how brands can target the Millennial cohort as a whole but also adjusting to the different needs of the customer groups. Adopting a focused approach when segmenting appears to be a meaningful way to generate relevant insight for a specific sector compared to simply applying demographic criteria. Lastly, my research provides a European perspective on the Millennial cohort, which adds to the predominantly Asian and American findings on Millennials and Millennial luxury shoppers.

7.3 Managerial Implications

The topic of touchpoint management and how to attract potential customers of the Millennial cohort are of the highest importance for managers, not only of luxury brands, but also of other companies making the following implications relevant for both groups of practitioners.

First, the thesis at hand provided profound insights on the Millennial cohort, both regarding their attitudes towards luxury and luxury consumption, and in terms of their buying behavior and preferences. While a broad range of publications exist describing the Millennial phenomena and stereotypes ascribed to them, there is a limited empirical basis marketing managers can refer to, especially in the luxury sector. The insights presented above, especially on Millennials’ spending behavior, decision processes, and the description of differences that exist among the various types of Millennial customers, can provide important insights for managers. Many of the experts interviewed throughout the development of my dissertation mentioned that, although Millennial customers are an important topic in the luxury industry, there is still a significant level of insecurity about how to attract them. The luxury-specific insights on the generation can, therefore, assist these industry practitioners to develop their future marketing activities, but also to potentially adjust other aspects of their activities to this younger clientele.

Second, the developed touchpoint strategy concept is a ready-to-use tool for structuring every brand managers’ approach to organizing their portfolio of touchpoints. Using the identified characteristics of Millennial customer journeys, these managers can plan how to deal with their length, distractedness, diversity, and online affinity. The identified critical touchpoints enable them to focus their resources and monetary means on a few touchpoints that they “need to get right”, instead of trying to be present at every single possible point. The strategic touchpoint groups assist managers to choose
complementary touchpoints and design them to have a meaningful place in their touchpoint puzzle. Finally, the concept and the insights on luxury brands’ goals along the customer journey may also serve as the basis for a more structured performance management approach.

7.4 Limitations and Further Research

The limitations of this dissertation predominantly arise for two reasons: its explorative and holistic approach and the chosen focus areas. In terms of the explorative approach, the following limitations can be identified. First, as two empirical studies were conducted with a qualitative data analysis approach, they suffer from the common drawbacks associated with this methodology. Qualitative data analysis is always based on the researcher’s subjective viewpoint and way of interpretation when coding and then analyzing the qualitative materials. Consequently, another researcher’s results may reveal different or additional patterns in the data. Hence, a direct replication of the findings may not be possible to confirm their validity. Despite this, the qualitative approach was necessary to add important insights to a field dominated by quantitative empirical studies, targeting only parts of the overall puzzle and analyzing them in detail.

Another limitation stems from the self-reported retrospective nature of the customer interviews. As the customers told their purchasing experience themselves, they added their subjective viewpoint to what happened along their journey. This was likely reinforced by the fact that they spoke about an event or process that had happened in the past, which may lead to adjustments to the real process due to lapses in memory. As the purpose of the interviews was to gain a holistic picture of the customers’ perspective, these drawbacks of the chosen approach were acceptable. To mitigate the risk of creating a picture from the interviewee’s reports that was too subjective and distorted, I restricted the experiences to concrete purchase situations, to avoid interviewees speaking about hypothetical preferences, and limited the time frame of the purchase to the past 12 months, to lessen the negative factors related to memory.

Shifting the focus towards the quantitative segmentation studies, again, the limitations arise from the explorative goals of the project. The sample is based on a student population and cannot be seen as representative of the region’s entire Millennial population. The advantages of using a student sample mentioned in chapter 3.3.2, however, outbalanced the limitations that arose with this decision, as the goal of the study was merely to get an indication of which customer segments exist and not how the population splits across the segments. Nevertheless, it should be noted that the
segmentation is somewhat restricted to the younger part of the Millennial cohort currently attending university, while the interviews and the overall Millennial customer base spans across a broader age segment.

Regarding the behavioral aspects of the segmentation effort, limitations exist in the description of the material positioner and immaterial experiencer segment due to low representation of these two segments in the interviewee base. The behavior and preference descriptions are based on two interviews for the material positioners and on one interview for the immaterial experiencer, a sample size that is insufficient. While these few cases provide initial indications on the aspects of interest, in future studies, it may be worth increasing the number of customers surveyed to provide a more well-rounded picture of the two segments.

The research focus of the dissertation was located in Europe and the GSA region. While the segmentation spanned across Germany, Austria, Switzerland, France, and Italy, the experts’ current locations covered Germany, Switzerland, the United Kingdom, Spain, and France. The customer interviews were only conducted with interviewees from the GSA region. Despite this narrower focus for the customer interviews, an application of the findings for other European regions seems appropriate, as my other two studies did not find significant differences across European countries. However, the insights do not provide support for the Asian or American context. While brand goals will probably not differ significantly, customer preferences, especially for the Asian region, would need to be analyzed to evaluate the adaptability of the proposed touchpoint strategy concept to this region.

