

How does millennial luxury expectation's differ from Baby Boomers and what are the impacts on future strategies.

A qualitative research on Golden Crown, Muscat, Oman

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Acknowledgement

After the extensive research for 6 months I am glad and humbled to have finished my Professional MBA thesis. This would not have been possible without the guidance and support of several esteemed individuals.

I would first like to thank Golden Crown for the collaborative effort on my thesis. I have learned a great deal from them during my internship and would be forever indebted for providing me the access to information and personnel, which were crucial for my Thesis.

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I would lastly thank my Parents and friends for their undying confidence in me and for their constant support and encouragement. I hope this research study would be helpful for Golden crown for their future endeavors.

Kind Regards

Mili Nair

EXECUTIVE SUMMARY

Millennials have redefined the term luxury. Luxury no longer refers exclusively to expensive bags, shoes and watches. It now includes experiences like farm-to-table dining and “uber-luxe” travel. Millennials prefer experiences to things. Fashion brands are blurring the lines between luxury items and experiences. Luxury shopping *is* an experience, that’s the whole point. Digital platforms are creating new, interactive experiences every minute.

This year, Instagram is taking the fashion world by storm. According to digital marketing research there has been a 400 percent increase from last year in the Instagram posts of fashion brands. Designers are focused on giving Instagram influencers special treatment and access to their shows and collections. They are trying to make them fall in love

The study confirms people aspire to luxury fashion brands because they provide the thrill associated with the sense of belonging to a selected tribe while providing the unique opportunity to show off personal connoisseurship. However, in the more mature markets during the recent economic slowdown, customers have become increasingly price and quality conscious. They are willing to pay more if they are provided with better, customized, meaningful experiences and services while they approach, select and purchase a luxury product. Even customers in emerging markets are increasingly gaining ground, moving quickly up the Luxury Pyramid, from affordable and accessible logoed products to niche and exclusive goods.

For brands that respond to the ongoing “millennialization” of the luxury industry, there is significant growth potential in the years ahead. But not every brand can win. Already, a clear polarization of performance is apparent. From 2014 to 2017, 65% of brands managed to grow

revenue, but of that group, only 35% also managed to improve their profitability during the same period.

Page | 4 Thus the need of the hour for the luxury industry is to identify what are the expectations of the millennial luxury consumer and how can brands strategies to fulfill those requirements while still staying true to their identity and brand value.

Through this thesis the author wishes to deliver a comprehensive view on the subject which would be beneficial for the company during my internship as well as prove to a guide for brands trying to understand today's consumer's expectation. This would be helpful in aligning the strategies to the customer needs as well as for forecasting trends and planning marketing strategies.

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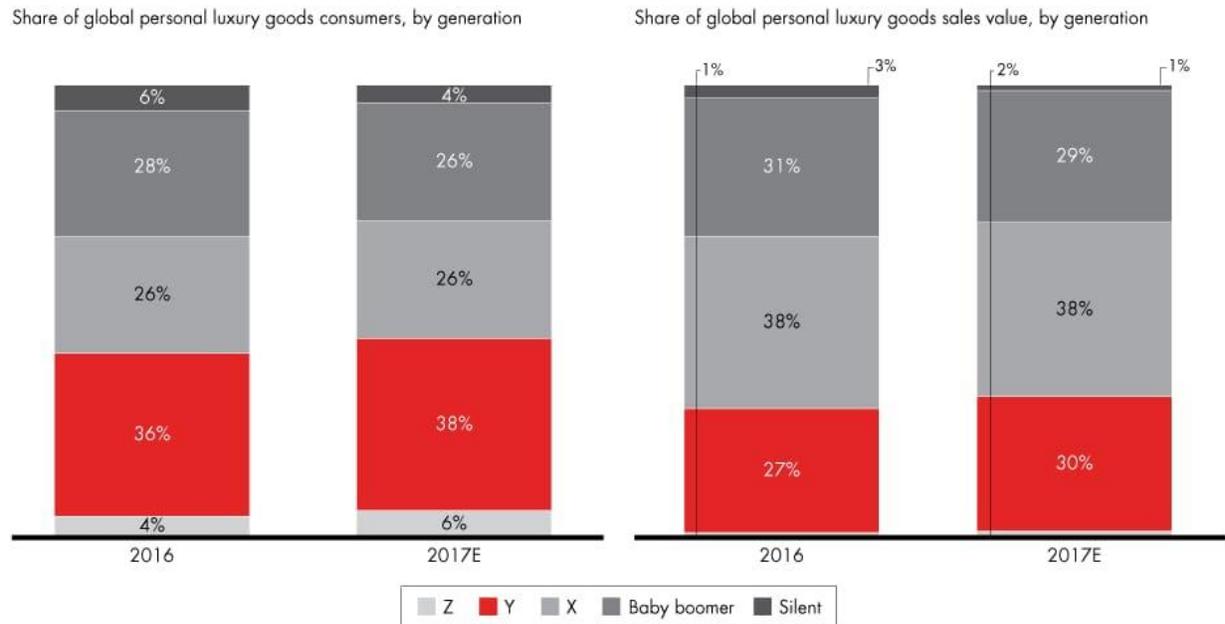
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1.1 Context

Today the top segments of the luxury and premium consumer markets are still dominated by Baby-Boomer and Generation X buyers – individuals who were born between the end of the Second World War through to 1980. This post-war generation may have adopted some of the online spending patterns of the generation that followed, but they also retain consumption habits that were formed in an earlier age: they are brand-loyal, they value traditional store buying and personal contact, and they respond to traditional brand messaging. They are modern but rooted. However they are becoming supplanted by a new generation, the much-talked about “millennials”.

Millennials mostly grew up in the internet era: their assumptions, their social patterns and (some of) their values are different. They are already an influential and growing segment of the premium consumer market. But they will soon become the dominant segment of that market. Companies that seek to succeed in premium markets need to understand this millennial segment of consumers. To reach them and convert them into premium customers they need to know what motivates them, what influences them, and how they influence others?

Figure 12: Gen Y already accounts for 30% of luxury sales, and Gen Z is on the rise



Source: Bain & Company

The “millennialization” of luxury customers

The main growth engine of the luxury market is a generational shift, with 85% of luxury growth in 2017 fueled by Generations Y and Z. But a broader “millennial state of mind” is permeating the luxury industry and changing the purchasing habits of all generations.

This shift in mindset is pushing luxury brands to redefine what they deliver to customers, and how they deliver it. As an illustration, luxury brands are reinterpreting streetwear to appeal to younger consumers. T-shirts, down jackets and sneakers were among the standout categories in 2017, growing by 25%, 15% and 10%, respectively. Overall, shoes, jewelry and handbags ranked as the three fastest-growing product categories this year, but apparel, beauty and handbags still account for the bulk of the market.

The future of luxury

Bain luxury study 2017 estimates that growth will continue at a 4%–5% compound annual rate over the next three years (at constant exchange rates), with the market for personal luxury goods reaching €295–€305 billion by 2020. Over the next decade, Bain expects that the luxury market’s

distribution footprint will evolve significantly. Physical stores will still account for 75% of purchases, but the mix of store formats will shift toward off-price stores and airport stores, to the detriment of monobrand stores, department stores and specialty stores. In addition, Bain Report 2017 estimates that online sales of personal luxury goods will make up 25% of the market by 2025. With the remarkable growth of the online channel, the role of physical stores will need to change. Stores haven't lost their purpose, but brands need to reinvent them to better engage with customers, in a way that transcends channels.

Stores will have to pivot from a transactional role to become venues for a broader range of customer interactions. Luxury brands have grown accustomed to presenting a monologue about themselves in stores that feel like temples. Increasingly, they will need to transform stores into places that feel like home, delivering distinctive, immersive experiences and engaging in a genuine dialogue with customers.

Luxury brands should start with the change in their own mindset when looking to engage these very particular audiences. Historically, luxury brands were promoting a so-called culture of "exclusion." Not only they were limiting access to the product, they were also deliberately detached from the final customer and reserved in their communications.

