POLITECNICO DI MILANO

Scuola di Ingeneria dei Sistemi

POLO TERRITORIALE DI COMO

Master of Science in

Management, Economics and Industrial Engineering

HOW TO BUILD A BRAND THROUGH THE ENGAGEMENT OF CUSTOMERS ACROSS DIFFERENT TOUCHPOINTS

Supervisor:Prof. Fabrizio Maria Pini

Master Graduation Thesis by: Martina Grigorova

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Abstract

There is a new paradigm in marketing, which induce a turnaround in the mindset of marketers, acknowledging the power shift from brand to customer Anymore the customer decides why, when and how to reach the brand. The traditional marketing is ineffective and brands should search for innovative and clever ways to engaged customers across multiple channels in a form preferred by the customer. These are the problems addressed by the study; they are actual and relevant to all business sectors. Brands are omnipresent in everyday life, possessing the power to affect one's life, shape perceptions, lifestyle and self-concepts, but this has become a challenge because now more than ever the customer is savvy, empowered and has the freedom to choose among great number of value propositions. The objective of the study is to show a consistent approach to a holistic multichannel marketing strategy. To illustrate better this, the study is focused on the luxury fashion sector since it is one of the most dynamic and competitive businesses in terms of branding, where brand equity and reputation are mainly built on intangible assets, subjective perception and sentiment of the customer

The methodology for the study is a combination of primary and secondary research, for the theoretical part more than 100 articles, reports and publications were examined, 5 books and various Internet sources were used. The data about the brands was collected from official sources, through observations and interviews. For evaluation was developed a four step methodology and Internet analytical service platforms were used.

The results have proven that a company cannot have an effective marketing strategy and build a valuable relationship and engage customers unless harnessing technology and the possibilities provided by the new marketing channels as Internet, Mobile and Digital. The study has proven that mucltichannel marketing is effective for companies irrespective of size, resources, location and business sector. It has practical management implications for the deployment of a multichannel marketing strategy and internal reorganization and preparation of the companies to face the change.

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1 CHAPTER INTRODUCTION

1.1 BACKGROUND

The growth of luxury sector in the past 20 years, thanks to globalization, emerging luxury markets, digital communication, new market segments, travel and culture convergence, has brought to changes and challenges unfamiliar by now to the luxury brands, to mention only; lowering of entry barriers, expansion of customer base, counterfeiting, production outsourcing, country of origin effect, brand synergies and extension lines have led to a more differentiated and complex offering to the final customer who has increased his requirements, demands and expectations. The customers are undergoing an evolution in their attitudes, interests, lifestyle and eventually brand perception. They drive the shift from the traditional "top-down" relationship, which has dominated the world of luxury fashion for decades to a "bottom-up" rapport, where not the brand, but rather the customer dictates the product. Furthermore, the shift of power is supported by the emerging luxury markets of China, India, Russia and the Middle East and the trend is that these markets will surpass the leading consumption markets of Europe and North America. In terms of socio-psychology the luxury concept is formed as a result of individual and collective culture belonging, status and lifestyle. This concept is expressed by fashion brands with characteristics such as recognizable style, strong identity, high awareness and enhanced emotional and symbolic associations. The tangible traits through which luxury products evoke uniqueness and exclusivity are high quality, controlled distribution and premium pricing. The current environment and the requirements of the customers both in B2B and B2C markets rise number of issues for companies how to catch up with the pace of change and be consistent with the market offerings. This changes call for the need of new approach towards marketing. Experience economy (marketing) is not enough to answer these needs anymore (customers want to participate share co-create they require a two-way communication and understanding of the brands). They demand sincere, mutual relationship and values which are shared.

Multichannel marketing emerged as a consequence of the dramatic change which the fast progress of technologies brought in our lives and the socio-psychological development and the growing complexity of the modern society. Since customers became more informed, savvy and demanding and occupied the central position of the marketing strategy of fashion brands, the brands had to change entirely their organization and approach and adopt the new marketing rules, in order to exist and grow in the digital era. A brand do not belong anymore to the companies, but to the customers, since they are the only reason for its existence, which is build and sustained by their perceptions, associations, dedication, loyalty and love. To be able to maintain a long lasting and valuable relationship with customers a luxury brand should occupy place not only in the mind of the customers, but in their life as

well and provide them with the opportunity of seamingless experience and communication in any time and form preferred by the customer by the means of variety of customer touchpoints along online and offline channels. Luxury fashion brands are in a good position to take advantage of the new marketing channels, such as Internet since large percentage of their customers are educated, familiar with technology and in high powered jobs, without much time for shopping, convenience is a major selling point for the web. Only the deep knowing and care for the customer, demonstrated customer touchpoints with valid, coherent and engaging content would allow a brand to be a leader in the hearts and minds of the customers as well as on the market.

"Traditional marketing is based on need. You take a product that corresponds to an existing demand, and attempt to prove that your product is the best in its category. But fashion is based on creating a need where, in reality, there is none. Fashion is a factory that manufactures desire."

Bruno Remaury (fashion scholar)

Definition of a brand:

"The intangible sum of a product's attributes: its name, packaging, and price, its history, its reputation, and the way it's advertised."

David Oglivi

1.2 RESEARCH PROBLEM

The study addresses various problems which luxury fashion brands face nowadays, provoked by the change of business environment with the advance of technology and the change in consumer behavior. Its focus is to identify how companies can better understand, reach and communicate with customers in such a manner that will give value for both sides and will reach balance between resources, effort and investment by the brand and effectiveness of the marketing strategy. It gives evidence that the customer centricity is the dominant culture which a luxury brand should adopt in order to engage customers in a long lasting relationship and show why and how companies should use new marketing channels and instruments adapted and relevant for the specific type of business.

1.3 DELIMITATIONS

The thesis will analyze luxury fashion brands and will also give as a comparison a local multi-business brand which is in initial stage of multichannel marketing development. The particularity of luxury fashion business allows much less customer involvement and co-creation, in difference with the sector of consumer goods. The data analyzed is generally collected from secondary sources, due to the confidentiality of the internal company data.

1.4 DISPOSITION OF THE THESIS

The first chapter of the thesis consists of a brief introduction of the areas of research as well as description of the problem and in chapter two is presented the theoretical background. Chapter three presents the methodology of the study. Chapter four is composed of the representation and the analysis of the data collected for the brands which are object of the research. Chapter five gives a synthesis of the findings and conclusion of the study and chapter six provides final discussion and implications for management.

1	• Introduction
2	• Literature review
3	• Methodology
4	• Emperical research
5	• Findings and conclusions
6	• Final discussion
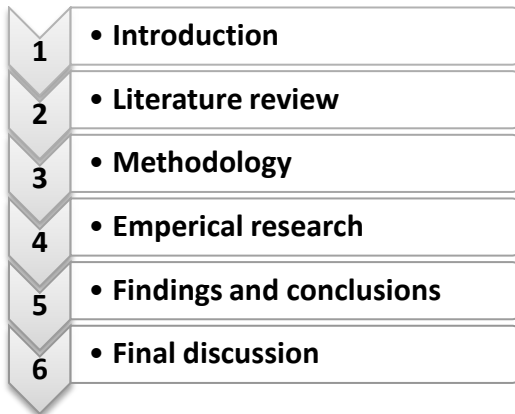
1.5 RESEARCH PURPOSE

The purpose of the research is to demonstrate and prove the necessity of implementation of multichannel marketing as a platform of the relation between customer and brand. Further based on observations and analysis the study will give a constructive model and managerial guidelines for the adoption of a marketing mindset consistent with the current business reality in order to build a brand able to move confidently with resources and vision for the future.

2 CHAPTER: LITERATURE REVIEW

2.1 TRADITIONAL BRANDING STRATEGY

In traditional marketing, the market is segmented into many homogenous subsets or segments depending on geographic, demographic, psycho graphic and behavioral variables, each one responds in a particular way to a particular marketing strategy. Small segments are considered as "niche" markets or "specialty" markets. Product or service are targeted at a particular segment, launched only after thorough market and consumer research on the segment, a product is produced only if it's needed by that particular segment. This analysis of the target segment is called "depth segmentation"; the study of the target customer's behavioral traits, nature, lifestyle etc is called "Buyer's Profile". They are used to draw a marketing plan to reach the target consumer. The four Ps (Product, Price, Promotion and Placement) comprising the marketing mix formulated by J. McCarthy decided and planned before launching a product have become outdated and inconsistent with the current situation. Traditional marketing, is company-focused and product-based, its purpose is only to increase the visibility of the company and its brand, conveying company-controlled and motivated messages to the customer, unlike in new marketing, which is consumer-focused and attuned to consumer's interests. The company is the active participant while the consumer fades into the inactive and passive zone. The concept of Unique Selling Proposition (USP) - unique feature which is exclusive to a particular product from a particular brand is growing obsolete, since in today's world every other brand has all the features offered by its competitor. According to the classical marketing theory the consumers develop awareness towards a given brand thanks to numerous repeated advertisement messages and impressions. The familiarity created limits the choice of the customer to a certain number of brands; eventually consumers center their attention towards one of the few brands and purchase it. Consistent delivery of the brand promise develops loyalty over time; it gives the product visibility and reliability manifested in increased sales. Advertising, in general, can be classified into two categories: Above-the-line (ATL) and Below-the-line (BTL). ATL covers all the advertising done through media. BTL stands for all the promotions-public relations, sponsorships, merchandising etc. In traditional marketing mostly ATL is practiced. The following media are the ATL modes of advertising: Print Medium - Newspapers, Magazines, Yellow Pages, Posters and Billboards; TV & Radio - all kinds of TV and radio spots; Other Communications - all kinds of mailers and leaflets (Blackwell, 2006). Forrester and McKinsey researches demonstrate that constant exposure through traditional and interactive media continues to create brand awareness, but when consumers make purchase decision, they evaluate their choices by conducting Internet research, by means of WOM exchange or social media contacts. This behavior is crucial for the pre-purchase phase of the purchase process and it is the reason why a brand must have a strong online and

mobile presence. Due to the huge number of social media outlets, as well as new brands the consumers actually are not narrowing their choice, but rather expanding it, they are no more passive, but rather proactive, empowered by information derived from the Internet mobile devices and interactions on social media sites or direct communication with the company via customer service offices, phone and email, while in traditional branding usually the top-down controlling approach is applied to narrows the brands, excluding participation, innovation and change are difficult to instill. Brands are assumed as communication layer applied to the surface of the product and the company and the consumer is perceived passive, which prevents initiative and participation.

2.2 TECHNOLOGICAL EVOLUTION

2.2.1 INTERNET

For the last 16 years Internet has infiltrated all aspects of people's life; communication, daily activities, work and information acquisition. The fast development of the technology has transformed the way companies do business and made possible the existence of a global marketplace, enabling both consumers and brands "equal access to information about products, prices and distribution" (Strauss et al., 2006), benefitting from reduced transaction costs and intermediation, distance, time and location are no more obstacles (G.D. Pires, 2006). The permeation of the Internet in the operations process has changed significantly the way marketing strategies are deployed and applied and the communication to the customer established. Internet has made obsolete many traditional marketing channels and activities used for creating brand awareness and delivering value (catalogues, mail, TV commercials). Internet marketing has many definitions; one of it is given in the book "Internet marketing":

"Achieving marketing objectives through applying digital technologies" or "The application of the Internet and related digital technologies in conjunction with traditional communications to achieve marketing objectives" (D. Chaffey, 2006)

An alternative term used for Internet marketing is "e-marketing" or electronic marketing, in other words the achievement of marketing objectives by the means of electronic communication technology. Yet another term which has entered in the vocabulary of marketers is "Digital marketing" is used to describe the management and the application of marketing strategy by the means of electronic media: the web, e-mail, interactive TV, IPTV and wireless media in conjunction with digital data about customer's characteristics and behavior (D. Chaffey, 2006).

With the advance of technologies both web browsers and web services became commodities, the value for the customer shifted to a new dimension, evolving into delivery of services over the web platform. This is what the launch of WEB 2.0 in 2004 achieved. WEB 2.0 is the "playground" which enables ways of communication and interaction between

customers and brand, never achieved before. One of its key principles as O'Rilley states is that the service improves with the increase of the number of users, as they add value. Other main function of WEB 2.0 is harnessing collective intelligence. Social networks are one of the most important developments of WEB 2.0., the customer has in disposition all tools to participate and create value for the brand according to his own preferences and interest. From a follower during the process of brand value creation, the customer takes the leading role. Also, marketers are able to involve customers, benefitting from the numerous new possibilities and instruments which WEB 2.0 offers. (O'Reilly, 2005)

Emerge and growth of social networks is a result of the new need for socialization arising by the extensive use of the Internet, where the communication availability and richness has reached unprecedented level. Social networks and virtual communities provide both for customers and brand the platform to create their own virtual space (Facebook, MySpace) and the possibility to enlarge it involving different users. In terms of brand perspective social networks are a virtual place where consumers are already aggregated, this saves resources and efforts to create an own network and the way brands connect to customers is the same they do among each-other (web site, discussion forum, blog, community) where topics relevant and interesting for the customers are discussed, problems are shared and solved. Thus brands have the possibility to create an emotional bond with customers, without promoting directly their product or service. (A. Boaretto, 2009)

The Internet marketing channel is essential for any marketing activities. It gives customers virtually unlimited choice of products as well as high level of transparency regarding the quality and price of a given product. They can compare across different sites, blogs, read user comments, ratings etc. From brand perspective the Internet channel gives the possibility to extend the offer into new markets, acquire new customers, enrich the services offered and apply new online techniques to facilitate communication with customers and eventually influence positively to maintain the existing and increase the potential customer base. An Internet marketing channel brings certain treads which are mostly of a managerial nature, as Michael Porter has said:

"The key question is not to deploy Internet technology – companies have no choice if they want to stay competitive – but how to deploy it. "

Marketers are challenged to transform the offline purchase process "before purchase – during purchase – after purchase" into a valid online form. Marketing activities and processes required to accomplish the deployment of such a strategy are the acquisitions of new customers, communicating through external for the brand sites, attracting them to the brand websites, blogs, social media pages, groups, communities and converting these visits into sales and continue using online media in order to encourage further sales and brand loyalty and affiliation. The Internet channel should always be viewed in the larger picture of a multichannel marketing strategy, and its management and resourcing have to be

considered with the objective to contribute and integrate and not conflict with the other marketing channels used by the brand. (D. Chaffey, 2006)

2.2.2 MOBILE

The mobile is a platform able to connect different technologies and allow new forms of interaction and engagement, based on a device - the mobile phone. The mobile channel provides brands with the opportunity to be constantly in contact with the customer regardless of his location. Mobile phones evolved through three generations dating back from 1979 when in Japan was launched the first commercial fully automated cellular network 1G, analog cellular telephony. The main purpose of Generation 1 telephony was the traffic of voice, but with considerably low quality of sound and security of conversations. In 1991 Generation 2 (2G) mobile phones was launched by the Finnish telecom Radiolinja and technical infrastructure support provided by Ericsson. With digital signaling and speech channels, the era of Digital mobile communication started. In 2001 was launched 3G on the W-CDMA (wideband code multiple access) standard, the major differences with 2G are that maximum burst rate is increased from 2.45 Mbit/s to 3.1Mbit/s, protocols for decrease of network establishment time MAC, multi-user packets, QoS flags, thanks to these technologies communications as VoIP are enabled. Another important innovation is the introduction of HSDPA (High-speed Downlink Packet Access) telephony communication protocol which allows higher data transfer speeds and capacity for networks based on UMTS, up to 84Mbit/s. (Korhonen, 2003) The launch of 4G technology will be revolutionary for mobile telephony systems know by now, since it is expected to be 100 times faster, offer stronger and higher quality signals and enable seamless service across multiple wireless networks and systems, providing richer customer experience, higher quality multimedia content and more convenience for the users benefitting from more Internet enabled services. (Santhi, 2003). Mobile phone functionalities evolution and smart phones[1] emerge on the market, made the mobile phone more multipurpose and entertainment device, using it the consumer has the possibility to interact with diverse types of networks, such as GSM, UMTS, as well to access Internet and download or watch online great variety of digital content (pictures, music (MP3), games, video (MP4), iTV, download mobile applications. Mobile Internet allows browsing web pages, check e-mail, bookmark sites, GPRS navigation, chat with friends, streaming video, listening radio, receive daily news and updates, bill payment, online purchasing and other services being improved constantly, mashing up more and more services. Along with this the mobile phone serves as a personal digital organizer. For marketers the implication of these functionalities is the possibility to reach the customer with the right content for the specific contest using different technologies, these are: mobile Internet, infrared, Bluetooth, Wi-Fi, Dvb-h (allows the transmission of TV signal to a mobile device), as well as the interface with global positioning satellite systems (GPS). The potential

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[1] Detailed description in Appendix A

and the number of applications grows with a very fast pace. The mobile Internet allows the customer to access co-creative channels, providing a seamless experience as the mobile Internet supports functionalities such as download, upload or content creation. Very important and distinctive characteristic of the mobile channel is its higher level of availability (customer carries the mobile device) in respect to all other channels. A further potential opportunity for marketers is that the customer characteristics can be better defined thanks to the personal data which the mobile operators acquire upon signing a contract. (A. Boaretto, 2009, p. 145). The mobile channel offers some of the following advantages: Augmented reality "Augmented reality is the ability to merge a view of the physical world with enhanced data or imagery that is computer generated – thereby providing a richer view of the real world", Geo-fencing "A geo-fence is an virtual area where upon customer passing through it a mobile marketing message is sent". This technology allows that personalized messages are sent to customers, furthermore CRM databases can be used into mobile marketing. Location based information is key tool to improve marketing offerings by providing customers with certain place profiles and detailed information for particular place of interest upon request, localization and business related search are one to increase the most and mobile search is a main driver for the in store traffic according to Moxie Interactive 2009. Mobile carriers are able to locate any phone anywhere and at any time. This capability will give customers the option to receive personalized messages whenever this makes sense for them, carriers charge marketers for the service, moreover in order to engage customers, brands should ensure high relevancy for the mobile searches. Immediate and location specific content is main issue. On the other hand with the increase of the mobile channel use customer privacy will increase its importance.

2.2.3 DIGITAL

Media fragmentation has splintered audiences and increased the complexity of effectively reaching most customers. Apart from traditional media such as TV, Radio, Magazines, Newspapers and Outdoor, nowadays there are numerous different platforms. IP based media as Internet and Mobile enables two way communications which permits a collaborative approach towards customers for brand building. Digital media is used by everyone and has significant role during purchase decisions[2].

Change in consumer behaviors and technology advance makes impossible to reach a certain segment of customers without the use of digital media, particularly generation X. The user generated content transformed the way customers receive and search information about products and services. This opens new possibilities for the brands, even professional sources such as BCC or CNN often use UGC such as video, information in their professional offering. One of the most interactive digital tools, which deliver unparalleled experiential engagement, is the augmented reality, merging online and offline images and information.

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[2] Charts showing detailed information in Appendix A

Digital platforms enable customers to share content, syndicate themselves to extend of becoming virtual content publishers, avoiding as much as possible paid media. The new real time communications paradigm makes useless and cost ineffective for companies to spend on advertising through banners and video units. Augmented reality, touch walls, gesture recognition and ultra portable devices become seamless engagement network that keep customers constantly in touch with the brand whose story plot can be dynamic throughout the day, thus influencing purchase decision. In order to develop successful digital initiatives, brands must select digital platforms that deliver high engagement value, connect brands with customer's social networks and provide value and relevance in context of each customer's location and activity. Digital platforms are changing dramatically the way people interact with brands, having the opportunity to get involved with customers' life in every moment. The best use of digital media is the crossover between the product and service. The ability of touchpoints to connect between each other via APIs and WEB is critical to enable the brand story continuation and to provide relevant, contextual content or features to integrate more platforms into customers' digital lifestyles. Consumers expect brands to innovate in terms of usage of digital platforms, providing them with service, relevance and entertainment value. Digital content can be used on several different devices, as operating systems get lighter and better at managing media libraries.

2.3 SOCIAL LIFE CHANGE AND NEW CUSTOMER BEHAVIOUR

2.3.1 OVERVIEW

On a global scale populations are becoming increasingly diverse as a result of migration, extended life spans, shifts in household arrangements, increasing levels of education attainment, and new access to technologies and information. This leads to less predictable social paths, individual future choices, needs and desires (R.Falcon, 2003). In the New Economy successful business are those which are able to reward the customer with experiences which they believe worth more than the investment made. The majority of consumers don't need to buy they are rather focused on what they want to buy – opportunities and experiences which bring value to their lives. Being independent well-informed individuals, New Consumers are considered with satisfying their wants which often relate to original, innovative and distinctive products and services. (Lewis, Bridger, 2001). The globalization, digitalization and the continuous fragmentation of the market, have altered the how, what and why consumers buy. In their book 'The soul of the new consumer (Lewis, Bridger, 2001) propose the following customer profile. (D. Lewis, 2001)
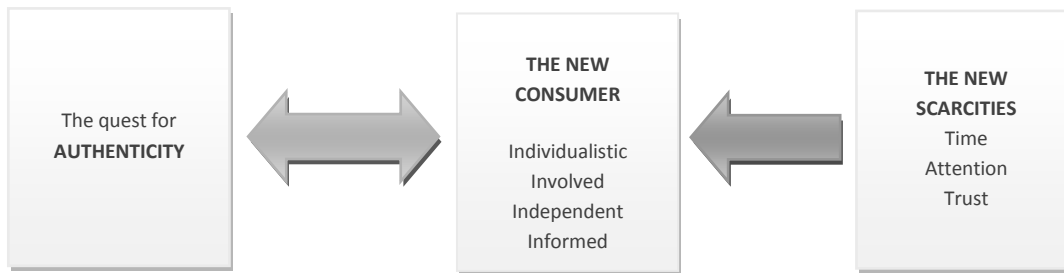
2-1 New customer profile

Business which operates globally is the collective of the relationships between ideas, information, knowledge, capital and physical products, which define the organization and its network of collaborators, including suppliers and customers. (Prahalad, Krishnan, 2008). Digital technology brought many new and alternative communication channels which do not function as a separate network, but should be integrated in a new infrastructure.
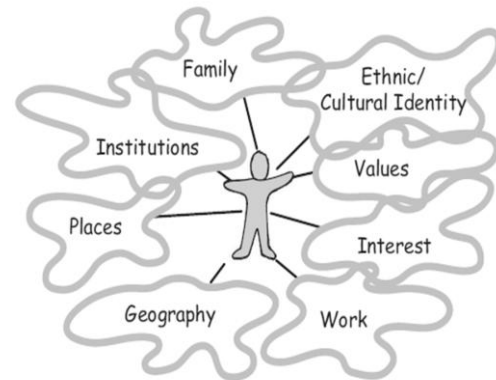
2-2 New customer life dimensions

The dimensions along which people live expands and eventually become superimposed, making it increasingly difficult for marketers to segment customers into homogenous groups. Their preferences and choices may vary depending on the context, time and social setting[3].

2.3.2 NEW CUSTOMER PROFILE

One of the innovative ways to segment customers is the geo-demographic clustering. (T. G. Exter, 2004). Some theorists believe that the market fragments into strictly individualized segments and the best loyalty building strategy is a one – to – one approach – developing offers through the analysis of customer information that are tailored to customers' unique needs and target market schemes of one –to-many are not effective in satisfying modern consumer demands. In many ways, the same targeting principles of the offline world apply in the online world. (Windham, Orton, 2001). Media fragmentation plays main role in the market fragmentation, respectively is a main driver for consumer diversity. The media is a key institution for shaping people's values, lifestyles and preferences. Digitalization influenced strongly how brands compete, how customers evaluate brands, and the access consumers have to product information. The brands should take into consideration two important factors: strategic change aimed at co-involvement of the customer (Rodie, Kleine, 2000, Prahalad, Ramaswamy 2004) and the deployment of a multichannel strategy and particularly the use of Internet and digital media as platforms. (L.Windham, 2001)

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[3] Source: Institute for the future: 2003

The IFF proposes six market perspectives in order brands to determine marketing strategy: segments, social networks, context, swarms, individual, and experience.

- Segments – identify homogenous groups that share product or service preference, useful for reaching large markets.
- Individual – identify customers' unique preferences and purchasing behaviors, customization
- Experiences – Identify practices and experiences related to product or service use, crucial for getting optimal design, features or form factor.
- Context – Identify customer's identity, location and/or emotions, generates contextual data for environments that are not face to face
- Social networks – Address the effect of other people upon consumers' purchasing behaviors, marketing to entire network of people
- Swarms – Identify and predict patterns of emergent consumer behavior, find new patterns of consumer behavior, predicts sudden shifts in demand (R.Falcon, 2003)

The online consumer behavior has been a subject of research for many years, there are many theories, but no unique model has been found yet. An extensive review of different articles shows that researchers mostly base on classical theories: behavioral learning (Skinner, 1938), personality research (Folkes 1988), information processing (Bettman 1979), and attitude models (Fishebein 1967). But for the purpose of online consumer behavior these theories should not be applied straight forward since there are still significant difference between online and offline consumer behavior. Example are the research of (Vijayasarathy 2001) who explained consumer online behavior by integrating specific web factors into the theory of reasoned action TRA. (Koufaris, 2002). Using Internet consumers can find easily and share in real time information about brands. New types of communication gave customers strong influence on brand perception and a new key role as brand co-creators, on the other hand brands are expected to behave in a way which stimulates relationship and consistency. The need for socialization, self-expression and the opportunity to convey new forms of participation gives consumption new meaning - way to bond to the others belonging to the community of reference not just a mean to satisfy personal needs. The social experience is valued more, than the pure consumption. Customers are searching for holistic consuming experiences which are able to satisfy diverse and complicated needs. (A. Boaretto, 2009). The more channels customers use the higher expectations they have for the coherence and relevance of the information and the product offer. Studies by Kumar and Venkatesan (2005) have shown that multichannel customers spend more and are more profitable Kushawa and Shankar (2006) find that they are also buying more frequently mainly from a physical POS. The Internet gives to customers the possibility to obtain product information from various sources from corporate website to peers on the social network, regardless time and location. Furthermore, according to the context, content can be accessed through various devices. In his book Luca De Felice

proposes a new view of the Maslow's pyramid, based on the use of new technologies and Internet. (Felice, 2010)

2-3 New view of Maslow's pyramide of needs by Luca De Felice

Need for connection: Majority of people private or work life which is influenced by fixed or mobile connection, (short or long distance). Mobile phones and the laptop have become inseparable and extremely important devices enabling people to perform their daily activities

Need for digital guidance: Global positioning System and their use in daily life is developing on a fast pace with enormous potential and applicability.

Need for socialization: The need for digital socialization facilitated by platforms for interaction as the social networking, micro-blogging, online gaming which give the opportunity to create community and belong to a group, interact with people with similar interests, feel valuable. Internet becomes a new media controlled and managed by users.

Need for mediality: The DIY (Do It Yourself) media and the UGC (User Generated Content) brought from WEB 2.0 give rise to the hedonistic need to be visible and express own competences and in the same time to receive feedback.

Need for self-praising: A new communication paradigm is emerging "human broadcaster", (the WEB 2.0 gives many instruments and facilitates one-to-many communication) where the need for self-praising is implied in the status updates of the user, Real Time Web, is the emerging trend. This is enabled by life streaming, instant aggregation of status updates and activities from sites where the user is subscribed. (Felice, 2010, pp. 9-13)

The power of social networks and social media has helped customers to establish themselves as "ultimate communicators" spreading globally information with great speed.

(C.Brymer, 2009) calls this type of online communities "swarms" arguing that society has progressed from herd of individual consumers to a living organism that acts as one. Social movement has changed the way business is done. Research done by PWC states that speed and scale of consumer conversations are able to change the market. This is supported by other research conducted by Forrester which concludes that there is a shift from creating messages to nurturing connections with customers. One of the most critical areas in the relationship with customers in order to influence customers and to build a strong identity is the online society and the way the brand is perceived. If the brand is perceived as a peer, it respectively has credibility and influence and people flock around it, by attracting more customers the marketing efforts are multiplied. On the other hand if a brand is perceived as a "predator", people withdraw. By using digital media a brand can reach its customers and have a direct contact through a conversation about the brand or related issue, initiated in either of the two parties in a suitable forum (Brymer, 2008). Since marketing is fundamentally a matter of influence and identity, customers are attracted by key people and authenticity. Like that values which the brand represents are created and expressed. A brand community is based on interest, presence; respect and sympathy due to these loyal customers become brand advocates influencing others in a cascading manner, disseminating the brand story.

2.3.3 THEORIES FOR CONSUMER BEHAVIOR ONLINE AND OFFLINE

There are many theories explaining the consumer behavior towards acquisition of material and immaterial goods. The study of behavior is essential for companies regarding all decisions of marketing: brand positioning, market segmentation, new products development, advertising, distribution. The consumer behavior study is focused on three main problems: purchase decision making, factors that influence the purchase behavior and consumer behavior

One of the most famous theories in marketing is the A. Maslow's theory of the hierarchy of the needs a consumer must satisfy first the more basic (physical) needs and only after that the more elevated ones. Another theory "The equilibrium theory" is founded on the belief that humans need some sort of harmony and stability, tending to avoid changes which lead to disequilibrium. But the surrounding environment with which he is contact is a source of disequilibrium, so in order to maintain the balance a person can either modify his perception of reality or reject the environment information that is in contradiction with his mental structures. In the theory "Psychological Field Theory" Kurt Lewin defines behavior as the totality of an individual's situation, "the totality of coexisting facts which are conceived of as mutually interdependent" is called "field" (Lewin 1951, 240), and the way in which tensions between perceptions of the self and environment are resolved defines one's behavior. The entire "field" within which people act should be viewed to understand one's behavior. In the "Congruence Theory" C.E.Osgood suggests that an individual is in the search of unity, concordance between the information perceived, and he will be looking to deform, avoid or

reject the information which is contrasting with his equilibrium. Another important theory is the L.Festinger's "Cognitive Dissonance Theory" he states that individuals search consistency among their cognitions (beliefs, opinions) when there is inconsistency between attitudes or behaviors, something must be changed to eliminate the dissonance, it is most likely that the attitude will change to accommodate the behavior. The strength of dissonance is affected by the number and importance of the dissonant beliefs, dissonance can be eliminated by reducing the importance of the dissonant believe, add more consonant beliefs change the dissonant beliefs. Dissonance appears most often when an individual faces a choice between two incompatible beliefs. According to "Self – concept" theory an individual takes action according to the idea he has about himself which is build on the interactions with the environment and understanding:

- My real – what is real
- The self image – what do I think I am
- The self-reflection – What do I think I am in the eyes of the others.

Heider (1958) was the first to propose a psychological theory of attribution, but Weiner and colleagues (e.g., Jones et al, 1972; Weiner, 1974, 1986) developed a theoretical framework that has become a major research paradigm of social psychology. Attribution theory is concerned with how individuals interpret events and how this relates to their thinking and behavior. Attribution theory assumes that people try to determine why people do what they do. A person seeking to understand why another person did something may attribute one or more causes to that behavior. According to Heider a person can make two attributions 1) internal attribution, the inference that a person is behaving in a certain way because of something about the person, such as attitude, character or personality. 2) external attribution, the inference that a person is behaving a certain way because of something about the situation he or she is in (Balaure, 1992), (J.H. Myers, 1977), (Engel, 1968). In theory most often the consumer buying process is described in the following sequence: Problem identification, information search, alternatives evaluation, purchase decision and post-purchase behavior (Blackwell et al.2001). There is a distinction between High or low involvement purchasing and its impact on the buying process. The literature suggests that a consumer can be involved with advertisements, products, and / or with the purchase decision (Zaichkowsky, 1985). Further, consumers can be classified according their behavior and the way they prefer to make purchase

Purchasing types: Impulsive buyers: driven by a spontaneous urge, purchase quickly; Patient buyers: purchase after making comparison; Analytical buyer: does substantial research before making the decision to purchase products or services.

Purchasing experience: Utilitarian: shopping in order to achieve a goal, complete a task; Hedonic: shopping for pleasure and enjoyment

According to O'Keefe the ELM[4] (Elaboration Likelihood Model) is one the most influential in consumer behavior theory. Depending on the conditions, receivers of the advertising messages employ various levels of cognitive effort to elaborate the information. The degree of engagement in information relevant thinking varies from almost none to very high. The model proposes two distinctive "routes to persuasion": a "central"– high degree of elaboration and a "peripheral" route – low level of elaboration. Ohanian and Tashchian (1992) find that consumers are putting higher levels of shopping effort, when they are highly involved with a purchase. The time spent on the research of a purchase and shops visited grows proportionally with the level of involvement of the customer (Salma and Tashchian, 1985). People search more information and make more careful shopping decisions by evaluation of different alternatives. Arnould and other researchers named the state of involvement peak "flow" (Arnould et al., 2002, p.401). Csikszentmihalyi (1975, p.36), the founder of the Flow theory defined flow as "the holistic experience that people feel when they act with total involvement". In this state a person feels efficient, motivated and happy, learn more, and increase his perceived behavior control, explorative and participative behavior, and positive subjective experiences (Hoffman and Novak, 1996). This model finds application in websites which are designed to induce state of flow and thus more effective to influence people attitudes and behavior (Skadberg and Kimmel, 2004). (Koivumaki et, al. 2002) argues that navigational experience is very important for customer satisfaction. Focused attention and control predict flow, which predicts customer satisfaction customer satisfaction predicts customer retention and the amount of purchases (Koivumaki, Oinas – Kukkonen, & Svento (2000), Koivumaki (2001). However, one heavy criticism of flow, relating to scope, is that it is too much Western psychic phenomenon (Sun 1987) and it was more applicable to men than women (Csikszentmihalyi 1988). Csikszentmihalyi concludes that anywhere the quality of human experience is an issue, flow becomes relevant. (C.M.K.Cheung, 2003). Utility theory gives the framework to assess the different choices an individual is faced with it refers to the level of satisfaction each choice provides. According to utility theory each decision is made on the basis of the utility maximization principle and the best choice is the one which provides maximum utility. This theory is often used to explain consumer behavior, where he plays the decision maker deciding on how and what to consumer in order to provide himself highest level of total utility, depending on his buying power and the choices he have.

2.3.4 ONLINE BEHAVIOR

In practice each consumer is also a computer user and interacts the same way with the system as a regular computer user, thus posses the same characteristics. (IT) information technology made it possible to transform a physical into a virtual shop, changing the traditional concept that IT in a physical POS usually is used for operations; instead the technology enables the existence of the web based shop, by the website itself. (Bakos 1997)

[4] The ELM Model can be found in Appendix A

argues that buyer search costs are transactional costs which eventually may influence buyer behavior and further structure the market. Online consumers rely on limited product information (photos, description); lacking the possibility for physical assessment and the quality of the shopping experience defines later the intention to purchase. Online channel relies on well designed web sites and powerful web features. The online consumer social and work environment may also differ from the offline; intention to buy may depend on factors as lack of time, lifestyle and knowledge of use Internet (Bellman et al.1999). Online consumer is generally more demanding and powerful in their expectations as a result customer loyalty online is generally low (Morrisette et al. 1999), also real life shopping may provide much more enjoyable and entertaining context (Rice 1997, Eighmey 1997, Eighmey and McCord 1998), features as promotions and comments, FAQ etc. support purchase. Shopping online generally hides more risks such as receiving not the right product or credit card frauts (Bhatnager et al. 2000), which from the other hand is balanced by the perceived ease and the abundance of information found online. (Koufaris, 2002). Many online shoppers are using the Internet only to acquire information for a certain product.

2.3.5 CUSTOMER PURCHASE INTENTION TO INTENTION TO RETURN

Purchase can be planned or unplanned. According to (Stern 1962) there are four types of unplanned purchase: pure impulse (hedonistic reasons, characterized by spontaneity, power, compulsion, intensity, excitement, stimulation disregard for consequences Rook 1987);reminder effect (stimulus reminders to make a needed purchase); suggestion effect (purchase motivated by promotion); planned impulse (shopping without having a specific product in mind). Shopping in real world can be constrained by location and time, while there are no such limits when shopping online, further immediate access to products, discounts and variety, ease of shopping may make customers do more impulse and unplanned purchases. Another important aspect is that online shopping provides more privacy and customers can have more free behavior. Beatty and Ferrel found that an increase in impulse purchasing urges shoppers with positive feelings during shopping, shopping enjoyment induces unplanned purchase online. Search agents and recommender systems give customers more control and larger choice over the advertising and promotions to be exposed to which may reduce unplanned purchase (Draft 1993, Rust and Oliver 1994, Shell 1994, Raman and Leckenby 1995, Bruke1997, Raman 1997, Lohse and Spiller 1998). Enjoyment of the shopping experience and customers' emotional response to it as well as the usefulness of the web site are important for customers' intention to return. Customers give more value to the perceived usefulness of the system, than its ease of use (Davis 1989, Hu et al. 1999). Even when not expected, if customers enjoy the shopping experience they are more likely to return. This is another feature that shows similarities between customers shopping online and in real world.

2.3.6 RETENTION

Customer retention depends on such factors as low switching costs, shopping seen as an occasion for socializing, a simply functional website may not be viewed as enough participative to make customers engage, according to the Theory of Planned Behavior (Ajzen 1991) and the Theory of Reasoned Action (Fishbein and Ajzen 1975) behavior intention can be a strong predictor of actual behavior. According (Mehrabain and Russel 1974) model, emotional responses to the environment mediate the relationship between the environment and one's behavior. Physical and social stimuli (colours, furniture, light, temperature, music) in the environment influence the customer emotional state, which has three basic emotional responses, pleasure, dominance and arousal. These emotions define a person's feelings which on their turn influence one's behavior, mood and the desire to remain (Mehrabain and Russell 1974. The atmosphere of physical marketing environments can be designed in a manner which leads to positive emotions, increased consumption and satisfied customers, the power of visual techniques to induce pleasure, excitement and even spending has been recognized by brands and widely implemented, (Mattila and Wirtz, 2001; Spies et al., 1997) Retail environments need to be fine-tuned and constantly re-evaluated and altered to follow the pattern of customer expectations and marketing orientation Newman and Foxall (2003). Shopping enjoyment is both important offline, but online shopping not always is so enriching and emotionally fulfilling as offline shopping and enjoyment is an important determinant of online customer loyalty (Jarvenpaa and Todd 1997, Rice 1997, Eighmey and McCord 1998). Internet customers demand more control, less effort and higher efficiency during shopping. Site features as search engines, recommendations, ratings, personalization of the search enable Internet customers to enjoy high level of control and convenience (Baty and Lee 1995, Hoffman and Novak 1996).