Finally, while several luxury industries were included, the analyses were still limited to certain industries. The focus in the customer interviews was on apparel and accessories, hard luxury, and hotels, for which the developed results have a high applicability. Other personal luxury and travel industries were included in the expert interviews, such as private travel, leisure, food and beverage, and cosmetics companies. For the travel and gastronomy areas, the findings developed for hotels may be applicable. Application of the touchpoint strategy concept also seems feasible for food and beverage, and cosmetics, as well as other fast-moving luxury goods. In this case, the expert interviews showed that brands are more moment-oriented, which would be supported by the touchpoint strategy concept in contrast to a more journey-oriented management of touchpoints. For other luxury industries, such as furniture or cars, an application would need to be evaluated.
The presented limitations indicate several areas where further research endeavors can meaningfully extend our understanding of the focus topics. The holistic qualitative approach serves as an effective starting point for these endeavors, which can be categorized into three areas. First, the developed qualitative basis can be validated and refined; second, researchers can select certain elements of the developed concept, for example, specific touchpoints and explore or analyze them in more detail; and third, one could apply the concept to particular companies or industry segments.

In the first area, an initial step could be the general validation of the developed touchpoint strategy concept and the underlying insights on customer journeys for luxury. To do so, it would be appropriate to use the developed insights on the different stages that exist to structure a quantitative questionnaire and identify which touchpoints are used in each of the stages. This could form part of a larger scale effort to validate the findings on critical touchpoints and typical paths. In addition, the presented findings indicate several correlations among the examined elements. These correlations could be tested in several quantitative research endeavors, for example, analyzing the effect of different touchpoints on the customers’ purchase intention or purchase behavior, or their effect on other success factors, such as attraction, excitement, satisfaction, loyalty, engagement, and advocacy. In this way, the overall construct of the luxury-focused customer journey that forms the basis for the touchpoint strategy concept can be substantiated.

The second area opens up the field for both qualitative and quantitative studies that take as subjects of examination specific touchpoints or groups of touchpoints in the luxury context. Examples could be centered on either qualitative explorations of WOM dynamics or more quantitative analyses of its antecedents and consequences as this touchpoint is such a core driver of luxury brands’ success but cannot be directly influenced. Another comprehensive study could consider the store and staff experience in more detail. This would support brands in determining the way they manage and design this critical touchpoint group to serve Millennials. Similar approaches could be applied to extending upon the other critical touchpoints, but also other important touchpoints, such as brands’ online shops. Such research could consider how online shops can be successfully shaped in order to serve as a facilitator while not reducing the experience aspect of a customer’s journey.

Finally, the concept of touchpoint strategies can itself form the focus of additional efforts. One idea could be to analyze existing brands’ efforts and categorizing them into the concept, which could lead to the identification of patterns in brands’ touchpoint
strategies or certain dominant archetypes. In a second step, these patterns or archetypes could be analyzed in terms of their success on the market, or in certain areas. One could try to identify if specific patterns prevail in specific industries or are connected to particular brand attributes. In addition to these luxury-focused endeavors, one could also shift the focus towards the previously mentioned potential application and adaptation of the concept to a broader context. Directions of adaptation could, in this case, be targeted towards applying the concept to another industry context within luxury, applying it to a non-luxury environment, or changing the customer scope geographically to other important markets, such as Asia or North America, or more emerging ones, like South America. In addition, one could consider testing the adaptability of the concept to other generational cohorts, either extending it to the even younger Gen Z or to the currently still highly relevant Baby Boomers and Generation X.

To conclude, as the topic of touchpoint management is receiving more and more interest both from scholars and practitioners, my findings, especially the developed touchpoint strategy concept, form the basis for useful future research endeavors in the field. The broad orientation and qualitative explorative approach I applied serve as a holistic and well-structured foundation for the development of additional insights and the further advancement of the developed concept.
Bibliography


Soh, C. Q. Y., Rezaei, S., & Gu, M. L. (2017). A structural model of the antecedents and
consequences of Generation Y luxury fashion goods purchase decisions. *Young Consumers, 18*(2), 180–204.


Appendix

Appendix A: Interview Guide for Expert Interviews

Lead in:
- I am writing my PhD thesis at the University of St. Gallen with the Competence Center for Luxury Management. The topic is touchpoint strategies for luxury brands in a Millennial market. The research questions are as follows: what constitutes success for luxury brands along the customer journey? What are key changes in customer preferences relevant to luxury brands? And what characterizes successful touchpoint strategies?
- This interview focuses on the conceptualization of the customer journey for luxury brands, how success can be defined along the customer journey, and explores touchpoint management in the luxury industry. The interview will take approximately 30-60 minutes. There are no right or wrong answers, I am only interested in your opinion and point of view on the topics.
- As mentioned in the invitation email, your answers will be treated anonymously to not allow any individual references. With your agreement, I will record the interview.
- Demographics (Name, Position, Company/Brand).

(I) Customer Journeys:
- Please describe the process of successfully attracting a new customer for your brand?
- If not mentioned, please describe him/her becoming a loyal customer?
- What are the different stages he/she goes through?
- Please evaluate how this journey differs from the purchase of a mass market brand?