What we are observing today is a new paradigm: to successfully engage Millennials and Gen Z consumers, brands have to act in an inclusive, engaging and open manner. This requires a great deal of flexibility in communications, tone of voice, social media behavior. It all starts from within. Instead of asking themselves how to sell to these customers, brands should try and become "friends" with those new generations of consumers, participate in their lives through relevant channels and speak their language.

1.2 Presentation of the Problematic

Luxury industry has worked on certain principles and guidelines for years without changing the work model. With digitalization and ever growing changes in the industry Luxury brands are having a hard time keeping up with the millennial's. Thus the need of the hour is to understand what exactly are the requirements of the generation Z while still catering to the needs of the baby boomers?

With this research the author is willing to shed some light on the topic with the help of the company –The Golden crown along with industry experts who have worked in this industry for years and have a regular interaction with the Gen Z and are familiar with the changing trends in the Luxury industry.

1.3Presentation of the company

Golden crown is a Luxury real estate and landscaping firm which started in 2011 and has become a renowned name in Muscat, Oman. The firm which started as the first faucet manufacturing factory in Oman has now ventured into luxury real estate and landscaping. Real estate network was designed to connect the finest independent real estate companies to the most prestigious clientele in the world. Golden Crown LLC is a subsidiary of GoldEX. , a global leader in real estate franchising and provider of real estate brokerage, relocation and settlement services. Affiliations in the system are granted only to brokerages and individuals meeting strict qualifications. Sotheby's International Realty Affiliates LLC supports its affiliates with a host of operational, marketing, recruiting, educational and business development resources.

For those looking to sell their luxury estates, our experienced associates are equipped with the marketing tools needed to ensure your property is presented to a global audience of qualified and interested buyers. Our luxury real estate marketing is designed to give you the competitive edge by increasing interest in your property and engaging our audience both online and off. The *Golden Crown* network acts exclusively on behalf of our client's individual needs and offer the utmost discretion when helping market and sell your estate.

For those looking to purchase a luxury home, *Golden Crown* excels at providing the highest level of service to our clients and their diverse lifestyle needs. With offices around the world and thousands of distinctive property listings, our global network is uniquely positioned to find the perfect home that meets your requirements. Whether you are looking for a serene oceanfront retreat, the excitement and sophistication of an urban condominium or penthouse, a historic estate or for the quiet rural charm of a farm and ranch property, our experienced network of real estate professionals is here to guide you every step of the way.

We not only enjoy representing luxury real estate around the globe, but take great pleasure in helping our extraordinary clients discover their next home. We service both homes for sale and rentals, along with all types of properties including homes, condos, villas and even castles. Our customers have a wide variety of lifestyle interests, from the luxuriant lifestyles of lake, waterfront and island homes, to the active living of golf, ski and equestrian properties. If you would like to buy or sell a luxury home, please connect with a local luxury real estate office or associate. Our global network can help guide you to the home of your dreams.

Vision and Values

Our vision is to become the real estate adviser of choice in our selected markets. We do not wish to be the biggest, just the best (as judged by our clients).

Our values capture our commitment not only to ethical, professional and responsible conduct but to the essence of real estate success, an entrepreneurial value-embracing approach.

We take pride in everything we do

- We take great pride in delivering services of the highest quality
- We always go 'the extra mile' to meet our clients' objectives
- We seek to employ and retain only the best people

We always act with integrity

- We behave responsibly
- We act with honesty and respect for other people
- We adhere to the highest standards of professional ethics

We take an entrepreneurial approach to business

- We seek out new markets and opportunities for clients, and take an entrepreneurial approach to delivering value
- We are forward thinking, and always aim to build long-term client relationships

- We aim to be a leader in every market we enter, and commit ourselves with passion, energy and expertise
- We approach problems with a proactive, practical attitude, delivering robust solutions

We help our people fulfil their true potential

- We encourage an open and supportive company culture in which every individual is respected
- We help our people to excel through appropriate training and development
- We share success and reward achievement
- We recognise that our people's diverse strengths combined with good teamwork produces the best results

GOLDEX Parent Company

AIM

GOLDEX being the first faucet manufacturing factory in Oman, promises good quality and innovative designer faucets to its much valued users. The unique manufacturing techniques and usage of highly automated machineries that GOLDEX delivers the best water experience. The management team, together with highly experienced labour force works forwards

achieving the aim of using the scarce resource of water with great care taking the faucet manufacturing industry to a new height, GOLDEX adds irreplaceable value to customers receive the product that serves unmatched best experience and best value for money. Priority being given to customer satisfaction, GOLDEX ensures that only products that meet quality requirement and brought to market.

GOLDEX QUALITY-

Quality is one of the major aspects of GOLDEX's product philosophy. The aggressive testing procedure ensures that GOLDEX provides those products which satisfy consumer safety, durability and reliability. Usage of Ultra Modern Techniques and highly experienced workforce promises the quality of GOLDEX.

1.4 Purpose of the Research

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During the Internship when the author inquired with the director of the company and the team regarding the problems and issues facing the company, it was highlighted that as the company is emerging and expanding internationally they would like to focus on the needs of the new generation and learn more about their expectations. This is when the idea of Researching on **“How millennial luxury expectations differ does from Baby Boomers and what are the impacts on future strategies?”** came into light. This research would be the professional thesis for the Author MBA in Luxury Marketing at ISC business school, Paris as well as help the company: Golden Crown in better understanding of the luxury industry and market of today.

1.5 Limitation of the Research

1. The quality of the data gathered in qualitative research is highly subjective.

This is where the personal nature of data gathering in qualitative research can also be a negative component of the process. What one researcher might feel is important and necessary to gather can be data that another researcher feels is pointless and won't spend time pursuing it. Having individual perspectives and including instinctual decisions can lead to incredibly detailed data. It can also lead to data that is generalized or even inaccurate because of its reliance on researcher subjectivisms.

2. Data rigidity is more difficult to assess and demonstrate.

Because individual perspectives are often the foundation of the data that is gathered in qualitative research, it is more difficult to prove that there is rigidity in the information that is collective. The human mind tends to remember things in the way it wants to remember them. That is why memories are often looked at fondly, even if the actual events that occurred may have been somewhat disturbing at the time. This innate desire to look at the good in things makes it difficult for researchers to demonstrate data validity.

3. Mining data gathered by qualitative research can be time consuming.

The number of details that are often collected while performing qualitative research are often overwhelming. Sorting through that data to pull out the key points can be a time-consuming

effort. It is also a subjective effort because what one researcher feels is important may not be pulled out by another researcher. Unless there are some standards in place that cannot be overridden, data mining through a massive number of details can almost be more trouble than it is worth in some instances.

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4. Qualitative research creates findings that are valuable, but difficult to present.

Presenting the findings which come out of qualitative research is a bit like listening to an interview on CNN. The interviewer will ask a question to the interviewee, but the goal is to receive an answer that will help present a database which presents a specific outcome to the viewer. The goal might be to have a viewer watch an interview and think, "That's terrible. We need to pass a law to change that." The subjective nature of the information, however, can cause the viewer to think, "That's wonderful. Let's keep things the way they are right now." That is why findings from qualitative research are difficult to present. What a research gleans from the data can be very different from what an outside observer gleans from the data.

5. Data created through qualitative research is not always accepted.

Because of the subjective nature of the data that is collected in qualitative research, findings are not always accepted by the scientific community. A second independent qualitative research effort which can produce similar findings is often necessary to begin the process of community acceptance.