2.4 MULTICHNANNEL MARKETING

2.4.1 DEFINITION OF CHANNEL

Developing a multichannel marketing strategy is fundamental for brands, regardless of their business in order to build strong and long-lasting relationship with customer. The effort of brands to deliver more value and offer better service to customers results in the increase of the diversity of marketing channels and the complexity of their management. The development of ICT has multiplied significantly the possible channels through which customers can interact with brands, both on line and in real world.

"A Marketing channel is a set of interdependent organizations involved in the process of making a product or service available for the use or consumption"

(A.Coughlan, 2001)

Marketing channel consists of specific set of resources – people methods and materials, by the means of which a brand sells its value offer to customers. A channel is made up channel organizations, which are the business entities doing the work. Generally they are divided into four categories: Direct, Brand representatives, Distribution and Value Added Reseller. The figure below describes the basic links between organizations in each channel, the brand and the end user.
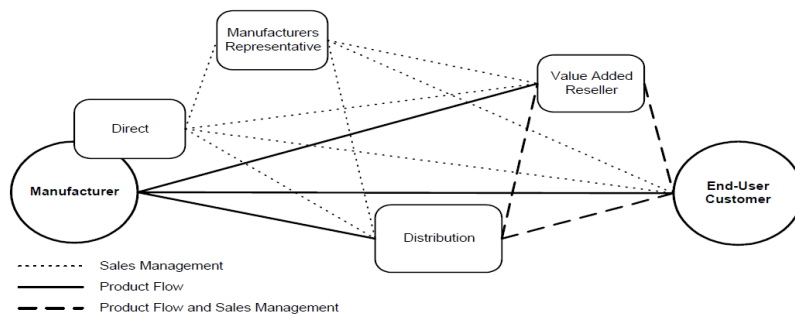
2-4 Marketing channels

The direct channel is represented by the company employed sales force. It is used to sell directly to the end customers. The direct channel can be also an online selling channel and the brand could be selling directly to customers using an own online store. The direct channel selects, sells to and manages organizations in the other three channels.

Brand representative channel has third party organizations that sell the products of one or more brands and in return they have a commission for the sales realized. They can sell directly to the end consumer or to organizations in the Distribution or Value Added Reseller channels. Brokers and agents are example for company representatives.

The Distribution channel functions with the help of third-party organizations which buy the products of many different companies (brands) and then resell to their own customers. These may be the end customer, Value Added Reseller organizations or other Distributors (master distributors, distributors, mail order firms, brokers, dealers and retail outlets). A Value Added Reseller (VAR) channel consists of third party organizations, they buy products and then turn them into application specific solutions and resell the final product to VAR's own customers. VAR are usually System Integrators, High-tech Distributors and original Equipment Manufacturers (OEMs).

According to a Forrester research the e-commerce sales in the U.S will keep growing at a 10% compound annual growth rate through 2014 and will reach $250 billion, up from $155 billion in 2009. (Forrester, 2009). Multi-channel satisfies the high-value multi-channel buyer segments. In response to multichannel retailing customer shopping patterns have evolved (Wallace et al., 2004) leading to higher expenditures compared to single channel customers (Kumar and Venkatesan, 2005). In consequence the number of brands using multichannel strategies increases extending beyond retailing to variety of services (airline, mobile

operators, healthcare, banking etc.). The benefits for companies are: opportunities to increase the value per customer, providing them with increased convenience, improved experience and higher motivation for shopping, creating positive brand perceptions and mitigating the risk of brand damage. From efficiency point of view, the organization is more flexible, better exploitation of customer data and identification of customer needs. Multichannel strategy gives to customers increased choice in the way they can interact, the ability to easily switch across channels depending on their own choice. (M. Stone, 2002).The core role which each channel plays for implementation of the seamless customer experience must be explicitly defined using levers such as realign resource allocation and budgeting process, coordination of certain focused marketing activities, balanced customer and channel performance metrics and customer focused P&L. Capabilities align brand promise and multi-channel proposition, CRM capabilities enable multi-channel experience test the market with cross-channel offerings, management processes and technologies.

Design multi-channel value proposition	Develop a multi-channel network architecture	Retool your ability to deliver target customer experience	Build the requisite organization, marketing and IT skills
Value creation opportunities Key criteria: Segments Customer mix Competition Brand Capabilities Economies	High-value segment convenience and information benefits Technology enabled "realm of the feasible" Brand promise linkage	Core channel roles and linkages Customer revenue/cost across channels Set role, setting scale of physical assets- integration of old and new and recondition/exit	Clear accountabilities/metrics requisite skills Customer recognition, brand promise delivery, consistent treatment foundation Experiment with accelerating tactics	Accountability for cross-channel customer experience – senior management committed Modify marketing resource/budget and performance management processes Track metrics balancing customer segment measures with channel-specific measures

2-5 Multi-channel implementation plan developed by MaKinsey

It is fundamental to map the high-value customer channel usage and preferences against the existing network and cost base.
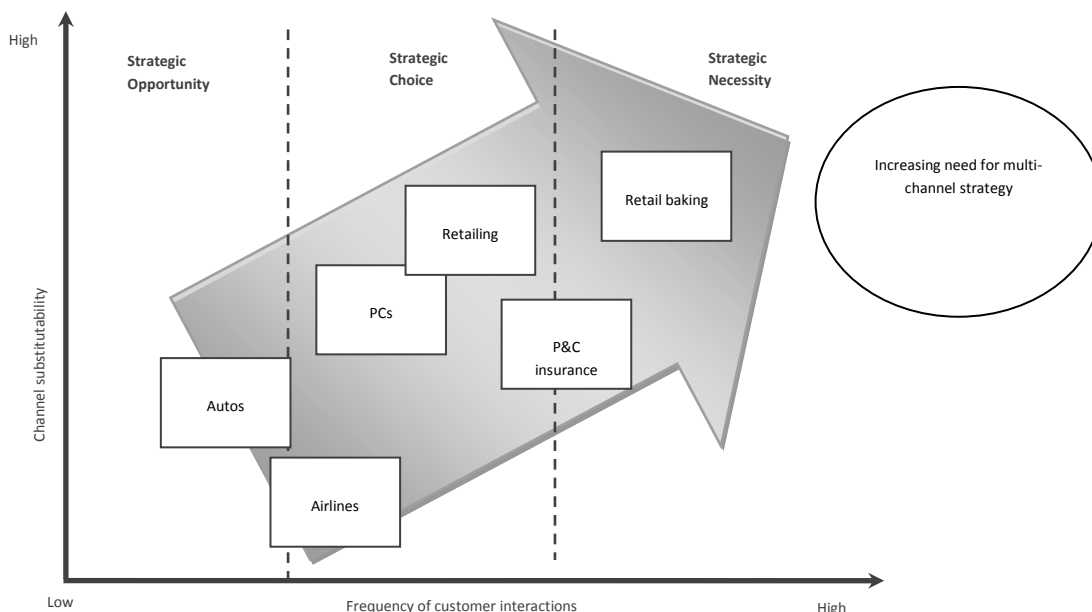
2-6 Need of multichannel strategy implementation according to business

Implementing multi-channel strategy requires managing channels as a linked, interdependent system, transitioning from a bottom-up, capacity and cost-driven process to a customer-focused, cross-channel process. Accountability for managing customers across channels is critical. Using set of rules, coordinated activities and common cross channel vocabulary across the organization instead of centralized marketing unit is essential. The major factors to consider are tight alienation between the brand promise and multi-channel value proposition, CRM/customer information capabilities, utilize web enabled tools to collect and provide high-impact data required for building platform for multi-channel experience management test and learn approach for fine-tuning of the channels. (McKinsey, 2000)

2.4.2 CUSTOMER TOUCH POINTS

There are numerous touchpoints and in practice nowadays everything related to the brand can become a touchpoint. Brand touch point is all the different ways that a brand interacts with and makes impressions on customers, employees and stakeholders. Every action, tactic and strategy a brand has with customers or stakeholders is a touch point. (S.Hogan, 2004). Traditionally, retailers and manufacturers have communicated their product and brand attributes through channels they control, including the store, the call center, kiosks, events, and their branded e-commerce website. In recent years, however, a shift toward new touchpoints has emerged, completely independent of the retailer: social networking sites, blogs, online communities, mobile applications, video, Twitter, location-based services, and many more. The acceleration of the number and types of touchpoints has been catalyzed by anywhere-anytime access to the mobile web, through devices such as the iPhone, BlackBerry, and other smartphones. These mobile devices run on platforms that allow easy development, sharing, and use of consumer-generated applications and content. Many of these applications draw upon data provided by retailers on their own websites, including price, availability, SKU descriptions, and store locations. This data can easily be combined with information from other sources, such as social networks and GPS devices, to enable entirely new capabilities. The more touchpoints a brand gives to its customers the more freedom they have choosing a marketing channel according to benefits obtained. Meanwhile the integration of customer data obtained through these touch points gives a more complete view of the customer profile which is basis for managers to provide better customer experience (Peppard, 2000). Customers usually are unaware of the internal structure of an organization, so they essentially perceive that they can obtain service at any touch point with little redundancy (see Sousa and Voss, 2006). It is a challenge for the brand to deliver consistent service, while decreasing customer effort (Womack and Jones, 2005). Gronroos (1984) sees multichannel marketing as a service, according to him it has two quality dimensions: functional and technical. Functional quality represents how the service is delivered (i.e. customer perceptions of the interactions that take place during the service encounter), and technical quality reflects the outcome of the service (i.e. what the customer receives in the service encounter).

2-7 Evolution of customer touchpoints

Source: Cisco IBSG, 2009
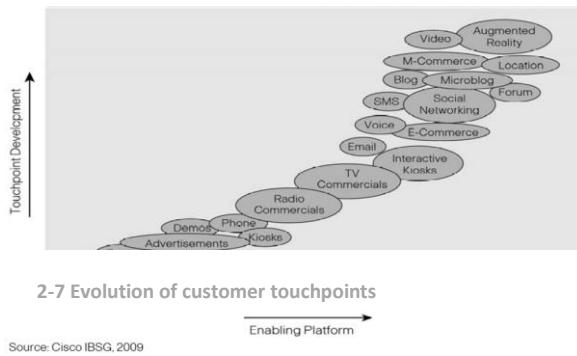
Below is a map showing the evolution and growing variety of retail customer touchpoints, resulting from the increase of available marketing channels, from traditional Brick and Mortar outlets as store, events, advertisements, phones, kiosks, radio and TV to new technology enhanced touchpoints as: E-commerce, SMS, blogging, social networks, forums, video and augmented reality.

In general brand touch points fall into three different customer experience segments

Stage	Experience	Touchpoints	Goals
Pre-purchase	Influence on the opinion of the customer whether or not make the purchase.	Advertising, direct mail website, online information.	Retain current customer's loyalty; remain relevant in their lives, shaping brand perceptions and expectations, pointing out brand benefits. Driving brand relevance, ensure prospects link the benefits to important need and wants in their lives, thus recognizing the value of the brand, driving brand consideration.
Purchase	Store both in real world and online.	Packaging, POP displays, in store sampling, sales staff, price.	Instilling confidence by maximizing the value that customers perceive in the offering. Deliver value by making customers understand the price-value relationship. It is essential that at this stage trust is instilled in customer's minds.
Post purchase	All interactions with the brand that are leveraged after the sale to maximize total brand experience.	Post package performance, customer satisfaction surveys, loyalty programs and coupons, web site visits, newsletter, interaction with online touchpoints, after sales customer service, call centre.	Delivering on the brand promise, meet or exceed customer's expectations, increasing brand loyalty and reputation, repeated purchase, WOM.

Table 2.4-1 Customer touchpoints according to phases of the shopping process

(S.Davis, 2003) Customers deliver value for the brand in different form; Past/lost customers – identify the weak touchpoint and the negative impacts on customers and point better competitor touch points; Potential/future customers – they determine what is working well and where to invest; Current customers – give insights in what the brand is excelling and what keeps customers loyal, identify which are the touchpoint which made them choose a given brand over other. (S.Hogan, 2004)

For consumers touchpoint value comes from the capabilities offered: finding easy product information or facilitating decision making by consultation. For companies value comes from information about personal preferences, where and when a particular need may arise and the ability to use this knowledge to make loyal customers. The ability to respond in a timely and appropriate way is a key differentiator. Touch-points with high volumes of customer interactions and those that can elicit potentially strong emotions in customers (for example, e-commerce sites or customer service departments) tend to have the largest impact on customers' brand perceptions. Understanding the value drivers—especially by customer segment— helps target the areas to improve value for customers. (Wastenberg, 2010)

MOST SIGNIFICANT CUSTOMER TOUCHPOINTS

In – store

This is the most powerful touchpoint where brand can reach customers since it offers the possibility to have most complete experience; ambiance and decoration, lights, aromas, music, staff, product interaction. It is crucial that every part of the whole in store experience is ideated in detail. New technology, Internet and the power which customers have as communities, give them the tools to control and manage to a certain degree the image of the brand. If numerous negative consumer interactions aggregate, this could lead to very significant consequences for the brand.

Social networks and communities

Companies use social media to expand the reach of their message, engage customers to gain feedback about products and services; drive additional sales; and open up a dialogue that can both strengthen brand loyalty and attract the attention of new customers. Brands have to own the right usernames and approach in order to develop a user friendly platform to project their image, to listen and interact with customers. The ability to provide customers with high quality frequently updated content, supported by various tools and applications provided by the sites are crucial. Social media is one of the most cost-effective medium in the digital world with growing audience. It fosters trust and creates positive experiences for Internet users, encouraging interaction with the brand, as well as helping increase sales by immediately directing consumers to desired content. Social networks contribute to consumer happiness and brand loyalty by offering customer service and instant help. One of the most important aspects of a strong social media program is to know brand's customer and select social media sites that will be the best means for both targeting the customer and placing the brand where the discussion about it already exists. (Partners, 2010)

Social networks and especially Facebook are phenomenon which changed the way people communicate. Facebook has more than 200 million active users and has proven to be powerful and convenient mean for brands to reach customers in their natural environment, interacting with them through pages and groups. Coca cola is an example for applying unique approach reaching customers; the company hired two fans to create a fan page on

Facebook, which gained global popularity. Fans create content for fans, it is a direct way to create trust and make fans feel closer to the brand and in the position of control. Thus, by shared knowledge a two way on-going relationship with customers and prospects is created. (Roggio, 2009)

Behaviors in social media	Objective
Sharing	things they find interesting or important
Consuming	learn, entertain, validated, feel more connected
Collaborating	to accomplish a shared goal, vision or project
Creating	to express themselves, share thoughts, talent, passion or to build a personal brand
Connecting	people connect with friends, family, acquaintances and other who share their interests, values and/or beliefs

Table 2.4-2Customer behaviors in social media

2.5 CUSTOMER – BRAND RELATIONSHIP BUILDING

2.5.1 DEFINITION OF VALUE FOR THE CUSTOMER

Theorist from different fields have come to the conclusion that value is determined by the consumer and only he can decide what it is in terms of price (LaSalle, Britton, 2001), value can be created by customers during the consumption process (Lusch and Vargo, 2006). Through multichannel experience customers build their impression for the brand and the quality of the relationship which they have. There are various approaches in the way customers evaluate the different channels and customer touchpoints, (Brady and Cronin, 2001; Zeithaml et al., 1996; Zeithaml, 2000) claim that engagement is build through trust and trust is build on the basis of high quality effect on customer loyalty. (e.g. Shavitt, 1990; Sirgy et al., 1991) argue that the criteria to assign value are both objective and subjective. Objective criteria relates to the nature of an offering – measurable and quantitative, while subjective criteria relate to the symbolic or associative value – benefits derived from use or ownership, forming the overall value of an offering. Theorists suggest that people operate on four levels - Physical, Emotional, Intellectual and Spiritual, the more an offering impact on the consciousness levels, the more value it delivers. Brands are symbols of consumption and provide symbolic or value expressing functions to the customer. A lot of researches show that by purchasing and using brands, customers maintain, enhance or socially approve certain aspects of their self-concept (Belk, 1988; Dolich, 1969; Grubb and Grathwohl, 1967; Levy, 1959; Sirgy, 1985, 1986). The self image congruence hypothesis states that customers hold favorable attitudes and intentions toward brands and purchase brands which conjure with their positive and desirable self – concept aspects. Brands bring value to customers' life providing individual self concept expression and the demonstration belonging to certain groups in society. According to (Sirgy, 1982, 1985, 1986), self image congruence theory there are four types self congruence which drive customers:

Actual	• the match between how customers see themseleves compared to a stereotypical user of the brand in respect to the same attributes • the need for consistency affects actual congruity
Ideal	• how customers would like to see themselves • it is motivated by the need for self-esteem
Social	• how customers believe they are seen by the significant others • need for social consistency
Ideal social	• how consumers would like to be seen by significant others expressing the need for social approval

2-8 Types of self-image congruence

(Aaker, 1997) develops a brand personality concept based on a scale for measuring both brands and people on a set of personality attributes. (M. Bosnjak, 2008).To be consistent in delivering value for customers, brand values should be held and shared by everyone in the organization: management and employees. The brand performance may be affected if there is gap between the values held by the personnel and the organization identity (J. van Rekom, 2006). The gap between desired and perceived identity is important because it is essentially a measure of the effectiveness of an organization's corporate strategy manifested through its corporate identity. (R. Cheng, 2008). Brand values which customers care about: fair pricing – according to customer economic and social behavior and provide, products with right value for the money; innovation and service – there will be always customers loyal to brands "owning" innovation and finding innovative ways to engage customers no matter of demographics; authenticity, transparency, honesty – Brands stand firm behind their strategy and policy, admit problems if appear and take immediate steps to rectify them; connectivity - the major part of consumers feel that their ideas and concerns are not noticed, companies that engage customers will win their trust and loyalty. Positioning brands in alignment with the basic core values that resonate with consumers to build trust is the starting point for brands to prove their value and worth. (Mininni, 2009)

2.5.2 TECHNOLOGY DELIVERED VALUE

(Strauss et al. 2006) have defined digital technology and especially the Internet as an enabler of the global marketplace, which gives "equal access to information about prices, products and distribution). Advantages of Internet for business are such as; reduced transactional and intermediation costs, overcoming time, distance and location constraints. The widespread adoption of ICT generates technological convergence combined with global connectivity leads to a structural shift in business orientation towards price convergence (Hodkinson and Kiel, 1996). Competitive advantage is more likely to be derived from marketing strategies focused on consumers' perception of value and embodied in supplementary benefits targeted to them, many of which are ICT based (Slater, 1996). With respect to the technology, (Meuter et al. 2000) findings show that customers are more satisfied when the technology solves an intensified need, saves time, and delivers performance and dissatisfied when the system is poorly designed. (Bitner et al. (1990), Sirdeshmukh et al. (2002)) studies

show that perceived qualities of both service organization and service provider are drivers of customer trust and loyalty. When considering a channel which provide technology-enforced encounters its scalability refers to the customer's assessment of the ability to move up to a human-assisted mode of contact if needed. Technological failures, poorly designed channel interfaces, or simply the lack of familiarity with a new channel may prevent the customer from using the channel. In these cases, the customer will need a live person to provide the desired service. The potential threat that technology creates is the decrease in human contact (Neslin et al., 2006), which is absolutely necessary for some businesses. In channels as mobile and Internet which empower customers to self-service, less face to face interaction makes it difficult to get a feedback from the customer. Sometimes benefits and incentives offered by the channel may be left unused or not well understood. It is important that each touch point can provide the customer with sufficient and coherent information and clarify the role of the customer. Multichannel strategy may be expensive and not so effective if customers are not motivated to participate and engaged with the brand along the different channels, this on its turn brings the issue that employees responsible require training and education on the functionality of different channels to implement the strategy smoothly and effectively.

2.5.3 VALUE DELIVERED THROUGH ONLINE SHOPPING

The fact that same customers shop online and in the real world, means that appropriate interface and navigation structure, as well as other elements which improve the interactivity have the same importance to retain customers - low price, quality customer service and enjoyment of shopping. Therefore, online stores should provide both utilitarian value as well as hedonic value to their customers. Web stores have given the customer control by providing various site features like internal search engines and recommender systems which enable the easy finding of products, information and quick purchase. Search mechanisms can be differentiated according to the two types of information they use: non value-added and value-added. Product search may be undertaken simply because it is fun as in window shopping. Also, customers often engage in ongoing information gathering independent of specific needs or purchase decisions (Bloch et al. 1986). The more enriched and satisfying the shopping experience is the more likely customers are to experience high levels of perceived control, shopping enjoyment, and concentration. Access to value-added information can prove interesting and helpful and improve consumer decision making through complex, non linear, and non directed queries (Hoffman et al. 1995) and can be an important incentive for people to shop online, providing more control over their purchases. Such mechanisms may also help customers concentrate better because they require active customer participation and interpretation of the value added information.

2.5.4 RELATIONSHIP BUILDING FACTORS - EMOTIONS

"The biggest misconception in branding strategies is the belief that branding is about market share when it is really always about 'mind and emotions' share"

Joel Desgrippes "Emotional Branding"

Emotional marketing depends on the experience of the customer with the product or service. People are influenced by their unconscious emotions, (MacLean, 1990) 95% of all human behavior is unconscious (G. Lakoff, 1999) further what people articulate consciously is only about 10% accurate (M. M. Bradley, 2000). Emotion stimulates people's minds up to 3000 times faster than non-emotional thought. A study conducted for 10 years shows that brands which evoke stronger emotional response have higher volumes, create customer loyalty and can charge up to 200%. Brand should identify which are the emotions they can own and the level of emotional intensity, which are defined and limited by the target market. The goal is to create consistent brand experience throughout all touch points. An emotional marketing strategy engages customers following them on a subconscious level, acting on their senses with higher attention to the context than the content. The focus is on the experience at the moment of usage, targeting essentially the person's desire, mood or need. The product is only a part of a larger experience which includes all environmental factors. Marketers have to understand customer's emotional needs and develop appropriate emotional connection, using indirect testing methods – study actual behavior through observation or projective techniques and emotional responses, asking "why" method, study the hidden emotional insight. In support of this is a study by 1to 1lab (2005) on the impact of the emotions over the TV public, it showed that the watchers remember just one third of the advertisement, 75% of the information is forgotten in 24 hours, 5 % of the mental activity is based on the conscious mechanism which analyses and registers the principal characteristics of an event and the rest 95% unconscious mechanism which urges the decisions (M. Silverstein, 2003). Emotional branding focuses on the most compelling aspect of the human character, the desire to transcendent material satisfaction and experience emotional fulfillment (Gobe, 2001). Brands anymore consider all five senses (touch, taste, smell, sight, sound) as part of unified strategy to appeal to customers (Lindstrom, 2005) and maintain customer loyalty, the key connection between them is story telling. A global research[5] on the role emotions play in consumer decisions by Gallup found that: Emotional connections are not privilege just for certain category of brands, costumers are emotional about certain brands and completely unattached to others, levels of customer engagement, together they represent the strength of the emotional connection between the brand and the customer, confidence reflects the trust in the brand, integrity - the belief that the company will always treat its customers fairy, stand behind its products and resolve any problems if occur, pride – the degree to which customers feel appreciated by the company and proud of their personal

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[5] Table of the best and worst sensory engaging brands can be found in Appendix A

association with the brand, passion-the belief that the brand is irreplaceable and represents a perfect fit with the customer's needs.

Emotional connections are not static they can be measured and managed, connections have powerful financial consequences ranging from share of wallet to repeated purchase, more engaged customers make more frequent purchases and return more often, irrelevant of the country or business industry. (McEwen, 2004). Demasio's studies proved that when a customer is faced with decision one's criterion concerns only how he will feel after the decision. (Demasio, 1994). Distinguishing between rational and emotional is highly subjective and artificial. The ESP (emotional selling proposition) is often based on incorrect assumptions that emotions can be "glued" to brands by means of advertising and consumers will perceive them as genuine attributes of the brand, but if customers choose brands based on the believe how a brand will make them feel in terms of emotions, physical sensations and theoretical sensations, means that customers don't desire brands but rather an outcome. The obvious communication of the brand (image, statements) should be internalized as desired feelings by consumers and linked to the brand; otherwise it won't affect the customer's choice. The goal is to make the brand the first association which comes in customer's mind related to a certain feeling or emotion they desire in a given situation. Every touch point must be designed to shape the belief of how the customer can expect to feel and the main focus is on what customers believe the brand will make them feel. The most important is how every interaction with the brand molds the anticipation of feelings. (D.Herman, 2003). According to Saatchi&Saatchi apart from the respect for the product there are three intangible but fundamental elements, which build the long term relationship between a brand and customer; the mystery, the sensitivity, the intimacy. (www.convoimagazineseat.it, 2008)

2.5.5 DEVELOPMENT OF CUSTOMER EXPERIENCE

The building of a multi-channel marketing strategy starts with identification of key business needs such as cross-sell or costs reduction, the value which the brand provide for the customers, what the brand believe in and stands for, main source of competitive advantage, competitors, differentiation on the market, target customers and the meaning it brings in their lives, believes and attitudes, information, communication, transaction and location needs. This knowledge is essential for building the multichannel experience with the objective to develop an understanding for all activities which a consumer performs regarding the brand and identify emotional and functional needs for each target group. Understand how the customer uses the information to how and when communicates with the brand, transactions, localization of the activities. Planning the brand experience and determine how consumers experience the brand on a sensory level. Have a clear vision of the type of holistic brand experience the company wants to deliver. The most relevant choice for developing the marketing strategy during this phase is to choose the mix of channels through which the company wants to build a value relationship with the customer (Basini 2001).

From consumers to people	Consumers buy, People live
From product to experience	products fulfill needs, experiences fulfill desires
From honesty to trust	honesty is expected, trust is engaging and intimate
From quality to preference	quality for the right price is given today, preference creates the sale
From notoriety to aspiration	being known does not mean that you are also loved
From identity to personality	identity is recognition, personality is about character and charisma
From function to feel	the functionality of a product is about practical or superficial qualities only, sensorial design is about experiences
From ubiquity to presence	ubiquity is seen, emotional presence is felt
From communication to dialogue	communication is telling, dialogues is sharing
From service to relationship	service is selling, relationship is acknowledgement

Table 2.5-110 essential differences between traditional concepts and emotional branding

The second part of the process is the transfer of the idea across different channels considering their effective potential and expected customer behavior, the competence in using the specific medium of the channel, investigating the current and future potential of the channel technological evolution, most relevant functionality, and type of customers which will use extensively the channels. Analyze the reasons to choose a channel and marketing objectives to follow. Reasons and determinants of the choice – cross selling or specific channels (Basini 2001). Considering the profile of the consumer, define the mode of use by different clusters of customers, the possibility to attract new and the investments needed for development.

Next phase is the definition of the channel experience form the point of view of the customer (channel specific approaches and applications, visual codes and emotional stimuli associated with the brand) and the development of parameters of its evaluation, dividing the content through different channels in such a way that all together they are capable to develop a holistic brand experience. Identify the content and context of use - the way a brand creates value in the life of customers not only as a solution (content) but also a mode to use this solution (context). Define the reference area of the brand. Project exact content and context for each channel (Basini 2001 MKTG REL). The experiences through different channels should be linked by common approach and a set of common guidelines is shared (look, symbols, language, purchase or CRM). The use of the channels for delivering experience is defined according to the customer's familiarity with technology and the adequateness for the brand offer. Thus a map of the brand marketing strategy is deployed, incorporating different channels the type of content and context and the profile of the reference target, in descriptive terms or behaviors[6]. The homogenous and seamless experience through different channels is rendered by an experiential connection. The quality of the experience generated along all touch points is evaluated by a set of respective qualitative and quantitative parameters. Value of customer can be measured in terms of

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[6] Framework and process for developing of integrated multiple channel experience in Appendix A

share of wallet, time spent in different touch points, retention and migration, quality and efficiency of the channel- quality of service, type of use etc.

CONTENT / CONTEXT DEVELOPMENT

The aim is to understand holistically the experience which a brand wants to deliver the content and the context then define how this experience would be delivered across different channels. The unique context in which the content can be delivered in respect to the current context and how the brand proposition can be turned into a compelling context should be understood. Content and context must be delivered consistently with respect to any innovations in the brand content. The brand should realize how new context reflecting the brand understanding about the target group can be created. The core is to identify what customer needs from a brand and add maximum value to customer's life. The brand experience creation process finishes with the development of a base description of the overall experience. The brand should be aware of the overall brand experience it wants to deliver, know what, why, when, where and how this experience will impact the life of the customer, how synergies between the elements of the experience can be created, as well as how to use the entertainment and information technologies to create a multichannel experience. It is essential to look at the brand from the customer point of view and validate it as a customer entertainment is key way to engage customers in a brand experience.

SYNERGIES ACROSS CHANNELS

Cross - channel use for promotions and communications, (TV advertising drives traffic in store, magazine to Website). In many categories customers may use one channel for information and other for purchase (Frambach, Roest, and Krishnan 2007 and Verhoef, Neslin, and Vroomen 2007). In some cases personal, especially when conversion and up-sell rates differ among channels, customers may need to be redirected to another channel to complete the purchase. Leverage cross - channel information and marketing research from one channel to improve decisions in other channel. An example is to use in-store gathered information to send promotional messages to mobile phones in order to drive in store or online traffic. Cross-channel price comparison, there are cases when companies establish presence in many channels in order to complement the pricing strategy of the other channels, companies sell both online and direct to customers, the prices they charge may help to control the threat of double marginalization. (Chiang, Chhajed, and Hess 2003). Companies save personnel costs by digitalization of documents, manuals, promotional material, bills, registrations etc. and using the Internet as distribution channel increasing the convenience for customer. Shared common physical assets and operations permit to allocate fixed costs across channels, creating economies of scope and scale (Neslin and Shankar 2009). For cross channel synergies should be used common database, personnel, cross-selling opportunities encouraging customers to shop, when they come to return online or catalog orders.

MULTICHANNEL STRATEGY DEPLOYMENT ACROSS DIFFERENT TOUCH POINTS

From earliest impression with the brand throughout the whole shopping experience to the after sale a customer is interacting with a chain of touch points. A typical purchase decision passes through the following stages – a consumer has his own blend of perceptions, then these perceptions can be modified interacting with other consumers and owners of the brand, then one acquires information online – through reviews, forums, blogs, web sites, social networks etc. At this point the brand cannot influence of the already build perception for its reputation. In order to create and deliver a compelling multichannel experience, it should be segmented according to use of channel and its capabilities. Starting from the original concept a clear view of how the content can be segmented by channel, when experienced by the end customer when experienced in totality across which channels. The content segmentation depends on which target group is using the channel and how well it is developed. Each experience delivered through the various channels should be examined according to the overall brand experience in order to develop an experience map for each target segment, thus are also given links and synergies across channels. At the same time a brand should be careful not to stretch out too much either into technology or customer needs satisfaction and be clear about current and predicted usage of the channel, how to direct customers to use the channel, where is the channel most used, what is the capability of the channel, technology timeline, who are the early adopters, what is the main use of the channel. Research through leading users and early adopters is useful to understand how technology will influence the behavior patterns of the market. Understanding the adoption cycle would give directions for developing the marketing strategy in the future and to encourage customers to interact with the brand, a map with relevant channels can be deployed.

2.5.6 CUSTOMER ENGAGEMENT

Increasing competition, changing market structure and sophistication both of technology and customer needs made brands change their approach to customers from transactional to relationship marketing, adapting to globalization and different cultural contexts. Buyer seller long term relationships are defined to depend mostly on commitment as indicator of long-term buyer-seller relationships, where trust and satisfaction are important constructs antecedent to commitment—satisfaction is proposed to affect commitment through trust and communication, cooperation, relationship duration, interdependence, interdependence asymmetry, social bonding, and structural bonding—constitute the relationship atmosphere surrounding long-term buyer-seller relationships. As the relationship atmosphere between buyer and seller improves, the amount of satisfaction, trust and commitment in the relationship increases structural bonding - task orientation between buyer and seller, the degree to which this relationship is maintained as a result of mutually beneficial economical, strategic, technological or organizational objective (Williams, Han, and Qualls 1998). Social bonding - bonding between individuals, depends on the degree of friendship and liking

among buyer and seller (Wilson 1995). Both social and structural bonding has effect on commitment, as the effect of the later is greater (Williams et al. 1998). (AuDash, 2007)

The researchers (Mishra (2000) and Tees (1994)) suggest that trust - the belief that one's needs will be fulfilled by the other party (Anderson and Narus (1990)) and commitment defined as enduring desire to maintain an important relationship (Moorman, Zaltman and Deshpande (1992)) are appropriate to measure relationship quality. Many marketing scholars point that trust is fundamental factor in evaluation of the brand – customer relationship, greater customer trust has a positive effect on loyalty intentions. For building a buyer – seller relationship mutual commitment is required. In marketing literature commitment has been viewed as a factor of critical importance for relationship building. (AuDash, 2007). It is reasonable to expect that a positive multi-channel experience would strengthen the relationship with the brand. Conversely, high quality designed multi-channel strategy does not necessarily guarantee that commitment exists. The affective component of commitment is the psychological attachment of one exchange partner to the other (Gundlach et al., 1995). Relationship marketing theory assumes that affectively committed customers feel connected to the brand, are less likely to patronize other brand (Sheth and Parvatiyar, 1995) and are more likely to remain loyal (Garbarino and Johnson, 1999). Brand authenticity is factor more than ever important for the customer, the brand can influence them several ways: conviction - marketers should be personally convinced by the brand idea, collaboration - brand must be a part of the community of customers and vice versa. Customers must be involved in what the brand does linking them to each other, creativity as a constant element in the efforts to connect with people, regardless of the media, acting not only on the individual but also communities and their point of influence.

The relationship strength in the sense of durability and impact (Petty and Krosnick 1995, p.3) is the quality most centrally linked to relationship stability both directly and indirectly (Price-Bonham and Balswick 1980; Rusbult et al. 1991). The people's concept about ideal relationships includes three trait clusters of particular importance: status, warmth, and vitality (Fletcher et al. (1999, 1979)). Relationship evolution inferences includes partner behavior in manner that promises are kept (Lacobucci, Ostrom, and Grayson 1995), relationship failures are avoided (Smith, Bolton, and Wagner 1999), problems are resolved and long-term consumer interests are served (Braunand Zaltman 2000). General perceptions regarding the partner's dependability and reliability, trustworthiness, supportiveness and accountability also appear significant in gauging partner capabilities, intentions, and motives in meeting relationship obligations. Studies found that there are three brand personality traits that are robust across individuals, product categories, and cultural contexts (Aaker, Benet-Martinez, and Garolera 2001). These are: "sincere" personalities that represent classic brands such as Hallmark, Ford, and Coca-Cola (Smith 2001) and have advantages in relationship building. Sincerity infers traits of nurturance, warmth, family-orientation, and traditionalism, which have been positively related to relationship strength (Buss 1991; Robins et al. 2000), partner trustworthiness and dependability (Aaker 1999), which temper

feelings of vulnerability and support relationship growth (Moorman et al. 1993). Brands characterized by sincere personality traits encourage progressively stronger relationships analogous to close friendships in the interpersonal space. Second personality type important in marketing is "exciting" brand built on the base of qualities of energy and youthfulness (Aaker 1997). For exciting brands are considered YAHOO!, Virgin, and MTV, Dr.Pepper, using unique and atypical logos, advertising and communication methods, seeking differentiation from traditional brands. Critics state that no matter that such brands generate higher attention and interest, they are less likely to be considered as long term partners (Altschiller 2000), (J.Aaker, 2004)

COMMUNICATION, COOPERATION AND RELATIONSHIP DURATION

Communication in oral or written form shapes the first impressions and future relationship between buyer and seller (Wren and Simpson 1996, p.72), it is fundamental for a relationship and its nature create the relationship atmosphere. Sheth (1976) developed a conceptual framework of communication in explaining buyer-seller relationships, characterizing communication along two dimensions: content (functional, social organizational, situational, emotional, and curiosity) and style (task oriented, interaction oriented and self-oriented). In the IMP Group's relationship model, communication exchange is antecedent to both satisfaction and trust (Hakansson 1982), it is based on a cooperative rather than advertising buyer – seller relationship. The process of interaction involves several forms of communication exchange, such as product, financial and social information. The outcome is influenced by the content method and style of information exchange. The most important in the relationship between buyer – seller is cooperation (Hakansson 1982), according to (Wilson 1995) cooperation is complementary to brands actions in order to achieve mutual benefits and it is directly linked to satisfaction and trust. (AuDash, 2007). Relationship duration is directly linked to trust (Anderson and Narus 1990; Anderson and Weitz 1989; Hakansson 1982; Wilson 1995). According to Dwyer, Schurr, Oh (1987) the relationship building process has five stages and trust directly affects commitment and thus is one of the most important links on the model.

2-9 Stages in relationship development

2.5.7 CREATING RELATIONSHIP VALUE

Value creation is the process by which the competitive abilities of the partners are enhanced by being in the relationship. Often it is asymmetrical, so to build a stable relationship each partner needs to see some benefit than working independently. Value comes in many forms like technology, market access and information. Knowledge gained by a partner in the relationship may be the most valuable output of the partnership but is likely the most difficult to measure. A partner with power may be able to extract value sharing concessions but it may be at the expense of trust and cooperation. In a balanced power/dependence relationship, commitment to the relationship and cooperation between the two parties increase as the partners create more value. (Wilson, 1995). As defined by (Greenward and Leavitt 1984) involvement with a product is a person's motivational state (arousal interest drive) towards an object where that motivational state is achieved by the relevance or importance of the object in question (Mittal 1989). For marketers it is very important to get a correct measure of the way consumer evaluates the quality of the channels and the level of engagement they can provide in order to be able to identify areas for improvement and innovations in the process and functions of the marketing channel, technology can be adequate to the requirements of the customers and thus investments decreased.