(II) Constituting Success:
- How would you constitute success for your brand in the different stages?
- How do you measure your success?
- Please name specific Key Performance Indicators you (would) apply.

(III) Touchpoint Management:
- Per stage, how have you traditionally reached these goals? Via which touchpoints?
- How do you manage your touchpoints today?

(IV) Millennials:
- [Moderation] Let us now think about Millennial customers, which we define as the generation born between the 1980 and 1999. Hence, they are currently between 17 and 27 years old.
- Where are, from your point of view, the biggest differences with younger customers / the Millennials?
- Does your brand already react to these differences and how?

Closing:
- What are aspects that you would like to better understand about Millennials’ luxury purchasing behavior?
- Are there any questions from your side?
- Are there any other unexpressed thoughts about the topic that you would like to share with me?
Appendix B: Example Code Summary from Expert Interviews

<table>
<thead>
<tr>
<th>Luxury specifics</th>
<th>Current touchpoint management</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Personalization</td>
<td>• Omnichannel approach (mobile, online, retail)</td>
</tr>
<tr>
<td>• Highest standards</td>
<td>• Complementary content</td>
</tr>
<tr>
<td>• Customer-led journey</td>
<td>• Holistic touchpoint picture</td>
</tr>
<tr>
<td></td>
<td>• Uniform appearance</td>
</tr>
<tr>
<td></td>
<td>• Clear brand image</td>
</tr>
<tr>
<td></td>
<td>• One central person</td>
</tr>
<tr>
<td></td>
<td>• Cross-functional organization</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stages</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>Education Relevant information</td>
</tr>
<tr>
<td>Engagement</td>
<td>Welcome Discovery Excitement</td>
</tr>
<tr>
<td>Purchase</td>
<td>Customer registration</td>
</tr>
<tr>
<td>Follow-up</td>
<td>Loyalty: Confirm brand fit Exceed expectations Usage needs to excite</td>
</tr>
<tr>
<td>Stay in touch</td>
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</table>

<table>
<thead>
<tr>
<th>Touchpoints</th>
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<tr>
<td>Online touchpoints</td>
<td>Product</td>
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<td>Mobile touchpoints way</td>
<td>Staff</td>
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<td>Mobile touchpoints</td>
<td>Survey</td>
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<tr>
<td>Retail</td>
<td>Mobile touchpoints</td>
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<td>Trusted advisor Events</td>
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<tr>
<th>Goals</th>
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<td>Attract</td>
<td>Emotionality</td>
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<tr>
<td>Desire</td>
<td>Excite Purchase intention Conversion</td>
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<tr>
<td>Excite</td>
<td>Make loyal Satisfaction</td>
</tr>
<tr>
<td>Awareness</td>
<td>Engage Excite Sustainable success Make loyal Experience and emotionality</td>
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<tr>
<td>Brand perception</td>
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<table>
<thead>
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<th>Additional notes</th>
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</tr>
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<td>Storytelling</td>
<td>Quality is a hygiene criterion Segment specific targeting</td>
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<td>Entertainment</td>
<td></td>
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<tr>
<td>Experiences</td>
<td></td>
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<tr>
<td>Role of staff</td>
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</table>
## Appendix C: Price Thresholds for Customer Interviews

<table>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel &amp; Accessories</td>
<td>Handbag</td>
<td>806€</td>
<td>n/a</td>
<td>1000€</td>
<td>800€</td>
</tr>
<tr>
<td></td>
<td>Pair of Jeans/Pants or similar</td>
<td>229€</td>
<td>n/a</td>
<td>250€</td>
<td>250€</td>
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<tr>
<td></td>
<td>Dress or suit</td>
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<td>n/a</td>
<td>1200€</td>
<td>700€</td>
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<tr>
<td></td>
<td>Pair of shoes</td>
<td>340€/350€</td>
<td></td>
<td>300€</td>
<td>350€</td>
</tr>
<tr>
<td></td>
<td>Sunglasses</td>
<td>233€/350€</td>
<td></td>
<td>180€</td>
<td>250€</td>
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<td>Hard Luxury</td>
<td>Watch</td>
<td>2550€</td>
<td>n/a</td>
<td>2000€</td>
<td>2500€</td>
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<td></td>
<td>Piece of</td>
<td>1309€</td>
<td>n/a</td>
<td>1200€</td>
<td>1200€</td>
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<td>Food &amp; Beverage</td>
<td>Bottle of wine or champagne</td>
<td>83€/100€</td>
<td></td>
<td>100€</td>
<td>Not included</td>
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<td>Hospitality &amp; Travel</td>
<td>Hotel night</td>
<td>325€</td>
<td>n/a</td>
<td>450€</td>
<td>300€</td>
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<tr>
<td></td>
<td>Long-distance</td>
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<td>n/a</td>
<td>Not included</td>
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</table>
Appendix D: Interview Guide for Millennial Customer Interviews

Intro

- Thanks again for participating in my research. As I stated in my email, I am a PhD student at the University of St. Gallen, focusing on the topic of touchpoint management in the luxury sector. As part of this research, I am conducting these interviews with luxury brand customers. As mentioned in the invitation email, your answers will be treated anonymously to not allow any individual references. With your agreement, I will record the interview.
- There are no right or wrong answers in this interview. I am simply interested in your experience and opinion. The main part of the interview is about you telling me your story, from the beginning to the end and as detailed as possible. From time to time, I may pose additional questions to really understand the full process in detail.