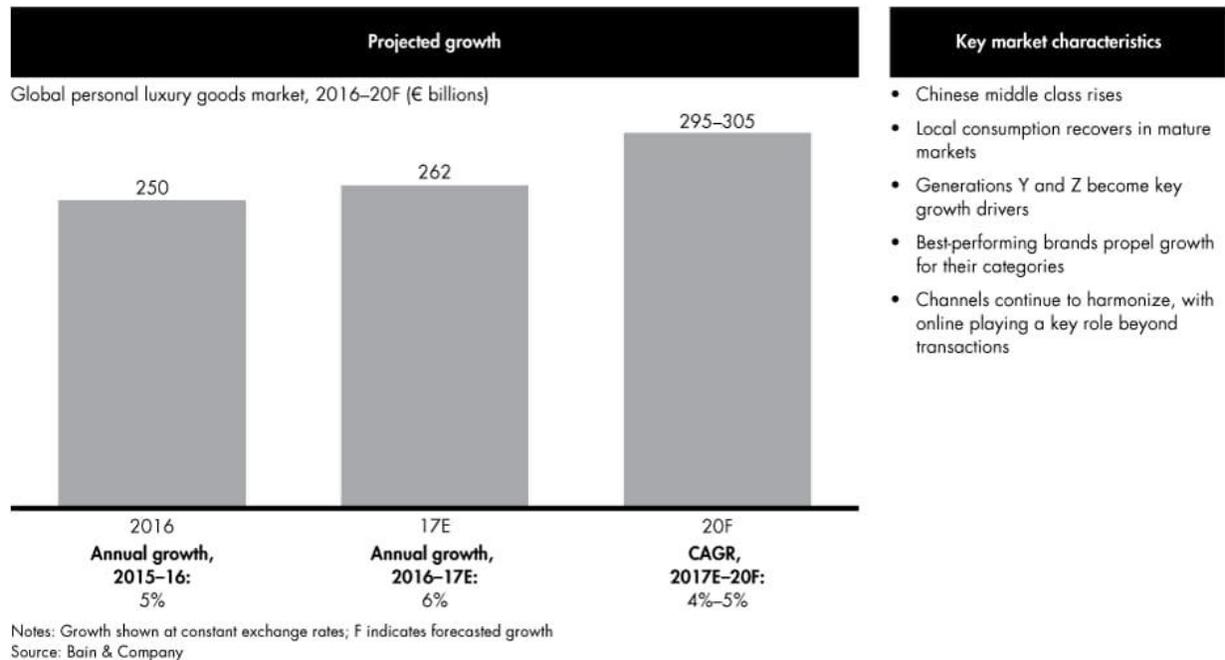
2 Hypothetical outline

The great challenge for brand owners seeking to capture the affiliations of millennials is how to communicate to a generation with shifting preferences and loose brand loyalties, and for whom no single channel appears to be significant. Yet amid this apparent uncertainty, the one factor that plays a role in almost every aspect of millennial consumption is the rise of online.

Online sales alone do not capture the full significance of the rise of online interaction. The survey shows that at every point in the interaction between brand companies and consumers, the online component is growing. Consumers may buy in store, but they will have compared products and prices online before doing so. They may cite multiple sources of information

advice, but most of them will have been mediated online, through social media, blogs and v-logs. Online has also empowered challenger brands that are making inroads into premium and luxury markets, by lowering the barriers to entry and demonstrating that high value purchases will be made online if the online offer is attractive enough.

Figure 15: The outlook for the luxury market is positive through 2020, with 4%–5% growth per year

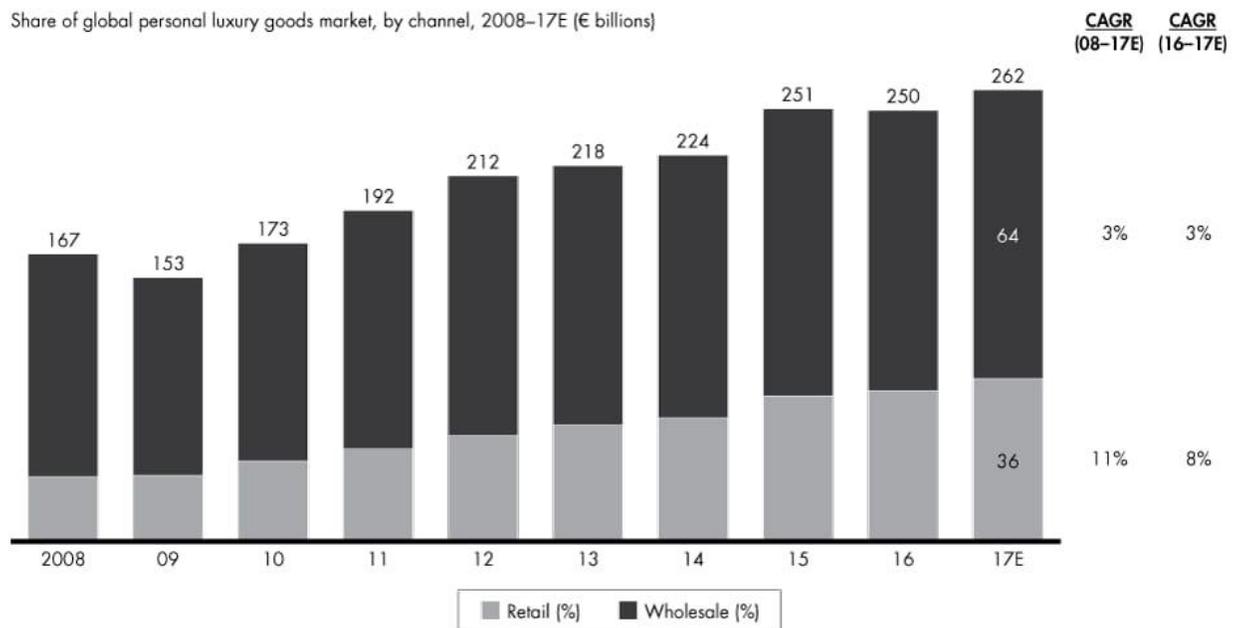


If brand companies do not own or share effective online modes of communication, information and sale, they are likely to have to buy them, by acquiring brands or platforms. It was once thought that luxury and online selling were mutually incompatible. That is no longer the case. Net-a-Porter is now routinely selling watches priced at over \$100,000 online, including through mobile apps, and the rise of even more disruptive luxury business models, such as Farfetch continue to pioneer new offerings

- The millennial mindset is self-directed. Millennials are more likely to buy for themselves than to impress others. They hear what influencers say but may not follow them.
- Millennials are information-rich, but there is no preferred channel of information and influence. Millennials say they make buying decisions based on information from multiple sources, traditional magazines, to videos, websites and blogs.

- Markets differ: there is no global millennial solution when it comes to brand messages. Social media is the most important communication channel for most markets, but not in China. Experience and personalisation is important.
- Levels of brand loyalty also differ market by market. The more mature the market, the less brand loyal millennials are likely to be.
- Sustainability and ethics are not particularly strong influencers for millennial luxury buyers. A high propensity to pay a sustainability premium for most products does not apply to luxury in the same way as it does in mass products. Quality and uniqueness are the most important factors in drawing millennial consumers to luxury products. Heritage and aspirational qualities are less important.

Figure 8: Wholesale remains the dominant channel for luxury goods, but owned retail is growing fast



Source: Bain & Company

The millennial core

Unlike the generations that preceded them, millennials are not necessarily richer than their parents were at that age. Their costs are higher, costs that may not be matched by real income growth. But income-based consumer segmentation may not be the best way to profile the millennial consumer.

Recent research by the Demand Institute² suggests that within the millennial segment there is a very significant population of wealthy individuals and families that are distinguished by a distinctive consumer mindset and propensity for brand engagement – consumers that outspend other consumers in a variety of categories. These are the consumers that premium product companies need to identify and influence. They tend to be younger and more urban than other consumers; they have higher disposable income and both the ability and the propensity to spend on higher priced, higher margin products. The research we present in this paper is designed to capture the characteristics of the millennial segment of this consumer group. These are the consumers that brand companies have to engage if they are to succeed in luxury and consumer markets; these are the consumers that established brands need to retain if they are to maintain market share and margins in the face of the threat posed by challenger brands. They tend to be younger and more urban than other consumers; they have higher disposable income and both the ability and the propensity to spend on higher priced, higher margin products.