Many companies are moving to a customer-centric approach where all employees, irrespective of role (or technology channel) are aware of the experience that needs to be delivered and their role within its delivery. If managed appropriately this approach allows much more activity to be focused on delivering customer value as opposed to controlling activities. Since in many cases delivering a multiple channel experience is about driving cross-sell any potential synergies harnessed will increase brand building. (Basini, 2001). One of the most important determinants of brand experience is an organization's employees; the way customers perceive them and interact has a far greater impact upon their brand perception than any other form of advertisements. Involving the whole system to address systemic issues is at the center of the involvement paradigm, thus trust, ownership, and belief are built. In essence, involvement is an innovative way to mobilize human energy in the service of an organization. Involvement creates belief, passion, commitment, and identification. People feel a sense of belonging to something bigger than themselves. (J.Willard, 2009)

2.5.8 CUSTOMER EMPOWERMENT

Customers can access to more information about a product and the market of interest in global perspective complemented by the ability to exchange information and opinion with peers, to change opinions and behavior in a rapid and unstructured manner and to define brands on their own (Morrissey, 2005), more knowledge makes them feel more powerful (Foucault, 1972) the orientation of competitive focus towards consumers subjective

valuation pushes consumer driven production process. Deshpande (2002) considered the changing nature of competition based on five trends, defined as in the table

Trend	Advantage
Democratization of technology	ICT accessible to all
Social and technological leapfrogging	Unwillingness by emergent markets to accept older generation products
Knowledge transparency	Business inability to price discriminate across segments
Born global	Business ability to become global on inception
Customer empowerment	Enhanced ability to access, understand and share information

Table 2.5-2 New trends in consumer behavior

Control is transferred from business to consumers who become more empowered in their decision making. The Internet offers to brands opportunities, but they come together with uncontrolled consumer power due the fact that the web is free and to a certain extend a consumer may remain anonymous. Brands are unable to restrict the search process and the possible choices available to consumers through the use of ICT. The concept of empowerment has different definitions as it can be referred both as a process or an outcome. Process requires gaining of mechanism for control over issues that concern the customer and developing and practicing skills in order to have control on their own decision making. One party delegates authority to another, implying acceptance of personal responsibility (Maccoby, 1999). As an outcome empowerment is subjective since the empowered individuals should feel a sense of control, understanding their socio-political environment and become active in efforts to exert control (Zimmerman and Warschausky, 1998, p. 6). Consumer empowerment delivers additional value for the customer by providing access, content, education and commerce to wherever the consumer is located (Turnquist, 2004). Consumers can choose what they want, whenever they want and empowerment from the early stages of the product or service development gives the opportunity to customers to participate in the process of creation of the product; at the same time limits of delegation can become vague. The level of empowerment will depend on the following factors: market value propositions – number, quality, choice; market knowledge – the known value propositions; ability to search and gather new market information; ability to take advantage of alternative value propositions (time, logistics, and economic constraints). The degree of customer empowerment increases because the web allows intense connectivity and the development of virtual communities, where information about brands is freely shared and discussed. Customers are able to from their own expectations about quality and reduce the dependence from corporate information. The more demanding customers become, the more unique the value propositions become, following this rationale (Yancey, 2000) suggests that rather than forming a global market, the Internet is advancing consumer market fragmentation, and "becoming the preferred supplier is the goal" (Deshpande, 2002, p. 228). Customization which is a buyer-centric strategy (Wind and Rangaswamy, 2001), can be viewed as customer empowerment as it gives them control to

create own products. How much a marketing strategy is truly consumer centric depends if the wants at their core are determined by the customers or by the managers' perception of these wants. The limited success of CRM strategies is explained by that factor (Newell, 2003). CSS (customer self-service) is a way to overcome this shortcoming in development of a marketing strategy. The main idea is that customers should be and feel they are in charge of their experience, while businesses benefit from reduced operational costs.

2.5.9 ORGANIZATIONAL STRUCTURE

The biggest challenge towards implementation of a multichannel strategy is setting up the organizational structure. Still many brands maintain decentralized management system, its advantages include: 1) greater focus and more flexibility in response to the unique competitive situations in each channel; 2) allows each channel to adjust its retail mix to serve different market segments; 3) helps attract and retain executives with experience in a particular channel (Gulati and Garino 2000). But still, decentralized structure causes various problems, while marketers try to create cross-channel synergies and customers expect seamless experience, because it creates inefficiency of business processes due to duality in teams, internal conflicts among channels, leading to inconsistent customer experiences caused by lack of coordination. There are no universal solutions which can fit any organization, it is up to the individual brand to decide what to integrate and what to keep separate, taking into consideration current as well as past management structure, branding strategy and compatibility in each channel, existing distribution and information systems and their transferability to a new channel, and the need to attract executive talent and outside capital (Gulati and Garino 2000). For a successful multichannel strategy, it is fundamental to build an integrated information technology structure, to allow management and analysis of data across channels. An inward flow of information derived from all channels and touchpoints should be build to develop knowledge and insights in order to extract only the relevant data which to use for decision making as an outward flow of information. This integral and unified view of customer purchase behavior is a key to using customer transaction data in building CRM and resource allocation models. (Verhoef et al. 2010)

2.5.10 IDENTIFICATION AND MANAGEMENT OF POTENTIAL THREATS

As (Wallace et al., 2004) argue the combination of different technology may reduce the service costs and at the same time boost loyalty, but as well loyalty may be damaged by negative experiences (Bitner et al., 2000). A common mistake when developing a multichannel strategy is to copy the best practices of other in the same category and to expect that they will bring the same results. The other common approach is the "do everything" – aligning every customer interaction in the hope that many small positives will add up to a first – rate brand experience. Most often the consequences are poor use and allocation of resources, difficulty to obtain support and alignment for the many elements involved across the organization, limitations making quick wins that can foster confidence

and generate support for broader brand building programs. Consumer behavior can be controlled through development of information based customer centric marketing strategies that seek to enable and delegation control, design and use of ICT are both strengthened and widened, emphasizing the uncontrolled nature of the consumer empowerment process, power is shifted from brands to consumers. (D.Pires, 2006) The companies should give consumers choice and delegate them authorities but to a certain predefined extend, otherwise they are risking to lose control over the brands and to face unexpected cost increase. The term "customization" is often used with similar meaning – offering consumers more control and freedom but, still decisively influencing the process of choosing and decision-making by giving the choice options. The Internet is transforming "information scarcity" into "information democracy" (Sawhney and Kotler, 2001) or "transparency" (Deshpande, 2002). Customers become more demanding (Koco, 2000) because empowered consumers have higher perceived quality thresholds and the effect is implicit in the description of "new consumers" (Traulsen and Noerreslet, 2004). Empowered customers are more likely to reject a value proposition of unsatisfactory quality (not enough information, lengthily online purchase process, slow downloads etc. (Tehan, 2003, p.2). The greater is a customer's exposure to the amenities, the stronger the demand for the amenities and the unwillingness to compromise for less. Increasing number of users leads to increased competition since the entry barriers are low and the market is attractive. This results in rise of the number of players and value propositions. The new and improved offers compete with existing ones, increasing amenities and decreasing deterrents thus increasing customers' expectations and power. The potential growth of Internet depends on users and thanks to that network synergies connectivity expands even further.

Social media is about having conversations that are largely uncontrollable. There is lack of inherent regulation in most platforms, so it is important that companies implement a corporate policy on the use of social media usernames. If mishandled, these elements and behaviors can lead to brand dilution and financial losses. If they are managed wisely, however, they can open new doors and reveal different methods for reaching and engaging customers, thereby improving productivity and value. There is not a one-size-fits-all solution for every company, brand, or social platform. However, it is generally advisable to protect the brand in the places where Internet users are most likely to look for it and ensure that whatever they find there is authoritative. (Partners, 2010). Security and privacy concerns are crucial for brands when collecting and managing customers' private information, especially on the Internet channel.

3 CHAPTER: METHODOLOGY

3.1 RESEARCH PURPOSE

The purpose of the study is to collect and analyze information about new marketing strategies and their integration with traditional ones in order to deliver maximum results for customers and brands in terms of effectiveness, profit, added value and establishment of long term relationship. The research will focus on the various online and offline touchpoints through which a two way communication between customers and brand can be established and customers be engaged into the word of the brand. The study analyzes three different companies, selected among other competitors in the relative business sectors according to definitive traits necessary to conduct the research.

I chose to analyze Dsquared2 - a medium sized young fashion brand which has great potential for development using modern marketing instruments and demonstrating very coherent strategy considered with the target customer. I chose this company since from its foundation it has been an example for very clear branding vision and consistency in development at each next step and very well utilization of the social media. It is a company which despite its small sizes and limited financial resources in comparison to other competitors manages to occupy a definitive niche on the market and distinguish its positioning clearly from the rest. Moreover, thanks to its communication, care and deep understanding of the customers, it has one of the most dedicated customer base and growing popularity world-wide.

The next brand which I chose for my research is from a completely different sector, its name is Todoroff and it is a popular player on the Bulgarian wine market, recognized also in several foreign countries. The company earned its position as a market leader in the high segment of wines and boutique spa tourism thanks to strong branding efforts and centralized marketing strategy deployed along different customer touchpoints. The brand is interesting to analyze due to the specificity of the Bulgarian market and the fact that multichannel marketing gains popularity only in recent years. It is a company which has the foundations to build on and develop in terms of modern marketing, applying the practices of multichannel marketing. Some changes are already under way, other are in course of realization or planned for the future. It is interesting to show how a company develops and applies new marketing ideas in an emergent market in terms of branding and customer care.

The third brand which I choose to analyze – Christian Lacroix also makes part of the luxury fashion sector. The purpose to choose it was to show how different can be the business orientation and the customer orientation in the same sector of an industry – luxury fashion. The company which I choose to analyze is a pure example of only traditional marketing use, not considering the customer as the center of the marketing strategy, diluting the brand

along diverse extension lines and inconsistent management, and eventually all this leading to bankrupt.

3.2 RESEARCH STRATEGY

For the purpose of the thesis I used combination of analytical methods – most extensively I have done a secondary research, encompassing more than 110 different publications, case studies and articles, about 5 different books, many websites, blogs and other Internet sources of information. I have also conducted interviews with two marketing managers and one financial manager and spend two days in Todoroff Wine & Spa hotel in order to gain and analyze information at the place.

Methodology of the analysis

1. Company positioning on the market according to exclusiveness/price ratio. These characteristics were chosen since exclusiveness is directly linked with high desirability, luxury perception and admiration. This feature was compared with pricing since this is one of the most important characteristics to position a brand and also directly defines a target group of customers.
2. The next positioning which I made is according average price of top selling products for each brand which I analyzed Dsquared2, Christian Lacroix and Todoroff...
3. Next step in the analysis of the customer touchpoints effectiveness are the results provided by Google insights. It is a service providing insights about the search terms people look for using Google search engine. I chose to use it since Google is the most popular search engine world-wide and can provide most accurate and rich information. Google insights gives graphical representation for the search terms for a specified time range, data according to regions, customer searches by category, relative interest compared to category and geographical distribution of the searches.
4. The last analytical tool which I used is Viralheat which is a social monitoring and analytics platform which delivers real-time data for the online interest of customers across different social networks, blogs etc. The data collected is accurate and detailed, providing basis for in depth analysis.

3.3 VALIDITY AND RELIABILITY

The research validity is guaranteed by the fact that the data used for the analysis is collected only through official sources and publications in scientific journals. The method of collection of information is following the same scheme for the three companies analyzed as special attention and more profound research is made on Dsquared2, since it is the center of the study. All evaluations and comparisons of the brands were done using the same measurement. Regarding the reliability of the interviews - two of them were conducted face to face and all answers written down simultaneously, while the telephone interview was recorded and then written down.

4 CHAPTER EMPIRICAL RESEARCH DSQUARED2

CASE 1

DSQUARED2 - EXAMPLE OF EFFECTIVE MULTICHANNEL MARKETING

4.1 COMPANY PROFILE

"A taste of home, where the Canadian woods meet Italian design"

Dean and Dan Caten's vision

The philosophy of the Dsquared2 brand is a unique mix of "irreverent Canadian wit", sophisticated Italian tailoring and extreme attention to the detail. This combination makes Dquared2 brand concept standing out from the rest competitors as an expression for alternative luxury.

"Naughty, campy, and with what women's wear daily refers to as "va-va-voom sex appeal"

www.Style.com

The signature look of the brand is best presented by celebrities who are among the most loyal fans of Dsquared2. They fascinate with style, often copied by the admirers. Typical are the sexy ultra low jeans, dresses made with abundance of lace and sparkle and men collection distinguished by casual coolness so indigenous for the celebrities.

4.1.1 GENERAL CHARACTERISTICS

Brief profile of the company: common characteristics and indicators

DSQUARED2	
BUSINESS	Luxury fashion
TYPE/STYLE	Cutting edge trends setters, sexy
TARGET CUSTOMERS	25-35 years
ESTABLISHED	1994
COUNTRY OF ORIGIN	Italy
TURNOVER	2001 $ 4 mln. 2007 $ 144 mln. 2008 $ 188 mln. 2009 $ 175 mln.
GLOBAL PRESENCE	Europe, USA, Far East
SHOPS OWNED	By the end of 2011 – 25

Table 3.3-1 General characteristics of Dsquared2

CHARACTERISTICS	DETAILS
SIBLING LABELS	DIESEL
OTHER PRODUCT LINES	Perfumes, Jeans, Shoes, Accessories
COLLABORATIONS	Fiat (08), Juventus (06-10), Barcelona (09-10), GH Mumm (07), Firmenich (07-present), Blackberry (09), Mini Cooper (10)
OWNED BY	Only The Brave Group
RETAILER	Saks 5th Avenue, Neiman Marcus, Bergdorf Goodman, Shopbop
DESIGNED BY	Dan and Dean Caten 1994-present
SHOWS IN	Milan
COLLECTION TYPES	RTW Menswear, Womanswear
SIMILAR CLIENTELE	D&G, Gucci
STYLES & TAGS	Trendsetters, Italian, Urban, Edgy, Outdoorsy details (fur-trimmed coats, plaid, chunky knits) with a glam-rock aesthetic (deconstructed corsets, biker jackets, hand-stitched denim)

Table 3.3-2 Detailed characteristics of Dsquared2

4.1.2 START UP

Dean and Dan Caten are twin brothers born in Willowdale, Canada. They started working in international fashion since 1984 and in 1994 was the debut of the "Homesick Canada Collection" in Milan as their first menswear collection. In 2003 the brand launched their first Womanswear collection with great success. Four years later in 2007 the woman footwear production began, at the same year, the first Dsquared2 mono-brand store opened in Milan, followed by the opening of boutiques in Capri, Istanbul, Kiev and Hong Kong in 2008, the following year 2009 new boutiques in Cannes, Dubai, Singapore and Hong Kong (Kowloon) were opened. Up to present the collections presented by the designer duo have evolved to attract more fans, becoming more chic and sophisticated, while maintaining the provocative and sexy traits which are embedded in Dsquared2 image and are in the roots of their creativity.

4.1.3 BRAND IMAGE

The brand is oriented towards the young urban trendsetters, who are affluent and confident in their personality, not afraid to challenge themselves and provoke the others. The clothes have sexy silhouettes, high fashion tailoring, excellent quality. A big advantage is that all clothes, footwear and accessories are entirely made in Italy, which adds to the fascination and genuinity of the brand. The Dsquared2 shoes and sneakers have become a cult with their alternative, shocking designs and cheeky slogans.

Picture 1Women looks by Dsquared2

Particularity of shoes design and slogans

The brand often designs shoes carrying bold messages and distinctive elements, which have become a trade mark and differentiator for the unmistakable style of Dsquared2. The female shoes became iconic with the unusual high heels the brothers design like the signature models – "lighting" and "bone". For the sneakers slogans such as "Kick it" and "Mother Fucking Mountaineers" made them hit and desired expressive element completing the look of young sassy fashion setters.

Picture 2Men looks by Dsquared2

The brand is providing a total look from casual to evening wear, thus able to satisfy a very ample audience and answer to different needs. The clothing and accessories with their multi-functionality and variety can be worn at any time of the day for any occasion.

4.1.4 COMMUNICATION, CAMPAIGNS AND MESSAGES TO CUSTOMERS

The style of the campaigns and the communication mode which Dsquared2 uses is always direct and provocative. Nudity is an element almost always present in the advertisements and the runways. The maxima that "sex sells" is extensively used, but each time reinvented and freshened up, never too exaggerated or vulgar, but rather teasing and cool, in synchrony with the target audience of the brand. The preferred medium by the brand to communicate with its current and potential customers – generation Y, is actually their "natural" environment - the Internet. It is convenient, cheap and completely in tune with the target customers. Moreover, the Internet gives customers the opportunity to follow the brand along different channels and platforms according their preference and be a part of online communities, where they can share things about themselves, show off and compare their latest acquisition, talk about the brand etc. The internet gives enormous opportunities to utilize extended marketing tools, such as geo-location, different mobile applications, games etc. The campaigns of Dsquared2 are famous for their creativity and boldness. For the advertisement campaigns the twins always choose world famous photographer and models, in order to ensure that their ideas will be transmitted in the most understandable and illustrative way, so to be as much tuned in as possible with the sensitiveness of the target audience. Dsquared2 is a brand which dare to reach the limits of expressiveness, some of the campaigns even feature brutal or racial (as defined by some media) scenes, but they are never tasteless or beyond aesthetic. The clever play with extreme expressive elements and a

story which tingle the mind is exactly the key to remarkable campaigns. Earlier campaigns (2004/2005) feature stories told as comics book with erotic content, some of the story lines are extended into later campaigns – using the same models, idea, similar setting or postures, in order to achieve continuity. Using this approach Dsquared2 stay consistent with their concept and are able to convey this feeling to the customers too. Customers on their side feel as protagonists in provocative stories, which they otherwise wouldn't dare to think of. The clothes, shoes and accessories are a way to express this self-concept and self-perception, serving as a testimony of confidence, braveness and coolness, earning the admiration of friends and peers. People demonstrate they are unconstrained and spontaneous. Dsquared2 communicate honestly and openly with its fans. This is delivered to a great degree from the fact that the twins inspire very often from their own experiences during teenage and college years, more or less common to their audience. This gives to customers the possibility to identify themselves with the lifestyle which the brand stands for. Dsquared2 always spell out their themes loud and clear well before they present the next collections. The messages which Dsquared2 convey are consistent along all channels, from slogans and their fonts to the shopping bags and the way the products are packed. The design duo takes care for the smallest details in order to make the customer feel the completeness of the offer and its compatibility with any other product or encounter with the brand or its collaboration works.

 "Do not Dream It, Be It!" eyewear 2010/2011;

"Nature always wins" He Wood and She Wood fragrances;

"Born in Canada, living in London, made in Italy" Caten brothers for themselves and the fashion they make.

Country Man MiniCooper branding campaign for young urban enthusiasts who like to live to the max and spend free time in nature.

Cheeky slogans to underline the unique and bold style of the brand and the people who identify with it. Extreme attention and meaning in each detail and again the trademark Canadian maple leaf. Sneakers are best seller product, synonym of casual sexy urban style

The Canadian origin of the designers is highlighted in almost all campaigns. Thrill, surprise and shocking theatrical provocation always in combination with sexy looks are feeling the right pulse to involve the customers.

Sleeky, sexy design of the dress for bottle for Mumm Champaign to be enjoyed with friends on a social occasion or a picknik

Packaging has similar design, natural materials used, mono colors. Simple, clean but distinctive lines.

Picture 3Remarkable branding examples by Dsquared2

4.2 CONSISTENCY ALONG CHANNELS

The brothers personally take the responsibility for all design from collections to shop location atmosphere and tiniest details, both online and real world presence and campaigns. This gives the authenticity and the so appreciated value to every experience with the brand a customer has. Because no matter how different and unpredictable it appears every time, being a radio show or TV appearance, having an opening of new store or purchasing an accessory from the online shop, the whole atmosphere and the experience the customers has is being guided by the same creative traits and perceptions of the twins. The customers can easily feel that as they switch easily and smoothly from channel to channel. From the

Facebook fan page, they are directly navigated to the online store or to directory managed by YOOX. On the shopping bags there is a prompt to visit the online store. The customers which have submitted for the newsletter receive regularly information for promotions, discounts and the launch of limited series with directions how, where and when can acquire the products. The editorials in the fashion magazines also suggest where customers can find the desired product. The YouTube channel of Dsquared2 is used to post videos related to the brand and teaser campaign videos. The collections on the online store are the same which can be found in the boutique at the same prices, excluding some special campaigns which are available for acquisition only online.

Show setting f/w 2010

Show setting s/s 2010

Shop Athens

Shop Dubai

Shop Capri

Show s/s 2011

Picture 4Consistency of the brand image

4.3 COMPETITORS

Dsquared2 is a boutique luxury brand with a very clear concept, strategy and distinctive image. For the brand it is essential to transmit the same idea and atmosphere through the touch with any product. This is the main reason why the brand is concentrated on managing

almost solely mono-brand stores, this gives the advantage to perceive and experience the brand completely. There are no external disturbances to distract the attention, moreover the products are not exposed along with other competitor brands in a department store where the brand image is diluted and the experience lost. The understanding of the importance of the online presence and product appealing presentation is the main driver for the extreme care towards the design of the Dsquared2 online store. It is very user friendly, easy to navigate, giving variety of options to shoppers in order to customize their navigation and purchase, which is a major advantage over many other luxury brands.
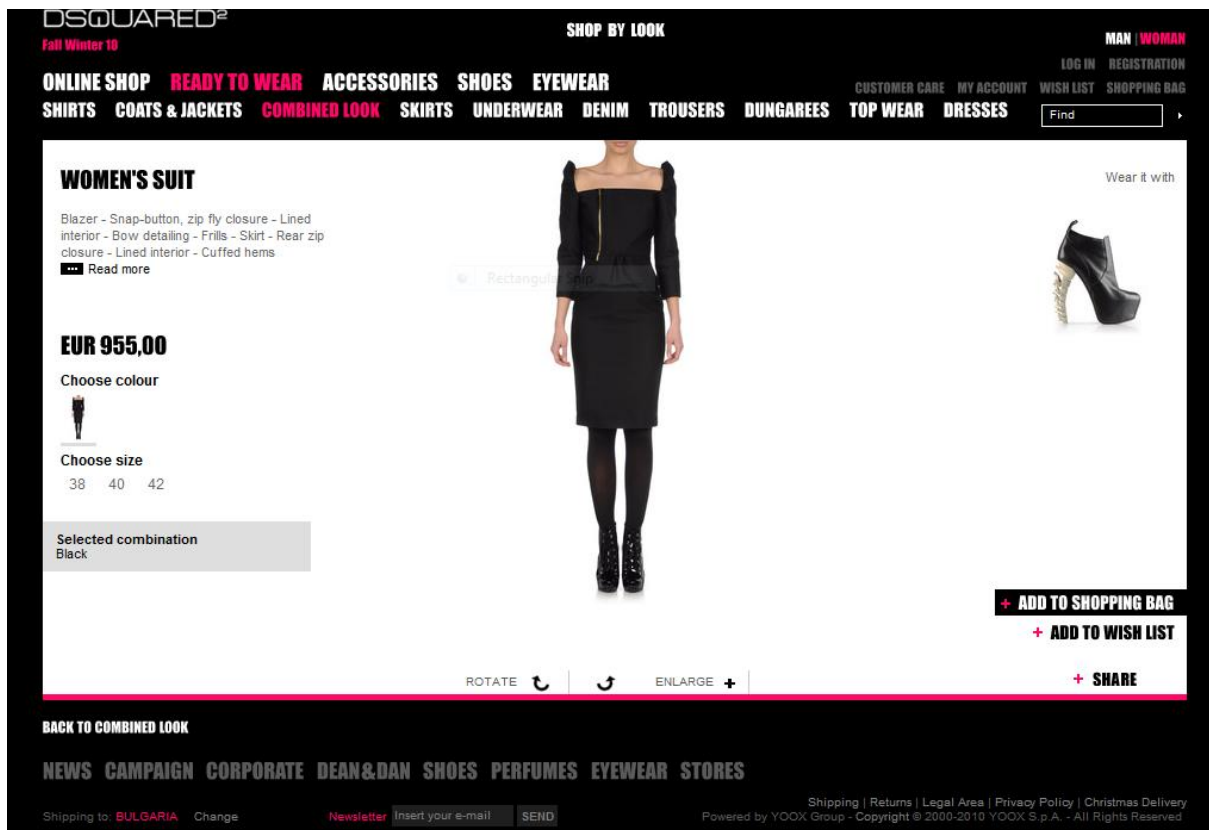
Picture 5 Dsquared2 official website design

The competition in the fashion business is severe. The brands fight over distinctive designs, celebrities' endorsement, faster delivery times, and frequent innovativeness. Combining and coordinating all these key elements coupled with consistency along channels is a very difficult task, which a few brands manage to accomplish. In terms of image, target customers, recognition and similar pricing the major rivals of Dsquared2 are:

1. D&G - in terms of image, designs, target customers, presence online, celebrities. Main difference is the lower quality, kids' line and much wider recognition around the world.

2. Gucci - **some** of the designs, especially suits and evening wear, price positioning is similar. Main difference is that Gucci is mainly orientated and famous for handbags, leather goods, jewelry and accessories

3. Versace – as the brand is diversified in many lines some of them have similar looks, the casual Versus which also produces jeans and is appealing to younger audience, sexy Womanswear. Main difference, older target group, not so cutting edge designs, diffused lines.

4. Cavalli – the brand is widely recognized, celebrities target customers, similar pricing, jeans line. Main difference is that the brand is recognized for the use of many furs, animal prints, glitters, older target group.

5. Emporio Armani – comparable with some more basic and casual designs, lower pricing, recognized among young people and celebrities. Major difference is that the quality and respectively the pricing are lower, lack of exclusive, trendsetting designs, more mass market oriented.

Gucci is the most famous Italian luxury brand and an example for excellent multi-channel marketing strategy, as for D&G is popular for its trendy and provocative designs. D&G is the closest competitor to Dsquared2 in terms of similar clientele and image. A major difference between the two brands is that D&G is actually the second line of Dolce & Gabbanana and Dsquared2 do not have other lines. D&G is a brand which is oriented towards the young people but it is much more a mass brand, and having an inferior quality compared to that of Dsquared2. Both Gucci and D&G are fashion empires as Gucci is part of the PPP Group and Dolce&Gabbana still very much a family owned company, they are much longer on the market than Dsquared2, Gucci founded in 1922 and Dolce&Gabbana in 1986 and have turnover for 2008 of $ 6.338 bln and $ 2.220 bln respectively, which puts the brands in entirely different business dimensions.

4.4 CORPORATE STRUCTURE

Dsquared2 started as a privately owned and managed company, but in 2002 signed a license contract with Staff International, part of Only the Brave Group. The agreement has an objective to continue developing the retail channel by opening new mono-brand stores. All the boutiques are franchises between individual local partners, Dsquared2 and Dsquared2's production and distribution licensee partner, Staff International. The Caten twins have handled every aspect of the stores: location, window display, furniture and seasonal buying budget. The designers expect to have a combination of 25 partnered and company-owned stores by 2011. Only the Brave Group includes Diesel, a cult Italian brand best known for the jeans and the fresh urban wear aimed at young adults, 55DSL a brand for active sport and street wear and Staff International, which was acquired in 2000 a company which produces and distributes luxury brands. Staff International SpA distributes its products through commercial subsidiaries/showrooms in New York, London, Paris, and Milan, as well as through agents and distributors in Japan, Germany, Spain, and Greece. The company was founded in 1985 and is headquartered in Noventa Vicentina, Italy.

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                          │   OTB GROUP     │
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| STAFF International | Diesel Style Lab | DIESEL | 55DSL | Diesel Kids |

Victor & Rolf own	DSQUARED2 license
Maison Martin Margiela own	Marc Jacobs license
Diesel Denim Gallery own	Vivienne Westwood license
Sophia Kokosalaki own	
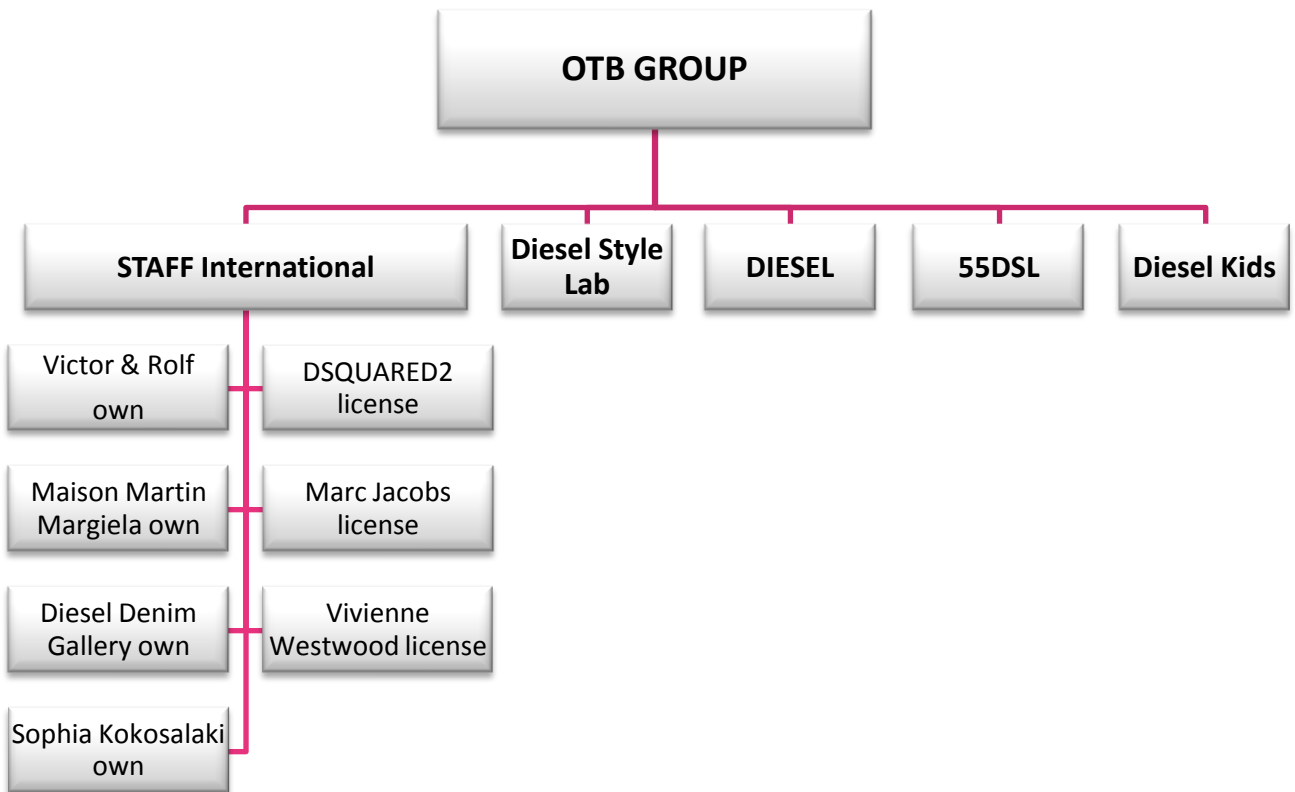
3-1 Dsquared2 corporate structure

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4.5 YOOX ONLINE MANAGEMENT OF THE SHOPS

Since 2008 the online shop of Dsquared2 is managed by YOOX, which is the leading online outlet retailer in Italy, shipping all around the world. YOOX also sells past collections of Dsquared2 on its own website.

The Mono-brand business line includes the planning, set-up and exclusive management of the online Store dsquared2.com. The order processing and customer care services cover the stages from receipt of the order to after-sales service (customer care). These activities, by their nature, are common to both the Multi-brand and Mono-brand business lines.
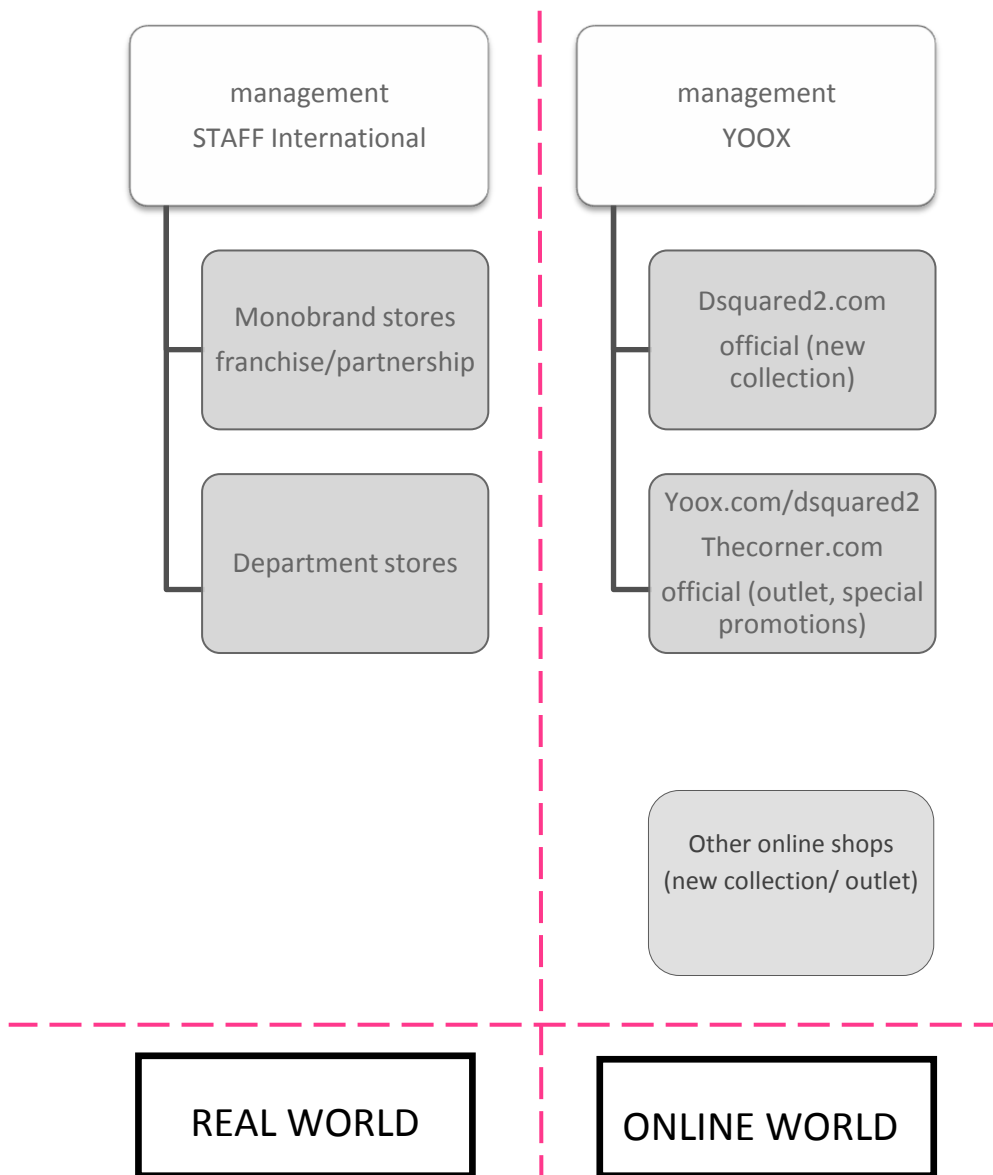
3-2 Dsquared2 management structure

The graphic is a schematic representation of two channels through which the Dsquared2 sales showing only the main and most important players. Regarding the real world, STAFF International has the license for the production and distribution of the Dsquared2 products. Apart from the official outlets which sell the brand, there is also some multi-brand luxury stores which sale just some pieces of the collections, but due to their insignificance, they are not mentioned. As far as regarding the online presence the brand online store as well as the outlet is managed by the same company – Yoox this allows full control and coordinated warehousing, logistics, replenishment and delivery of the products.

PRODUCTION, DISTRIBUTION

STAFF INTERNATIONAL

DESIGN

Dsquared2 Creative – Dean and Dan Caten responsible for the all design .

SALES

Mono-brand stores

Shoes **PRODUCTION**

Dsquared2

SALES

Online - YOOX

Fragrance and Cosmetics **PRODUCTION DISTRIBUTION**

Eyewear **PRODUCTION**

SALES

SALES

MARKETING

Internal semi-centralized, the strategy is deployed by the twins, then the operational activities are divided by online and traditional channels.

USA management decentralized

CUSTOMER

3-3 Business processes map

The structure which aims to show the functional as well as the relational dependency between the different elements of the value chain makes it evident that marketing has direct influence and gives the input to all company processes. From the other hand it also gets input from all phases of the value chain and the customer in order to be able to fine tune the marketing strategy and render it more effective.

4.6 LICENSING

In 2002 with the Fall/Winter collection "Homeless" Dsquared2 firmed a contract with Staff International to become the licensed worldwide manufacturer and distributor of all Dsquared2 men and women's clothing collections. The strong growth of the brand enabled its diversification into other production categories – accessories, footwear and fragrances. In 2009 Dsquared2 renew the contract with Staff International in advance and signed a new 17-year licensing contract. At the moment the brand's biggest market is Europe, but the new long term contract makes possible to develop strategy for Dsquared2 to grow in the U.S. and Japan. The companies plan to open five flagship stores in New York, London, Paris, Tokyo and Los Angeles by 2015.

FOOTWEAR

Dsquared2 has a license contract with Galizio Torresi for the production of men footwear. Women's footwear line was introduced with the Autumn-Winter Collection 04. Since Autumn-Winter 07/08 collection Dsquared2 has decided to have its women's footwear produced and distributed in house.

COSMETICS AND PERFUMES

In 2006 Dsquared2 signed a licensing agreement with ITF for the production and international distribution of Dsquared2 fragrances and cosmetics and in the same year Dsquared2 launched its first Men's fragrance entitled "He Wood" in 2008 the brand launched the first Women's fragrance "She Wood".

EYEWEAR

In March 2008 Dsquared2 signed with the Marcolin Group, one of the global leaders in the eyewear industry, a 5-year licensing agreement for the production and worldwide distribution of sunglasses and prescription frames under the Dsquared2 brand.