(1) Customer journey

- As indicated in your reply, you have recently bought a brand and product. If you think back, where were you when you first thought about buying this product? What kind of situation was it?
- How did the process continue? What was the next step? (Further probing questions depending on conversation, see below)
- And after the purchase, did you have any further touchpoint with the brand?
- If we go back further, do you remember, when you heard of this brand for the first time? What kind of situation was that? Do you think that this had an impact on your purchase decision? Was this your first purchase at this brand?

(2) Customer experience preferences

- From your point of view, what was the key factor that led to your decision to buy this product?
I think, I have now gained a good understanding of the purchase process. To finish up the interview; I would have some more specific questions about your purchase experience.
- On a scale from 1-10, how would you rate your overall experience of this purchase?
- What was very positive about your experience?
- What did you not like/could have been better about your experience?

(3) Customer expectations

- How do your expectations differ when you purchase a luxury product/service compared to a “mass market” one?

(4) Millennial specifics

- What do you think are the key differences in the process we went through when you would compare it to e.g. your parents shopping for this kind of product or a person that is around 20 years older than you?
(5) Demographics
- Age, Occupation
- Would you consider yourself a frequent buyer of luxury brands?
- How high would you rate your interest in luxury brands and products?

Closing / Outlook
- Are there any questions from your side?
- Are there any other unexpressed thoughts about the topic that you would like to share with me?

Probing questions to secure information on when, where, what has been done why
- What did you do next?
- Which touchpoints did you have with the brand in this step?
- Where did you do xxx?
- Why did you consult/do xxx?
- What was your goal when doing xxx?
- Have you had any touchpoints with this brand since the purchase? Did you find these positive or negative? Did you actively look for them or not?
## Appendix E: Example Code Summary from Customer Interviews

### Reasons for decision
- Decision taken earlier
- Experience
- Atmosphere (pos)
- Price (pos)
- Staff (pos)
- Family/friends

### Positive
- Atmosphere
- Staff
- Very friendly
- Feel at ease
- Exclusivity
- No pressure
- Treat as adult

### Negative
- n/a

### Expectations
- Atmosphere
- Experience
- High quality of information
- Service level
- Show products/alternatives
- Time
- Well-trained staff

### Millennial specifics
- Longer process
- Price oriented

### Stages

<table>
<thead>
<tr>
<th>Awareness</th>
<th>Awareness Interest</th>
<th>Consideration</th>
<th>Awareness Consultation</th>
<th>Decision</th>
<th>Purchase</th>
<th>Product handover</th>
<th>Post-purchase Loyalty</th>
<th>Touchpoints</th>
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</thead>
<tbody>
<tr>
<td>Influence/blogger TV show Product</td>
<td>Family/friends Website</td>
<td>Retail Staff Product Family/friends Website</td>
<td>Direct contact</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small talk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Touchpoints
- Websit

### Intention
- Check prices
- Purchase
- Purchase
- Check options

### Additional notes
- Decision made earlier
- Expect:
  - No waiting
  - Privacy
  - Welcome
  - Drink offered
  - Friendly staff
  - Brand history & story
- Payment did not work first time
- Little present offered
- Beautiful packaging
- Personalization
- Happy

159
### Appendix F: List of Universities

<table>
<thead>
<tr>
<th>No.</th>
<th>University</th>
<th>Country</th>
<th>Collected data sets</th>
<th>Cleaned data sets</th>
<th>Used responses based on participants’ nationality</th>
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<td>1</td>
<td>International School of Management</td>
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<td>152</td>
<td>131</td>
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<td>100</td>
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<tr>
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<td>UTS Business School</td>
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<td>11</td>
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<tr>
<td>13</td>
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<td>Seoul National University</td>
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</tbody>
</table>
Appendix G: Online Survey Millennial Segmentation Study

The screenshots represent an exemplary questionnaire for the International School of Management, Germany. The questionnaire was locally adapted to reflect differences in income levels and demographic criteria.

Page 1: Landing Page

Did you ever notice how young people, members of Generations Y and Z, Millennials, or however you want to call the people born between 1980 and 2000, are generalized into one group of thought and behavior? With this survey we want to go beyond the stereotypes and explore the facets of our generation; especially its consumption attitudes and preferences. To succeed in this endeavor, we ask you to join us in exploring your idea of a luxury - a particularly desirable thing or experience.

A few quick facts about this study:

- Participation takes 10 minutes, it is anonymous.
- Use of gathered data is academic. You help supporting several academic research projects - from masters’ theses to doctoral projects - around the globe.
- This is a multinational study: help us generate a strong voice from our university!

We are excited to learn about each and everyone’s point of view.

Thank you for participating!