Personalization and experience

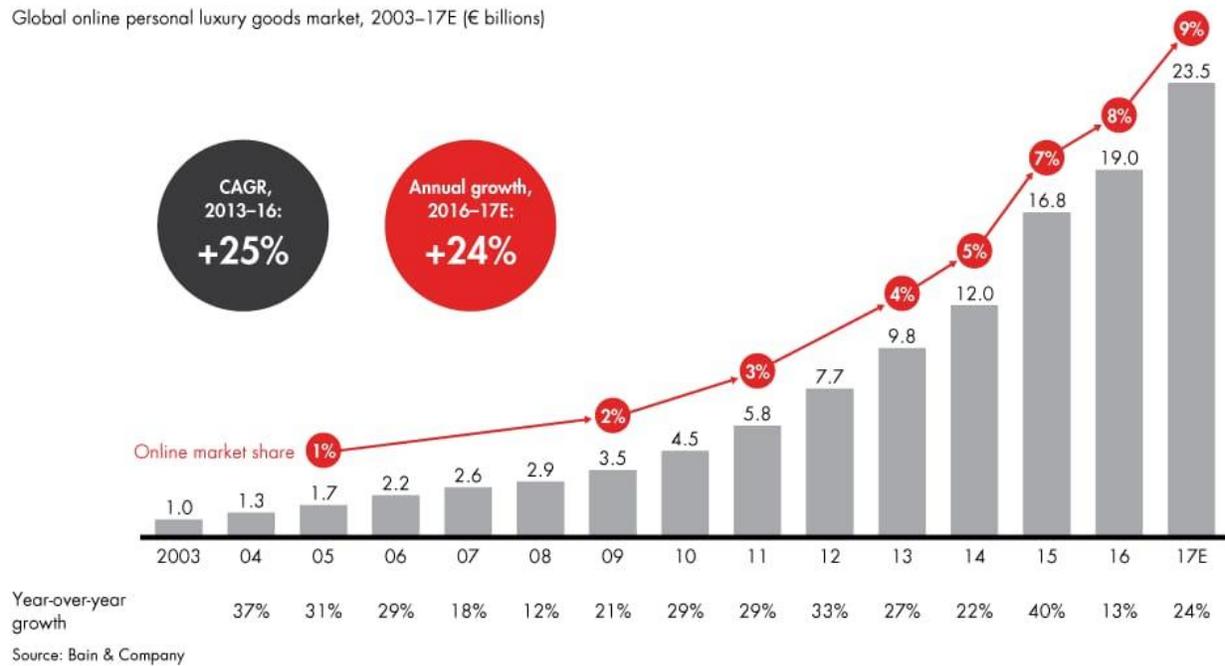
‘Experience’ is becoming a core concept in premium brand strategy. This is not a new concept; bespoke couture and tailoring are well established, while in cosmetics customers now expect peer tutorials, in-store digital playgrounds and make-over mobile apps. Personalisation of products is an opportunity for premium pricing, while experience is increasingly a premium commodity itself, seen in a growing market for luxury hospitality and events, often bought as gifts. When millennials were asked about the importance of personalisation and of experience as a product, the results differed markedly by geography.

Putting a price on sustainability

Millennial’s may say they consider the sustainability and the ethical profile of luxury goods and services – but it would appear that they are not front-of-mind when purchase decisions are made.

Figure 10: Online luxury posted another year of double-digit growth

Global online personal luxury goods market, 2003–17E (€ billions)



The Digital Native

One prime example of the link between millennial consumption and communication patterns and the rise of challenger brands can be found in the premium personal care industry. Here a host of ‘digital native’ start-ups are shaking up a staid department-store based industry (e.g. Glossier and Too Cool for School). Cyclical innovation in established personal care brands and a relatively low rate of category creation have given way to sudden innovation by challenger brands. The old model of maximum category presence – being ‘everything to everyone’ within their category boundaries is breaking down as the market becomes more fragmented and as consumers and influencers operate a pick-and-mix approach to products, brands and categories. Reliance on ‘above-the-line’ advertising on the high street and in traditional print media, and the persuasive power of in-store beauty consultants, is giving way to a much more amorphous marketing environment which embraces online opinion sharing, and rating and influencing from a diverse group of product authorities who create a conversation between brands and potential customers through social multimedia, with Instagram now seen to be the most influential social channel for luxury brands.

What links these changes together is that they are driven by millennial consumption and communication patterns – online, informed by social media, and very liable to switch brands. It is no accident that most successful challenger brands in the industry (brands such as those mentioned above, together with others like Charlotte Tilbury) have their roots in digital and/or social media marketing aimed at millennial consumers.

High spending millennials

Where are those high spending millennials? Our survey of millennials inclined to luxury spending found that consumers in the UK and China were most likely to be ‘very interested’ in such spending, and that these consumers were more likely to be women than men. Now there are signs that more established brands are beginning to fight back. According to the latest global market forecast from the Italian luxury manufacturers association Fondazione Altagamma¹, the world market for luxury is set to grow between 2-4 per cent this year, with a strong recovery in domestic spending in China and faster growing European economies also underpinning growth. Significantly, most growth is forecast in omnichannel retail that integrates online and store selling.

The omnichannel space is where high-spending millennials are found – drawing influence and data from online comparison and review sources, buying in store when they need to touch and feel the product as well as seeing it on screen, buying and re-ordering online when convenience dictates. Developing channels of communication and influence with this consumer segment is the key to capturing the new wave of growth in luxury and premium spending

The millennial mindset

‘I like to treat myself’ and ‘it makes me feel good’ were together the most common reasons for buying. Impressing friends and family scored low, and following influencers scored even lower. The need to impress was the only category where men were more likely than women to cite this as a motivation: the gender difference appears to be that women are more likely to buy for themselves, to look and feel good, while men are more likely to engage in gift buying, and to impress others. And in no geography was the perception that luxury brands are ‘more ethical’ significant.

Also significant is the high value given to a brand's website in all four geographies, and the high value given to the perception that luxury goods are long-lived. In terms of geographical difference, China is the market where consumers are markedly more likely to value having the latest product (this result may reflect the fact that Chinese product markets are marked by very rapid version turnover of styles and stock; Chinese consumers frequently say that they prefer to buy an attractive product as soon as they see it).

Influence and the purchase decision

The proliferation of sources of information and influencers is reflected in the responses to our survey: millennials inclined to purchase luxury say they find information on luxury items from traditional sources such as magazines, to videos, websites and blogs. The lesson is that brand owners cannot afford to concentrate on one or two channels of information and influence: to capture the attention of their target segment they have to work harder, on multiple fronts.

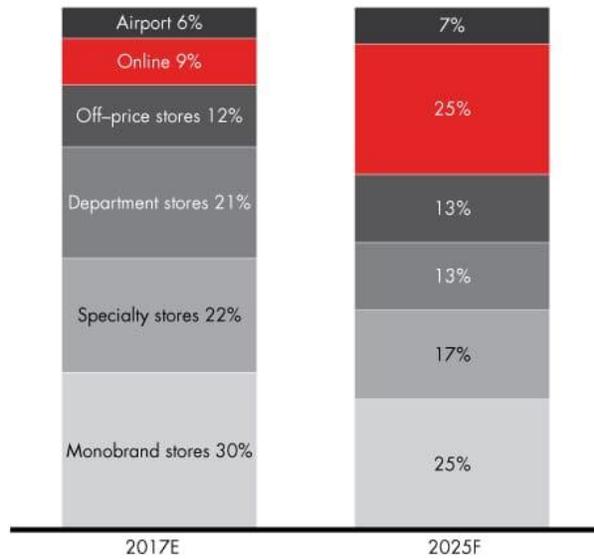
Social media is the most cited information channel in all geographies except China, where brand and fashion websites are more important than elsewhere. However, these majorities are slim and the key aspect here is simply the fact that millennials have a very balanced range of influences. However, when respondents were asked to cite the single most important influence on purchase decisions out of three choices, significant differences between geographies emerge. The brand remains king in all geographies, while the influence of friends emerges as almost as important in the US. In China, millennials cited the influence of celebrities almost as frequently as the brand.