4.7 MARKETING STRATEGY

All the Dsquared2 marketing activities worldwide are managed from the headquarters office in Milano, except for the USA office, which has decentralized management. In the last two years the priority is given to the online channel in order to be consistent with the lifestyle of the target customers and increase the brand awareness, as well as the presence online and the use of technology. The CRM department is reporting directly to the financial department, and on the other side is working very close with the sales department, this organizational structure makes easier the budget planning and optimizes the resource allocation. The brand has consistent marketing activities and marketing campaigns all around the world, in terms of content, context and duration. An important part of the marketing strategy is the live contact and public relations, as well as collaborations with

celebrities and brands which share similar values and lifestyle. This is the reason why the twins often organize events in the boutiques, where celebrities and customers are invited. This strategy keeps them constantly present in the traditional and online media. The celebrity gossips and fashion blogs provide free marketing for the brand. Dsquared2 involves both customers and celebrities in the story behind each event they organize.

The Caten brothers also participate in many public and fashion events, being proactive and putting their personalities up front, giving a more complete image of the brand, not the other way round. Thus, they are closer and more in touch with the customer, visibility and communication are their main assets.

Dsquared2 uses the relationship with celebrities as a powerful marketing tool. World famous pop singers such as Rhianna and Christina Aguilera defiled on the catwalk. The brothers are often in the company of celebrities related to music or sport; they are also frequent guests of TV shows and give interviews for magazines. The strong bond with celebrities and the possibility to see them during the events organized by Dsquared2 makes it easier for potential customers to identify themselves or to associate belonging to the same group and being part of the same lifestyle.

The contracts with the football teams of Barcelona and Juventus give the brand direct access to a huge audience. Globally, football is the most loved sport and all around the world football fans which support both teams and feel related to their favorite team or even identify themselves with the footballers and their behavior, would also endorse the brand which the team or a given player wears.

DSquared2 incentives (runway, campaign, event, TV show, advertisement, charity, sports) are always different, provoking, capable to intrigue the audience, and in the same time great deal of them is entertainment, a mix of theater and music.

- D² TV program: "Launch My Line" (originally announced as "Celebrity Sew-Off"), a new fashion competition series they are hosting on Bravo, LA.

- D² Radio show: New York to record their new, monthly radio program for Sirius XM satellite radio, *Dean and Dan on Air: Style in Stereo*. People appreciated the music from our shows. Each hour-long show is mainly about the runway music from a particular season.

Dean and Dan Caten on AIR for Sirius XM leading their own show

One of the biggest threads for luxury brands is the capacity to innovate constantly and the ability to offer to the customers new products which are out of the two obligatory collections each year. The constant introduction of new products and designs is the key to success of low end brands such as ZARA and H&M, the first one replenishes its shops with new products twice a week. It is a strategy to keep the flow in the shop stable and keep the interest of the customers constant, wondering what will be the new thing this week. For luxury brands this model is much more difficult to apply since this will be a very costly effort in terms of organization and resources, moreover the logistics which luxury companies usually use are not so efficient and precise.

Being aware of this fact Dsquared2 uses this strategy mostly for online sales and to drive flow to the online shop. The brand presents limited lines, which are available for a certain period, or makes special promotions with different benefits for the customers (free shipping, discounts).   The last campaigns for 2010 have been:

-   T-shirts with slogans
-   Dogs clothing exclusively sold in the online store of Yoox
-   Jeans promotion campaign (free shipping)

Dsquared2 show a very wise marketing strategy. The brand does not rush and do not get dizzy of the success, but rather stay firm and clearly focused. It endeavors new expansion, launch of a line or certain collection only when being certain to have acquired the needed resources and knowledge required. In the same time these moves are responsive and consistent with the needs of the customers, result of a close study and understanding of the core customer base.

4.7.1 THE CATEN TWINS ARE THE BRAND THEMSELVES

Dean and Dan Caten have very strong personalities, distinctive and attractive, reinforced by the fact that they are identical twins. Their kind and friendly attitude earns the admiration of people. The fact that they are twins gives them stronger and more notable image. There are many famous designer duos, but none of them are twins. With charm and smiles the brothers build the Dsquared2 brand revolving around their own personality. Dsquared2 is a brand that conveys self-confidence and is focused towards those who like to make a bold style statement and revel in the theme of exaggeration and drama, fashion educated and sexually aware, but no matter that the clothes can be incorporated in everyday wardrobe. The success of the brand is hidden in the fact that all collections which the brothers create are very personal and designed with a great attention to detail and the way Dean and Dan present them. As the twins said themselves, for them fashion is not work, it is passion. They have the full control over the design and the brand image which guarantees clear focus, determination, consistency and honesty, easy for the customer to perceive. Customers see and feel the designers closer to their very own creations. People know exactly who, how and why made it, they are able to understand the personality, the character of the clothes. The twins' image is loved by the customers, shortening the usual distance which exists between the designer and customers. Dean and Dan promote their brand with every public appearance they make. The events they organize all around the world for the opening of new stores, or announcement of new campaigns, the launch of new products. The most remarkable appearance they make is during the fashion shows, closing the runways often dressed in funny, strange outfits. The brothers also participate in different TV shows, broadcast their own radio show, take part in music video clips, promo videos for new Dsquared2 campaigns etc.

RECOGNITION

- 2003 - "La Kore" award, as the Most Original Designers, "Men of the Year" by GQ Magazine USA as the Best Breakthrough Design Team.
- 2006 -Spanish award "Aguja de Oro" ("Golden Needle");
- 2007 - GQ Spanish Award "Man of the Year", "Best designers of the year".
- 2008 - Fashion Group International during the Night of Stars gala awarded Dean and Dan Caten together with other 4 characters of Canadian origin who distinguished themselves at international level for their contribution to fashion, beauty and design, "Best Designer of the Year" winning the GQ Germany "Men of the year" award, awarded with a star on Canada's Walk of Fame the Canada Honour for 2009.
- 2009- Nominated HEADLINE TALENT COSTUME DESIGNERS for the Opening and Closing Ceremonies of the Vancouver 2010 Winter Olympic Games.

The Caten twins appeared on America's Next Top Model and in music videos. In September 2009, they were inducted in Canada's Walk of Fame. They also co-host and judge Launch My Line, a competition reality show on the Bravo network. They designed the outfits for the

Vancouver 2010 Olympics Opening and Closing Ceremonies for the Winter Games. In October 2010, Dan and Dean Caten have partnered with Yoox.com to launch a capsule collection of edgy, glamorous dog accessories. The leather dog collars and leashes are right on-trend, covered in chains and studs, and are inspired by the best muses: the Catens's own dogs Chihuahua Dixy and French bulldog Mug. The proceeds from the sale will go to Much Love Animal Rescue.

4.7.2 MARKETING APPROACH

The table below presents the marketing approach which the brand follows, comparing the business conditions in an Industrial economy and in an Information economy. The results are obtained from primary and secondary research. It is evident that Dsquared2 has strong orientation towards a consistent customer centric marketing approach in tune with the new requirements of the market and the way a brand communicates with customer in the Digital era. On the other hand this strategy is not blindly followed with the sole purpose to be "all time, everywhere present", but wisely combined with traditional marketing approaches which are indispensable for certain channels, especially the customer touchpoints which require life contact providing additional value. The marketing approach is structured with the main objective of delivering maximum value for the customer, while satisfying the goals of the company and providing resources for future growth.

Marketing in an industrial economy	Marketing in an information economy
Customer as target	Customer as relationship
Organize by product units	Organize by customer segments
Focus on profitable transactions	Focus on customer lifetime value
Judge performance primarily by financial results	Look at marketing metrics as well as financial ones
Focus on satisfying shareholders	Focus on satisfying stakeholder groups
The marketing department does the marketing	Everyone in the company does the marketing
Build brand primarily through advertising	Build brand through company behavior
Emphasize customer acquisition	Emphasize customer retention
Measure customer satisfaction	Measure customer value and loyalty
Over promise to get an order	Under promise, over deliver
Make the firm the unit of analysis	Make the value chain the unit of analysis

Table 3.3-3 Marketing approach

4.7.3 ANALYSIS OF COMMUNICATION

AUDIENCE

The Dsquared2 audience is mainly young adults from 20 up to 35, fashion oriented, trendsetters, confident and sexually aware. In general the majority of customers are male, since the brand started only with menswear and later introduced the Womanswear and is still more popular among men, although this trend is rapidly changing. The online audience

is mainly the "Facebook generation", the ones who know to use technology very well and switch among different instruments and uses fluently, from Twitter to web communities and online shopping. They are well informed, clever; know what they want and how to get it. The traditional media audience is wider, since the fashion magazines, TV commercials and store promotions expose Dsquared2 to diverse people, which may also reach to the brand driven by other incentives or in a search for different information. A great number of people get in touch with the brand, just provoked by an advertising campaign, slogan or a celebrity wearing a distinctive design by Dsquared2.

FRAMING IN TERMS OF COMPARISON AND KEY MESSAGES

Since the very first collections Dsquared2 style stands out from the rest, defined by exquisite tailoring, bold and sexy instantly recognizable designs, innovativeness, always coming up with unexpected and original collections, as defined by fashion critics "an alternative luxury". The key messages which the brand communicates are

"Clothes which are made to be worn in pleasure and people feel comfortable and sexy in them, confident in their personality"

 "Fun, trendy alternative luxury fashion for young people"

"DSquared2 style is a collage of unique pieces that are mixed to from a sophisticated and elegant urban look"

www. Luxemag.org

The twin designers collaborate in such an effective manner that what they produce as a final product clothing which appeals to many types of individuals. Dsquared2 became the hype label of the fashion sphere. Their fun and sexy approach to the American-Italian clothing visible in all men and women collections won over conquered fashion oriented people. Their creations are uncompromising and mixed easily with other basic wardrobe pieces. Their mantra, "create clothes for those who want to wear them", led them to make very desirable collections and be loved by many.

STAGE OF INVOLVEMENT

Customers are involved with the brand mostly through online communities, such as the Facebook page, Twitter and the YouTube channel where the fans share their opinions, thoughts and suggestions about the brand, certain collection, product or other issues related to Dsquared2. Apart from that the people use the page as a platform to promote their own fashion business or search the approval of other people with common interest. Fashion lovers exchange opinions about latest acquisitions or just show off to friends with hot new products they bought. People post photos, share thoughts from their personal experience with the brand, the designers or celebrities. Through internet fans of the brand also receive

invitations to events, promotions and the fashion shows of the brand, so they are very actively involved in the world of Dsquared2 and able to follow all news about it daily.

SITUATION OF USE

Dsquared2 is famous for the fun and cheeky viral videos which it launched before new collections. They are aimed to increase the attention towards the upcoming event and draw more traffic either to the online store or the Facebook page for relative comments or more news. Dsquared2 use Facebook as platform to deliver almost daily information about new editorials in respected fashion magazines, events and any other content which might be of interest to the customers. This way the fans are updated with the latest news as soon as they access their Facebook profile. Before special promotions and pre-sales the sale assistants call the most loyal Dsquared2 customers to inform them. The campaigns and sales are considered ahead or during the season. Often events which are not organized by the brand serve as an occasion for creating awareness (the Olympic Games in Vancouver, charity dinners). Given the possibility to download the music from the fashion shows, customers have one another communication mean with the brand.

MEDIA USE

For all fashion brands the proper planning and use of media is crucial for the brand image and PR. The twins give interviews for selected magazines which are followed by their target customers, namely most often for international editions of GQ, the most famous men fashion and style magazine. Editorials in fashion magazines are a powerful marketing driver, since many people trust unquestionably the suggestions which are given each season by the magazines and look for the desired product. Dsquared2 media use is focused mainly online. The brand regularly post sneak videos behind scenes of the new collections on the official website, Facebook and YouTube channel. TV spot has been made for the perfumes "He Wood" and "She Wood" as well as for the launch of the new dog accessories collection. Very important part of the media appearance and awareness are the celebrities wearing clothing, shoes or accessories by Dsquared2. The celebrities are both opinion leaders and fashion icons and respectively the fans would copy their looks and style.

Dsquared2 uses media in a way to strengthen the emotional relationship between the brand and customers, following the motto that this is a fashion made for wearing and enjoying increased self-confidence and attractiveness. The fun and sexy pieces create sympathy towards the designers, who are in the role of advisers who help customers to find their own self-expressiveness. Anyone wearing Dsquared2 feels belonging to universal fashion world, adored in the same way by celebrity and ordinary customers.

The other type of media is the uncontrolled by the brand media as personal blogs and online fashion forums. Certain opinion leaders and fashion bloggers can be occasionally paid or given different incentives by the marketers to write positive reviews or come to write about a fashion event.

4.7.4 DIFFERENTIATION FROM CATEGORY

Dsquared2 stands out from its competitors because the brand image is different from the traditional perception of luxury. Dsquared2 is fun, fresh, dynamic, young and sexy, with core product jeans and sneakers, which usually are not associated with luxury. It is the alternative of the pretentious Haute-Couture fashion brands, many of which present unwearable collections. Dsquared2 have great attention to the details and quality, important features which some of the famous luxury brands abandoned in search for cutting costs and rising profitability. Moving together with customers, the brand creates new trends and constantly provides innovative looks and distinctiveness which cannot be mistaken with any other brand. All products are exclusively made in Italy. Dsquared2 has concentrated and consistent strategy along all touchpoints. Everybody in the company is involved in marketing - from the founders Dean and Dan Caten to the sales assistants in the shops. In comparison to other luxury brands, Dsquared2 is the one most extensively implying music and theater in the branding, along with that it is one of the brands closely associated with celebrities and sport.

4.7.5 CONSISTENCY ACROSS ALL DSQUARED2 OFFERINGS

Dsquared2 offering is focused on three main channels online – shop and community, TV – both online and traditional (fashion channels) and boutiques. Along these channels the content is official and controlled. Thus, content is ideated as a holistic brand concept and then distributed along the channels. The content along different channels is synchronized, it is informative, provides knowledge for the brand and the product, personalized in terms of customer consultancy. In the online shop the customers have different options during selection of a product and can either add and save the choice they made to a shopping list or to a wish list, or share it with friends, they also get suggestions what the given product is most suitable to wear with. The online channel provides added value to the customers by giving them possibility to buy products from the up-coming collection before it appears in shops, meanwhile on the website and in boutiques the current collections are on sale. The collections are the same everywhere in the world, as well as the online channels are accessible in the same mode, regardless of the country. The advertising campaigns are synchronized with the content posted online and the collections in the shops. Customers may use the same marketing channels to obtain information, do shopping and provide feedback, they do that most often through Facebook posting on the fan page or visiting the shops getting in touch directly with the sales personnel in case of any requests.

4.7.6 COMMUNICATION ASSETS

The most powerful communication assets are the mono-brand stores. Dsquared2 has control over the way users interact with the brand and all elements of the brand experience. Considering the online presence the brand can develop a scenario to control the way users

access the online shop as well as the overall experience during shopping. They invest in rich interactive applications on the web and attractive graphic design, detailed view of the product from different angles, different colors. During campaigns Dsquared2 does not simply present a new product but transmits a message and creates experience for the customer to engage him with the brand. The brand used entertaining and funny content and creates stories along all touchpoints from newsletters to the theatrical sets for the fashion shows. Spectacular runways and unusual appearance of the twins follow the main theme (dressed as doctors, wearing cliff climbing equipment) of the fashion show, all this is in combination with very strong PR and a lot of efforts focused on public activities.

4.8 CHANNEL ANALYSIS

The table below shows the main structure of the online and real word channels and the main players, the classification is according to the ability of communication with the customer and the customer experience when purchasing a Dsquared2 product. The direct channel to reach the customers is through the online store and the brand shops around the world, where people can fully perceive the brand experience. The indirect channel to get in touch with the brand are the various collaborations with partner brands (products, media, events etc.), online these are all multi-brand retailers who are licensed to sell the products of Dsquared2. In the intermediaries are included the department stores and multi-brand stores which sell limited assortment of Dsquared2 goods, there the brand has not full and constant control how the goods are being exposed to customers and the quality of communication, for this in general this type of channel is very restricted, as the brand is focused to increase the number of its shops around the world. As defining celebrities as agents I intent that they are not selling for real the Dsquared2 products, but their appearance dressed in Dsquared2 and public promotion of the brand leads to increase of the awareness and respectively sales, the same is valid for the online media opinion leaders.

	Real world	Online
Direct	Shop	Web site shop
Indirect	Collaborations	Retailers (Yoox, thecorner,louisaviaroma)
Intermediaries	Department store, multi-brand store	Other online shops
Agents	Celebrities*	Online media opinion leaders

Table 3.3-4 Marketing channels

TOUCHPOINTS

The table below shows the customer touchpoints divided in three main channels: real world – these are the touchpoints who the customer can physically touch or experience; media – these are all the touchpoints where the customer get in touch with the brand by the means

of different media – printed or digital (but not on the internet); online – these all the touchpoints, where the customer uses the internet to reach Dsquared2.

Real world	Media	Online
Store	TV	Official website
Department store	Radio	Social Media (FB, LinkedIn, Twitter, YouTube)
Fashion show	Magazines	Blogs
Special events	Newspapers	Newsletter
CRM	Phone content	Advertisement
Celebrities	SMS	Online magazines
Package	Digital media	Forum
Collaborations with other brand		Online store

Table 3.3-5 Customer touchpoints across channels

4.8.1 SHOPPING PROCESS

With respect to the phase of the shopping process, different touchpoints are more important and effective than other to influence the positive outcome throughout the stages of the shopping experience, depending on the brand objective to accomplish.

- Before purchase – to create awareness and attract as many potential customers as possible
- During purchase – to provide the customer with unique brand experience and customer care, to ensure that the concept of the brand is properly perceived.
- After sale – to retain customers and make them loyal to the brand, repeated purchase and positive word of mouth, the objective is a long term relationship building.

BEFORE PURCHASE	**PURCHASE**	**AFTER SALE**
facebook page, provocative advertising campaign	the experience in the shop	customer care, celebrities, newsletter
awareness	**satisfaction**	**retention, repeated purchase**
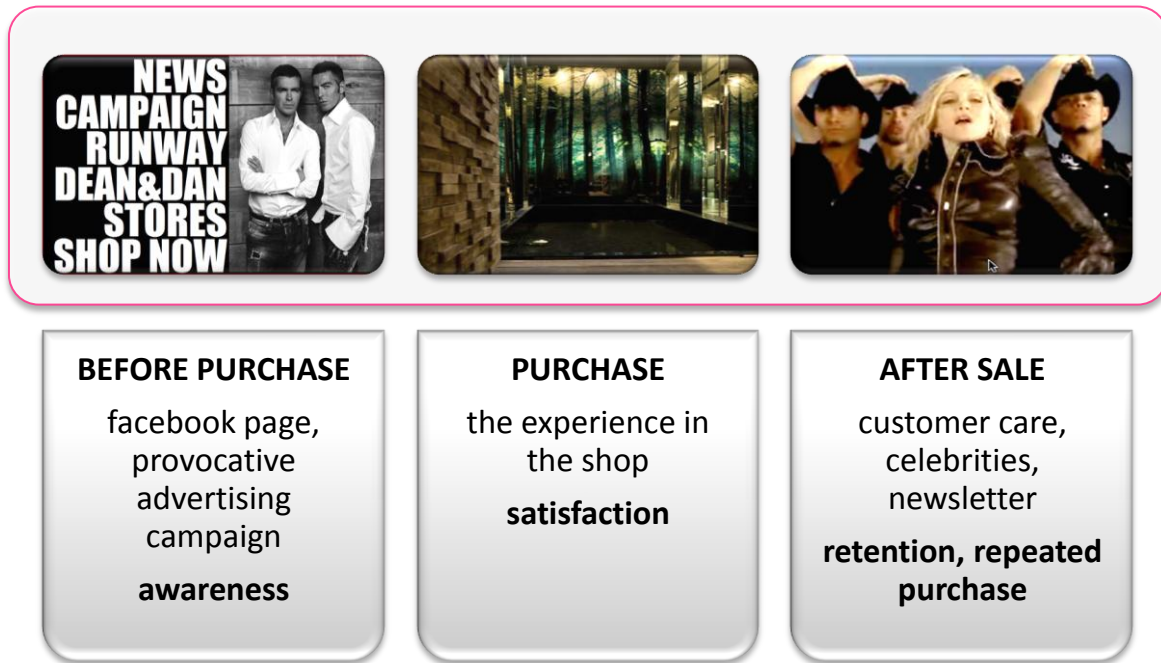
3-4 Shopping process and customer touchpoints

Most effective touchpoints as identified as a result of the interview with the Dsquared2 CFO and by secondary research:

- ⧠² Advertisement campaigns are crucial for the success of Fashion Brands; since they are the most direct and visible mean to imply to the customer the brand image and the given concept. The advertising campaigns are powerful tool to instill the brand spirit and often provoke further interest in the brand. Since the very first campaigns, Dsquared2 are hiring one of the best fashion photographers and models like Naomi Campbell, Linda Evangelista, Giselle Bündchen etc., in order to ensure the quality of the campaigns and that the message to communicate to the customers will be expressed in the best way.

  Dsquared2 style evolves through the years. In the beginning they are more raw and scandalous in order to attract more attention and create buzz. Some of them are too brave, featuring brutal scenes, reaching extreme expressiveness, as well as glamorous and perky erotic scenes, work of the famous photographer Steven Klein Later, the campaigns become more sophisticated and refined, but still signed with the typical for Dsquared2 provocativeness and playfulness. Dsquared2 make high investment on advertising and promotional campaigns, involving famous models and celebrities to create intrigue.

  There is always a story behind the ad to draw further attention to the upcoming collection/product and give the feeling to the customers as they can become protagonists in the story too.

- ⧠² The store experience is the most important touchpoint for the brand, they use it as a key differentiation factor. The boutique is the physical place where the brand spirit

comes to live and where customers are completely in touch with the total concept of the brand and the mean of each single element of it. This is the only way the customers can see, touch, feel and smell what is the brand standing for and for the customers is easy to grasp the concept holistically and see the story behind the products. What is their origin as an idea and lifestyle, respectively this gives to the customer the ability to orientate what is the right product for them.

⊡² Getting in touch with celebrities. Either customers see celebrities live or on the pages of fashion magazines, blogs, online editions, TV programs or music videos, the repeated encounters with celebrities followers of Dsquared2 reminds constantly to the customers the relation between their idols and the fashion brand. This is a prompt which can guide the choice of brand during next purchase.

4.8.2 ADVERTISING CAMPAIGN

The advertisement channel is a traditional marketing channel which is one – way directional, from company to customer and usually does not enable feedback by the customers. Apart from the traditional advertising channel as printed media and TV commercials, Dsquared2 recently used the online channel to promote the launch of their new line for dog accessories, exclusively sold on YOOX.com.   To engage customers, make the purchase process entertaining and receive feedback from customers they created an online game quiz to play on Facebook with the possibility to win some of the exclusive products. The campaign involves many celebrities and their pets in order to make it even more intriguing for the customers who can identify themselves with any of their favorite singers or actors and their pets. For the promotion campaign a short video was also created, where twin designers are starring. The ad campaigns created for Dsquared2 from some of the most well-know fashion photographers Mikael Jansson Mert & Marcus Steven Meisel, Steve Klein express the brand lifestyle through dynamic and funny aesthetics and provoke feedback by the customers. The campaigns FW02-03's "Homeless", SS03's "Cottage Country", FW03-04's "Star-24-7", SS04's "Dean & Dan's Dinner", FW04-05's "Great White North" and SS05's "Bachelor's Party" are clear example of this.

4.8.3 DSQUARED2 STORES

The boutique evokes the 360-degree Dsquared2 lifestyle as envisioned by Dean and Dan:

"A taste of home, where the Canadian woods meet Italian design".

The brand entered in partnership with GH Mumm to bring an exclusive champagne bar to the store in Milano. It has been ideated as an innovative project which brings together lifestyle and fashion. All shops around the world - Athens, Thessaloniki, Monte Carlo, Hong Kong 08, Singapore 09, Dubai 09, Capri 08, Istanbul 08, Kiev 08, Cannes 09, Milan 07,

Moscow 09 are with almost identical interior design projected personally by the designers themselves. The shops are the physical implication of all that the brand stands for and represents. Each detail and design decision has its rational and meaning. The ambiance, lighting and furniture give the feeling as being in raw nature, resembling a Canadian forest, evoking sense of purity, simplicity and genuinity, but still consistent and utilizing new digital technology. Stepping in the shop the customers enter in a completely different world, where the staff is highly professional and friendly and makes customers feel as they are in their own home – free and relaxed. The overall experience for the customer is completed by the music, aroma which the help to create the mood and desire for shopping.

"Retail for us is really important because, especially in New York, there's not a very clear picture of who the brand is, as department stores make the decision as to how much or little of the brand to carry and also how to present the brand. "You don't get the full picture of the collection." Flagship stores could show consumers the "world" of Dsquared2" Messrs. Rosso and Caten said*.*

"There's this whole evening [wear] thing we do," "People see us as too jeans-y." said Mr. Caten

4.8.4 ONLINE STORES

The brand has online store accessible through the website where it sells Man and Woman collections, the items are ready to wear fashion, accessories, shoes and eyewear. The online store has content which corresponds to the audience visiting it - dynamic and fresh graphic style, content providing the customers with all needed information and suggestions they may need during the shopping experience. The features vary from detailed zoom of the products, to suggestions for suitable combinations and reminder of recently viewed items and option for the creation of a wish list and sharing the items selected with friends on different social networks. The fonts used are easy to read and the title of different sections are written in bold, large fonts to create higher contrast and impact, focusing the attention on the current section and making it easy to navigate. The colors are minimalistic, further increasing the attention towards the products, not distracting the customer during the shopping process with unnecessary decorations and heavy to load applications.

The online shop is wholly managed by YOOX, the biggest Italian online retailer shipping to 67 countries. The warehouse and logistics costs are decreased since the Dsquared2 online shop shops and the Dsquared2 section on YOOX share the same warehouse managed by YOOX. Using the online stores the customers have a chance to shop or just browse through the products in convenient for them time and place. During the shopping process the customers have complete freedom. They can spend as much time as they want, go back and forward during the selection of products, share and comment with friends their selection, compare prices, without being disturbed. The customer care section of the website has the following

sections: Shopping, Sizes, Payments and refunds, Deliveries, My account, My order, Return centre, Contact us. Personal attention and care for each step of the shopping process are taken, so the customers may be sure that they will receive the items selected and have them delivered in the period promised by the brand. Dsquared2 offers exclusive services for My Account users who have the advantage to:

- save their favorite products in the Wish List and be informed about their availability
- enter their shipping addresses in the Address Book to complete the checkout process more quickly
- view the details of the orders and follow the delivery

The customers can track their order on each step of the delivery. During Christmas holiday season there are special services which guarantee delivery before the Christmas Eve, if the order is placed before a certain date. The customers can also choose among various ways to contact the brand, either online or by phone. The return policy is fully refundable and does not charge the customers which are not satisfied with their purchase. The customers are given complete instructions throughout all stages of the return and refund process. In order to ease the shopping process on the site there are complete tables with sizes corresponding to the different country standards unified according to the sizes Dsquared2 use.

Picture 6 The shop section of the Dsquared2 website January 2011,
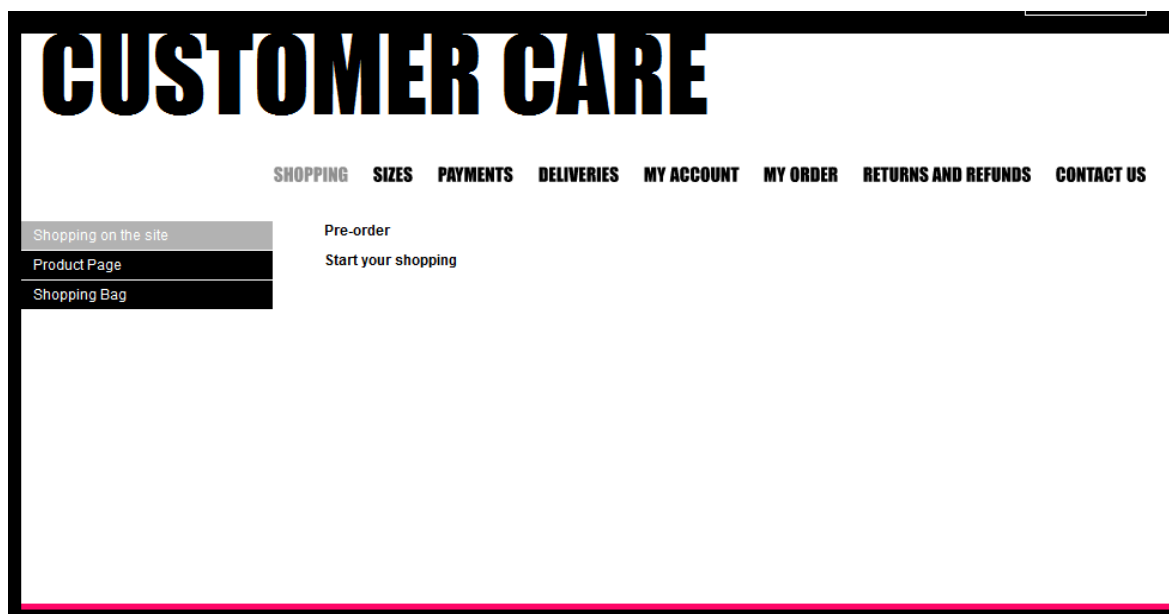
Picture 7 the Customer care section of the Dsquared2 website

There is no competition between the two main online stores selling Dsquared2 – Yoox and Dsquared2, since on the website there are only the new season collection and sales for a limited period and Yoox is an outlet which offers past collections. Another important multi-brand web store is theCorner.com, powered by Yoox. It sells limited selection of Dsquared2 new collection and it is not in completion with the official online shop, since it can be considered as an extension, which increases the brand exposure. In terms of warehouse and logistics costs, the brand benefits from the fact that the three web stores have the same warehouse, as it has no costs for maintaining own warehouse and logistics system.

Another prove that Dsquared2 always stays in tune with its customers and tries to entertain and keep the attention, apart from the short videos to promote certain product or up-coming event, Dsquared2 launched a game to promote the exclusive dog line sold only on Yoox. The game gives the customers a possibility to win an accessory for their pets. Wearing a designer leash the pets can complete the fashion look and personality of the owners.

These are the official web addresses of the online shops

- □² www.**Dsquared**2.com
- □² www.luisaviaroma.com/**Dsquared**
- □² *www.thecorner.com/**Dsquared2***
- □² www.Yoox.com/dsquared2
- □² http://www.saksfifthavenue.com
- □² http://www.neimanmarcus.com

4.8.5 COMMUNITY

Dsquared2 has built a community using the most important social networks, Facebook, MySpace YouTube and Twitter. Most content is posted on Facebook and it is the main channel for online communication with the customers and update. The fans of the page are

growing very rapidly, and for 2 years of existence the page has 197 159 fans, 1217 photos by fans, 105 photo albums, 55 videos. (08.01.2010). Dquared2 Facebook page was founded in 2008. The content is composed by: WALL, INFO, PHOTOS, DISCUSSIONS, BOXES, LINKS and EVENTS. Moreover the page features MUSIC PLAYER where fans can listen to the soundtracks of the fashion shows and some of them can be purchased online. There are also direct links to the online store of the website, which is a main marketing goal, to lead traffic to the store. The abundance of the content posted on the fan page and the different links it has, makes it a complete 360 degrees source of information.

FACEBOOK

The brand uses Facebook as a platform to reach its customers and keep them daily updated about everything happening with the brand, from new editorials in fashion magazines to launching of new products. Using Facebook the marketing costs are reduced to minimum since the content is generated by the brand and directly managed by it. A great advantage of Facebook is that the information can be uploaded and viewed in real time, as well as the comments and all activities of the customers, a two way communication is possible, the customer has the freedom to choose if he wants to view the content or not, to get involved or even to upload own pictures or videos to share with the other fans. Apart from commenting and sharing on the page with other fans, the customers can also easily share content with friends and the their liking of the page can be seen by their friends on the personal profile, which further increases the awareness to the brand. Facebook is used as a main online platform to drive traffic to the website and other online links related to the brand. Currently the brand supports two official pages on Facebook, the main Dsquared2 is international and the content is posted in English and the other is called Dsquared2 Italia it is in Italian and it purpose is for more focused and regional influence on the market, since many Italian customers doesn't know English.

Dsquared2 Italia is the fan page founded in the beginning of 2010. It has similar content to the official Dsquared2 fan page, structured slightly different. Features many links to external sites publications for the brand, in the section boxes there are also interviews and music available. It also features links the official website and the official page.

A unique way to engage customers through the Facebook page which Dsquared2 uses is to provide them with an exclusive access to watch the fashion shows live in streaming, subscribing for a specially developed Facebook application. This was first done for the men and women collections fall/winter 2011. By this approach to customers practically the online touchpoint and the offline one are united to give maximum value to the customer. The Facebook fans feel valued and special, belonging to the brand, given this possibility they feel even more related with Dsquared2 and motivated to profound this relation.

YOUTUBE

The purpose of the YouTube channel "Dsquared2 TV exclusive" existing from May 2008, subscribed 1800, is to maintain a video library with content which gives throughout description of the brand and the lifestyle it represents. The brand posts variety of videos according to the objective, the content is: fashion shows, advertisement campaigns, interview with the designers, interview with the famous faces, models, the designers in daily life, and events of different public type. The majority of videos are from or related to the fashion shows or presenting new products. Another type of videos is those with entertaining content, usually viral videos to increase the awareness and create buzz, before the launch of new product or new collection. Dsquared2 often posts intriguing and witty videos, which often have sexy content. They are intended to contribute for the overall brand perception and help building the brand image, eventually increasing the interest towards the brand and driving more traffic to the online store. There are also videos related to the designers Dean and Dan Caten - interviews, backstage or daily activities, allowing customers to have a close look to the personality and life of the twins. Eventually, customers have the feeling to have access to the insights of the creative process and the source of inspiration for the designers.

TWITTER

The presence of the brand on Twitter is intended mainly to give the ability to post latest fashion news and information for sales. Since December 2010 Dean and Dan Caten have their own profile, keeping their followers updated about their personal life and sharing latest fashion news. Twitter enables the establishment of a direct two – way communication with fans and friends. The loyalty and commitment between the brand and customer brings the relation to a more intimate level.

BLOGS

On Google appear about 512 000 results when searching for "Dsquared2+blog", the brand doesn't support a corporate blog, but bloggers write for the brand and share opinions and impressions for the latest collections or the clothes which celebrities wear. Part of the Dsquared2's marketing strategy is also to invite bloggers on the fashion shows, the events and the special sales in order to increase the online presence of the brand in terms of search results, tagging and links re-directing to the official site or the Facebook page.

INTERVIEW

The interviews either in printed media or online editions are a powerful communication instrument. By interviews the customers receive the information they are interested in directly from the creators. It is most often used to give an explanation of the meaning and message the designers what to transmit. Interviews are traditional marketing one-way communication media from the brand to the customer, in this sense it has a limited marketing impact.

4.8.6 CELEBRITY CLIENTS

CONECTION WITH MUSIC AND SPORTS

Since the beginning music has been an essential force for the brand. Dsquared2 has been attracting followers among international celebrities such as Lenny Kravitz, Justin Timberlake, Ricky Martin, Nelly Furtado, Simon Webbe, Tokio hotel, Robbie Williams, Lady Gaga, Fergie, Britney Spears, Christina Aguilera, Rhianna which have helped to the brand to build its image and affirm its position as celebrities favorite. This warm endorsement by celebrities positioned the brand as an ultimate trend setter and a lifestyle brand to follow and admire. Music is universal communication mean, understood by everyone without any difference of culture, race or social status, fashion and aesthetics has similar concept, but not so many fashion brands believe it and truly stand behind this idea. The connection with music exposes the brand to a wider audience of devoted fans who are likely to identify themselves with their favorite music stars and respectively with their look and the brands they wear.

On the other hand the Dsquared2 collaborations with football teams Juventus and Barcelona extends even further their fan base, since the football fans are as much faithful to their idols as the music fans. Football players have an image of fashion icons that in the same time are down to earth and praised by the masses.

Below is a list of some of the international celebrities who endorse Dsquared2, many of them also collaborated with the brand on different fashion projects.

1. Madonna commissioned 150 outfits both for the artist and her dancers for the video "Don't Tell Me" and for the 2002 Drowned World Tour.
2. Britney Spears - 2009 Dsquared2 created the stage costumes for "The circus starring Britney Spears" world tour
3. Rihanna - In September 2007 Rihanna had a catwalk debut at the show of the SS08 women's collection.
4. Christina Aguilera – Dean and Dan designed a wardrobe and that of the dance team for the opening of her world tour, "Stripped World Tour 2003", guest on Spring – Summer 2005 Menswear Show in Milan
5. Justin Timberlake
6. Laura Pausini, Dsquared2 designed the outfits for her appearance at San Siro Stadium as part of her World tour in June 2007.
7. Fergie - video "Clumsy", featuring the twin designers.
8. Tokio Hotel - February 2010, International tour, "Welcome to Humanoid City Tour" Dean and Dan designed the stage costumes for the band and its lead singer, Bill Kaulitz. Kaulitz also debuted as a model during the latest Dsquared2 Men's F/W 2010/2011 fashion show.

DSQUARED2 AND SPORT

From 2006 to 2010 Dean and Dan Caten have been creating the new official uniforms for Turin's football club, Juventus. For the season of Fall-Winter 2009-10, Dsquared2 designed the new "off-field" uniforms of Barcelona Football Club for the First Team, the Technical Staff and the Management. This collaboration has very positive marketing effects for the brand. Dsquared2 is recognized as a symbol of reliable, high status fashion partner supported by the fact that Barcelona is one the world most popular and loved teams and has some of the best football players, many of which are also sex symbols. By this collaboration, the image of the brand is reinforced in the football world and many new customers are attracted. The character of the brand is consistent with the image of the Barcelona football team and football as a sport. Associations such as dynamic, young, powerful, confident and sexy are common for the brand and the football team.

Dsquared2 were chosen to design the closing and opening Vancouver Olympic outfits worn by celebrities during the Opening Ceremonies of the Vancouver 2010 Olympics. The twin brothers also run with the Olympic torch. This event has an enormous marketing visibility globally. It affirms their status as luxury respected fashion brand. The participation in the Olympics is a testimony, gratefulness and acknowledgement by their home country – Canada, on a different level, out of the fashion world.