Kindly
Your study team

Prof. Dr. Philipp Rathgeber
International School of Management, Munich
philipp.rathgeber@ism.de

Dr. Benjamin Berghaus
Head of the Competence Center for Luxury Management at University of St. Gallen, Switzerland

Lara Haug
Associate at the Competence Center for Luxury Management
University of St. Gallen, Switzerland

Next
Page 2: Demographics

To get started, we would like to learn some basic facts about you. Of course, nothing to track you down - just an idea of which general demographics apply to you.

Which field of studies are you enrolled in?
Please select...

Please state your gender.
- Female
- Male

What is your year of birth?

Which country do you currently live in?
Please select...

Which country represents your (primary) nationality?
Please select...

Please state the budget you have at your monthly disposal, overall.
(I.e. your net income bracket)
- <1.000 EUR
- 1.000 EUR - 1.249 EUR
- 1.250 EUR - 1.499 EUR
- 1.500 EUR - 1.749 EUR
- 1.750 EUR - 1.999 EUR
- 2.000 EUR or more
- Prefer not to answer

Please state the budget you have at your monthly disposal for leisure spending.
(I.e. after deduction of recurring monthly cost like rent, food, insurance etc.)
- <500 EUR
- 500 EUR - 749 EUR
- 750 EUR - 999 EUR
- 1.000 EUR - 1.249 EUR
- 1.250 EUR - 1.499 EUR
- 1.500 EUR or more
- Prefer not to answer

Please give us a rough indication to which degree you finance your budget by yourself.

<table>
<thead>
<tr>
<th>I finance my budget on my own (e.g. through my own employment).</th>
<th>Mostly, I finance my budget myself.</th>
<th>Balanced between own and external financing.</th>
<th>Mostly, my budget is financed externally (e.g. through my family).</th>
<th>My budget is financed externally (e.g. through my family).</th>
</tr>
</thead>
</table>

Page 3: General concept of luxury

Now, we would like to get an understanding on what luxury means to you. What a luxury might be is highly subjective and there is certainly no right or wrong answer. Please share your thoughts on what you consider a true luxury.

What is luxury to you?
(Feel free to keep this short and sweet - three words max)

Your initial association with luxury:

Please indicate which way you’d rather complete the following sentence:

A luxury is...

...rather an experience.  agree more  equal  agree more  ...a thing I can own.
...manifested by complexity.  agree more  equal  agree more  ...manifested by simplicity.
...something you buy.  agree more  equal  agree more  ...something you can’t buy.
...known only to few.  agree more  equal  agree more  ...widely recognized.
...a bit of a sin.  agree more  equal  agree more  ...simply a reward.
...generally enjoyed publicly.  agree more  equal  agree more  ...rather enjoyed in private.
...changing over time.  agree more  equal  agree more  ...constant through time.
Page 4: Brand Luxury Index (BLI)

As we have just seen, the term luxury can have many different meanings to people. In the next sections, we want to focus more on the commercial side of luxury; i.e., talking about luxury brands, expensive things or experiences you can buy. Let's see, how you think about this particular area.

What relationship do you have to commercial luxuries?

Please select...

Which category of luxury brands do you regard as the most interesting one?

Please select...

Please state the name of a commercial luxury brand you like.

Which option best describes your relation to this brand?

Please select...

Which of either of the groups of statements provide a better description of this brand?

| Influential, fairly powerful, pleasing, and well regarded | Leading, very powerful, rewarding, and successful |
| Fairly exclusive, valuable, uncommon, and unusual | Very exclusive, precious, rare, and unique |
| Tasteful, attractive, and memorable | Exquisite, glamorous, and stunning |
| Noticeable, popular, affordable, and for well-off people | Conspicuous, elitist, extremely expensive, and for wealthy people |
| Manufactured, upmarket, good quality, original, better | Crafted, luxurious, best quality, sophisticated, superior |

Page 5: Brand Meaning

Let's look a little closer at branded luxury products or services: in which way does the brand of a luxury good matter to you? For most people, reasons vary widely and there is obviously no right answer. What's your take on the role of luxury brands?

Please indicate to which degree you agree with the following statements:

I prefer brands associated with my national heritage.

My choice of a brand says something about the people I like to associate with.

A brand name is an important source of information about the durability and reliability of the product.

My choice of brand says something about me as a person.

I buy brands in order to continue family traditions.

I choose brands because I support the values they stand for.

I communicate my achievements through the brands I use.
Page 6: Social Media Motivations

Next, we want to dig into something that really gets us to what the “next generation” stands for: social media. First, we’d like to find out whether this is a topic of relevance to you.