Statistical Data : Source Bain Fashion and Luxury Report 2017

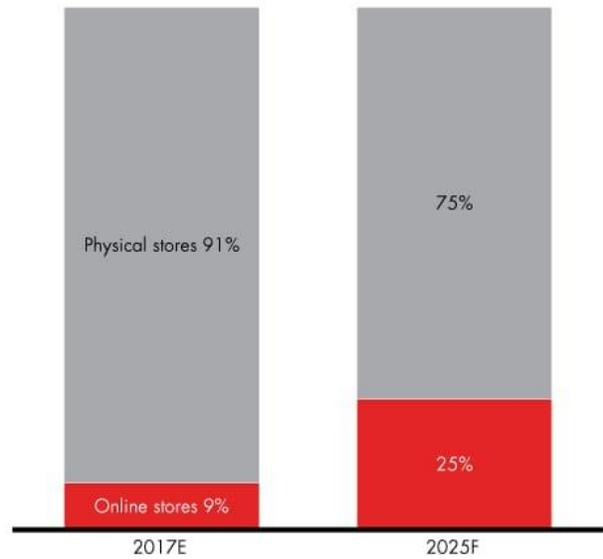
Figure 16: The role of physical stores will continue to evolve as online gains share

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Share of global personal luxury goods market value, by distribution channel/format, 2017E-25F



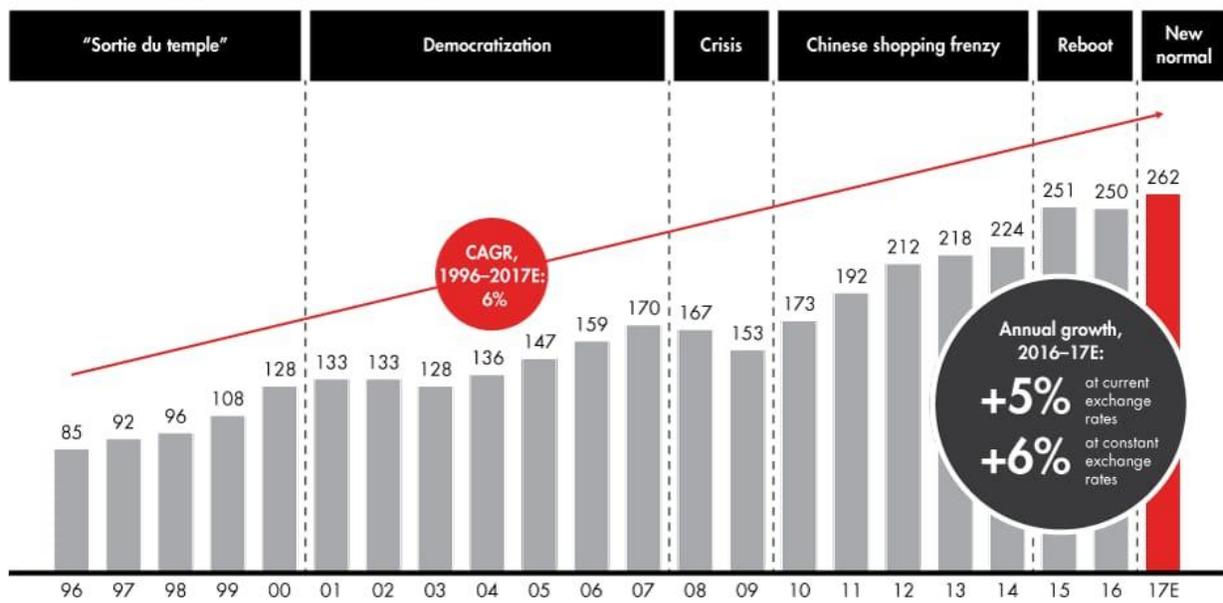
Share of global personal luxury goods market value, by physical or online distribution, 2017E-25F



Source: Bain & Company

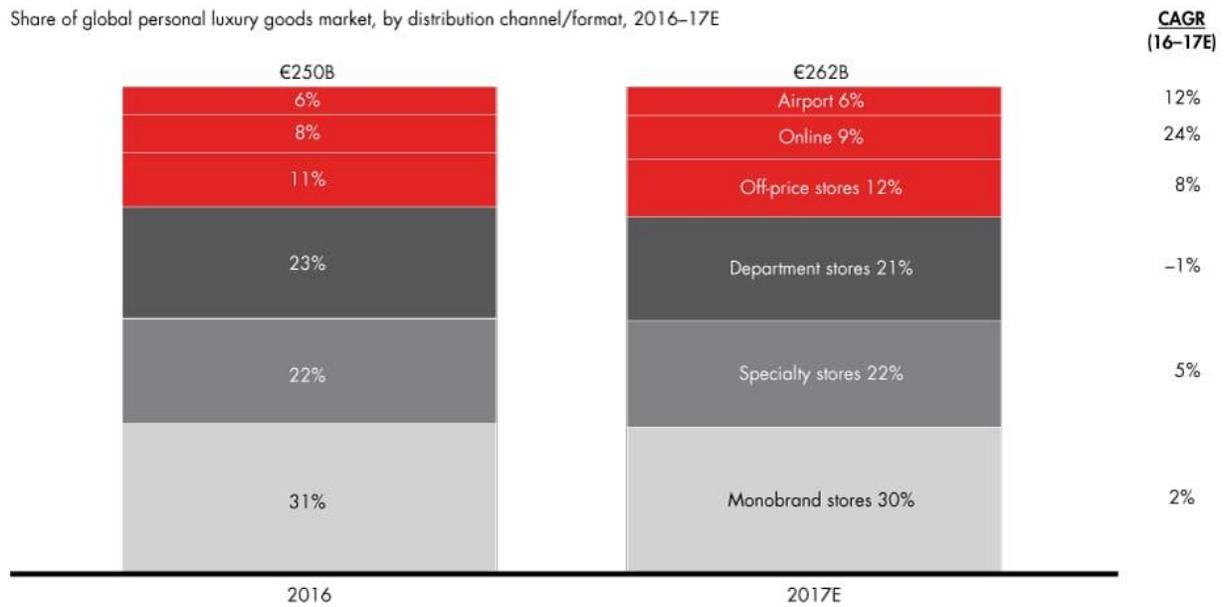
Figure 2: After stagnating in 2016, personal luxury goods experienced a healthier 2017

Global personal luxury goods market, 1996-2017E (€ billions)



Source: Bain & Company

Figure 9: The off-price, online and airport channels continue to outperform



Note: Discrepancy in 2016 percentages is due to rounding
 Source: Bain & Company



3. Method

The research is executed through interviews what makes this research a qualitative analysis. On top of the results of the interviews, the gained experience during the internship results in a broader knowledge of the subject and it enlarges the capability to make recommendations that can be useful for the company and for other parties that may benefit from the conclusions of the study.

3.1 Research methodology

Research methodology is the specific procedures or techniques used to identify, select, process, and analyze information about a topic. In a research paper, the methodology section allows the reader to critically evaluate a study's overall validity and reliability.

In this research the author has studied how millennial’s luxury customer’s expectations differ from boomers do. And answered questions on how these expectations would impact the future

strategies for Golden crown, and other luxury brands targeting the millennial's while staying true to their brand values.

Page | 23 **3.2 Qualitative versus Quantitative Research**

Qualitative research

Qualitative research is one which provides insights and understanding of the problem setting. It is an unstructured, exploratory research method that studies highly complex phenomena that are impossible to elucidate with the quantitative research. Although, it generates ideas or hypothesis for later quantitative research.