Barcelona players wearing Dsquared2 suits

Dsquared2 clothes for Vancouver Winter Olympics 2010
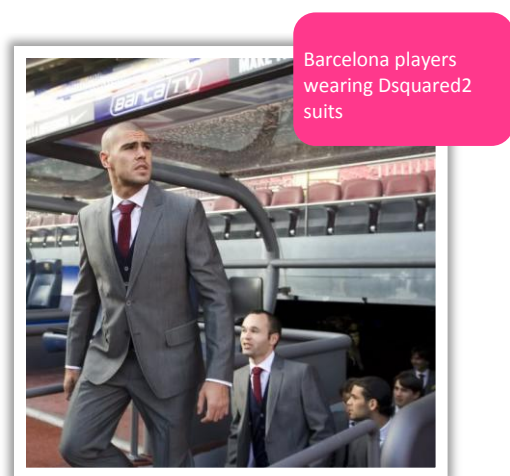
4.8.7 COLLABORATIONS

Important part of the marketing strategy of Dsquared2 is the collaborations with brands which share similar values, this boost the brand value and the audience to which the brand is exposed. The increased brand awareness and the newly created associations which result from the successful collaborations between Dsquared2 and brands such as MUMM and Mini increase the available touchpoints to communicate with the customer. Products customized by Dsquared2, partnership for a campaign or event help the customer to build a complete lifestyle image, rich in every aspect. This way of marketing can attract

customers which are fans of the other brand, but still unfamiliar with Dsquared2, since they already have build trust and can more easily accept an unknown brand for which their brand already "guarantees" by putting its name alongside Dsquared2. This is the case with Renzo Rosso founder of the denim brand Diesel, who was the first to put his trust into Dsquared2. Under the umbrella of the group owned by Rosso, Dsquared2 instantly gained credibility and recognition on a world wide scale. The next big collaboration which brought huge marketing success for Dsquared2 and affirmed them as one of the most promising young designer brands was the collaboration with Madonna, which is the most famous celebrity who loves Dsquared2. Other significant collaboration is between Dsquared2 and Fiat, who branded cars for Milan Fashion Week (Spring 2008), Dsquared2 designs the uniforms for Juventus football team 06-10,   fall - winter 09-10 off field uniforms of Barcelona football club, partnership with GH Mumm, which built the exclusive Champagne bar in the Milan flagship store since 2007, collaborated with Firmenich perfumer Daphne Bugey to create Dsquared2 fragrances (2007 to Present), Countryman – Mini Cooper, G.H. MUMM dress champagne bottle, Dsquared2 also designed Blackberry phone.

4.8.8 FASHION SHOWS

The fashion shows with which the brand presents each collection are theatrical, shocking and innovative and world famous celebrities are regular guests. Dsquared2 is well-known for its kitschy shows that keep the industry wondering how the twins will outdo themselves each season. One of the most significant examples for their creativity is the launch of the Womanswear collection in 2003 when supermodels descended from a pink private jet. Spectacles since then have included a western-themed hoedown complete with a windmill and a live horse, and a construction worker romp where the participants swung from ropes against a building site backdrop. Dsquared2 signature mark is the perfect combination of fashion, music and theater. Fashion shows are a mean to present the Dsquared2 philosophy and involve the customers in the fashion world in an alternative way counting strongly on entertainment. The most important occasions for marketing are concentrated in two particular times in the year during the period of presentation of the new collections. The accompanying evens create a lot of online and traditional media buzz in order to keep the attention of the customers. Surprising the audience with alternative and fresh ideas is the force which makes Dsquared2 turn into a cult among customers. The music from the shows becomes popular among customers which is another brand asset used to give the feeling of a lifestyle brand. The brand is positioned in the high end luxury but the brand messages are communicated in a light and attractive, friendly way.

4.8.9 CRM ONLINE

The functionality of Dsquared2.com, the Online Store of the Dsquared2 brand, operational since September 2009, mainly in Europe, the US and Japan is an example of excellent CRM

and constantly improving service. The products are typically delivered by land carriage or air mail depending on the distance and the delivery times requested by the customer. Yoox which manages the online store offers different levels of service according to the requirements of the various geographical markets. In most countries at least two types of delivery – standard and express – are offered, but in some countries additional services are available such as delivery by the following morning or on a Saturday. In 2009 the statistics for all deliveries show that over 98% of orders were received in the specified delivery time, based on customers' choices. The returns management phase includes receiving products at the Group's logistics centers and effecting refunds to end customers. Based on local legislation (at least for the main countries), customers are required to send back unwanted goods within a set number of days (generally working days). It is also easy to start the returns procedure using the on-line returns form, on which the customer can indicate, before sending the goods to Yoox what he or she is returning and why. This section of the website also provides clear information on ways to return goods, types of refund and tracking the returns parcel. Given the type of products sold and the way in which they are sold (via the internet), the reasons for most returns relate to product sizes and the poor fit of garments. Yoox provides its customers with a tracking service for dispatch and returns and, if required, a dedicated Customer Care service for handling any problems during delivery. The Customer Care service is organized on two levels:

- the first level is outsourced via external contact centers coordinated by YOOX;

- the second level is managed by Yoox operators, who have access to the internal systems and resources and can therefore provide a better and faster solution to complex issues. Operators can also intervene directly in the order management and returns process. Second-level operators can also change the solutions or methods of handling the various problems relating to any operational area.

Customers can contact Yoox in the following ways:

- **contact form**: by completing the online form, which generates an email to the Customer Care team of the relevant store (available on all sites);
- **e-mail**: by writing directly to the email address of the Customer Care team of the relevant store (available on all sites);
- **telephone**: by contacting the outsourced telephone service (available on some sites and in certain countries)

The transparent, customer oriented policy of the company instills trust in customers, which is the base for building loyalty and long-term relationship between customers and brand.

4.9 MULTICHANNEL EFFECTIVENESS EVALUATION

In order to evaluate the impact of the multichannel marketing strategy on the factors which increase brand value and depend both on the brand and the customer: image perception, reputation, admiration, sensitivity, and those who support growth of the business: new customers, customer loyalty, sales, I start the analysis with the positioning of Dsquared2

regarding closest competitors. They are defined according to similarity of image and target customers. Next step is the identification of the customer touchpoints and how they are effective for the brand building. The analysis is supported by results from the measurement platform Viralheat and Google Insights.

4.9.1 POSITIONING

Company positioning according to brand exclusiveness and price. These two factors are most relevant to define the positioning of luxury brand in the mind of the customer. The concept of exclusiveness is equally important for the customer and the brand and it is directly related with price. The Exclusiveness of the brand is defined in grades from 1 to 5, with unit of increase 0.5; it is composed of different factors: number of sales points, famous clients, type and frequency of limited series, originality of design, recognition, quality and desirability.
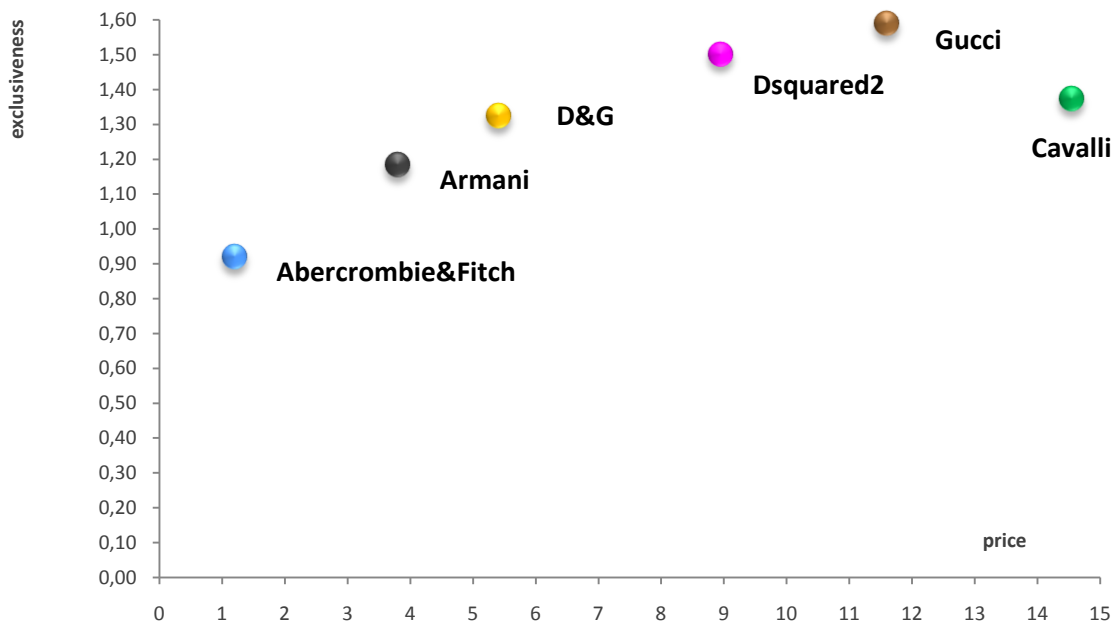
3-5 Dsquared2 positioning according to exclusiveness/price ratio

From the positioning it is evident that Dsquared2 is positioned very high in terms of exclusiveness and only Gucci is leading it. This due to the fact that the products have very distinctive designs, the brand is sold almost exclusively through own retail chain and the quality and attention to detail are very high. The online marketing strategy directed to young customers helps to affirm the status of the brand as alternative luxury "must have" and so makes it more desirable. The closest competitor of Dsquared2 is D&G which is positioned lower both in terms of positioning and exclusiveness, this is due to the fact that the brand has not so distinctive designs, it is more mass market oriented and the quality of the products is inferior in comparison to Dsquared2, but on the other hand D&G have very strong online marketing strategy and they are present on all possible channels which increases the recognition and desirability of the customer.

The graph below shows another expression of the positioning of the brands with respect to price and exclusiveness which gives instant comparative view of the brands.
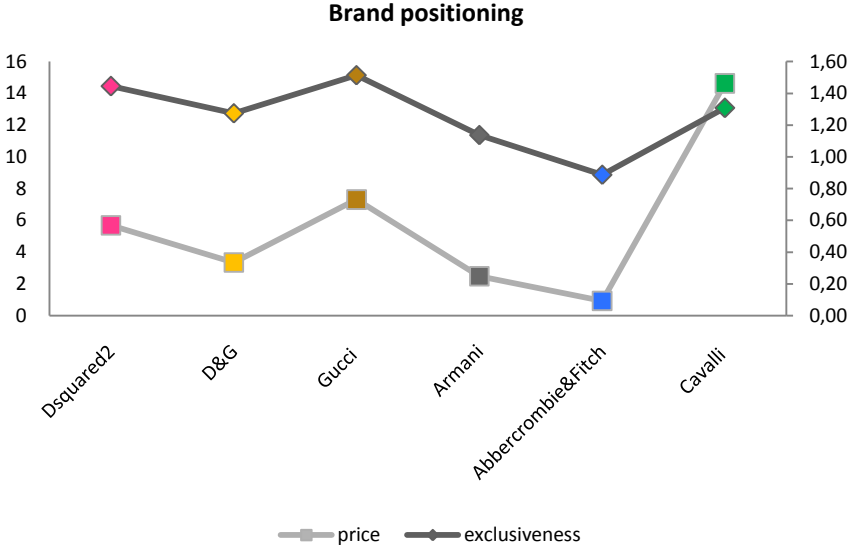
3-6 Dsquared2 positioning exclusiveness/price ratio

Price positioning – the results are calculated using comparison of 4 main products which the brands produce – jeans, t-shirt, sneakers, jacket , both for men and women. These products are chosen according to Dsquared2 top selling products (not the top selling products for each brand). The data used is found on the official websites of the brands; it is then averaged and normalized, to get an indicator of the price level. Below is given a more detailed chart for each product used for the comparison.
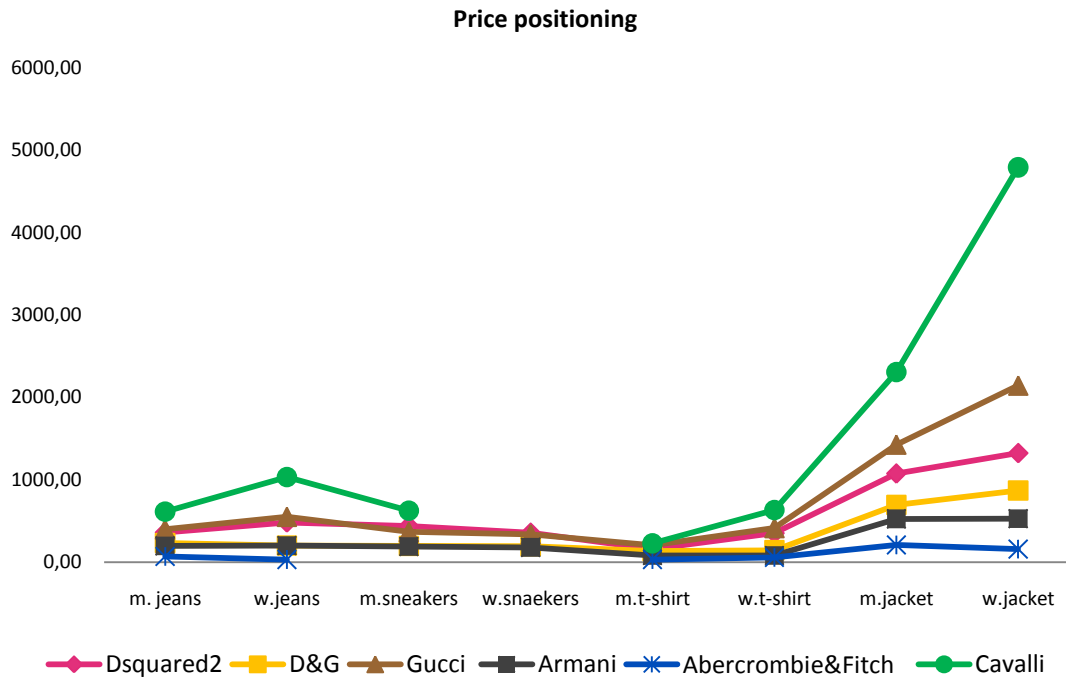
Price positioning

3-7 Price positioning according top products

*Abercrombie&Fitch do not produce sneakers, *Cavalli do not produce women sneak*

4.9.2 CUSTOMER TOUCHPOINTS MAP

The next step in the analysis is the definition of a customer touchpoints map for Dsquared2 and its main competitor D&G. For more complete comparison I will use also a touchpoint map for Abercrombie&Fitch since the image of the brand is similar in some aspects to this of Dsquared2, namely basic lines as jeans and shirts, so in a way Abercrombie&Fitch is an affordable "look-a-like" substitute, other similarity is that the brand is North American, and certain target customer groups are overlapping with those of Dsquared2, it is also strongly related with music and aims at ultimate customer experience in the shops.

Touchpoint	DSQUARED2 Main Effectiveness	D&G Main Effectiveness	ABERCROMBIE&FITCH Main Effectiveness
SHOP	LOYALTY; EXPERIENCE	EXPERIENCE	EXPERIENCE;ENTERTAINMENT
FASHION	STATUS; DIFFERENTIATION	INDIVIDUALITY	COMFORT
ONLINE/PRINT MEDIA	AWARENESS	AWARENESS	AWARENESS
CAMPAIGN	INTEREST;AFFECTION	INTEREST; DELIGHT	TRADITION; SIGNATURE STYLE
FACEBOOK (SOCIAL MEDIA)	INVOLVEMENT	INVOLVEMENT	INVOLVEMENT
EVENTS	RECOGNITION; RELATIONSHIP	SOCIALIZATION; COLLABORATION	INVOLVEMENT; OPPORTUNITY
VIDEOS	CURIOSITY	GLAMOUR	ADVERTISEMENT
WEBSITE	TRANSPERANCY; CONSISTENCY	EXPERIENCE; INVOLVEMENT	INFORMATION
INTERVIEWS	FRIENDLINESS; UNDERSTANDING	INSIGHTS	TRANSPERANCY
CELEBRITIES	SELF-RECOGNITION; ADMIRATION	ADMIRATION	CLOSENESS
CRM	TRUST	TRUST	TRUST
ONLINE SHOP	EMPOWERMENT; FUN	EMPOWERMENT; FUN	CONVENIENCE
PERSONAL MAIL	ATTACHMENT		INFORMATION
PACKAGING	INDIVIDUALITY	RECOGNITION	RECOGNITON
ONLINE MAGAZINE		RELATIONSHIP	
RESTAURANT		DEDICATION	
IPHONE APPLICATION		CONVENIENCE	CONVENIENCE; ENGAGEMENT
MULTI-BRAND STORE		CREDIBILITY	
DOWNLOADS		PERSONALIZATION	
ONLINE CLUB		BELONGING; ATTENTION	

Table 3.3-6 Customer touchpoints and main effectiveness

The analysis of the customer touchpoints shows only the most significant value delivered or provoked feeling, since one customer touchpoint may satisfy more than one marketing objective engaging customers on different occasions with different meanings.

4.9.3 LOVED BRAND LONG TERM RELATIONSHIP BUILDING

The customer touch point map of Dsquared2 shows the customer touchpoints and the relative value they bring for the customer in order to engage him in a long lasting relationship with the brand, thus helping build its reputation and status of a luxury fashion new leader.

WEBSITE	**PERSONAL MAIL**	**SHOP**	**PACKAGING**
TRANSPERANCY; CONSISTENCY	ATTACHMENT	LOYALTY; EXPERIENCE	INDIVIDUALITY
CRM			**CELEBRITIES**
TRUST			SELF-RECOGNITION; ADMIRATION
INTERVIEWS		**DSQUARED²**	**ONLINE SHOP**
FRIENDLINESS; UNDERSTANDING			EMPOWERMENT; FUN
ONLINE/PRINT MEDIA		BRAND BUILDING THROUGH TOUCHPOINTS	**FACEBOOK SOCIAL MEDIA**
AWARENESS			INVOLVEMENT
FASHION	**EVENT**	**CAMPAIGN**	**VIDEOS**
STATUS; DIFFERENTIATION	RECOGNITION; RELATIONSHIP	INTEREST; AFFECTION	CURIOSITY

3-8 Dsquared2 customer touchpoints map

The online and offline touchpoints support each other and are designed in a consistent way which gives value to the customer. Invitations for in-store events and promotions are generally send online and then the event itself receives extended media coverage online, especially the Facebook page, the YouTube channel and the website. The packaging apart from giving aesthetic delight promotes the website and the online shop.

The online touchpoints have two main functions – to involve customers in the world of Dsquared2 and to drive traffic to the online shop and increase sales. The Facebook page is the most powerful touch point online, since it has different functions – to establish relationship with customers, to keep them informed, to provide customers with different benefits (discounts, special events, pre-sales) and also to increase the traffic to the online shop. The viral videos increase dramatically the interest to the brand and respectively the online searches, visits to the website and tweets for the brand in search of more information for the upcoming event or campaign. The relationship with the celebrities works for creating

more awareness and contributes for the reputation of the brand. Pictures and appearances of celebrities in online and printed media drive traffic to the website and the online store, since fans follow the styles of their favorite celebrities.

Below is the touchpoint map of D&G which is the main competitor of Dsquared2

FASHION	WEBSITE	PERSONAL MAIL	SHOP	PACKAGING
INDIVIDUALITY	EXPERIENCE; INVOLVEMENT	ATTACHMENT	EXPERIENCE	RECOGNITION

CRM — TRUST

INTERVIEWS — INSIGHTS

ONLINE/PRINT MEDIA — AWARENESS

DOWNLOADS — PERSONALIZATION

ONLINE CLUB — BELONGING; ATTENTION

ONLINE MAGAZINE — RELATIONSHIP

CELEBRITIES — ADMIRATION

ONLINE SHOP — EMPOWERMENT; FUN

FACEBOOK SOCIAL MEDIA — INVOLVEMENT

VIDEOS — GLAMOUR

MULTI-BRAND SHOP — CREDIBILITY

CAMPAIGN — INTEREST; DELIGHT

RESTAURANT — DEDICATION

IPHONE APP — CONVENIENCE

EVENT — SOCIALIZATION; COLLABORATION

D&G DOLCE&GABBANA

3-9 D&G customer touchpoints map

As main competitor of Dsquared2 I have identified D&G, but in terms of marketing strategy and touchpoints I will consider both Dolce&Gabbana and D&G brands, since the marketing activities are unified and from a customer point of view there is no reasonable motif to distinguish between the two brands, since the most important customer touchpoints are the same – D&G is the more casual trendy line of Dolce&Gabbana. The marketing strategy of Dolce&Gabbana is holistic and reaches the customer through online, offline and mobile channels. The huge variety of touchpoints give the customers possibility to reach the brand from lifestyle aspects not necessarily linked to fashion, such as the online lifestyle Magazine and concept restaurant of the brand. The touchpoints are linked with one another and support the involvement of the customers through various occasions and content.

D&G the site promotes the download of the Iphone application, while the application is a quick and convenient way to navigate through synthesized content which can be found on

the website or the Facebook page. The Facebook page supports the Facebook pages of the online magazine Swide and the D&G fragrances, as well as the new collections. The YouTube channel is a powerful marketing tool (most visited in Italy, ranking 74th place most visited all time) and it has direct links to the online store, the magazine and the official page, as well as links to the page on Twitter and Facebook, it is one of the most significant touchpoints.

The corporate website of Dolce&Gabbana is actually kind of a shop window comprised of links to other sub-websites divided by categories. Clicking on an image the customers are redirected to a dedicated website. Apart from new collections, the website promotes heavily the limited series such as: Madonna's limited collection of glasses, products for anniversaries – Naomi Campbell, 20 years male fashion etc.

It is important to note the innovative move which the brand has made by opening a multi-brand store which supports young designers and giving them credibility. This undoubtfully has positive effects on Dolce&Gabbana brand reputation, as leading fashion brand which proactively supports young talents and give customers fresh variety of choices, which is one more reason to involve with the brand. The shop is also used for different social events (bloggers forums, parties, reviews, young designer meetings etc.) and point of reference for fashionable people. This in a way resembles the model of the D&G male fashion shop where inside there is a barber shop, thus the customers can visit the shop for other reasons than shopping, it is also a point for socialization, adding more value to the customer experience.

The online lifestyle magazine features themes news fashion trends and news, artists, celebrities, music, travel, beauty, food and history of the brand. It is universal instrument to communicate with customers and reach anyone with entertaining information, news and suggestions. Another important touchpoint to mention is the concept restaurant which the brand runs in Milan. The place gives possibility to touch and taste the world of Dolce&Gabbana and feel as celebrities.

DIFFERENCES AND SIMILARITIES

The scale of the two brands is very different and this should be taken into consideration. The main difference is presence on the market, reputation, world-wide recognition, resources available, production capacity, which is also reflected by the touchpoints.

D&G has made huge investment in online marketing, in order to provide for customers variety of touch points. The designs are delightful for the eyes, fun to navigate and attractive for the customers. They can reach the brand in variety of forms and the content is specified for each line, campaign or product. D&G has employed many resources for the online marketing a team of 20 people supports the online channel.

Both brands have similar relation with sport and are designers for football teams – D&G for A.C. Milan and Dsquared2 for Juventus and Barcelona. The two brands have other

involvement with sport as for Dsquared2 the Olympic Games and for D&G the new collaboration with boxing.

The online shop of both brands is managed by Yoox, that's why as functionalities and CRM there is no significant difference the two websites. As design, the one of Dsquared2 opens in the window of the website so the customer can directly go back to the website, while the D&G shop opens in another window. On both sites customers can zoom and have multiple views of the goods, they can share their likes on social networks and see the items they were browsing previously, the Dsquared2 gives suggestions how to complete the look, while the D&G gives suggestions for similar items which the customer may like.

4.9.4 GOOGLE INSIGHTS

The search results for different key terms provided by Google Insights will be used to evaluate the effectiveness of the different customer touchpoints, moreover the online. Google insights does not provide detailed information for the target customers, but gives data for the different categories to which the searched phrase belong, as well as the location of the searches. Important information which Google Insights give are the rising search terms and the search increase for a specified time period, thus conclusions for the effectiveness of ongoing campaigns can be observed.

SEARCH RESULTS BY BRAND NAME

Searches statistics for Dsquared2 collected by Google insight shows that peaks in the search are mainly related to new collection presentations and important fashion news. The search about Dsquared2 has a relatively stable growth trend since 2004 up to the end of 2010 when a peak is observed, suggesting increased interest in the brand during the next year.

3-1 Google insights search interest 04-11 for the term"dsquared"

When the search is more precise and the search term is the full name "Dsquared2", the results are somewhat different. The online interest increases progressively after the launch of the online shop and the launch of the Facebook page which is the most important online touchpoints and supports each other, as the Facebook page drives most traffic to the shop. The peak is of about 45 points increase in the searches. The most searches are related to the

fashion shows. The peak search depicted with G relates to a publication on January 19th by ANSA.it about the fashion show where a celebrity teen idol Billy Krauz from Tokio Hotel featured. These results prove that the buzz created online and the celebrities increase the awareness. The star chosen to represent the collection is in order to expand the span of fans of the brand to younger customers. The results according to the categories suggest that the interest to the brand is driven by fashion websites and blogs; it is worth to mention the strong association with music as well, in this category fall less than 10% of the searches related to the brand. The brand features in online editions respected magazines such as Vogue, GQ etc. increase the awareness affirm the luxury status of Dsquared2.

3-2 Google insights search interest 04-11 for the term"dsquared2"

3-3 Google insights search interest 04-11 for the term"D&G"

3-4 Google insights search interest 04-11 for the term"D&G" in Shopping category

3-5 Google insights search interest 08-11 for the term"D&G"

the graphs don't represent absolute search volume numbers; data is normalized and presented on a scale from 0-100. Each point on the graph is divided by the highest point, or 100. When data is not enough, 0 is shown.

Despite that in general D&G shows better search results than Dsquared2 related to the online shop searches from this graphic is evident that the brand had its peak of interest during 2006 and 2007 and since then a decline in the interest is observed, which suggests that despite the strong marketing strategy and the multiple customer touchpoints, there are other strong competitors on the market like Dsquared2 which draw more attention.

3-6 Google Insights search interest for the term "Dsquared2" 08-11
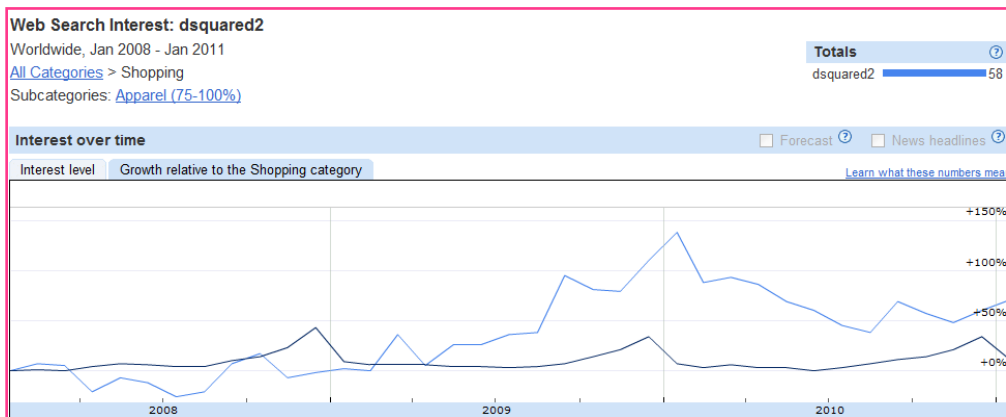
3-7 Google Insights search interest for the term "Dsquared2" 08-11in Shopping category

3-8 Google Insights search interest level for the term "D&G" 08-11

Both brands have the same percentage of searches in the shopping category (75-100%). For Dsquared2 is observed a high increase in the searches related to shopping with respect to the category which proves that the online touchpoints, especially the social media drive customers to the website and the online shop. When we compare the results with these for the same period for D&G a very different graphic is observed, the interest is much lower than the average for the category, the peaks in searches have very clear seasonality with peaks during winter holiday season when holiday discounts begin, during 2010 the interest was very low and for three years the trend line is decreasing, while the interest towards Dsquared2 is constant throughout the year with increase in the beginning of 2011, when the brand made a campaign through the Facebook page and personal mailing for pre-sale with 30% discount for the Spring collection. Both brands launched the online shops in a similar time, which proves that for the customer is much more important how the brand communicates and involves people through the online touchpoints, than to offer only rich and entertaining design of the websites.

Interest by regions and cities

3-9 Google insights search interest by regions for the term "Dsquared2"

The main interest in the brand corresponds mainly to the countries where Dsquared2 have shops. The results of the search show that the brand is most famous in Greece (Athens), Italy (Milan) and Russia (Moscow) according to online search. The reason that Dsquared2 is famous in Greece is due to the fact that the brand is corresponding to the highly fashion

oriented taste of Greek men, as in general Dsquared2 is more famous among men. Greek and Italian customers have similar image, temperament and perception for fashion. Young audience is fashion aware and it is a matter of lifestyle to be a trendsetter. This is the main reason why Dsquared2 is so well perceived in both Italy and Greece. Moreover the brand has strong support and appearance in the print media, shops in Greece in the 2 main cities – Athens and Thessaloniki and in Italy the flagship store in Milano and store in Capri.
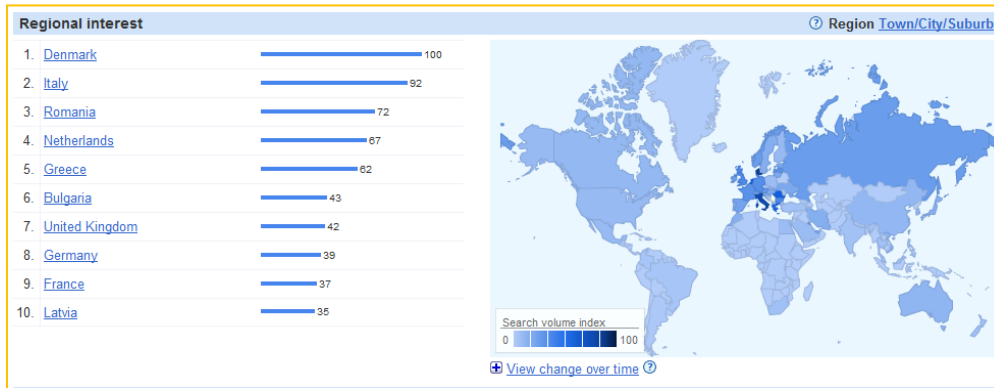
3-10 Google insights search interest by regions for the term "D&G"

The regional searches for D&G are concentrated in Europe - the main market of the brand, respectively most marketing activities are focused there.

Search by terms and top products
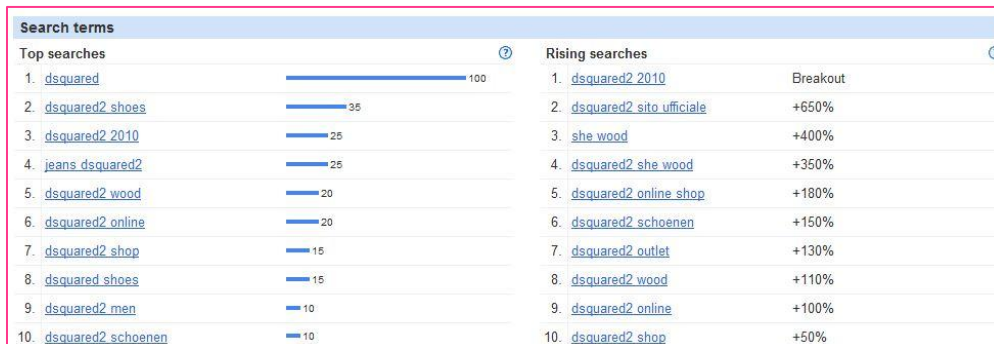
3-11 Google insights top searches and rising searches for Dsquared2 08-11
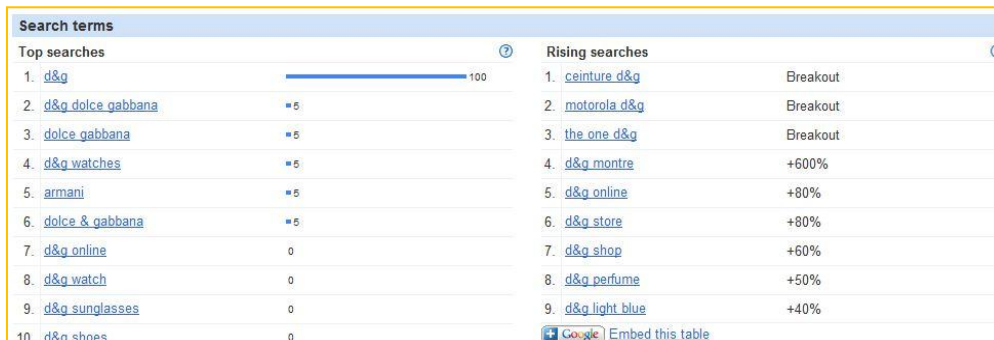
3-12 Google insights top searches and rising searches for D&G 08-11

It is evident from the results that the top three Dsquared2 products search online are for shoes, jeans and perfumes. Jeans are the base product of the brand with which it became famous. The jeans, t-shirts and sneakers are the products which generate the highest volume of sales. The results about the rising searches show clearly the huge interest towards the official website, the data is from December 2008 to December 2010 shows a +650% search interest on regional level. The drive towards the website is mainly generated from customers in Italy, since the headquarters are situated there, and most significant marketing efforts too. Customer touch points as printed and online media, as well as social networks are the drivers of the huge interest towards the website and respectively the online shop. The brand recognition is also highest in Italy.

Regarding D&G the top product searches are related to accessories and perfumery. This can be explained with the massive promotion and marketing campaigns for the fragrances The One, where top celebrities – Scarlet Johansson and Mathew Matthew McConaughey are the faces of the brand granting for the customer interest towards the brand. Collaborations with other brands as the one with Motorola for the limited edition of D&G branded phones increases the online searches since the customer touchpoints are multiplied by the joined efforts of the two partnering brands and the visibility of D&G as well as the potential customer base is extended.
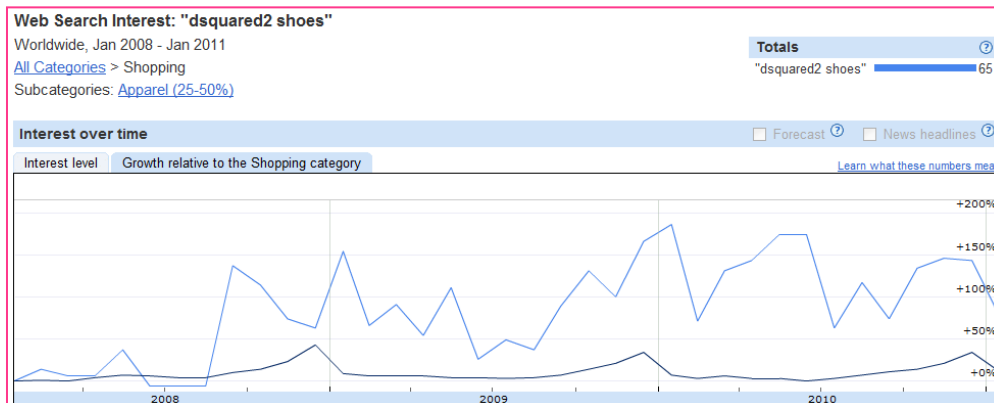
3-13 Google insights search interest for Dsquared2 shoes top product 08-11
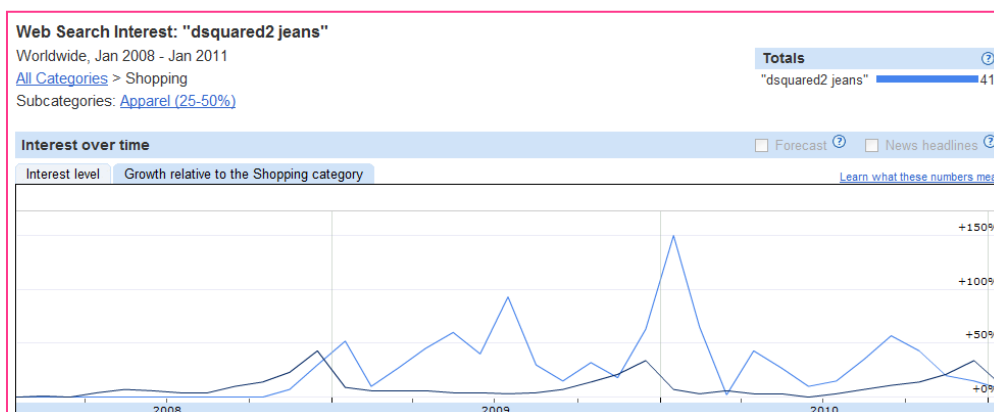
3-14 Google insights search interest for Dsquared2 jeans top product 08-11

3-15 Google insights search interest for Dsquared2 sunglasses top product 09-11

The online search results for the top products, which are established as signature of the brand follow relatively stable search pattern with respective rise around the end and the beginning of the year, again provoked by seasonal sales and meantime presentation of the new collections. Fashion shows, the reviews in magazines and fashion editorials are the main drivers of awareness as well as the viral videos, which are usually launched to promote new campaign. The synchronization between the content of these touchpoints accumulates higher interest. The same trend can be observed with the introduction of a new product like the glasses, there is an initial peak in the search online soon after the first collection was introduced, then a fall during the winter months and again a very high peak during spring, when in general this kind of product has high sales.

The distribution of the searches in two main categories (Shopping and Entertainment) suggest that interest for the brand is driven directly from the touchpoints which support the online shop as well as from sites with entertaining content, fashion show reviews, fashion magazines and celebrity gossips. This proves the association with celebrities as an important customer touchpoint to increase reputation and draw more interest towards the brand. Below are the graphics for the top searches of products by D&G. The first graphic shows a clear pattern of the customer interest growth related to the launch of the limited series Motorola phones branded by D&G. Initially it has very steep curve since it is supported by various online and offline touchpoints by both brands working in collaboration. These are the online and offline phone shops, the website of D&G and printed media promotion.