**To which degree do you engage in social media?**

<table>
<thead>
<tr>
<th>I do not use social media at all. It does not interest me.</th>
<th>I have an account, but do not use it often.</th>
<th>I use social media, but rather passively (mostly for reading).</th>
<th>I use social media rather actively (liking, posting, sharing).</th>
<th>I actively use social media and it is an important part of my life.</th>
</tr>
</thead>
</table>

**To which degree do the following statements describe your regular behavior and/or attitudes?**

<table>
<thead>
<tr>
<th>I think the entertaining content provided by a brand on social media positively influences the customer attitudes and company’s image.</th>
<th>not at all descriptive of me</th>
<th>somewhat descriptive of me</th>
<th>completely descriptive of me</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Social media provides a reliable information resource by enabling a transparent integration between brands and consumers.</th>
<th>not at all descriptive of me</th>
<th>somewhat descriptive of me</th>
<th>completely descriptive of me</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>I follow the brands on social media which I consume and/or purchase often.</th>
<th>not at all descriptive of me</th>
<th>somewhat descriptive of me</th>
<th>completely descriptive of me</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>To me, social media is a very convenient tool for the customers to transmit their complaints and suggestions to the brands.</th>
<th>not at all descriptive of me</th>
<th>somewhat descriptive of me</th>
<th>completely descriptive of me</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>I think it is possible to communicate instantly with brands on social media without any time and space boundaries.</th>
<th>not at all descriptive of me</th>
<th>somewhat descriptive of me</th>
<th>completely descriptive of me</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>I believe that the product-related information which can be gathered from social media is relatively reliable.</th>
<th>not at all descriptive of me</th>
<th>somewhat descriptive of me</th>
<th>completely descriptive of me</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>On social media, I follow some brands that I fancy to buy in future, although I can’t afford buying right now.</th>
<th>not at all descriptive of me</th>
<th>somewhat descriptive of me</th>
<th>completely descriptive of me</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Following brands on social media helps me to get information about new offerings.</th>
<th>not at all descriptive of me</th>
<th>somewhat descriptive of me</th>
<th>completely descriptive of me</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>I like the influential and creative contents on social media which were generated by the brands.</th>
<th>not at all descriptive of me</th>
<th>somewhat descriptive of me</th>
<th>completely descriptive of me</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>By following the social media pages of brands, I can be informed of the discounts and promotions without visiting any stores and/or shops.</th>
<th>not at all descriptive of me</th>
<th>somewhat descriptive of me</th>
<th>completely descriptive of me</th>
</tr>
</thead>
</table>

164
Appendix

Page 7: Ethically minded consumer behavior

Thank you for your input on social media! Of course, if you discuss Millennials, you cannot gloss over social and environmental responsibility - a challenging subject for luxury brands. Some say this is just an afterthought, others put it front and center. What do you think?

Please indicate to which degree you agree with the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>fully disagree</th>
<th>partially agree</th>
<th>fully agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whenever possible, I buy products packaged in reusable or recyclable containers.</td>
<td>○</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>I have paid more for environmentally friendly products even though there was a cheaper alternative.</td>
<td>○</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>If I understand the potential damage to the environment that some products can cause, I do not purchase those products.</td>
<td>○</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>I do not buy household products that harm the environment.</td>
<td>○</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>I make every effort to buy textiles as second hand or made from recycled fabrics.</td>
<td>○</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>I will not buy a product if I know that the company that sells it is socially irresponsible.</td>
<td>○</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>I have switched products for environmental reasons.</td>
<td>○</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>I do not buy products from companies that I know use sweatshop labor, child labor, or other poor working conditions.</td>
<td>○</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>When there is a choice, I always choose the product that contributes to the least amount of environmental damage.</td>
<td>○</td>
<td>○</td>
<td></td>
</tr>
<tr>
<td>I have paid more for socially responsible products even though there was a cheaper alternative.</td>
<td>○</td>
<td>○</td>
<td></td>
</tr>
</tbody>
</table>

Page 8: Schwartz Value Scale

Let’s move on to some more fundamental thoughts - those thoughts that revolve on the key things in life. What is really important to you? What do you value the most and what can you do without? Please give us your perspective below.

Please rate the importance of the descriptions below as life-guiding principles for you.

<table>
<thead>
<tr>
<th>Principle</th>
<th>agree more</th>
<th>equal</th>
<th>agree more</th>
</tr>
</thead>
<tbody>
<tr>
<td>broad-mindedness, helpfulness</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>honesty, forgiveness</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>loyalty, obedience</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>self-discipline, politeness</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>respect for tradition, social order</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>national security, family security, wealth</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>influence on people and events</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>an exciting life, daring</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>curiosity, independence</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>equality, wisdom, choosing one's own goals</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

165
Page 9: Consumer value orientation for materialism

The reasons why we do spend money on certain things are as broad as there are products to buy. In the end, it all comes down to what our attitude is towards consumption and ownership - two concepts that are intensely discussed right now. Your take?

Please indicate to which degree you agree with the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>fully disagree</th>
<th>partially agree</th>
<th>fully agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>I enjoy spending money on things that are not practical.</td>
<td>○</td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>I usually buy only the things I need.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I admire people who own expensive homes, cars, and clothes.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I would not be any happier if I owned nicer things.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I have all the things I really need to enjoy life.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>The things I own say a lot about how well I’m doing in life.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I would not place much emphasis on the amount of material objects people own as a sign of success.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>My life would be better if I owned certain things I do not have.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I try to keep my life simple, as far as possessions are concerned.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Some of the most important achievements in life include acquiring material possessions.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I would be happier if I could afford to buy more things.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>The things I own are not all that important to me.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

Page 10: Consumer Arrogance

Finally, we found a couple of statements to be quite interesting to the idea of why people consume luxuries. As a closing question, please state to which degree you can identify with the below statements.