Qualitative research is used to gain an in-depth understanding of human behaviour, experience, attitudes, intentions, and motivations, on the basis of observation and interpretation, to find out the way people think and feel. It is a form of research in which the researcher gives more weight to the views of the participants. Case study, grounded theory, ethnography, historical and phenomenology are the types of qualitative research.

Quantitative research

Quantitative research is a form of research that relies on the methods of natural sciences, which produces numerical data and hard facts. It aims at establishing cause and effect relationship between two variables by using mathematical, computational and statistical methods. The research is also known as empirical research as it can be accurately and precisely measured.

The data collected by the researcher can be divided into categories or put into rank, or it can be measured in terms of units of measurement. Graphs and tables of raw data can be constructed with the help quantitative research, making it easier for the researcher to analyse the results.

The differences between qualitative and quantitative research are provided can be drawn clearly on the following grounds:

1. Qualitative research is a method of inquiry that develops understanding on human and social sciences, to find the way people think and feel. A scientific and empirical research method that is used to generate numerical data, by employing statistical, logical and mathematical technique is called quantitative research.
2. Qualitative research is holistic in nature while quantitative research is particularistic.
3. The qualitative research follows a subjective approach as the researcher is intimately involved, whereas the approach of quantitative research is objective, as the researcher is uninvolved and attempts to precise the observations and analysis on the topic to answer the inquiry.
4. Qualitative research is exploratory. As opposed to quantitative research which is conclusive.
5. The reasoning used to synthesise data in qualitative research is inductive whereas in the case of quantitative research the reasoning is deductive.
6. Qualitative research is based on purposive sampling, where a small sample size is selected with a view to get a thorough understanding of the target concept. On the other hand, quantitative research relies on random sampling; wherein a large representative sample is chosen in order to extrapolate the results to the whole population.
7. Verbal data are collected in qualitative research. Conversely, in quantitative research measurable data is gathered.
8. Inquiry in qualitative research is a process-oriented, which is not in the case of quantitative research.
9. Elements used in the analysis of qualitative research are words, pictures, and objects while that of quantitative research is numerical data.
10. Qualitative Research is conducted with the aim of exploring and discovering ideas used in the ongoing processes. As opposed to quantitative research the purpose is to examine cause and affect relationship between variables.

11. Lastly, the methods used in qualitative research are in-depth interviews, focus groups, etc. In contrast, the methods of conducting quantitative research are structured interviews and observations.

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12. Qualitative Research develops the initial understanding whereas quantitative research recommends a final course of action.

Based on all these factors this research has been carried out using Interview Method and a qualitative research was conducted to come to the conclusions.

3.3 Research strategy

The research strategy used in the study is mostly defined by the motive of the research. As discussed earlier, there are three main types of purposes of study: experimental, expressive, and descriptive. Although, the motive for this study is primarily explorative. This kind of study can be used by luxury brands as an insight on the millennial mindset and to understand their needs better.

3.4 Interviewees

During this research, employees of Golden crown were interviewed along with the director of the firm, head of marketing, head of design and research and a few industry experts were interviewed for their expert knowledge and experience on the subject. The list of all interviewees can be found as appendix 1.1

3.4.1 Type of interviews

Interviews are different from questionnaires as they involve social interaction. Researchers can ask several types of questions which in turn generate distinct types of data. For example, closed questions deliver people with a static set of replies, while open questions let people to express what they think in their own words. Occasionally academics use an interview agenda. This is a set of organized questions intended to be asked precisely as phrased. These discussion agendas have a standardized format which means the same questions are asked to each interviewee in the same order. Fairly habitually interviews are recorded by the academicians and the data inscribed up as a transcript which can be studied later. The interviewer must take exceptional care when

interviewing helpless groups, such as the children. For example, children have a limited attention span and for this purpose long interviews should be avoided.

Page | 26 There are three main types of interviews: Structured, Semistructured and in depth, all of them have their specific purpose. Structured as the name suggests is used for quantitative analysis (uniform) semi-structured and in-depth interviewing techniques (non-uniform) are used mostly in qualitative research. The following are the strengths of structured interview: 1. Structured interviews are easy to replicate as a fixed set of closed questions are used, which are easy to quantify – this means it is easy to test for reliability.

17 2. Structured interviews are quite quick to conduct which means that many interviews could take place in a short span of time. So, a large target population could be tested and the results could be generalized to the population. And limitations could be

1. These are not flexible. This means new questions cannot be asked during the session as the agenda must be adhered.

2. The answers from structured interviews lack detail as only closed questions are asked which generates quantitative data. So, the researcher will not know why a person behaves in a certain way. The unstructured interviews are also referred to as discovery interviews and are more like guided conversations. They are also called informal interviews.

The following are the strengths of unstructured interview:

1. They are more flexible as questions can be adapted and changed depending upon the answers. There are more chances of deviation.

2. They generate qualitative data through open questions. The respondents can choose their own words and researcher develops a sense of person's real sense of understanding the situation.

And limitations could be

1. It could be time consuming to do the interview and analyze the qualitative data.

2. Employing and training interviewers could be expensive. Certain skills may be needed by the interviewer. Since the purpose of this study is not only to give a description of a topic, but also to

determine how the connection between well-being and performance works (by enquiring about employees' feelings and sentiments) why it happens like this, and seek new insights, semi-structured interviewing technique is the most suitable one

Page | 27 **3.4.2 Interview approach**

Because of the in-depth subject, I chose to approach my interviewees through informal meetings on a more frequent basis instead of one long-winded and formal interview meeting. This informal way of asking questions resulted in more open conversations with more straight answers. I chose this approach because I encountered some stand-off mentality during the first interviews with the trade marketing and sales employees. Afterthought, this shift in interviewing style was the right choice because it resulted in more useful information. On top of that, I chose to work with a semi structured interview guide again because of the delicate topic that I wanted to discuss. The first objective before the interview started, was to make the interviewee at ease while he or she was talking. In a nutshell, I wanted to create a freehearted atmosphere in order to get more useful information and that's why the semi structured interview guide provided the flexibility that was required. The less structured guide made it possible to deviate when I needed it

3.4.3 Evaluation of interviews

After each interview was conducted, the author and the observant summarized the session. This covered everything, the discussion during the interview by both candidate and the author, but also how the candidate perceived the interview session. After making valuation of the aspects stated above, the author of the thesis could note that all the respondents were perceived as calm, relaxed, and willing to express their feelings and attitudes. The interviewer and the observant had the impression that all the candidates could express their views freely

4 Method of data collection

There are numerous ways to collect the data: carry out interviews, using surveys/questionnaires, or doing experiments. There is another notable technique called projective tests, it uses stimuli that are vague or incomplete. The basic reasoning is that participants will fill in or project their feelings, personal concerns and experiences onto the stimulus. The degree of calibration differs

from one test to another. Some will have equally strict guides to interpret. Others leave the clarification to the researcher using the test. A qualitative interview is recommended when it is vital to comprehend the details for the attitudes and views, which are in sync with this study, trying to figure out the reason of work stress and behavior towards the job. The purpose is to learn from the participants in a setting the way they experience it, the meanings they put on it, and how they interpret what they experience, the author needed a method that will allow for finding and do justice to employee's perceptions and the complexity of their interpretations. Interviews provide rich, thorough answers that allow studying the target deeply. As the nature of the study is mostly explorative and the author aimed at studying the phenomenon deeply, conducting interviews is a comprehensive thought.

As precision in such kind of study is of countless importance. The use of questioning procedure decreases the possibility of confusions because the interviewer makes sure that all the questions are clear to candidate, and that the candidate knows what is the question. It reduces possible partiality related with candidate's misinterpretation of questions.