3-16 Google insights search interest for D&G top product Motorola 04-11

The searches for the men and women perfumes "The One" are generally higher than the category and with very high peaks during the holiday season, when the perfumes are offered in gift packs. The searches are highest in the category of Fashion & Modeling which leads to the conclusion that people rather get information through the online touchpoints and watch the commercial, before they make their purchase decision.
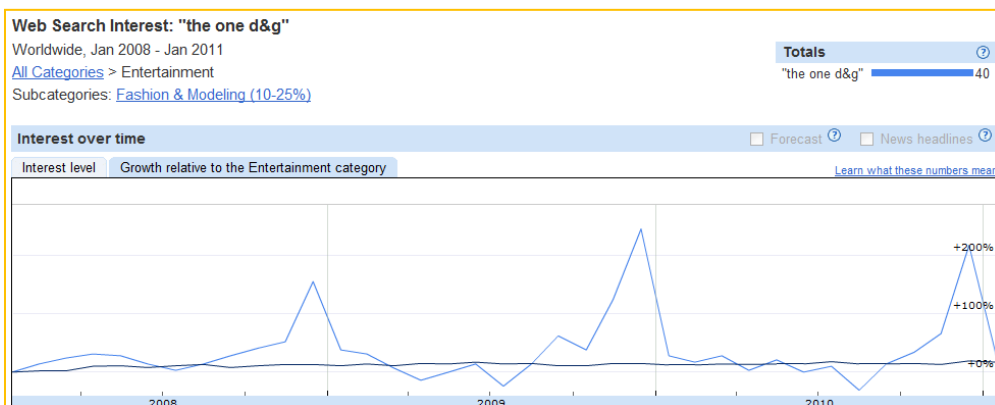
3-17 Google insights search interest for D&G top product The One 08-11

It is particular for D&G that the searches for definite products follow a very particular seasonal pattern, this is also evident for the watches, whose search pattern has almost the same shape as this of the perfume, high interest during winter holiday season and constant low interest through the rest of the year and a declining trend for the past three years. This leads to the conclusion that the online touchpoints are not designed well enough to drive the interest for this type of products and the marketing efforts are insufficient. Again, the main category of searches is Fashion & Modeling, so the online shop attracts customers with other products and they still prefer to get information online, but purchase offline.

3-18 Google insights search interest for D&G top product Time 08-11

SHOPPING SEARCH

Below I used search terms related to the potential sales which the companies could or have realized. By using the terms "shop", search data for both offline and online shops is collected. Like that we can observe the general trend of interest towards shopping for the specific brand. When the search term is changed to "shop online", specific results for the interest towards online shops are obtained, which are then further analyzed to obtain a more clear picture for the functioning of the online touchpoints.
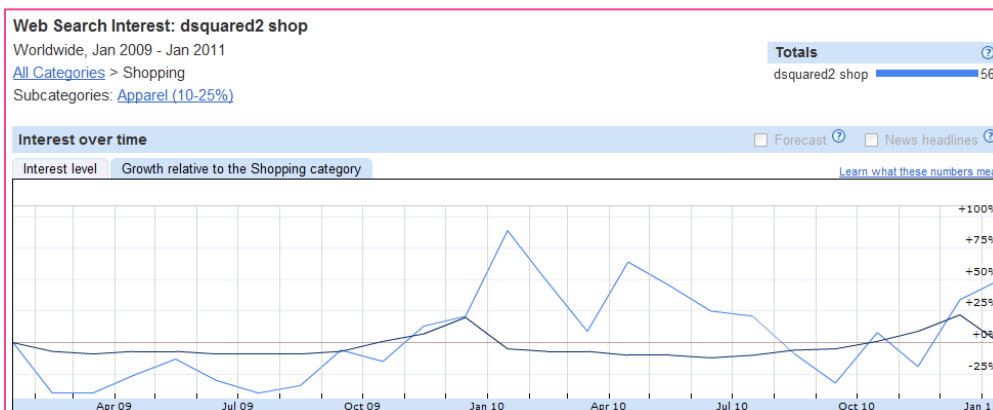
3-19 Google insights search interest for the term "Dsquared2 shop" 09-11

3-20 Google insights search interest for the term "Dsquared2 shop" 04-11

3-21 Google insights search interest for the term "D&G" shop" 04-11

For both brands the results of the searches have similar trend, the D&G searches have more stable pattern based on more available data, since the brand has very high world-wide recognition and numerous sales points. The interest towards Dsquared2 is higher than the average for the category and shows rising trend, supported by the increasing popularity of the brand in Europe and the opening of new shops.

When the search key word is changed for the online shop, the following results are observed
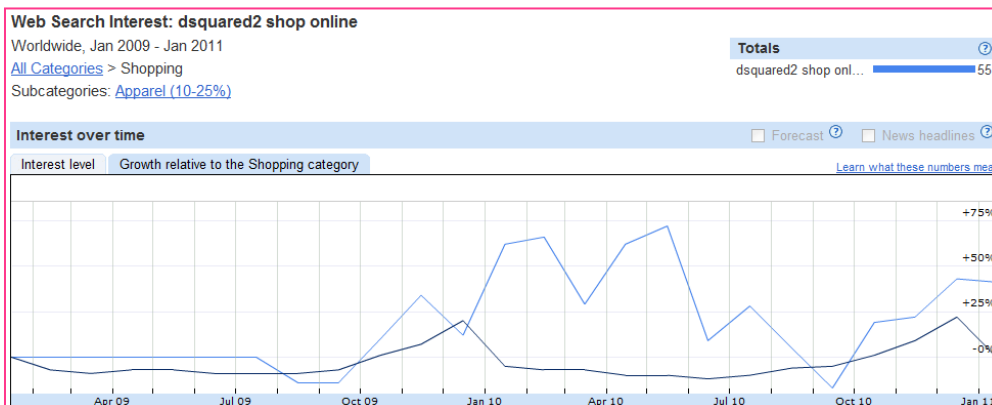
3-22 Google insights search interest for the term "Dsquared2 shop online" 09-11

It is evident that the online interest after the launch of the web shop has increased with peak values during the first half of the year, showing seasonality corresponding with the presentation of new collections and the holiday season. Despite economic crisis and general downturn in the luxury fashion sector Dsquared2 managed to keep the interest of customers much higher than the average for the category except October 2009 and 2010.
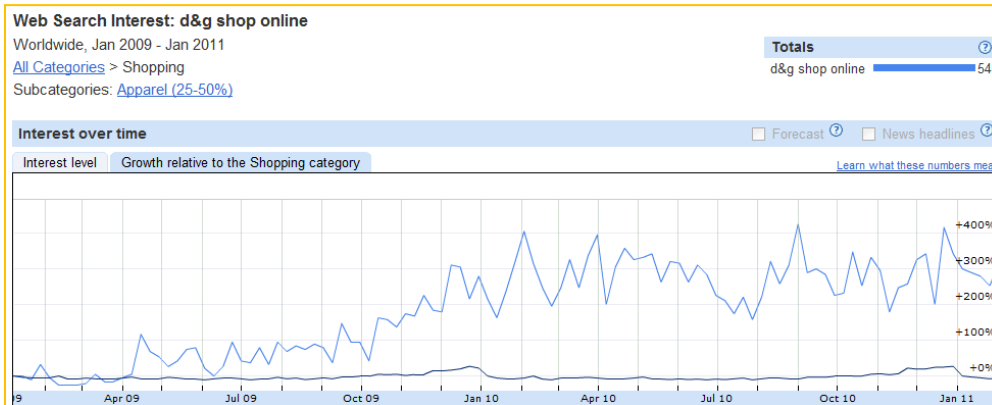
3-23 Google insights search interest for the term "D&G shop online" 09-11

The results for the searches D&G shop online show very big increase of the brand interest since April 2009. The network of websites which the brand has in combination with the strong presence in social media provides very high awareness towards the online shop and increase of the traffic towards the shop. This is backed up by the special website developed with rich interactive media where people can browse through the products and have fun, then purchase the chosen product from the online shop. The synchronization and consistency in the content of the various online touch points is confirmed by the results. While D&G relies on multiple touchpoints, entertaining content and its popularity world-wide to drive customers to the online shop, Dsquared2 having fewer resources relies mainly on the relationship and communication established with customers through the social networks in order to increase the popularity of the online shop and respectively the sales. All search results give a reflection of the activities done by the brand, evident for the synchronization of the online and real world channels, which prompt search online.

3-24 Google insights search interest for the term "D&G shop online" in category Shopping 08-11
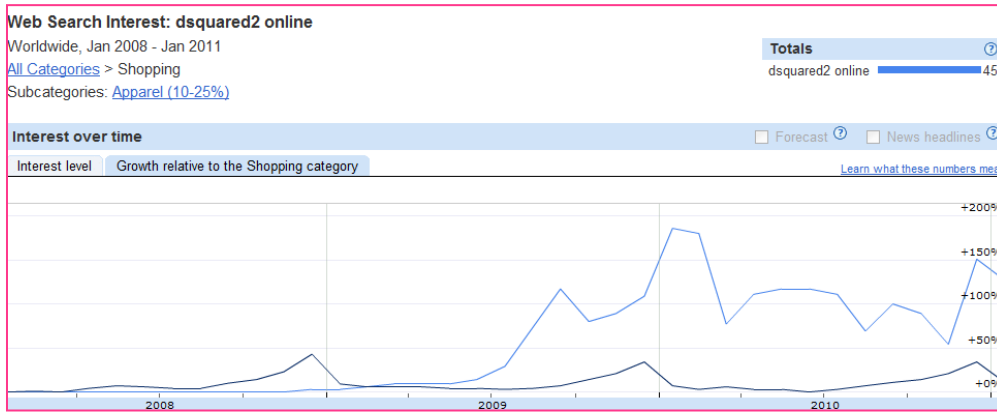
3-25 Google insights search interest for the term "Dsquared2 online" in Shopping category 08-11

When we compare the search results for both brands online it is observed that they follow a similar pattern with steep rise for Dsquared2 and a more gradual for D&G. Since D&G has more online touchpoints and is much more popular, it features in more category searches. Very important observation is that for both brands, especially Dsquared2 the term "online" regards online shopping. This means that the people who search online for Dsquared2 apparel are driven directly to the online shop of the brand, as for D&G customers are searching in various categories, such as Luxury goods. In a conclusion we may say that the search term "online" for both brands is directly related to online shopping and there is a stable increasing trend for the online shopping, which by itself means that the online touchpoints are effective to drive traffic to the online shops.

4.9.5 VIRAL HEAT RESULTS

The observations made with the platform Viralheat for one week, the period is random it is between the presentation of the new fall/winter 2011 men collection and the review of the fall/winter 2011 woman collection.

Data for one week observation from 15.02-22.02.2011

Color code for the tables: Dsquared2   D&G   Abercrombie & Fitch

Summary dashboard
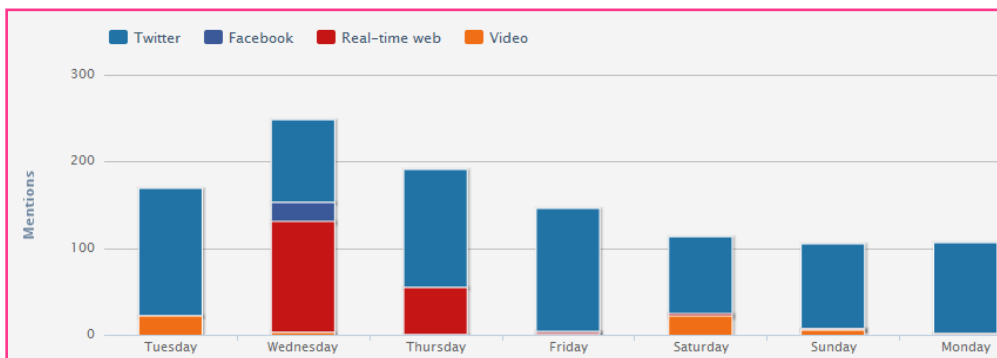
3-26 Dsquared2 summary chart of one week observation on Viralheat
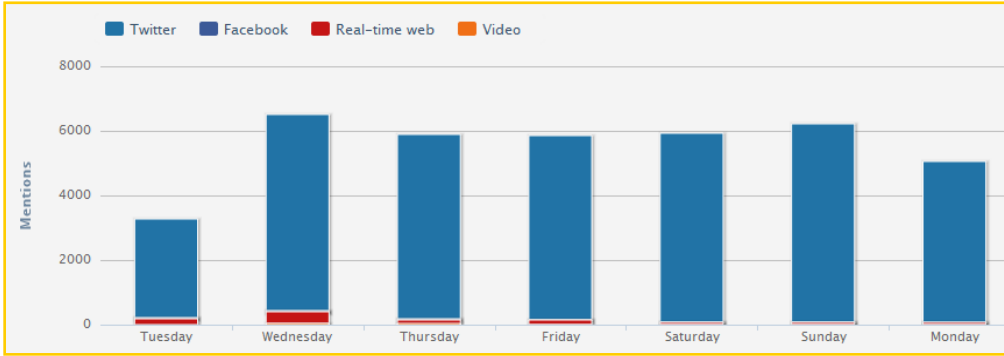
3-27 D&G summary chart of one week observation on Viralheat
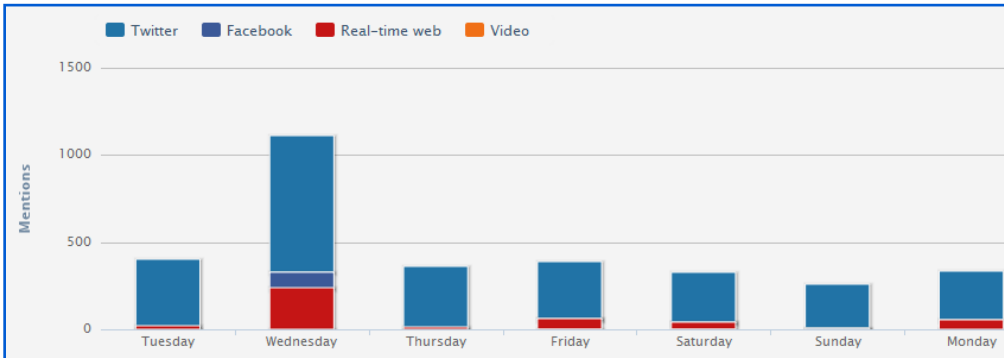
3-28 Abercrombie&Fitch summary chart of one week observation on Viralheat

Executive summary of the data collected for one week for Dsquared2 and its nearest competitor D&G and Abercrombie & Fitch - considered in order to obtain more complete competitive picture since few features can be compared to Dsquared2 as image of certain products and one of the target customer groups.

3-10 Dsquared2 detailed summary dashboard of one week observations on main social networks

Twitter Peek ⑦
1D **7D** 1M
39,165
messages for the week
6,594,753
weekly impact
5,595
avg. messages
33,709
unique authors
Details | Data Archives

Realtime Web Peek ⑦
1D **7D** 1M
1,165
links for the week
462
distinct domains
166
avg. links
2
avg. links/domain
Details | Data Archives

Facebook Peek ⑦
1D **7D** 1M
124
posts for the week
77
pages for the week
17
avg. posts
2,033,949
total fans
Details | Data Archives

Google Buzz Peek ⑦
Notice
Your account does not have this feature. You can upgrade your account to enable this feature.

Video Peek ⑦
1D **7D** 1M
219
videos for the week
0
detected views
32
avg. videos
2
total platforms
Details | Data Archives

Executive Summary ⑦   1 day **7 days** 1 month

Your profile, **Dolce&Gabbana Multichannel** , received **39,165** tweet(s), **124** comment(s) on **77** Facebook fan page(s), **636** Google Buzz messages with **1,165** mentions on the real time web and **219** new videos in the period from **02/15/2011** to **02/21/2011**. On average about **5,595** tweets, **17** page comments, **90** google buzz messages **166** websites and **31** videos are found in the selected period.

There are **33,709** unique authors for **Dolce&Gabbana Multichannel** and the most active author is **watchshop2010**. For the real time web, "**www.twitlonger.com**" is the most active domain and has been shared over **66** times across all the social media sites and **Renées goda bröd (kock Renée Voltaire) - recept.nu** is the most active link. Finally, **You Tube** is the most popular video destination site and ***NEW 2011* Spazz G ft. D.G. "da Paronta" "Fresh"** is the most popular video.

3-11 D&G detailed summary dashboard of one week observations on main social networks

Twitter Peek ⑦
1D **7D** 1M
47,682
messages for the week
11,443,611
weekly impact
6,812
avg. messages
40,569
unique authors
Details | Data Archives

Realtime Web Peek ⑦
1D **7D** 1M
590
links for the week
268
distinct domains
84
avg. links
2
avg. links/domain
Details | Data Archives

Facebook Peek ⑦
1D **7D** 1M
116
posts for the week
72
pages for the week
16
avg. posts
816,050
total fans
Details | Data Archives

Google Buzz Peek ⑦
Notice
Your account does not have this feature. You can upgrade your account to enable this feature.

Video Peek ⑦
1D **7D** 1M
206
videos for the week
0
detected views
30
avg. videos
2
total platforms
Details | Data Archives

Executive Summary ⑦   1 day **7 days** 1 month

Your profile, **Dolce&Gabbana Multichannel** , received **47,682** tweet(s), **116** comment(s) on **72** Facebook fan page(s), **684** Google Buzz messages with **590** mentions on the real time web and **206** new videos in the period from **02/18/2011** to **02/24/2011**. On average about **6,811** tweets, **16** page comments, **97** google buzz messages **84** websites and **29** videos are found in the selected period.

There are **40,569** unique authors for **Dolce&Gabbana Multichannel** and the most active author is **watchshop2010**. For the real time web, "**www.twitlonger.com**" is the most active domain and has been shared over **38** times across all the social media sites and **YouTube - Dr. Dre feat. Snoop Doggy Dogg - "Nuthin' But A G Thang" (1993)** is the most active link. Finally, **You Tube** is the most popular video destination site and ***NEW 2011* Spazz G ft. D.G. "da Paronta" "Fresh"** is the most popular video.

3-12 Abercrombie&Fitch detailed summary dashboard of one week observations on main social networks

When comparing the summary for Dsquared2 and its main competitor D&G, it is evident that if we neglect the difference in the volume of online content and activity and look at the structure of the online touchpoints, we will notice that this distribution is almost uniform for D&G as the most influencing platform with highest volume of messages is Twitter, while Dsquared2 on average is more active on different touchpoints – Facebook, Real time web and Video. A&F also has the highest volume of interaction on social network Twitter, followed by the real time web, Facebook and the video content posted by the brand.

The summarized data for one week observation suggests that the customers are most active via Twitter, sharing links mostly about designs or products which they liked, opportunity to buy discounted clothes as well as what are the trends and new fashion purchases they made. The domains of the links on the tweets and the content of the tweets should be

considered. In this sense fashion opinion leaders, individuals or organizations on social networks are main drivers of online WOM, the visibility and awareness towards the brand, since they already have build network of followers and their recommendations are trusted. This instantly provides the brand with possibility to reach new area of potential customers, without need of advertisement, instead the communication is reversed, the ones who got interested in the brand will search a way to involve deeper with the brand.

In terms of interaction on Facebook Dsquared2 turns out to be the most focused and communication active brand, there are total of 25 posts per week on 3 pages and for D&G there are 77 pages and 124 post, for A&F there are 72 Facebook pages and 116 posts, the majority of this pages are not controlled by the company and unrelated directly to fashion. D&G is much more active on Twitter with 39 169 tweets on average per a week, but here again should be considered the scale of the brand and the popularity among customers, potential customer and simply fans. Major contribution for the volume of the online activity has the expansion of the D&G presence on the Asian market (Dsquared2 has presence only in Japan) and the countless number of online stores and websites which offer discounted D&G clothing and accessories, for example for the real time web there are identified 462 different domains, and for Dsquared2 they are only 85 in and for A&F they are 268 websites, in consequence this fact impacts on the overall presence and interaction with the brand.

Total leads are collection of mentions that have been found to display human intent to purchase. For Dsquared2 total leads are 250 and 1004 messages, total leads are 4715 for D&G and total messages are 39 165, the intention for purchase is respectively 24.09% for Dsquared2 and 12.03% for D&G. For Abercrombie & Fitch total leads are 717 of 3024 messages and 23, 71% intention to purchase with average 1.3 messages for unique author, for D&G there are on average 1.2 tweets for an author, while for Dsquared2 this number is 1.9 this suggest D&G has wide fan base since almost all messages come from different authors, but on the other hand we can consider that the Dsquared2 fans are more dedicated since one author mentions the brand more than once.

Comparison between the profiles of Dsquared2 and D&G

Compared to their biggest competitor D&G the presence and online interest for Dsquared2 is insignificant but here again we have to take into account the resources which D&G has on disposition, the world-wide recognition it has and the dimension of the brand.
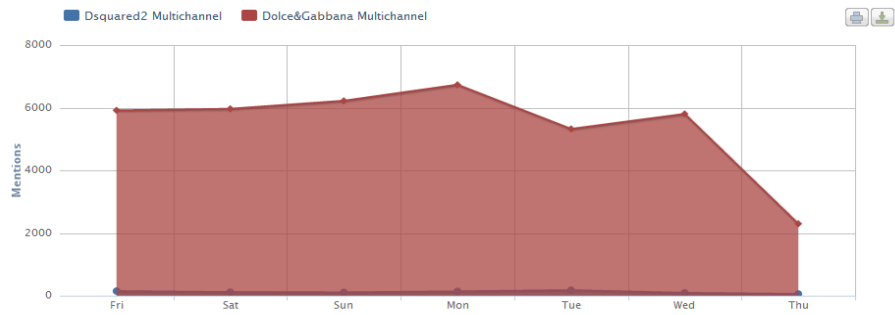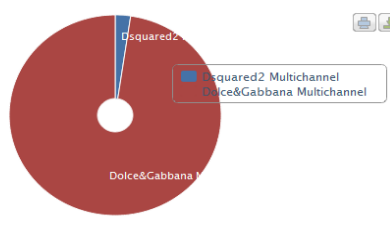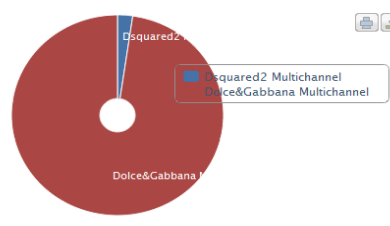
3-13 Comparison between the weekly online presence of Dsquared2 and D&G

Detailed analysis across Twitter, Facebook, Real time web and Video content

3-14 Dsquared2 Facebook mentions details for one week observations
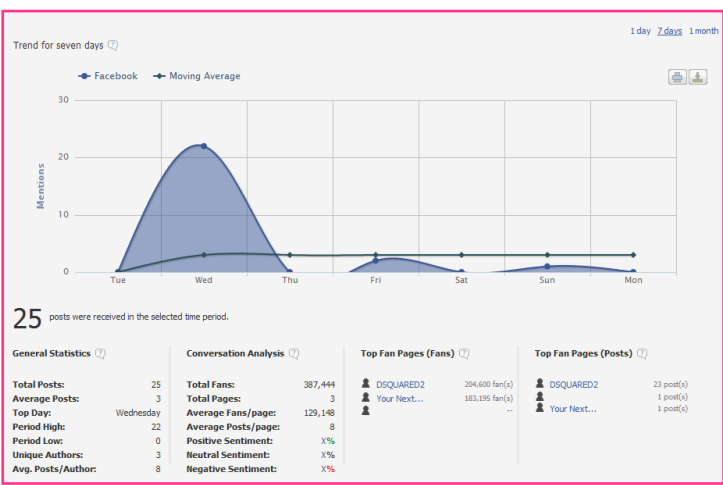
The analysis of the results from the different social media shows that the distribution of the interest on the Facebook page and the Real time web is almost identical, while the peak of the tweets on Twitter lags behind with a day and half and 69% of the messages contain links. This suggests that Facebook and fashion sites like www.style.com are the customer touchpoints where the content originates and then it is being shared on different social networks as the most important platform through which customers communicate is Twitter.

3-15 Dsquared2 Real-time-web mentions details for one week observations
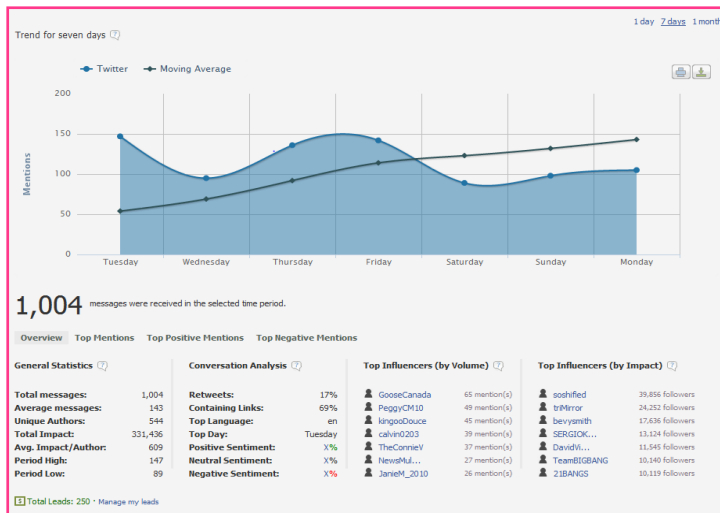
3-16 Dsquared2 Twitter mentions details for one week observations
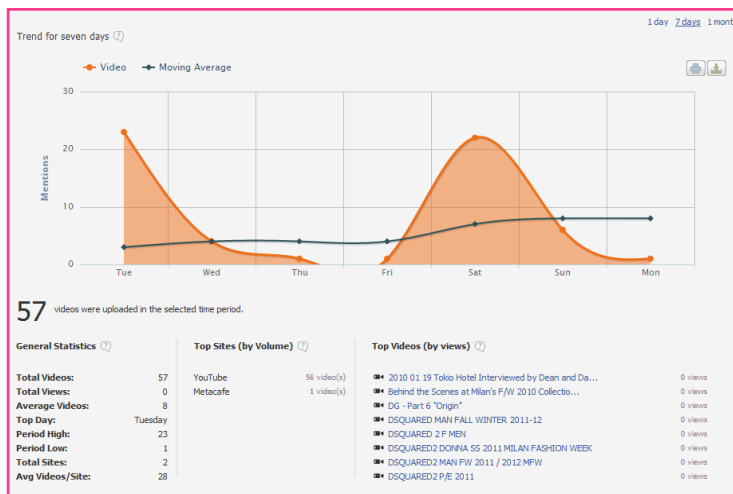
3-17 Dsquared2 Video mentions details for one week observations

The pattern shows the immediate response and involvement of customers when new the brand communicates online. Apart from the company controlled content, most often online content is generated by fashion trendsetter and bloggers, and fashion communities with great number of followers and impact on the internet. They positive perception is directly reflected on the brand reputation.

The trend for the viewing of the videos is also cyclical and related with the posts in the real time web. The top viewed video has the same topic as some of the most mentioned tweets and links are shared on other social media sites. From the type of most viewed vides is evident that apart from interest for the new collections, customers are interested in the brand relation with celebrities and music.

Dsquared2 has uniform trend of the tweets per week. Most influencing user by impact is an international forum of Korean fashion girls (soshified), LA and NYC fashion trendsetter and street fashion community website which has an application for iPhone, Japanese lifestyle and music websites, the top three authors have on average 35 000 followers. The top influencers by volume are usually young fashion oriented women with on average 1000 followers. Despite the main market of the brand is Europe, the influencers on Twitter are generally from North America and Asia, since it is not so popular in Europe as Facebook. The results show that 65.33% of the tweets have positive sentiment, 23.43% neutral sentiment and 11.23% negative sentiment. The metrics are not absolute since a phrase which contains negative word does not always mean negative sentiment about the brand.

Considering tweets about Dolce&Gabbana and D&G the top influencers regarding impact are fashion websites among them the top three have on average 300 000 followers, while the individuals are more random without specified profiles, it is interesting to mention that only

21% of the tweets contain links. The positive sentiment is 74.49%, the neutral is 14.10% and the negative sentiment is 11.41%. Weakness of the results analyzed for D&G is that, since the brand is very popular a lot of the content is spam, or the searching is not optimized enough to find more reliable data. The top Facebook fan pages of the Dolce&Gabbana Facebook page are corporate or belong to communities which are not related with fashion, from one side this provides visibility to all type of customers, but from other does not support the luxury fashion focused marketing efforts. Top fan pages in terms of number of fans are of skateboarding community, pizza restaurant, Serbian page for Italian lifestyle, black music radio station, Hungarian deal of the day website, NBA Turkish page, the only related to fashion page is of Polyvore fashion and style community, while in terms of posts related to the brand there are some other pages dedicated to lifestyle and fashion and also a radio station. Positive customer sentiment on Facebook is 86.84%, neutral is 4.39% and negative is 8.77% while the posts for Dsquared2 are with 80% positive sentiment, 20% neutral and 0% negative sentiment.
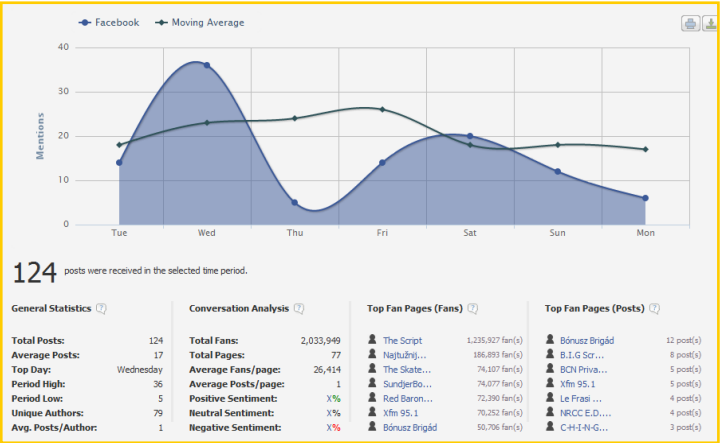
3-18 D&G Facebook mentions details for one week observations
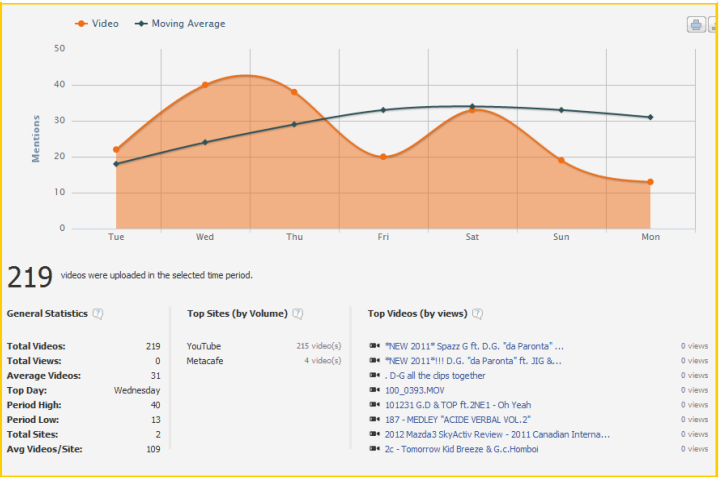
3-19 D&G Video mentions details for one week observations

The curves of the trends of the activities across the Facebook pages associated with D&G, the real time website posts and the videos have the same pattern. This suggests that the different online touchpoints have strong support and connection among each other and the same contents are shared across the social networks. On the other hand the trend of the messages on Twitter is constant which can be explained by the fact that on this platform are accumulated the messages from different social platforms and websites as well as the fact that 42% of the tweets are retweets. Considering the videos Youtube is the main touchpoint to reach the brand, but the data collected for the videos related to D&G is difficult to analyze since it seems that a lot of it is incorrectly related to D&G, on average the interest is constant.
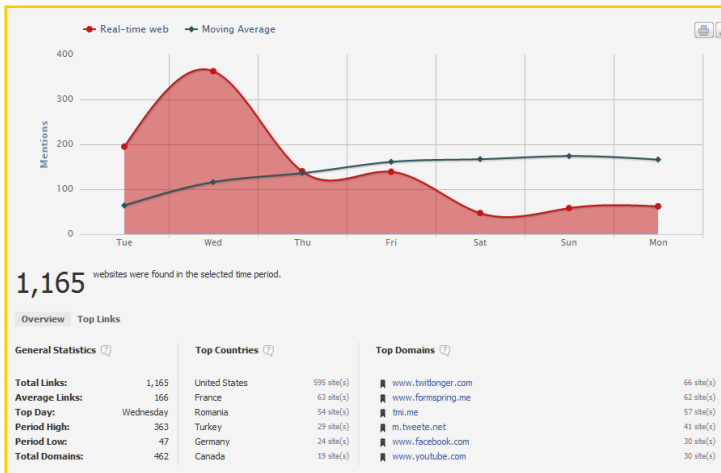
The top influencer on Twitter for D&G in terms of impact is the New York Times style magazine and the popular and influential website Fashionista, dedicated to fashion and style.

3-20 D&G Real-time-web mentions details for one week observations
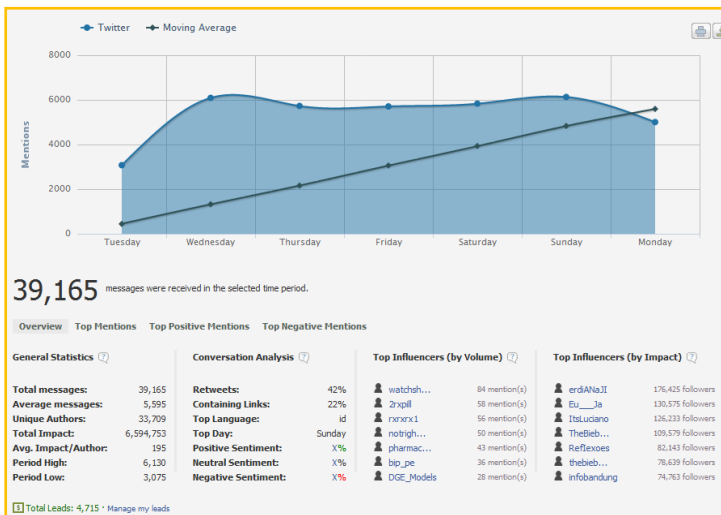
3-21 D&G Twitter mentions details for one week observations
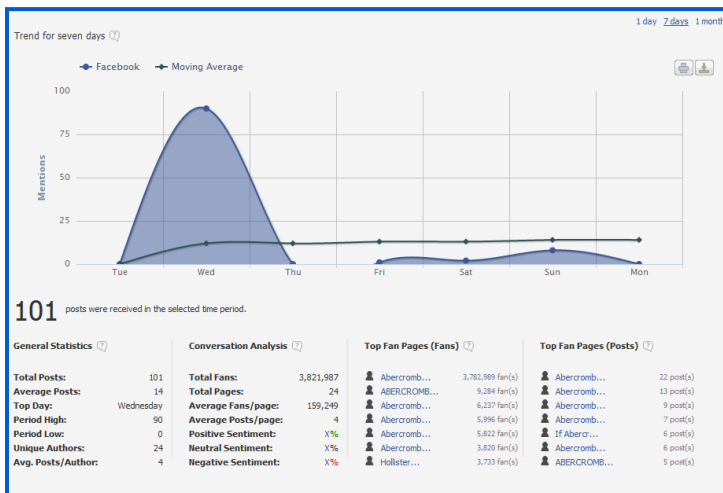
3-22 Abercrombie&Fitch Facebook mentions details for one week observations
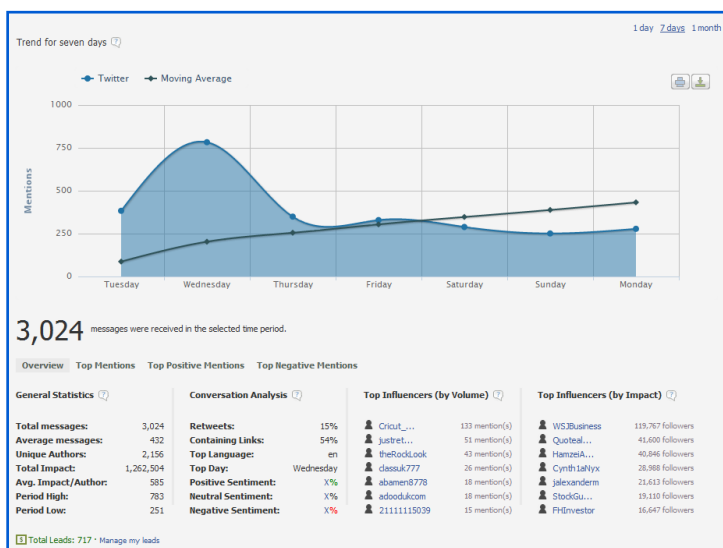
3-23 Abercrombie&Fitch Twitter mentions details for one week observations
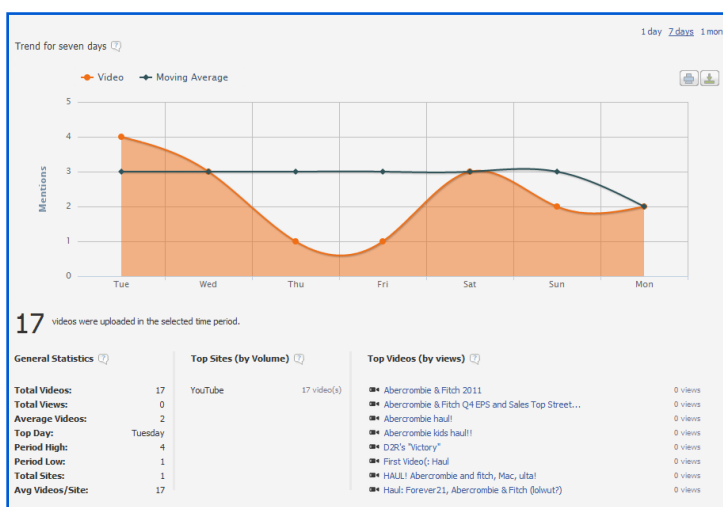
3-24 Abercrombie&Fitch Video mentions details for one week observations

54% of the tweets contain links, 31.41% of the tweets have positive sentiment, 34.51% have neutral sentiment and 34.08% have negative sentiment. It is interesting to mention that the top influencers either by volume of tweets or by impact are individuals or online shops. The top influencers by impact have about 22 000 followers.

When we analyze the Facebook page details, we see that the top Fanpages are other pages dedicated to the brand often created by the fans, this suggests that there marketing activities on Facebook are consistent and there is support between the different pages. The positive sentiment of customers is 52.94%, the neutral is 41.18% and the negative sentiment is 5.88%.