Please indicate to which degree you agree with either one or the other of the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>agree more</th>
<th>equal</th>
<th>agree more</th>
</tr>
</thead>
<tbody>
<tr>
<td>I like to show others what I buy. I tend to choose showy products.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I try not to buy products that attract attention. I do not tend to choose showy products.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I love it when people show interest in what I buy.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I do not care if people show interest in what I buy.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I prefer to buy only name brands.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I generally do not buy name brands.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I tend to buy only in prestigious stores.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I do not tend to buy in prestigious stores.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>I usually know what the best buy is. I tend to buy better products than most people I know.</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

Page 11: Feedback

You have completed all of our questions. We would like to briefly ask you about feedback on our survey.

If you have any comments on our survey, feel free to let us know.
Page 12: Thank you page and contact details

Thank you for participating!

Kindly
Your study team

Prof. Dr. Philipp Rathgeber
International School of Management, Munich
philipp.rathgeber@ism.de

Dr. Benjamin Berghaus
Head of the Competence Center for Luxury Management at University of St. Gallen, Switzerland

Lara Haug
Associate at the Competence Center for Luxury Management University of St. Gallen, Switzerland
Appendix H: Overview of Millennial Experience Drivers

Positive Experience Aspects Mentioned by Millennials

Coded positive aspects of the customer experience at least mentioned twice

<table>
<thead>
<tr>
<th>Rank</th>
<th>Positive Experience Aspects</th>
<th>Number of Times Mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Service</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Staff</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>Very friendly</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>Atmosphere</td>
<td>9</td>
</tr>
<tr>
<td>5</td>
<td>Experience</td>
<td>9</td>
</tr>
<tr>
<td>6</td>
<td>No pressure</td>
<td>9</td>
</tr>
<tr>
<td>7</td>
<td>Availability</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>Smooth process</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>Product</td>
<td>8</td>
</tr>
<tr>
<td>10</td>
<td>Feel at ease</td>
<td>7</td>
</tr>
<tr>
<td>11</td>
<td>Overview of offer</td>
<td>6</td>
</tr>
<tr>
<td>12</td>
<td>Welcome</td>
<td>6</td>
</tr>
<tr>
<td>13</td>
<td>Take time</td>
<td>5</td>
</tr>
<tr>
<td>14</td>
<td>Fast delivery</td>
<td>5</td>
</tr>
<tr>
<td>15</td>
<td>Treated as adult</td>
<td>5</td>
</tr>
<tr>
<td>16</td>
<td>Exclusivity</td>
<td>5</td>
</tr>
<tr>
<td>17</td>
<td>Quality</td>
<td>5</td>
</tr>
<tr>
<td>18</td>
<td>Information quality</td>
<td>5</td>
</tr>
<tr>
<td>19</td>
<td>Beautiful packaging</td>
<td>3</td>
</tr>
<tr>
<td>20</td>
<td>Information online</td>
<td>3</td>
</tr>
<tr>
<td>21</td>
<td>Presence online</td>
<td>3</td>
</tr>
<tr>
<td>22</td>
<td>User Experience</td>
<td>2</td>
</tr>
<tr>
<td>23</td>
<td>Privacy</td>
<td>2</td>
</tr>
<tr>
<td>24</td>
<td>Not everyone has it</td>
<td>2</td>
</tr>
<tr>
<td>25</td>
<td>Personal contact</td>
<td>2</td>
</tr>
<tr>
<td>26</td>
<td>Price</td>
<td>2</td>
</tr>
</tbody>
</table>
### Negative Experience Aspects Mentioned by Millennials

Coded negative aspects of the customer experience at least mentioned twice

<table>
<thead>
<tr>
<th>Rank</th>
<th>Positive Experience Aspects</th>
<th>Number of Times Mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Too crowded retail space</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>No experience</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>No availability</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Service</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Feel judged</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Long waiting</td>
<td>4</td>
</tr>
<tr>
<td>7</td>
<td>Snobbish staff</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td>No appreciation</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>Overpriced</td>
<td>3</td>
</tr>
<tr>
<td>10</td>
<td>Price on website vs platform</td>
<td>2</td>
</tr>
<tr>
<td>11</td>
<td>Payment</td>
<td>2</td>
</tr>
<tr>
<td>12</td>
<td>No personalization</td>
<td>2</td>
</tr>
<tr>
<td>13</td>
<td>Retail</td>
<td>2</td>
</tr>
</tbody>
</table>

### Millennial Expectations Towards Luxury Brands

Coded expectations towards luxury brands that were at least mentioned twice

<table>
<thead>
<tr>
<th>Rank</th>
<th>Expectation</th>
<th>Number of Times Mentioned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Service level</td>
<td>18</td>
</tr>
<tr>
<td>2</td>
<td>Well-trained staff</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>Quality</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>Experience</td>
<td>9</td>
</tr>
<tr>
<td>5</td>
<td>Atmosphere</td>
<td>6</td>
</tr>
<tr>
<td>6</td>
<td>High quality of information</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Friendly</td>
<td>5</td>
</tr>
<tr>
<td>8</td>
<td>Show products/alternatives</td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>Take time</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>Personal aspect</td>
<td>3</td>
</tr>
<tr>
<td>11</td>
<td>Availability</td>
<td>3</td>
</tr>
<tr>
<td>12</td>
<td>Retail presence</td>
<td>3</td>
</tr>
<tr>
<td>13</td>
<td>Privacy</td>
<td>2</td>
</tr>
<tr>
<td>14</td>
<td>No waiting</td>
<td>2</td>
</tr>
<tr>
<td>15</td>
<td>Timelessness</td>
<td>2</td>
</tr>
</tbody>
</table>
Appendix I: Top 30 Initial Associations with Luxury