5 Data Processing and analysis

When the appropriate data has been collected through the interviews, the next main steps are the processing and the understanding of the accumulated data. First, the processing of data is carried out through notes. Second, data gets interpreted, which includes its categorization. After data collection, the author writes out interviews to summarize obtained information. It has number of advantages because it reduces limitations of the human memory and allows for other investigators to go through the collected information to estimate the analysis (Bryman & Bell, 2003).

Transcribing also assists in categorizing the data and is the starting point of the analysis process in most qualitative studies (Bryman & Bell, 2003). In order to make analysis easier and more successful, the data was systematically collected, handled. In the qualitative study, it is important to choose an appropriate way to examine collected data because qualitative data is known to be more complex to analyze than quantitative, which has a rather average set of procedures. Also, the qualitative data methods for understanding the textual materials vary more.

It means that the experimental findings through the interviews with viewpoint of the hypothetical outline stood confidential into expressive groups from which the needed investigation was drawn (Saunders at al, 2007). This classification of the information is called thematic analysis (Maxwell, 2005). The justification of characterization in the study of qualitative nature is to rearrange the data “into categories that facilitate comparison between things in the same category and that aid in the development of theoretical concepts” (Maxwell, 2005, p.96). The groups would be recognized based on the motive of the study. Additionally, the author used somewhat called the excision strategy when regrouping information. The use of this strategy implies searching for expressive patterns or categories in data without a prearranged pattern used in the pattern strategy. The author of the study decided to use an excision strategy which recommends determining on the groups after having all the interviews.

The author has analyzed all the data and supplementary information received from the company to come a conclusive result which is used in this research in the form of findings and conclusions.

6 Conclusion and Findings

Networks are essential for brands in the digitalized world. In the past, prototyping and product development used to be a real hurdle for newcomers, so once you were ahead, there was not much to worry about. Today, with the tools that the internet brought to the table, anything can be replicated in seconds, but copycats are useless if you cannot replicate brand’s network. The network has become the most valuable thing a brand can own and a major factor when evaluating brand equity.

Brands have to be mindful of the fact that networks don’t strive naturally, unless the brand is specifically designed with this new setup in mind. For more traditional brands, especially in the luxury sector, creating the framework for network growth would often mean changing the way they market their content and “speak” to their customer. Network-based brands are by definition much more open and approachable. They allow the end consumer to actively participate on many levels. Transparency and dialogue become foundational factors to allow this.

With many alternatives to choose from, millennials demand better value for their money and greater real-time curation from their luxury brands. They will not accept a brand's status at face value, preferring to unearth information for themselves. This means that brands must cater to this digital outlook to have any hope of attracting millennial interest.

Seamless digital experience

Millennials are not passive consumers. They are curators and creators, appreciating personalization and the ability to share their voice. A seamless digital experience must recognize and incorporate these desires to reach this active audience.

The numbers overwhelmingly back up this understanding.

User-generated content is 35 percent more memorable and 50 percent more trusted than other types of media, especially among millennials.

Likewise, 92 percent of consumers prefer recommendations from people to branded content, even if they have never met the recommender.

At the same time, digital experiences are paramount to the millennial purchasing funnel, and luxury brands that neglect these avenues do so at their own peril.

Take Tiffany & Co. for example. It may be a leading brand in luxury retail, but its online experience is not nearly as well designed as its products. The navigation is awkward, its copy formatting is inconsistent and hard to read, and the calls to action are difficult to find.

Purchasing and discovering products are now both digital and social experiences.

More platforms offer purchase buttons, and many brands release their own mobile applications. These are both tools valued by millennial consumers, and those businesses that neglect the effect of a poor user experience are setting themselves up for failure.

Embracing the millennial demographic

So how can brands ensure that they avoid these problems and offer delight at every touch point?

Here are three simple strategies:

1. Refresh the brand image

Affluent consumers do not take brand messages for granted, so heritage brands must take their stories out of the usual luxury ad format and refresh their image. The best way to do this is to embrace and leverage the millennial drive for creation.

Mercedes-Benz's "Take the Wheel" campaign offers a great example of this approach.

Five Instagram photographers were given the latest luxury vehicle to test-drive for five days. Each photographer posted pictures on his or her account, and the photographer with the most likes was gifted the car.

The campaign delivered 87 million organic impressions on Instagram alone, as well as more than a half-million mentions on Facebook and Twitter.

Without deviating from their values, companies can perform a brand audit among millennials, analyze the results and find new angles of the brand story to empower and engage millennial consumers. By losing the "old luxury" tag, they can find and embrace a new one.

2. Create targeted experiences for the right audiences

Not everybody can afford to buy luxury products, so luxury brands need to speak directly to the subset actively seeking them out.

Burberry adopted this approach with its 2014 London Fashion Week and 2016 Chinese New Year WeChat campaigns.

The company identified Chinese fashionistas as a key demographic for growth, and it sought the best possible platform to engage with them.

With 93 percent of the population of China's largest cities on WeChat, there could only ever be one winner here.

Brands cannot adopt an "if you build it, they will come" mentality.

Experiences must be targeted at key demographics to have the greatest impact, and they need to use that demographic's preferred platform.

3. Acknowledge fans on social media

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Luxury brands often enjoy the admiration of aspirational fans, but that does not always translate into sales.

To get the most from a social media relationship, luxury brands need to go beyond that one-way admiration and start acknowledging the fans.

Partnering with users to create content is a great way to do this, and Burberry's "Art of the Trench" platform is a great example.

Instead of simply overwhelming users with airbrushed photos of celebrities and models, Burberry gave its customers the chance to showcase their own style by uploading pictures of themselves in their Burberry trench coats.

Brands can also benefit from reposting and tagging user handles on social platforms.

All of these options give consumers a feeling of ownership over the brand story, ensuring luxury brands are aspirational and accessible.

Luxury Brand should not be afraid to challenge the industry status quo.

By creating new approaches and cutting-edge social experiences, they can appeal to savvy millennials, offering a real substantive experience to back up the luxury name.

Where Does millennials Shop

The big geographical difference is the strong preference for instore buying in China – two thirds of Chinese buyers prefer to buy in-store. They are also the most likely to prefer buying online but collecting in-store. But click-and collect in-store is preferred by only a minority of buyers in all geographies – raising the question of how economically valuable a click-and-collect model will be in luxury retail. Both European and US buyers are more likely to buy online for home

delivery – which marks a key moment where online trumps store in the preferences of luxury purchases.

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But why do millennial buyers want to go to a store at all? Although it may surprise brand companies, the survey shows that they do not typically visit stores for the store experience, or for help and advice from sales assistants. The ability to browse in-store is also not widely cited. They are most likely to go to get close to products – to experience the touch and feel of luxury goods, and for the opportunity to try them. The conclusion must be that millennials are more likely to browse online, and get advice online, before they enter the store, specifically to see and try that product – and that has clear implications for brand investment.

Quality

Although high luxury brands like to stress their heritage, and premium brands stress inspirational qualities in their marketing messages, these are not for the most part what draw millennial consumers to the brand. Quality is what draws these consumers – and millennials tend to have access to extensive data on the real quality of luxury products, through online comparative resources and discussion forums. On a global basis, almost 40% of millennial consumers say quality is the most important factor that attracts them – almost double the proportion who cite the next most attractive aspect of luxury, uniqueness.

Quality is also the one attribute likely to push a consumer to buy luxury when they could buy utility – although brand image and brand name are also important. Association with a celebrity or influencer, packaging, or the availability of in-store advice is not significant. We conclude that one thing that distinguishes millennial luxury buyers is that they make their own decisions.

7 Additional Suggestions

In Addition to all the conclusions and findings the author would like to add the following suggestions to the research based on the knowledge of the industry and being a millennial luxury consumer:

1. Never interfere with your network. Don't limit it, allow it to thrive. Supremes' network extended into a huge secondary market for its products: Supreme fans are having fun with trading, exchanging, reselling the goods. Supreme does virtually nothing about it allowing the community to grow stronger and more loyal than ever before.
2. Don't try to give the impression of engaging your audience—just engage them. Glossier is using customers and employees as models, engaging fans in every product-related decision. Result: reviews on the quality of product are mixed, but this has no negative effect whatsoever on the strength of the brand and its network which keeps growing at the speed of light.
3. Last but not the least, try to sell experiences. Revolve was stellar at achieving this. The brand is mostly marketing via incredible experiential trips with star bloggers as guests. Very clever. They not only sell outfits as “experiences,” they are also tapping into each blogger's individual following creating a true army of fans.