The videos which related to A&F are uploaded only on Youtube, they feature content generated by customers, videos associating the brand with music and different videos with job opportunities for customers to work for the brand.
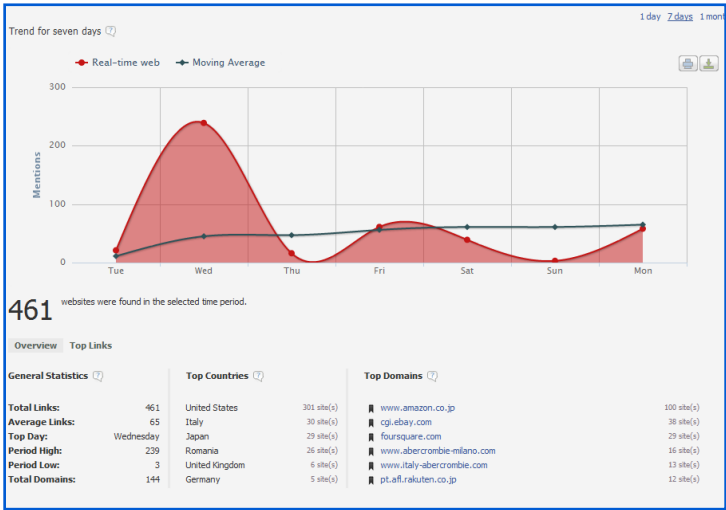
3-25 Abercrombie&Fitch Real- time- web mentions details for one week observations

As it was observed with the other brands, A&F patterns of the different social networks follow the same pattern which suggests that they are interconnected and support eachother. The content generated on corporate related and fashion websites is then shared on Twitter and Facebook. The consistency between the timing of the interactions between the different online platforms is even more clearly visible for A&F.

Online shop mentions results

For a period of two weeks I made observations for the mentions in social networks comparing Dsquared2 with its closest competitor D&G using key words to define the search "Dsquared2 online shop", "Dsquared2 online", "Dsquared shop online" and "D&G online shop", "D&G shop". The results for both brands were mainly derived from Twitter[7].

3-27 Dsquared2 Twitter mentions related to online shopping of

One week observations
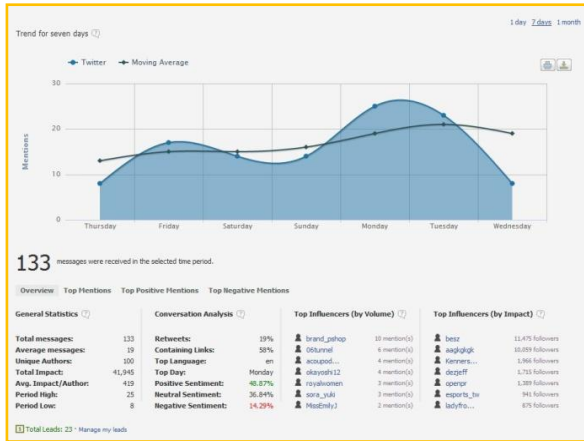
3-26 D&G Twitter mentions related to online shopping for one week observations

[7] Charts with results from other social networks in Appendix A

3-28 Dsquared2 and D&G online presence comparison for one week observations
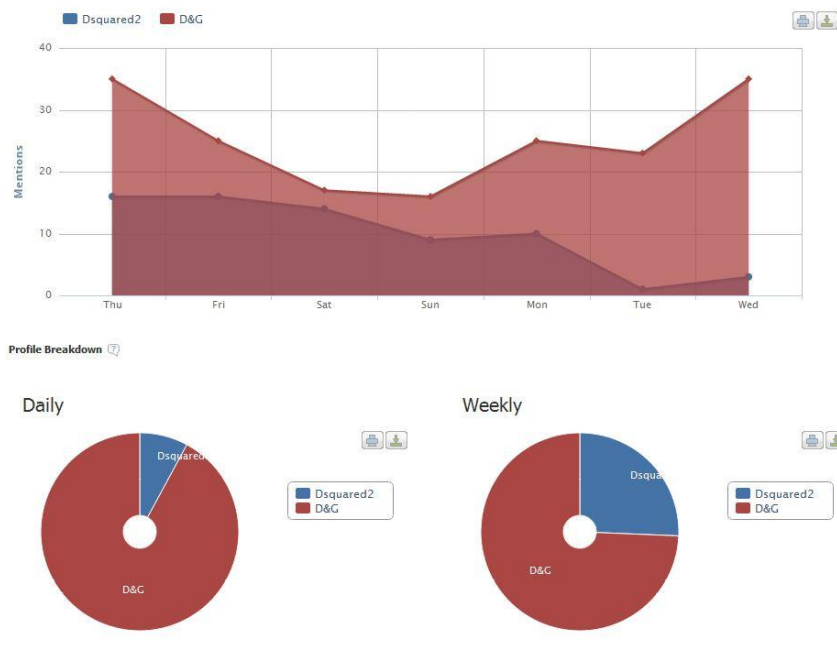
The graphic is showing comparison between the online mentions for a period of one week for D&G and Dsquared2. The online interest towards Dsquared2 is one quarter of this for D&G, but the quality of the content is higher and coherent with the other online customer touhpoints as it is evident from the detailed analysis of the results.

Brand	Positive sentiment	Neutral sentiment	Negative sentiment	Total mentions	Total leads	Intention to purchase
Dsquared2	95%	5%	0%	60	44	73%
D&G	49%	37%	14%	133	23	17%

Table 3.3-7 Dsquared2 and D&G summary of online mentions sentiment

The table gives evidence of the fact that the quality of the relationship between brand and customer does not depend directly on the quantity of online presence and number of touchpoints and the advertisement, but rather on the quality and relevance of content. The data confirms the higher interest towards online shop of Dsquared2 and the support of the online touchpoints, since the online shop is mostly promoted through Facebook. There are also no negative sentiment mentions recorded which speaks for the high status and reputation for which the brand is recognized. The weekly impact which the two brands have is similar, despite that the mentions for D&G are twice as many as those for Dsquared2. A drawback of the platform Viralheat is that it records information just about the posts on Facebook, and no information about the comments and the likes, so it practically misses to measure important information about the intention to buy and the specific sentiment of the customers, that's why there are no results recorded for the observations.

4.9.6 HUMAN RESOURCES

The most important is the personal contact and the experience which customers have in the shop. That's why Dsquared2 follows very strict guidelines during the selection and training of the shop assistants. They need to understand the brand concept holistically, be absolutely clear about the image of the brand and its values and respectively be able to communicate them to the customer by their attitude, behavior and looks.

4.9.7 THE EFFECTIVENESS OF NEW CHANNELS

All new channels are connected with each other and have reference links from one the other. Some of the videos featuring on the YouTube channel are different from these on the website and the Facebook page. The content on the website is with more promotional character, there are videos of the opening of new stores or launching of new products. Videos of the collaboration with different brands and celebrities. Only the more important from marketing aspect videos are posted, as well as short films which present the designers. The content on YouTube is different, there are posted larger variety of videos as the focus is on the collections, there is full length fashion shows from 2008 up to date, both for Womanswear and menswear as well as behind the scenes sneak peeks, teasers and trailers of new campaigns. The content is intended to keep track on the evolution of the fashion which the brand creates as well as significant events which the designer duo organize or participate. The YouTube channel is more of a fashion diary and moreover the fans have the possibility to upload their own videos and share it with other fans. The content which is posted on the Facebook page is most various, with the purpose to entertain the fans and keep them alert for all fashion news and personal videos of the designers which keep the interest of the customers and create higher involvement since they are allowed to have access to the designers and see them out of the lights in daily life. There as well funny and witty videos which may prompt the fans to share them with other fans or post on their own profile.

Website	YouTube	Facebook
Basic info	Video diary	Promotion
Brand image	Viral marketing	Redirection
Brand knowledge	Fashion news	Community
Shopping	Update	Belonging
History	Sharing	Sharing
Community	Community	Connection

Table 3.3-8 Dsquared2 main online customer touchpoints function

4.9.8 INVOLVEMENT OF CUSTOMERS

Dsquared2 is a luxury fashion brand. The designers are trend setters; this is a prerequisite for a restricted involvement of customers, since the creativeness of the designers is the most important asset of the brand, which renders it exclusive. For this they can only inspire by customers and the dynamics in society, as well as celebrities, but the design decision and the trends come in a top-down manner, limiting the involvement of customers in the creative process. Customers do not have a way to personalize the products, since in this type of fashion the designer are in the center of the brand and they incarnate the brand by themselves. But on the other hand the customers are free to discuss give suggestions and critique the products, which are taken into consideration by the brand. They can do that either in the shop, by e-mail or in the Facebook page.

4.9.9 PERSONAL APPROACH

Dsquared2 is relatively new brand compared to its major rivals, and still do not have all the necessary resources to compete on the same scale of marketing and advertisement investments as D&G and Gucci. At the same time this is an advantage since the brand is focused firmly on fashion and clothing, without overextending the brand into other remotely connected lines. The size of the company helps to keep closer relationship with the customers and manager better its CRM service. Most loyal clients are personally called when there are pre-sales or discounts, promotions. Facebook users often have the advantage to be special guests on events organized by the brand, the online CRM is perfectly managed by one of the global online retail leaders Yoox and further more it is fundamental that the staff selected for the shops complies with very strict requirements both as personality and appearance.

4.9.10 CONCLUSION

The results show that on average the presence of Dsquared2 online is still moderate, especially if compared to D&G and it is mainly concentrated on local scale. This is consistent with the fact that   the main market of the brand is Europe, but we should also consider that Dsquared2 has still a long way to go in order to obtain the world wide recognition of D&G and A&F. The dimensions of the two competitors undoubtfully suggest that to accomplish the recognition which they have, Dsquared2 needs additional capacity and resources than, different from the online presence. Despite the relatively small volume of online content related to Dsquared2, its diversity, the activity and involvement of customers is quite satisfactory.

From the results obtained we can conclude that the model of the online customer touchpoints which Dsquared2 and its main competitors have is driven by two inputs; the content and communication generated by the brand and content generated by others (fashion sites, online shops, bloggers and opinion leaders), then this content either reach

directly the customers through various touchpoints, the most influential of which are the social networks or customers can choose if they want to involve with the brand and then create or share content online, comment it and eventually evaluate its value.

The social networks help to create positive brand reputation and eventually to build the brand image since for the three observed brands, which have many common features and similar positioning but in the same time also a lot differences in terms of scale, resources and target customers, it was evident from the sentiment results both on Facebook and Twitter conversation analysis, that on average more than 50% are positive sentiment conversations or messages and at most 10% contain possible negative content. It was also evident that in general the most influential customer touchpoints have synergies between each other and function timely and in coherence, thus significant impact is obtained simultaneously by involving highest number of customers at the same time across different touchpoints.

The specified observation and analysis of the online mentions related to the online shops of Dsquared2 and D&G made it evident that the effectiveness of the online touch points such as social networks does not matter on the size and the resources of the company or the use of every customer point available. The thing which makes a customer to engage with a brand is further than the material resources or the popularity, it lies in the real and deep understanding of the customer, his lifestyle and habits and reaching him in the right manner with the right content, which is focused and consistent, maintaining dialogue and approaching each target customer group in a different manner through different customer touchpoints.

4   CHAPTER: EMPIRICAL RESEARCH CHRISTIAN LACROIX

CASE 2

CHRISTIAN LACROIX - WEAK BRAND, TRADITIONAL MARKETING STRATEGY

4.10   COMPANY PROFILE

One of the major mistakes which marketing mangers make is to over trust the product life cycle and to use sales as indicator of future sales, the PEC product evolution lifecycle often gives more useful insights into how a brand grows, according to it the evolution is affected by three forces, generative, selective and meditative, implying this to brands the framework suggests that a brand can evolve and is not destined to die.

Most common reasons for a brand decline:

1. Managerial actions regarding product quality. The product quality for cost cutting reasons does not impact brand loyalty in the short run, but as soon as the customers experience the lowered quality they start to turn away from it.
2. Price increases, if only price increase without increase the benefits the brand offers, the customers will leave the brand.
3. If a brand lowers the prices in a search of cost reduction and respectively the quality suffers, it can damage the brand a lot.
4. When a brand becomes popular, managers tend to look at it as cash cow and neglect innovation and investment, which eventually lead to decline of the brand.
5. If the brand is not focused firmly on its target market it may lose sight of it as it moves away.
6. Environmental factors have significant impact on the brand, as markets are dynamic in nature and can be influenced by the larger environments they operate in.
7. In most markets the competition among leading brands is fierce and the actions of one competitor can damage the other or even completely push it out from business.

4.10.1 CHRISTIAN LACROIX – GENERAL CHARACTERISTICS

The designer Christian Lacroix is famous for the colorful, very elaborated and expensive looking clothes he creates. They often resemble theatre costumes, glamorous and fantastic. He was most famous during the eighties, when the Haute-Couture was flourishing. The French designer has been working for Hermes, collaborated with the couturier of the Tokyo Imperial Court, and then joined the House of Patou in 1981 and in 1986 launched his first line, in 1987 he expanded into ready-to-wear, and then diversified into menswear in 2004. His signature marks are the pouf skirts, renaissance-inspired tapestries, tulle and lace.

Christian Lacroix SARL designs, manufactures, and markets fashion apparels for men and women. It operates through stores that offer ready-to-wear collections, bridal dresses, jewels, children's clothes, perfumes, and accessories. Christian Lacroix SARL also offers porcelain tableware such as plates, breakfast cups, and trays. It caters to the markets in Argentina, Bahrain, Hong Kong, Japan, Korea, Kuwait, the United Kingdom, and the U.S. Christian Lacroix SARL was incorporated in 1987 and is based in Paris, France. Today, Lacroix has 60 points of sale within France (department stores included). Around the world, Lacroix

has 1,000 total points of sale. As of January 25, 2005, Christian Lacroix SARL operates as a subsidiary of Falic Group. On May 28, 2009, Christian Lacroix SARL filed a voluntary petition with the Tribunal de Commerce in Paris for bancrupcy.

CHRISTIAN LACROIX SARL	
BUSINESS	Haute-Couture
TYPE/STYLE	Innovative trends, feminine, fantasy
TARGET CUSTOMERS	30- 40 upper average and rich customer
ESTABLISHED	1986
COUNTRY OF ORIGIN	France
GLOBAL PRESENCE	France, USA, Argentina, Japan, Middle East
SHOPS	37 including flagship and inside commercial centers

Table 3.3-9 Christian Lacroix main characteristics

CHARACTERISTICS	DETAILS
CELEBRITY CLIENTS	Catherine-Zita Jones, Uma Turman, Ivana Trump, Julianne Moore
OTHER PRODUCT LINES	Fragrances, Home, Handbags, Shoes
OWNED BY	Falic GROUP (USA)
WHERE TO BUY	Own Shops, Bergdorf Goodman, Neiman Marcus, Net-a-Porter, Saks, Harrdos
DESIGNED BY	Christian Lacroix, 1987 – fall 2009
SHOWS IN	Paris
COLLECTION TYPES	Haute-Couture, RTW, Resort
SIMILAR CLIENTELE	Dior, Chanel, Yves Saint Laurent
STYLE	Avant-grade, Critics' favourtie, French, High fashion, High Society

Table 3.3-10 Christian Lacroix detailed characteristics

DIFFERENT LINES

1994 – Launch of the Bazar line, based on old culture, folklore and fables.

1995 – Launch of a line of towels, the intention is to merge fashion and lifestyle

1996 – Launch of jeans line, inspired by world cultures traditions and ethnic arts

1997 – Partnership with Christofle for the launch of "Art de la Table" tableware and linen

1997 - License agreement with Pronuptian for the launch of marriage line

1999 – Launch of perfumes line

2000 – Launch of accessories line with semi-precious jewelry

2001- Children's clothing line

2002 - Launch of the perfume Bazar

2004 –Woman lingerie line

2004- Menswear line

The launch of many unrelated lines show chaotic attempts to increase sales by unreasonable and inconsistent overuse of the name Christian Lacroix, which eventually dilutes the image of the brand, losing a clear direction in branding.

DESIGN PHILOSOPHY

"Couture is a free and imagined "impressionist" creation for a woman in movement, a woman who embodies the theme of the season or the moment, a woman caught in a rough sketch of history."

Couture clothing is only produced on order then, the premier of the couture atelier takes 30 measurements of the client's form and then has a mannequin built in her likeness. While the client is expected to schedule a number of fittings, relative to the complexity of the design, fittings can also be done on this new, true-to-life mannequin. It's estimated that there are, worldwide, only about 150 customers for couture—the prices begin at about $50,000 for a simple suit. Clients these days come mostly from Asia or the Middle East.

4.10.2 START UP AND DEVELOPMENT

The designer grew up in Arles (southern France), he wanted to become books illustrator, later museum curator. The young designer was noted by Mr.Picart at Jean Patou who engaged him in 1980 to give the Patou fashion house a more youthful image. Chrisitan Lacroix designed dramatic couture clothes, to become a fashion hit. Patou management refused to involve Mr. Lacroix into the perfume business or start plans for ready-to- wear collection. Lacroix left the company to team up with Bernard Arnault and create Christian Lacroix fashion house as part of the LVHM group. The Arnault's strategy was to harness Mr. Lacroix's reputation for making upscale clothes to sell more affordable products; the designer sold his name and became the brand's creative director. LVMH pushed the image of Christian Lacroix brand down-market with wrong choices for designers of the ready-to-wear

collections and cheap products such as Christian Lacroix hair dye, but according to the group Mr. Lacroix made little effort to translate his vision to more wearable, sellable clothing. Another major marketing strategy mistake was the launch of the first perfume in 1988 which became a flop also due to the fact the brand lacked world-wide recognition.

Despite the critics' approval and the wide success, the brand failed to break even and make profit; this was the reason for Mr. Arnault to sell the Christian Lacroix fashion house to the Falic group (Florida, USA). The acquisition by Falic group was unclear from strategic view and problems were short to follow. The new partners deployed a long-term strategy for the company - cancel the diffusion lines and buy back as many licenses as possible in an effort to affirm Lacroix's position as a maker of extremely high-end luxury product, continue with two ready-to-wear collections annually and design Haute-Couture. The brand would spend some time to reposition itself and re-approach the licensee market from a newer, more elevated position. This method became popular in the nineties, when Tom Ford did it at Gucci, and then Burberry followed suit. The problem with this strategy is that it eliminates all of the immediate costumers in the interest of making even more money later on. The Falic group opened two stores in Las Vegas and in New York, but their image was looking rather cheap, not consistent with the fashion it would sale. In 2008 – 2009 buyers start to reduce or cancel orders. Ready-to-wear sales were down 35 percent and losses for 2008 were 10 million euro ($14 million) on overall revenues of about 30 million euro. The financial crisis hit badly the luxury sector, Christian Lacroix wasn't an exception so the Falic group decided to search a buyer for the company. Nowadays is difficult to survive in high fashion without being part of a corporate group that can invest in product development and flagship stores and that the pyramid model is no longer feasible. An excellent example for modern marketing strategy is the development of Giorgio Armani; the designer is the epicenter and all product categories (except sunglasses, which are technically demanding) under the brand control. The Armani Privé couture line was created to add prestige and a direct link with celebrity clients.

The loss of Christian Lacroix to Paris Haute-Couture is immeasurable, this was the last house established under the formal couture rules. It was a result of diluted brand concept, lack of clear strategy to correspond to the current market situation. Environmental forces impact the brand, which is not flexible enough at its core to be able to respond in a sound manner. In general couture has lost its unique prestige as the fashion word has become much more dynamic and unpredictable. Perfumes used to be privilege to Haute-Couture and kept the houses afloat, now it is any modern jeans brand like Diesel or a celebrity like Sarah Jessica Parker could have perfume hit, which Christian Lacroix could not accomplish.

4.10.3 THE DESIGNER

Christian Lacroix was born in 1951 in Arles, France (southeastern France). The colors and traditions of the region helped shape his personality and sense of style. He studied Art History at the University of Montpellier. The peak in his career was during the 80s, followed

by a return in 2008. In 2002 Mr. Lacroix received the Chevalier de la Légion d'Honneur for services to fashion. From 2002 until 2005 he was designer for Pucci but still in LVHM group.The designer has his own company XCLX, under which he creates decor for the French TGV high-speed train, as well as hotel interiors and uniforms for Air France. He has also designed for theater, opera and dance and acted as curator for fashion exhibits. But these works are not sufficient for creating the needed awareness and revenues for the brand, these projects are more of a self-contenting work, than a real business with implications for the final customer. For Winter 2007 Christian Lacroix partnered with Avon cosmetics to introduce a new exclusive fragrance called Christian Lacroix Rouge for women (plus body lotion and shower gel) and Christian Lacroix Noir for men (plus after shave lotion and shower gel). His Avon product line was expanded with the release of Christian Lacroix Absynthe in the Spring of 2009 and Christian Lacroix Absynthe For Him in the autumn of 2009.

4.10.4 BRAND IMAGE

For twenty years Christian Lacroix has proven as a master of color and structure. The very core of the brand image brings associations about bright, fantastic worlds, envisioning free minded women who like to experiment and add a touch of unique eccentricity to their style. In 1987, the first reviews were ecstatic: "Vive Lacroix! There's been nothing like it in 25 years," The SUNDAY TIMES, while VOGUE labeled him "Paris' most talked about designer". An extravagant use of detail and exhuberance of colour theatricality created the spirit of the moment. Nontheless, critics said that he is unable to understand the type of clothing the working woman needed. With his background in theatre, historical costume and clothing, Lacroix soon became famous with his opulent, fantasy creations, including the short puffball skirt ("le pouf"), rose prints, and low décolleté necklines, corseted and crinolined dresses became his distncive fashion signature. The designer uses folklore, traditional and fairy tale motives, such as French courtesans, flamenco dancers and Flemish paintings (2003 collection). He is a couturier with a great understanding of the power of presence for a woman and the elegance inherent in artisanal chic.

Each brand obtains its powerful feeling of uniqueness through identity. The impression of permanence is perceived by the timelessness and the necessary authenticity for every strong brand. Identity is the most important concept in luxury; it is "superlative" and not "comparative" and a brand must be faithful to an identity rather than worrying about current positioning in relation to a competitor. An "identity" may be enough for couture, but unless it translates meaningfully enough through to the more commercial mindset of the brand's prêt-à-porter consumer then (from a financial perspective) it's all just a gloriously expensive show. Identity alone may no longer be enough. The Christian Lacroix brand went through an image transformation, when the designer left LVHM and could fully express his creativeness and he prove that with each collection, applauded for his imagination and criticized for an unrealistic view of the needs of the modern woman. The designer's desire to be an artist impeded the development of the brand, since none of the 11 CEOs he worked with managed to create a profitable model to accomplish his ambition.

"A dress is not a sculpture, it is a business"

Jean-Jacques Picart (consultant and Mr. Lacroix's former business partner)

4.10.5 COMMUNICATION AND MESSAGES TO CUSTOMERS

The communication activities of the brand are as diffused as the numerous licenses under which it operates. The communication towards the customer is not centralized and consistent, as much of it is decentralized along production lines. The communication has changed together with the transformations which the brand undergo form a Haute-Couture house, to multi-product licensing cheap products, then a repeated attempt for return to the Haute-Couture, to the current situation when designer Christian Lacroix works apart from the licensing company bearing his name. The core image which the brand communicated through the years is bright as sunshine vivid colors expressing Mediterranean culture, not following the rules of the fashion market,unique designs without comparison and fantasy clothes dedicated to bold and extravagant fashion lovers who can afford them. The brand stood for the authentic roots of Haute-Couture, bordering with art, unconstrained by limits defined by market and competitors.

Christian Lacroix is the best example of a brand which has heavy investments in the main line – couture business, but never able to understand the more commercial side of its activities to take off sufficiently, investing in the design rich, but loss making main line, aiming to generate cash through diffusion lines and lucrative licensing deals. This is what brought the disturbance in the way company wishes to be perceived by the customer, the diffusion lines do not correspond with or add value to the main line, but instead confuse the perception of the customer. A major marketing communication downside of Christian Lacroix brand is the poor use of the Internet channel. While brands such as Burberry reinvented themselves and harness the potential of the internet with full capacity using social media, webcast etc, Christian Lacroix has not managed to establish consistent presence online and target new potential customers through it. Haute-Couture often uses sophisticated language, which is difficult to be perceived by ordinary fashion aware people. For example Lacorix gave a description of garment as "a 'cold-dawn' shot razimir spiral sheath dress with 'apricot' and 'melon' kick pleat". The Haute-Couture meaning is being considered irrelevant in today's word. In a try to defend his position and give a more comprehensible explanation of his vision for fashion the designer says:

"But fashion isn't something dead. Fashion needs to be worn. People are wrong when they see it as being disconnected from reality: every morning, before I sit down to draw, I read all the papers, listen to the radio and find out what is going on in Iran - all that influences me. Besides, in periods of crisis, people need to see beautiful things around them."

The brand uses mainly traditional communication. Only certain campaigns (Avon, Chivas regal, La Redoute) under different licenses employ more effective marketing instruments and launch online campaigns with stimulus for the customers (online games, discounts etc.).

4.11   CONSISTENCY ALONG CHANNELS

The marketing efforts of the brand are not unified under a holistic strategy to represent a consistent marketing strategy, but they are rather dispersed among channels. Marketing is defined by the products, not by a general concept, since also these products are targeted to many different types of customers - from cheap accessories and perfumes, which anyone can afford, to Haute-Couture dresses, costing tens of thousands euro. Christian Lacorix SARL does episodic campaigns and branding of unrelated products, which do not have deep meaning and consistency with brand roots, namely gardening tools, tableware, whiskey bottles design, interiors design. The licensing is so extended, that the customer can expect anything to be branded Christian Lacroix. This often may lead to perplexion about the positioning - cheap or expensive, exclusive or mass market, the products branded Lacroix are art with collectable value or not, and at last but not least, does the brand improve customer's social status, making him feel part of a desired group. The biggest advantages of the brand are its emblematic motifs and design, which provide instant differentiation from other similar products in the category. The added value for the customer is not clearly defined on corporate level, so it remains to the customer's own perception and judgement.

4.12   COMPETITORS

Christian Lacroix SARL don't have many direct competitors because of the unspecified image and positiong it has, from one side if the main Haute-Couture line and the masterity of the designer's creativity is considered, the brand has its place among other Haute-Couture brands such as Yves Saint Lauren, Valentino and Christian Dior. In regard of all the diffusion lines for competitors may be considered any brand which is presented in the given store and is positioned in a similar price range. While with the latest endeavor of the designer, a collection for the Spanish brand Desigual, he has direct access to mass market and his direct competitors are the fast fashion trendy brands such as Zara, Mango, Guess, Miss Sixty etc.

4.13   CORPORATE STRUCTURE

Nowadays the brand Chrisitan Lacroix is divided in two opposing poles, both having relations with the current owner – the Falic group. After the bankrupt of the company Christian Lacroix left the company bearing his own name and he lost the rights to use it, so the fashion house continues to operate without the designer, but labels the products with his name. The designer has his own company under which he was developing his creative projets apart from the main business, and now he continues to work through the company.The license company Chrisitan Lacroix SARL which is owned by the Falic Group has the rights to use the name Christian Lacroix and it operates through various license. Through the company XLCX owned by Mr. Christian Lacroix he carries out all his creative projects – costumers for opera, interior decorations, collaborations.

Falic Group

Christian Lacroix
SARL

Christian Lacroix
(designer)

License
Menwear

XLCL

License
Home textile

License
Eyewear

License
Perfumery

License
Stationery

License
**Leather bags and
accessories**

License
Jewelry

3-29 Christian Lacroix company structure
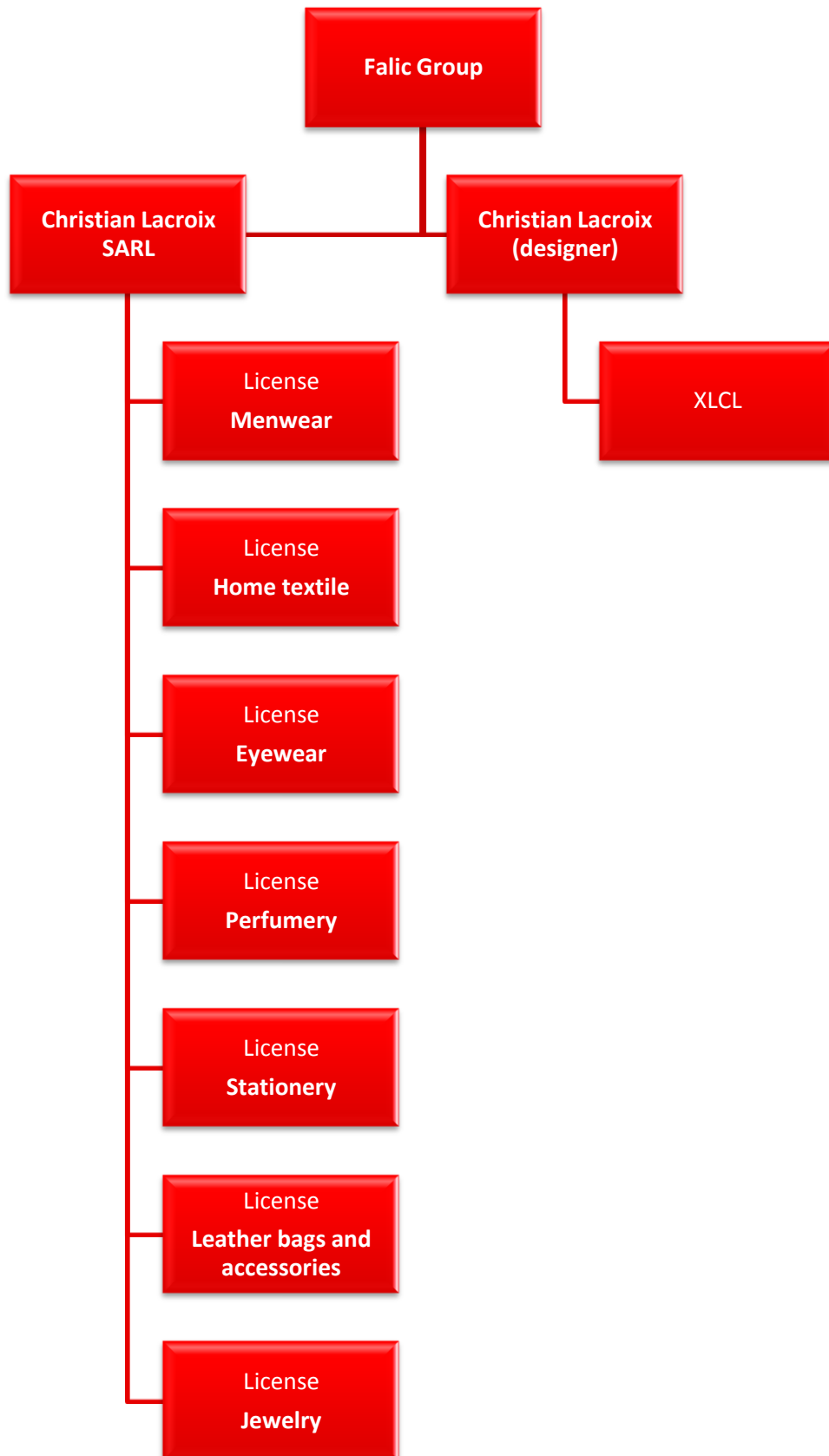
4.14   LICENSING

PERFUMES

The American cosmetics giant Avon Products Inc. signed collaboration with the designer Christian Lacroix and with Interparfums to create two signature fragrances Christian Lacroix Rouge (for women) and Christian Lacroix Noir (for men). The fragrance launched globally in 2007, debuting in the UK followed by USA. A new fragrance was developed in 2009, called Absynthe, it is has an oriental nuance inspired by mystery and the fashion designer has interpreted the color of absinthe more in the direction of Chartreuse green, evident from the visuals. This exclusive collaboration gives Avon the extraordinary opportunity to create elite designer perfumes for its fragrance portfolio, and bring a premium range of fragrances developed for a high fashion to the Avon consumer.

Picture 8 Christian Lacroix perfumes for AVON **Rouge   Absyhthe   Noir**

Christian Lacroix Rouge and Christian Lacroix Noir, both created by the perfumers at IFF, are provocative and impressive fragrancces, reflecting Christian Lacroix's original Haute-Couture design sensibility. The packaging is distinctive for the designer, embrodied motives and bold colors. This collaboration is with the purpose to make the Haute-Couture more reachable to customers, and women could feel more special.

"By partnering with Avon, the company whose heritage is a virtual celebration of women, I can connect with women everywhere. I envision Rouge becomingn the Avon woman's signature, one that's utterly feminine yet mysterious and bold."

Mr. Lacroix.

Christian Lacroix's participated in the development of every phase of Rouge's fragrance : the scent, the packaging, even the name. Christian Lacroix's female Rouge and male Noir fragrance features in the Avon's company brochure, which is distributed through over 5 million Avon Representatives around the globe.

Inter parfums Inc manufacture, market and distribute in 120 countires fragrances and fragrance related products. In March 1999 the company signed with Christian Lacroix SARL 11 years contract for the exclusive license for the worldwide development, manufacture and distribution of perfumes. The family of perfumes includes both men and women fragrances: Eau Florale, Bazar, Tumulteand C'est la fête. The company has 14 perfumes branded

Christian Lacroix. The first was launched in 1990 and the newest in 2008. The fragrances were created in collaboration with some of the most renowned French perfumers.

STATIONERY

Christian Lacroix has various products in the stationery. In collaboration with Marotte the brand will launch decorative wood panels for the home. Christian Lacroix Papier is being produced by American stationery New York Company Libretto Holdings (who also do the Orla Kiely papers). The high-end stationery line includes fashion illustrations by the designer himself. The line of exquisite stationary and notebooks features products such as box set of 8 elaborately laser-cut lace-edge note cards illustrated with haute-couture fashion sketches selling for 18.95 $, there is also box set of 4 journals, loaded with wonderful fantasy imagery. Each journal is hardcover with lined paper and showcases different images.

EYEWEAR

From September, Lacroix will release women's eyeglass frames and sunglasses with Hong Kong-based company Mondottica, the agreement is multi-year and covers all markets, including both women and men sun glasses and optical eyewear. The women collection will be presented at SILMO for 2011 season. The collection is inspired by the Christian Lacroix fashion and is designed to reflect the exuberant creativity and design details which the brand represents. According to the chairman of Mandottica the product developed together with Christian Lacroix SARL is the best in the portfolio of the company, which includes the brands Ted Baker, Hackett London, Pepe Jeans London, Lulu Guinness, Gio-Goi and Anna Sui. Headquartered in Hong Kong, Mondottica International markets and distributes its products globally with regional headquarters in London, Paris and Sydney.

HOME TEXTILE

Christian Lacroix signed a license agreement with the UK based Designers Guild to launch home textiles in the beginning of 2011. The company is established in 1970 and is a wholesaler of furnishing fabrics, upholstery and bed and bath collections throughout Europe and worldwide. Designers Guild operates in over 40 markets worldwide. Of total sales, over 60% is overseas, with Designers Guild represented in over 60 countrie. It is famous for its createtivity and outstanding quality, positioned in the high end of the market.

Picture 9 Christian Lacroix interior designs for Designers Guild

4.15   MARKETING STRATEGY

"*Forget about 'positioning, luxury is not comparative*"

Derrick Daye, The Blake project

In 1987 when the Christian Lacroix brand was created under the management of LVMH, the concept was to start with Haute-Couture, at the apex of the luxury pyramid, and develop from it a range of ready-to-wear, accessories and fragrances. This was the system that had earned huge profits for established houses like Christian Dior and Chanel.

In classical branding the "unique selling proposition" (USP) is fundament for brand positioning, combined with "unique and convincing competitive advantage" (UCCA). Every fashion brand must determine it's positioning on the market and then convey it through its products, services, price, distribution and communication. Positioning is the key to differentiate and create preference over competitive brands and eventually win customers. Classic brands seek to define themselves by a key facet depending on the market context, the main competitor and the expectations of the target customers. This concept is not efficient when talking about luxury, since there is no place for comparison, the very meaning of luxury is the uniqueness of the products. Luxury fashion is the expression of the taste, the creative identity and the passion of its creator. In this context, what made the Christian Lacroix brand is its image of bright sunshine, vivid colours saturated with the Mediterranean culture and traditions, not concerning about the positioning with respect to other designers.

When the brand was sold in 2005 from LVMH to the Falic group (owners of Duty Free Americas, a retailer with stores at U.S. airports and border crossings), the marketing strategy was changed. The new owner aimed to refocus the luxury brand at the peak, subsequently suppressing the lower-priced clothing and jeans lines. Despite these efforts, Lacroix stores in USA (New York and Las Vegas) did not manage to turn profit, since buyers reduced or

cancelled orders. After the bankrupt the restructuring plan consists of closing down Lacroix's Haute-Couture and prêt-a-porter activities. The company has licensing contracts for menswear, silk and wedding dresses, eyewear, bags and leather goods, jewels and watches, women lingerie, stationary and home textiles. Return to women wear won't be expected before 2012, currently the men ready- to-wear through licenses is the only operating, out of 124 only 12 employees left and main purpose is to raise cash by venturing outside fashion. The management's objective is to protect the brand image, and diminish the negative perception of customers by firm control on the products, distribution and everything associated with the brand image. The brand restructures itself in order to attract a different kind of people, who we weren't able to reach before. Products such as the eyewear and the home fabrics are more affordable, and can help more people reach the universe of Lacroix. The most important for the company is to give the new products the same attention as for prêt-a-porter or Haute-Couture. In support of the strategy chosen is the example of Balmain fashion house which gained strength through license deals in 2005, after the downturn in 2001-2002. Licensing helps reduce the costs and gives opportunity for new designers to revive the brand. It is unlikely that Christian Lacroix will return to the company, which inevitably harms the brand image, creating discontinuity into the perception of customers.

A brand which adopted similar marketing strategy mistakes is Pierre Cardin; it suffered from excessive ready to wear licensing and eventually was associated with too many businesses outside fashion. These actions damaged the brand image and it wasn't perceived anymore the as a luxury fashion house, but rather as a diluted "brand whatever may sell" brand without distinctive characteristics and positioning in the mind of the customer. Restructuring costs are estimated to 500 – 600 000 euro. Christian Lacroix SARL sold its flagship store and associated offices in Paris, and the New York store remains open. This move can be considered as drift away from the origins of the brand and the reason why it once gained worldwide popularity, namely its French Haute-Couture roots.