Ranking of the answers to the open question “What is luxury to you? / Your initial association with luxury?” Answers were coded closely to the stated terms and not aggregated. French and Italian answers were directly coded with the English expression.

Overall Ranking

<table>
<thead>
<tr>
<th>Rank</th>
<th>Keyword</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Quality</td>
<td>92</td>
</tr>
<tr>
<td>2</td>
<td>Expensive</td>
<td>69</td>
</tr>
<tr>
<td>3</td>
<td>Wealth</td>
<td>66</td>
</tr>
<tr>
<td>4</td>
<td>Exclusivity</td>
<td>51</td>
</tr>
<tr>
<td>5</td>
<td>Beauty</td>
<td>33</td>
</tr>
<tr>
<td>6</td>
<td>Brand</td>
<td>32</td>
</tr>
<tr>
<td>7</td>
<td>Status</td>
<td>29</td>
</tr>
<tr>
<td>8</td>
<td>Money</td>
<td>27</td>
</tr>
<tr>
<td>9</td>
<td>Comfort</td>
<td>22</td>
</tr>
<tr>
<td>10</td>
<td>Braggy</td>
<td>21</td>
</tr>
<tr>
<td>11</td>
<td>Time</td>
<td>20</td>
</tr>
<tr>
<td>12</td>
<td>Lifestyle</td>
<td>19</td>
</tr>
<tr>
<td>13</td>
<td>Material goods</td>
<td>19</td>
</tr>
<tr>
<td>14</td>
<td>Not necessary</td>
<td>19</td>
</tr>
<tr>
<td>15</td>
<td>Special</td>
<td>19</td>
</tr>
<tr>
<td>16</td>
<td>Car</td>
<td>18</td>
</tr>
<tr>
<td>17</td>
<td>High Fashion</td>
<td>18</td>
</tr>
<tr>
<td>18</td>
<td>Abundance</td>
<td>17</td>
</tr>
<tr>
<td>19</td>
<td>Dream</td>
<td>17</td>
</tr>
<tr>
<td>20</td>
<td>Elegance</td>
<td>16</td>
</tr>
<tr>
<td>21</td>
<td>Freedom</td>
<td>15</td>
</tr>
<tr>
<td>22</td>
<td>Prestige</td>
<td>15</td>
</tr>
<tr>
<td>23</td>
<td>Uniqueness</td>
<td>15</td>
</tr>
<tr>
<td>24</td>
<td>Health</td>
<td>14</td>
</tr>
<tr>
<td>25</td>
<td>Experiences</td>
<td>12</td>
</tr>
<tr>
<td>26</td>
<td>Pleasure</td>
<td>12</td>
</tr>
<tr>
<td>27</td>
<td>Rare</td>
<td>12</td>
</tr>
<tr>
<td>28</td>
<td>Distinction</td>
<td>11</td>
</tr>
<tr>
<td>29</td>
<td>Happiness</td>
<td>11</td>
</tr>
<tr>
<td>30</td>
<td>Jewelry</td>
<td>11</td>
</tr>
</tbody>
</table>
## Initial Associations with Luxury Split by Millennial Customer Segments

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Curriculum Vitae – Lara Haug

Education

2016-2019 **University of St.Gallen**, St. Gallen, Switzerland
Doctor of Philosophy (PhD) in Marketing

2012-2014 **University of St.Gallen**, St. Gallen, Switzerland
Master of Arts HSG in Strategy and International Management
Master Thesis: *Acquisition Patterns in the Luxury Goods Sector*

2013-2013 **Università Commerciale Luigi Bocconi**, Milan, Italy
Exchange semester

2008-2011 **University of St.Gallen**, St. Gallen, Switzerland
Bachelor of Arts HSG in Business Administration
Bachelor Thesis: *Business Model Renewal: The Case of Goldman Sachs*

2010-2010 **University of Southern California**, Los Angeles, USA
Exchange semester at the Marshall School of Business

1999-2008 **Melanchthon Gymnasium Bretten**, Bretten, Germany
University entrance diploma

Work experience

Since 2014 **McKinsey & Company, Inc.**, Germany
Management Consultant, focus on consumer goods, apparel, and retail

2012-2013 **Horváth & Partner AG**, Switzerland
Working Student in the Competence Center Strategy & Sales

2012 **BASF Corp.**, USA
Intern in GBU Controlling and Mergers&Acquisitions

2012 **Beiersdorf AG**, Germany
Intern in International Brands Controlling

2011 **Horváth & Partner GmbH**, Germany
Intern in Management Consulting