Appendices

Page | 35 **1.1 INTERVIEW LIST**

Date	NAME	JOB TITLE	PLACE	LENGTH OF INTERVIEW
20th May,2018	Ahmed	CEO,Golden crown,Muscat,Oman	Oman	60 minutes
23rd may2018	Nihal Shetty	Marketing head, Golden crown	Oman	37 minutes
21st may 2018	Asha Easton	Marketing Employee,Golden Crown	Oman	30 minutes
24th may2018	Mohamed Ahmed	Digital Supervisor, Golden Crown	Oman	37 minutes
25TH MAY 2018	George Mathews	Luxury sales Head, Golden Crown	Oman	20 minutes
7th April,2018	Catherine Picard	Director Luxury sales, Golden Crown	Oman	20 minutes
14th july,2018	Mari Shimmura	Luxury Consultant	France	30 minutes
5th june,2018	Reeya Nair	Luxury consultant, Industry Expert	India	45 minutes

7th june,2018	Rajiv Menon	FDCI Member	India	45 minutes
12th june,2018	Nikhil Thampi	Fashion Designer LUXURY LABEL	India	66 minutes

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1.2 Examples of questions that was used during the interviews

- How can luxury brands engage Millennial and Gen Z consumers?
- What is the role of creating experiences for consumers?
- How do networks help build brands in today's digital marketplace?
- How have brand networks evolved over the years?
- What luxury brands are getting it right, and why?
- What are the key issues for the luxury industry?
- What is the place of premium versus luxury?
- What is the future of luxury?
- How has digitalization been adapted at luxury brands?
- Which generation should luxury brands focus on and why?
- How can luxury brands create more interactive services?
- Does adapting to gen z's needs take brands away from the brand values?
- How important are brand values and identity to a luxury brand?
- What is the role of innovation in luxury brands?
- What is the role of influencers for luxury brands?
- How the luxury is brands networking?

ADDITIONAL REMARKS

1. This interview guide changed according to my interviewee (e.g. difference with questions between directors of the company to employee

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2. This interview guide evolved over time after I had more insight of the current problems and possible solutions.

3. Additional questions were asked in addition to this guide according to the answers of my interviewees

4. Due to the long interviews with the industry experts, the thesis was benefitted with a 3rd party view and more insight into the working of the industry which also lead to the personal suggestions.

10 TRENDS THAT WILL DEFINE THE FASHION AGENDA IN 2017: State of Fashion 2017 :Mckinsky REPORT 2017

1. INTENSIFYING VOLATILITY Volatility is the new normal. Geopolitical instability, terrorism, Brexit, and stalled trade deals will all increase a pervasive sense of uncertainty in the global economy.

2. CHINA'S COMEBACK? China's fundamentals, including growth of the middle and upper classes, remain strong and the government's new fiscal policies are expected to improve conditions in 2017, but uncertainty remains.

3. URBAN ENGINES City-based strategies trump country-based strategies: a new class of rapidly growing wealthy cities in newly influential markets are becoming central to the evolution of fashion.

4. SHREWDER SHOPPERS Working harder to keep up with smarter shoppers: "always-on" consumers are becoming ever more sophisticated, more technology-driven, and harder to predict.

5. **GENERATION CORRELATION** Opportunities to serve the young and the old better: fashion companies should consider how to fine-tune and diversify the way they approach both retired and millennials consumers.

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6. **THE WELLNESS DIVIDEND** Feeling good is the new looking good: more fashion players can start profiting from the wellness movement rather than competing with it.

7. **CHANGING THE RHYTHM** Disruptions to the fashion cycle: expectations set by the faster pace of fashion and consumer desire for instant gratification must be addressed to deliver fashion immediacy.

8. **ORGANIC GROWTH** Investing more to nurture local clientele: 2017 has the potential to be the year of organic growth based on deeper relationships with existing clients rather than geographic, channel, and store network expansion.

9. **UPSTREAM TECHNOLOGY** Digital innovation goes behind the scenes: digitisation is a key to supply-chain efficiency, lower procurement costs, and enhanced sourcing opportunities.

10. **OWNERSHIP SHAKE-UP** Emotionless reappraisal of brand portfolios: fashion conglomerates can be expected to further intensify their focus on big brands, creating space for other brands and industry outsiders such as private equity and family owners to acquire targets

Glossary

- **Athleisure** Athletic-inspired way of dressing rooted in joggers, leggings, tank tops, and sneakers—designed to be worn for exercising, streetwear, and daywear.
- **Baby boomers** Demographic cohort born in the years following the Second World War (approximately 1946–64), when there was a temporary marked increase in the birth rate.
- **Compound Annual Growth Rate (CAGR)** Annualised average rate of growth between two given years, assuming growth takes place at an exponentially compounded rate.
- **Casualisation** Consumer trend reflecting the adoption of casual wear in more and more non-casual settings.

- Customer relationship management (CRM) A strategy for managing all your company's relationships and interactions with existing and potential customers.
- EBITA Operating profit measure—Earnings Before Interest, Taxes, and Amortisation. It is a financial indicator used widely as a measure of efficiency and profitability of businesses. Economic profit Measure for value add created by businesses, whereby opportunity costs are deducted from revenues earned. This measure takes into consideration explicit costs and implicit costs, while operating profit reported in accounts only utilises explicit costs. Economic profit is defined as invested capital times the difference of ROIC minus WACC.
- Fashion Cycle The process by which a given collection goes through the value chain (from design to sell-out).
- Gross Domestic Product (GDP) Macroeconomic measure of the market value of all final goods and services produced in a country within a defined period.
- Modest wear Fashion that complies with Islamic interpretations of modesty and ethics in design, production, and presentation. General representation includes loose clothing and covering of the body according to religious principles.
- Ready-to-Wear Garments or footwear produced toward standardised measurements in mass production and sold through retail stores rather than made to measure for an individual customer.
- Return on Invested Capital (ROIC) Percentage amount that a company is making for every percentage point over the actual cost of capital (WACC). It is an indicator of how well a company is using its money to generate returns. Sales Reported net sales (net of excise duty). Sales growth is shown at nominal values and at fixed 2015 exchange rates.
- See-Now, Buy-Now Shoppable runway shows that allow consumers to buy their collections immediately after they debut on the catwalk.
- Stock-Keeping Unit (SKU) Specific item of merchandise stored to a specific location. The SKU is intended as the most disaggregated level when dealing with inventory.
- Unique Selling Proposition (USP) Real or perceived benefit of a good or service that differentiates it from competing products or services and gives its customers a tangible or intangible reason to prefer it over other products or services.

- Genderless (synonyms: unisex, genderneutral) Fashion designed to be suitable for both sexes in order to live individual life choices unimpeded by mainstream gender norms of society.
- Generation X (Gen X) Following the baby boomers and preceding Generation Y (born circa 1965–81).
- Generation Y (Gen Y/Millennials) Demographic cohort born circa 1982–99. The name is based on Generation X, the generation that preceded them.
- Invested Capital Sum of all cash that has been invested in a company over its life without regard to financing form or accounting name. It is the total of investments in a business from which operating revenue is derived.
- Omnichannel :Sales approach that provides the customer with an integrated shopping experience across a multitude of online and offline sales channels. Plus-size Term for clothing proportioned specifically for people whose bodies are larger than the average person's. The application of the term varies from country to country.
- Pure-play Company that focuses exclusively on a particular product or service. In fashion, it usually refers to companies that operate only on the Internet.

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