CUSTOMERS

Since the beginning of his career Mr. Lacroix has designed luxury clothes affordable only for wealthy customers. His designs are made of expensive materials, destined to be worn only to the fanciest social occasions.

"A dress for one woman for one occasion."

Christian Lacroix

He was discovered for the wide public by 1984 by some influential Parisian women, short after featuring in international press. Chrisitian Lacroix affirmed his position among fashion oriented trendsetters in 1986 when he introduced the bouffant (pouf, bubble) cocktail dresses, widely copied and changed It became a signature of fashionable women evening look. Later when the brand diversified into ready-to-wear collection and accessories, it obtained more wide exposure and reach wider customer base. Ready-to-wear clothes have

more simple designs, which allow customers to use them more often, moreover they are considerably cheaper compared to Haute-Couture, but still placed in the high fashion sector, which defines by itself a limit of customers who can afford the clothes.

RECOGNITION

- 2002 - Christian Lacroix has received the Chevalier de la Legion d'Honneur for services to fashion.
- 2002-2005 – Creative director of Emilio Pucci (Italian fashion house) while still in the LVHM group.Own company XCLX – he was assigned the decoration of the French TGV high speed train, hotel interiors and uniforms for Air France. Designs for the theater, opera and dance
- 2003 – music cd, designers own favorite music and the music from shows CD. It a personalized choice of music which does not directly reach the people, or they demand for it; Design of the new uniform for Air France;Barbie costumes
- 2004 – Exhibition of 17 years of Haute-Couture;Collaboration with Sephora and la samaritaine department store to support the program "Autistes Sans Frontieres" an association supporting children suffering from autism; Illustration for a dictionary of Laurusse; Design of the corset for Madonna world tour re-invents
- 2005 – To celebrate Mother's Day, Sephora and Christian Lacroix have designed a bright and cheerful range make-up products and accessories. They reflect the Spring-Summer 2005 ready-to-wear collection;Designs for Madonna "re-invention" world tour;TGV seating and interior design; Design interior of the Hotel du Petit Moulin New uniform for Air France

- 2006 - Mozart's "Cosi fan Tutte" de la Monnaie in Brussels, design of costumes;Costumes for the opera Don Giovanni by Mozart;Costumes designed for "Cyrano de Bergerac" at the Comedie Francaise; Costumes designed for Maria Golovin by Gian Carlo Menotti
- 2007 - Exposition of costumes designed by Christian Lacroix; Design of costumes for "Le nozze di Figaro"
- 2008 - Exhibition of the Museum of the Arts Decoratifs for the occasion of the 20th anniversary of the Haute-Couture house; Exhibition of the costumes; Guest curator of the Rencontres d'Arles; Curator for fashion exhibits such as the National Museum of Singapore

4.15.1 MARKETING APPROACH

Christian Lacroix uses a predominantly traditional marketing approach to reach the customers which is evident from the table.

Marketing in an industrial economy	Marketing in an information economy
Customer as target	Customer as relationship
Organize by product units	Organize by customer segments
Focus on profitable transactions	Focus on customer lifetime value
Judge performance primarily by financial results	**Look at marketing metrics as well as financial ones**
Focus on satisfying shareholders	Focus on satisfying stakeholder groups
The marketing department does the marketing	Everyone in the company does the marketing
Build brand primarily through advertising	**Build brand through company behavior**
Emphasize customer acquisition	Emphasize customer retention
Measure customer satisfaction	**Measure customer value and loyalty**
Over promise to get an order	**Under promise, over deliver**
Make the firm the unit of analysis	Make the value chain the unit of analysis

Table 3.3-11 Christian Lacroix marketing approach

As it can be seen from the chart above depiction of the marketing approach of the Christian Lacroix company, the brand is using mainly classical marketing approach, which on its own is not effective in the current market situation where the customer is the center of all marketing activities and marketing is deployed along all relevant to the customer channels.

ANALYSIS OF COMMUNICATION

The brand uses traditional communication means, mainly printed media and through fashion and cultural events. But in this way only a very small group of potential customers or fashion critics can give a direct feedback to the brand for its products and the quality of communication. It is insufficient to reach the wider customer base and have a dialog and in order to understand the customer and provide them with value. The online presence is weak and thus the brand misses to establish connection with eventual customers and become a part of their lives through the mean where most of modern working people spend their daily – the internet, or to reach already loyal customers in a more palpable way.

 AUDIENCE

It is difficult to define borders of the type of customers of Christian Lacroix, because since the establishment of the company it has undergone many changes in terms of style, as well as diversifying into different lines, that's the reason why the brand has not always been consistent in its style and consequently the target customers differ through the years. In it its core the brand as created by Mr. Lacroix has a particular type of customers since the clothes it offers are mainly Haute-Couture and even the ready to wear collections are difficult to be incorporated in everyday wardrobe and usually require special occasions to be worn to. These are wealthy fashionable women, ready to experiment, demonstrating unique style, improvising with colors, texture and shape.

STAGE OF INVOLVEMENT

The customers are not involved into the creation process. Special designs according to customers request can be made only for the bridal line or dresses for special occasions, but still only a small group of customers can afford this. The customers are not involved in the life of the brand and they remain in the role of simple clients without given the opportunity of giving feedback or commenting issues of interest. There is a clear example for the inconsistency of the brand communication since the initial brand concept of Haute-Couture was changed dramatically through the years and diluted to situation of launching lines of children clothing, tableware, jeans, and towels etc. unrelated products. This diversification makes difficult the deployment of consistent communication strategy towards the customers, since the different lines require completely different approach and further more their existence harm them among each other.

In the case of Haute-Couture the way of communication is defined by the fact that the brand creates expensive unique pieces and this type of customers prefer direct communication and use much less the internet and in general in this sector is much more difficult to employ new marketing channels and instruments. On the other hand there are the other lines such as ready-to- wear which can benefit from online communication and use variety of marketing instruments to involve customers, but still the brand acts dispersal, troubled by the numerous licenses which do not have a centralized marketing management and could not find a attractive mode to involve customers into different stages from product creation to after sales customer care and the building of a brand community.

SITUATION OF USE

The situation of use of the products of Christian Lacroix brand should also be viewed along different product lines. They vary from special events (Haute-Couture dresses and Bridal line), to everyday use (tableware, towels, perfumery). Accessories such as perfumes and cosmetics are used daily by customers and in this way have constant presence in one's life, on the other hand the special event dresses create a very strong emotional attachment, each time a customer remembers the event it will be associated with the dress, which most probably contributed for enhancing the experience and making the person feel special. The other products branded Christian Lacroix which enter into everyday use or are part of interior design connect the brand strongly with the customer, as they have visual as well as functional presence in people's most private place – their homes. In the same time this is an expressive mean to manifest one's personality, style and social status.

MEDIA USE

Christian Lacroix uses traditional marketing, so the most utilized media are magazines, newspapers and TV. Printed media is used for commercials, fashion editorials, reporting of collections and other events related to the brand, as well as interviews with the designer. The designer is admired for his creativeness and the contribution to fashion development, in

that sense he is often guest to TV programs in French TV, there also many documentary films dedicated to him, recognizing the designer among the names who wrote the history of Haute-Couture. The media in general shows the designer and the brand as an example for French Haute-Couture and influence of the development of fashion, and less often the objective is to obtain commercial or marketing effects.

Since the brand is emblematic for the French fashion it is natural that even when it changed its ownership to an USA based group, it gets widest media coverage in France. The media use is most active during the seasonal prêt-a-porters and especially when the designer makes new exhibitions. On the other hand the appearance in media of some of the products under license, depends to a great extend on the companies under which they are produced and distributed, this is the case for example with the perfumery, and especially the perfumes developed in collaboration with Avon , which on their side receive wide media coverage, since the brand uses extensively the internet channel as well as the particularity of its distribution system through agents who have direct contact with customers. In general the purpose of this media mix is highly informative and does not really create a connection or involvement with the customer. At most the results which can be obtained are to increase the awareness and prompt the customer to visit an exhibition or a shop.

4.15.2 DIFFERENTIATION FROM CATEGORY

The Christian Lacroix brand in its core cannot be put into a specific category in a marketing dimension. It has started more as creative art, with relation to costume, than as a fashion house commercially oriented. In this sense the brand in the face of the designer remains a pure example of French Haute-Couture, which can be compared to houses such as Yves Saint Lauren and Christian Dior. As the brand diffused into more product lines it entered in new categories, where differentiation is possible only to the reputation which the designer Christian Lacroix has earned and its unique sense of color and complex, fantasy designs and motifs, which are very distinctive, regardless they end implication – a dress, interior, packaging. It is actually the designer himself who stands out from any category with his creativeness, respectively used for different products, rather than the brand Lacroix which took a direction into more sellable designs, proven with the launch of a menswear collection.

4.15.3 CONSISTENCY ACROSS CHRISTIAN LACROIX OFFERINGS

There is inconsistent, ups and downs curve, no clear vision for the future and the way the brand should develop. Each management changes the direction and tries to build the company according to their own vision and the current marketing situation, without considering the customer base and the core identity of the brand. The use of an affirmed Haute-Couture designer name for lines of products such as jeans damages the brand image and takes away from its value and credibility in the eyes of the customer. Further the different product lines offered are not complementary to each other in order to increase

value of the brand and be present in customer's life in every aspect, promoting a given life style, but rather do the opposite – disintegrate the initial concept of the brand which was to create unique Haute-Couture and ready-to-wear fashion. The over licensing has the purpose to rise enough cash, allowing wider customer base to have access to the different products, but the poor management and judgment which kind of products to extend to, eventually leads to further losses and confusion as from customer side, as well inside the brand organization, thus troubling any consistent marketing effort.

4.15.4 COMMUNICATION ASSETS

The most important communication asset is actually the designer himself with his personality and image. Since the beginning of his career he has been highly recognized and appreciated by critics, royal figures and celebrities, for his talent and the ability to create bright and fantasy designs, bearing the spirit of Mediterranean culture. Various books have been written by the designer himself and other authors too: Christian Lacroix on fashion (2008), Christian Lacroix (1997), Christian Lacroix: the diary of a collection (1996), Pieces of a pattern: Lacroix by Christian Lacroix (1997). Through the years the designer collaborated on various design and art projects and had great influence on fashion, which made him an icon of the French fashion. Therefore customers, admirers and any person interested in Haute-Couture and fashion, following his appearances and communication can have an inside look into the world of the designer and understand the ideas and the inspiration for each creation of the designer. This way a stronger attachment can be created between the brand, represented by the designer and the customer. The value for the customer is the access to a very sophisticated and restricted, enigmatic world of Haute-Couture.

4.16 THE BANKRUPT

Mr. Lacroix fashion house had lost money every year since it was founded in 1987 inside LVMH, a luxury-goods group. LVMH's plan was to create a fashion house which would sell products from Haute-Couture to handbags and perfume. But Lacroix never had a hit perfume or an "it" bag. LVMH needed full control of the house to ensure the business's success so Mr. Lacroix felt betrayed, since he had different vision for the development of the fashion house. In 2005 LVMH sold the firm for a nominal sum to the Falic Group, owner of Duty Free Americas, a retail chain. The designer persuaded the Falic Group to take the brand further up market, so two cheaper but profitable lines, Jeans and Bazar were closed the prices for ready-to-wear were raised. A plan to develop accessories never took off. That left the firm particularly vulnerable to the recession. Lacroix started to show the first signs of serious financial troubles as early as the beginning of 2008 year, when the demand from stores in the US, on which the house relied to a great extent, went down considerably. Department stores in America have sharply reduced orders and eventually in 2009 Lacroix made a loss of €10m ($15m) on sales of €30m. Christian Lacroix fashion house filed for court protection in May 2009 in the commercial court in Paris and in December the court

approved a plan to restructure the company. The licensing operation bears the name Christian Lacroix and will launch numerous licenses in 2011 in order to raise cash and re-brand the image to a more affordable lifestyle brand. The CEO of Falic group estimated that the company spent 36 million euro on Christian Lacroix since it was acquired, and the total losses since its existence are between 150-200 million euros. The bankruptcy of Christian Lacroix had wide media coverage. This was a confirmation that even the best of Haute-Couture had suffered from the financial crisis proving that the era of the untouchable Haute-Couture as it was in the eighties is gone and no fashion house is safe from the bankruptcy, damaging the brand image and eventually customers turning away. It is because Haute-Couture rarely makes money and ready-to-wear require global sales, big enough to support high fixed costs in 2009 the fashion saw an end a luxury business model for which Lacroix was the last of the big names.

4.17 CHANNELS AND TOUCHPOINTS ANALYSIS

Christian Lacroix uses traditional marketing strategy, so the main marketing efforts are directed through the offline channel – the real world. The strongest presence of the brand is in printed media, and as for as the online channel, these are the online editions of fashion magazines and also fashion blogs, as well as the corporate site of companies with which the brand is in collaboration.

Real world	Media	Online
Store	TV	Site
Department store	Radio	YouTube
Fashion show	Magazines	Blogs
Special events	Newspapers	Online magazines
Celebrities	Books	Advertisement
Museums		Pictures
Package		
Opera		
Interior (Hotels, TGV)		
Air France		

Table 3.3-12 Christian Lacroix customer touchpoints along channels

4.17.1 SHOPPING PROCESS

The shopping process is described with a map which defines the stages of the shopping process, for each phase of the process the most important and effective customer touchpoints are described and the impact they have for the brand as well as the value or sentiment they provide to the customer. The results are derived by a secondary research.

Table 3.3-13 Christian Lacroix shopping process and main customer touchpoints

In the stage before the purchase the most effective touchpoint are the Haute-Couture reviews, since they are the most significant representation of the brand and they show the creative roots of the style of Mr. Lacroix, the review later is supported by editorials and fashion reviews to draw the attention of the customer to the brand, and eventually to some of the other more affordable lines. During purchase naturally, since there is no online shop for the ready-to-wear collections, the most important touchpoint is the shop and the experience and care which the customer gets there. For example the historic first store of Christian Lacroix in Paris, has become something as a sacred place to visit for any fashion loving woman, this on its own gives added value to the experience of the customer even before they entered into the shop. The appearance of celebrities in the designer's clothes contributes for the repeated purchase and the increase in satisfaction of the product acquired. In this way customers get confirmation that they have made the right choice and are in tune with trends from the "red carpet". To increase the interest towards the brand as well the knowledge for other products labeled Christian Lacroix help the various exhibitions and projects which the designer makes. Through them the customer can get further into the magic world of the designer.

4.17.2 ADVERTISING CAMPAIGNS

Back in the 80's the advertising campaigns were usually in the form of printed journals, simple paper in order to accent on the details of the elaborated clothes. Some of the photos show only parts or element of the dress and strong accent on the accessories. The advertising campaigns follow the same line and even formatting. In difference with the Haute-Couture that the designer creates, the advertising campaigns are rather dull, unattractive and static, lacking any creativity. There is no intrigue or story line which helps to understand the brand and its vision. Most of the photos feature models dressed in the

clothes in different settings, often studio. Thus, in terms of communication capacity and awareness creating the brand is rather weak, unable to capture the mind of the customer. The perfume advertisement campaigns are staged in a similar manner.

Picture 11 Pictures from the Christian Lacroix's campaigns through the years
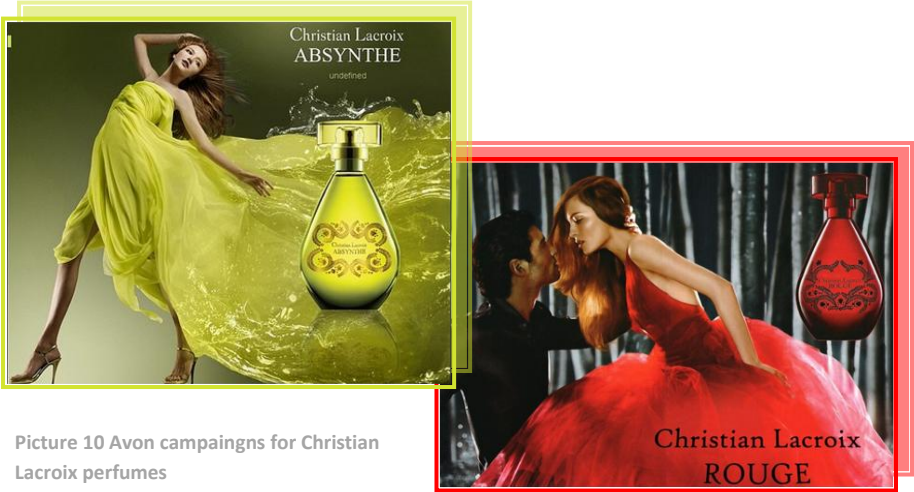
Picture 10 Avon campaingns for Christian Lacroix perfumes
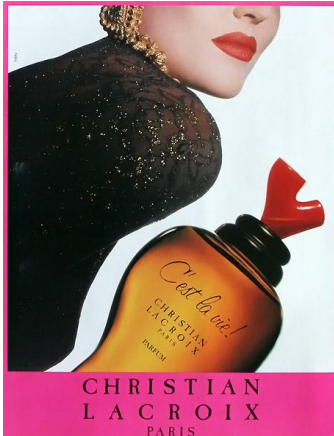
One of the main reasons why Christian Lacroix did not manage to survive and develop as a strong brand, despite that the designer has been a creative innovator for 22 years is that the brand did not have an own well defined niche. For example the launch of the first perfume "C'est la Vie" in 1988 was meant to sustain the couture activity, but in the end the product turned major flop (developed by the marketing team of Christian Dior, also part of LVMH). The designer hated the product, and never completely recovered from the failure. Subsequent re-launches followed, but none of them sufficiently successive.

Picture 12 Chrisitian Lacroix "C'est la Vie" perfume advertisement

4.17.3 CHRISTIAN LACROIX STORES

Picture 13 Christian Lacroix shops left New York, right Las Vegas

The New York store has a more minimalistic aesthetic compared to the usual fairytale – baroque style of Christian Lacroix. It is more disco and modern, searching to attract younger audience, but still incorporates some of Lacroix signature motif and chandeliers with gems. The store in Las Vegas is designed in a very similar manner, but still it is smaller and has less attractive aesthetics.
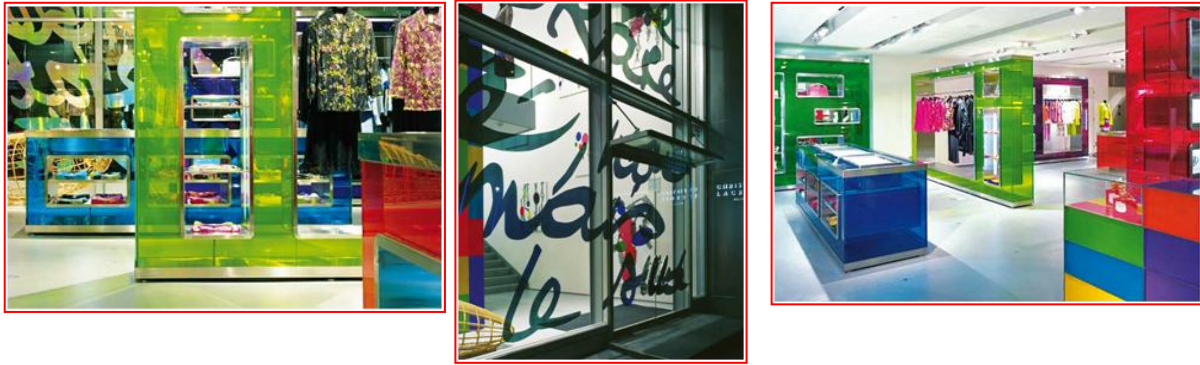
Picture 14 Christian Lacroix shop Tokyo

The source of inspiration for the interior design of the shop was the Christian Lacroix complex vision to fashion. The architects used layering of colors, varied surfaces and shapes, strong graphics are expressed in both the architectural elements and the furnishing of the boutique.

Picture 15 Christian Lacroix shop Paris

The interior of the shops of Christian Lacroix in Paris are inspired by native Provence and the vivid culture. The original design back in the 70s was commissioned to the famous French design duo Garouste – Bonetti who created array of furnishings that incorporate terracotta, hammered metal and bullfighting motifs, which made the Lacroix Faubourg Saint Honore salons into "Theatre de le Mode". From the above said and the photos it is evident that the brand does not have a unique approach towards the design of the shops and the representation of the products. A lot of them have very different design concepts, regardless that in general each of them features some of the signature motifs for the designer, but they are expressed in way too different way. Thus the consistency is lost and the customer can not have the same perception for the brand in different locations, rather one may get confused for the image it want to communicate if visiting shops in different countries. The company has neglected the ideation and management of the most important customer touch point which is the shop. The overall feeling that the customer gets, is that the brand does not have the same image in different countries and even quality which is strongly supported by the interior of the shop, its location and overall feeling during shopping. The non asynchrony perception which the brand gives is a huge drawback, and impedes the effectiveness of the marketing campaigns and the marketing management on a centralized level.

4.17.4.   ONLINE TOUCHPOINTS

WEBSITE

The official website is annoying to navigate since each new link opens in a new window. It is stiff and there is basically no use of new interactive technology. Moreover it has not been updated since the last collection of the designer for season fall/winter 2009. Moreover, the site lacks basic marketing information which is of importance to the customers and creates awareness and eventually involvement with the brand (photos, videos, promotions, community). There is no online shop or community, the products are shown poorly, images are not glossy and appealing; the site does not follow a uniform design through browsing and seems as patch of different layers.

Navigation is not user-friendly, and the most bothering for a customer point of view is that loading is slow; waiting time may provoke turn away of online customers. The site features a lot of information which personally describes the designer as it has been told by him. Different sections of the site are filled with information which is drifting away the focus from fashion and marketing and rather giving a mixed sense of theatrical settings, costumes and art, which by no means would appeal to a fashion oriented customer to look for the brand and make a purchase. The only useful information which a person could get from the website is addressed of the stores, which are not connected with Google maps or any other geo-locating tool. The only way a customer can get in contact with the brand is by e-mail or by phone of the office in Paris, France or calling any of the shops. The e-mail could be used only with outlook, which is inconvenient for majority of customers, which may not use an outlook account. The images to present the collection are low quality, give just one shot, the customer does not have the option to navigate himself across photos from one collection or regulate the speed with which images change. No option for zoom in or 360 degrees view. The viewing of the different collections is in a way bothersome for the customer, since apart from loading a new window each time, the different collections are not represented in a unique format and the music changes with each new collection browsing. The many windows open are kind of confusing and a customer can easily loose orientation in the site. The site also features a lot of text, explaining each collection or item, making it very heavy for the eyes and perception. The site is organized in a way that resembles more of an art exposition site than of an Haute-Couture brand who also sells ready-to-wear collections.

COMMUNITY

Communities in the modern mean of the word are formed harnessing the internet channel. The online presence of the brand is very scarce. This is also due the fact that the main target group, for the majority of products is affluent 30+ customers, who are not very familiar with the social networks and in general the great possibilities of the internet channel. As far as concerning the lines of cheaper products such as accessories and perfumes which also have much larger target customer base, their existence and image on its own is not so strong to

be able to become the centre of community. The whole problems come from the fact the brand is actually split in two – the company having the rights on the name of the designer and the designer himself. There is no unite image and no clear and well defined marketing strategy to approach customers and obtain commitment.

FACEBOOK

On Facebook there are three pages dedicated to the designer. The one which has most fans seems to be created by fans and not by the company, since information and content are very scarce and unprofessional, as well as the layout. It features 290 photos posted by others. The fans of the page are 21 691 (08.02.2011). The last update by the administrator is from December 2009, but still fans of the designer keep posting on the wall even up to date. This page is an example of how passionate fans can keep on supporting a community, without the direct involvement of the brand, despite that the quality of communication and content is very low, since there is no organized structure to enable that and the page seems more of a tribute to an era in fashion which is long gone, than a platform which may have any marketing impact on the brand.

YOUTUBE

Neither the brand nor the designer has own channel on YouTube. Search results show 865 videos related to Christian Lacroix. The content of most of them is fashion shows and backstage videos. There are also various interviews with the designer and commercials for the perfumes produced by Avon under license for the designer.

BLOGS

The company does not support a corporate blog, but still the brand has a wide presence in variety of fashion blogs. There are numerous articles on the web, published regarding not only the new collections or the launch of new products, but also any strategic moves which the brand makes. The interest towards the brand is actually focused on the personality of the designer and the mystic charisma surrounding him. That's why the brand has many admirers among fashion critics and fashion interested bloggers and has wide coverage online, but in the same time unable to form a community of supporters.

4.17.4 FACES

Christian Lacroix, although not making a profit from the amazing creations he puts out, has always been a favorite with celebrities and royalties. His gowns are often main characters on the red carpet of various high social events. Celebrities such as the Princess of Wales, Christen Davis, Cate Blanchett, Mary Cate Owsen, Christina Aguilera, Madonna, Helen Mirren and Nicole Kidman have been dedicated admirers of the designer fashion for a long time. Christian Lacroix designed the wedding gowns of Christina Aguilera, Catherine Zeta Jones. This has great implications in marketing aspect, as the brand receives credibility and

affirmation and is recognized and associated as dream gown preferred by celebrities. Christian Lacroix's work as a creative director for the Italian fashion house Emilio Pucci, earned him even more admirers, as well as the design of the new uniform of Air France staff and crew in 2004 and pajamas signed by him are handed out to passengers travelling on Air France First Class (L'Espace Premier), this is a direct way to increase the awareness and attract potential new customers among the first class travelers.

4.17.5 COLLABORATIONS

DESIGUAL

Christian Lacroix has designed a capsule collection for Spanish brand launching in fall 2011. The line, called Desigual by Monsieur Lacroix (the designer lost the rights to use his name when he left his brand after it was reduced to a licensing operation) is made up of about 30 pieces, including jackets, skirts and lingerie. Next collection will launch in summer 2012.

LA REDOUTE

In 2007 was the 20th anniversary of Christian Lacroix as a couturier, the same year he designed a house ware collection for La Redoute, the largest mail order company in France. The company is based in Roubaix. It was founded in 1875. The project took nine months to develop. La Redoute, owned by the retail and luxury giant PPR, has been inviting famous guest designers since 1969, among who are Yves Saint Laurent, Jean Paul Gautier, Karl Lagerfeld, Victor& Rolf etc. The store dispatches about 30 million parcels each year to 22 countries.

The products of the special line designed for La Redoute include new products, figures and decor items for holiday selling (rugs, cushions, outdoor furniture, gardening tools etc.) A mini site was designed especially to present the collection. It featured animated web content, fun game and wallpapers. The site was e-commerce equipped. Currently there are no Christian Lacroix items available on the La Redoute site.

The designing of a micro site for browsing and viewing the entire line of products is a fun and effective marketing tool to attract the attention of the customers and raise their awareness

Picture 16 Christian Lacroix website layout and design for the limited collection for La Redoute

Despite the richness of the products, they were well-priced, which is part of the marketing strategy of the store. There are 35 items by the designer and they are priced well within reach, from 15 euro, or $20.15, for a stuffed-creature key chain, up to 985 euro, or $1,325, for a striped armchair and ottoman set.

SICIS

The company is legendary famous in the production of mosaics, it is based in Ravena (Italy) and its artisanal standards and cutting edge technology. The designer has already recognized experience in interior decoration of hotels, cinemas and theatres. This collaboration is another expression of the creative genius of the designer and his interest in decoration and attempt to rebuild the image of high end unique designer brand, which was seriously damaged by the overuse of license deals by the company bearing the name of the designer, the venture is not associated with the Christian Lacroix brand. The collection will be launched at Milan's Salone Del Mobile, from 12-17 April, 2011.

OPERA

In 2009 an exhibition at the National Museum of Singapore was organized to celebrate the work of Christian Lacroix, showing 80 costumes and 60 sketches and illustrations for the collection the French Centre National du Costume de Scene. It was the first time to show costumes out of France, so the event received a global cultural resonance. For the past 25 years Christian Lacroix has been designing for theater production in France and abroad and twice winning the Moliere Award for best costume designer. The designer has made costumes for the opera "I Capuleti e i Montecchi" in Munich. In 2010 Christian Lacroix has been assigned the design of costumes for the Opera Agrippina in Berlin.

Separate from the company, the designer has the freedom to engage into ventures which correspond to his artistic spirit, but has little marketing and business reflection. These collaborations contribute partially for the growing in popularity of the Haute-Couture which the designer creates associating him more closely with art and grace, since the public visiting operas might be the same one who could afford the clothes created by Christian Lacroix. But on the other hand the idea of theatrical costumes is shifting the perception that actually one might buy wearable clothes bearing the Christian Lacroix brand.

CHIVAS REGAL

In 2010 the brand has extended into designing a limited edition bottle for the premium whisky Chivas Regal 18. This unique collector's item was launched in Hong Kong by Master Blender Colin Scott and Creative Director of Christian Lacroix Sacha Walckhoff. The package of the Chivas Regal 18 by Lacroix bottle is a mirrored treasure box, the bottle itself is striking silver with grand royal blue and red coloring. The design also incorporates the

latest in laser technology (pioneered with Chivas 12 by Lacroix) with traditional jacquard and embroidery to create a rich tapestry of textures whilst echoing the multi-layered richness of the whisky blend.

"By creating this gold stamped and embroidered Chivas 18 bottle, we wanted to convey the spirit of chivalry that is dear to both of our brands, while keeping the quintessence of luxury and exuberance inherent to the House of Christian Lacroix," Sacha said.

There are only 3,000 Chivas Regal 18 Lacroix bottles created worldwide, this limited edition will be available from February 1st, 2011 at Voi_la!, City'Super for a retail price of HK$5400.

EVIAN

In 2007 Christian Lacroix created a limited edition of Evian bottles. The bottles which have collections value are presented in two versions the Evian prêt-a-porter which has a frosted lace pattern over the bottle and the Haute-Couture version, a glass bottle in the shape of an ice queen with a voluminous alpine skirt. The prêt-a-porter bottle will sell for around $6 in gourmet grocery stores and high end restaurants, as for the Haute-Couture version, it is a rare collectable item to be sold on the internet.

4.17.6 FASHION SHOWS

HAUTE-COUTURE

A signature mark of every fashion show by Christian Lacroix is that they finish with a bride dress. The staging of the shows usually follow the classical tradition of Haute-Couture where the focus is entirely on the clothes and much less on the particular set up and the show planned as entertainment. Every collection (especially the Haute-Couture ones) presented by Lacroix can be viewed as movie and the clothes should make the characters in continuous evolution. The collections are vivid; with unique color sense often create a cacophony of color and technique, which is delightful bringing the viewers into a magical word. The sequencing of a Christian Lacroix couture show has a dizzying logic that only he could possibly orchestrate. Critics define the shows as "eye-candy of highest order", but still the fashion shows are not competitive or extravagant, they usually take places in museums, one of the latest is a garage. His shows create unparalleled in Haute-Couture delightful experience, they are as defined by critics:

"Unique sensory overload that saturates the retina with color and sets the mind spinning at the improbable artistry embedded in every single look he sends out"

The fashion shows are usually accompanied by music based on classical or opera motifs. Each collection reveals in a different way the designers' interest in history and costume whi and impress with the elaborated designs and rich decoration made of very expensive materials. The eccentric clothing is appropriate for ceremonies and rituals. The designer combines them with extravagant accessories like hats and jewelry. The majority of clothes are pieces of art which cannot find application in the wardrobe of modern women, because of that the designer is adored by the critics and fashion lovers, but cannot reach the customer. For a first time in the collections 2009, Christian Lacroix transmitted the fantasy of his Haute-Couture into ready-to-wear. This turnaround was mostly influenced by the troubled financial situation of the company and the need to expand the customer base and attract young customers. The last Haute-Couture show 2009-2010 was made possible tanks to friends and supporters of the designer. Seamstresses, embroiderers, jewelers, milliners and shoemakers loyal to Christian Lacroix worked to realize the show. This is a strong prove for respect and admiration which the designer has accomplished in his career.

Picture 17 Different design sby Christian LAcroix

The Christian Lacroix brand presented its debut spring 2011 menswear collection in France. It is completely different from the style the brand used to be famous for. This menswear collection is a collection of clothing that the average buyer would jump at the chance to wear. Many critics concluded that the styles presented are wearable in daily life.

4.18 MULTICHANNEL EFFECTIVENESS EVALUATION

4.18.1 POSITIONING

Christian Lacroix positioning on the market compared to major competitors in terms of average price and exclusiveness. For more detailed understanding of the positioning there are also tables representing the positioning per product. The graphic is only Illustrative, since there was a lack of sufficient data for all brands data.
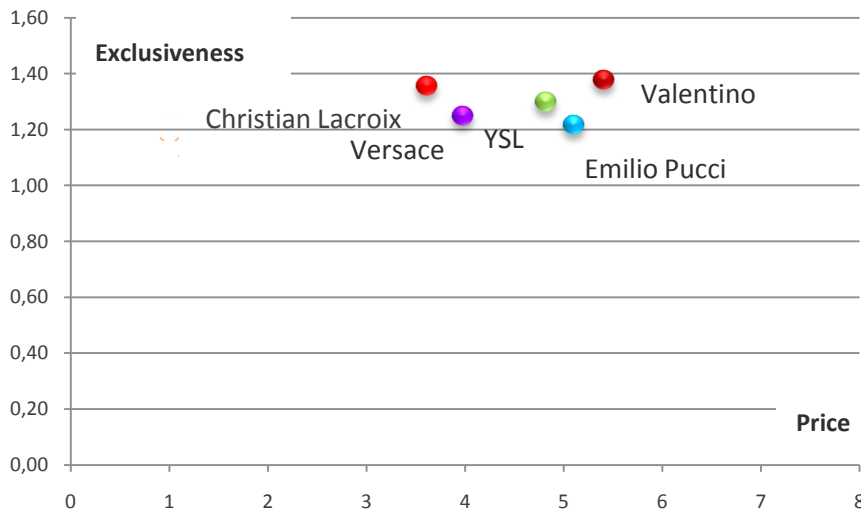
3-29 Christian Lacroix brand positioning in terms of exclusiveness and price ratio
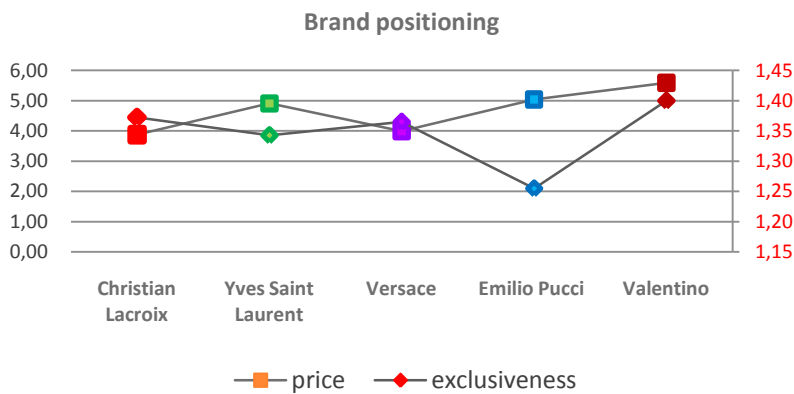
3-30 Christian Lacroix brand positioning in terms of exclusiveness and price ratio

3-31 Christian Lacroix brand positioning of main products average price

The data used for the chart is collected from the website of the online retailer YOOX

4.18.2 TOUCHPOINTS MAP

The touchpoint map below shows what kind of feelings, benefits and perceptions the customers get across the different touch points in order to contribute for the overall brand building.

INTERVIEWS	WEBSITE	SHOP	BOOKS
BRAND IDENTITY	INFORMATION	EXPERIENCE	INVOLVEMENT

CELEBRITIES			ONLINE
ADMIRATION;	Christian Lacroix		TRUST

ONLINE/PRI			INTERIORS
AWARENESS			COMPLETENESS OF EXPERIENCE

FASHION	EVENT	EXHIBITION	VIDEOS
DELIGHT; REPUTATION	RECOGNITION	INSPIRATION; ART ASSOCIATIONS	INTEREST; KNOWLEDGE

3-30 Christian Lacroix customer touchpoints map

The customer touchpoint maps of the two fashion brands Christian Lacroix and Dsquared2 make evident the difference between the marketing strategies and respectively the impact which the customer touchpoints have on the customers.

WEBSITE	PERSONAL	SHOP	PACKAGING
TRANSPERANCY; CONSISTENCY	ATTACHMENT	LOYALTY; EXPERIENCE	INDIVIDUALITY

CRM			CELEBRITIES
TRUST	DSQUARED²		SELF-RECOGNITION; ADMIRATION

INTERVIEWS			ONLINE
FRIENDLINESS; UNDERSTANDING			EMPOWERMENT; FUN

ONLINE/PRI			FACEBOOK
AWARENESS			INVOLVEMENT

FASHION	EVENT	CAMPAIGN	VIDEOS
STATUS; DIFFERENTIATION	RECOGNITION; RELATIONSHIP	INTEREST; AFFECTION	CURIOSITY

3-31 Dsquared2 customer touchpoints map

While for Christian Lacroix the most important touchpaoints are offline such as shops and fashion reviews, for Dsquared2 the marketing strategy is equally balanced between the offline and the online channel with strong c involvement of customers through Facebook.

The online touchpoints for Christian Lacroix on the other hand are mainly with informative purpose and content is created from other sources such as Fashion magazines and none is designed to involve customers, In consequence there is no structured relation between the offline and the online customer touchpoints.

Christian Lacroix is a classical French Haute Couture brand which operates according to traditional marketing model which is not competitive and consistent with the current reality. The main touchpoints are offline; they are directed towards and reachable by a small target customer group. The online touchpoints do not support the offline and vice versa. The more

important touchpoint for the brand are the boutiques, and especially the French ones which achieved an iconic status, but this has only value for the reputation of the brand and little commercial value. The brand has very low presence online and respectively very scarce efforts to involve the customer through online touchpoints. Only the perfumes which are produced by AVON have strong presence online, and the customers have numerous ways to reach the products and get information – reviews, blogs, online cosmetic shops, forums etc. These touchpoints dedicated to single line of products have low influence to reinforce the marketing of the apparel lines or any of the other extension lines of Christian Lacroix; this is due to the difference in the positioning and respectively the target customers.

4.18.3 GOOGLE INSIGHTS

Results for searches in Google for the period from 2004 to 2011 with key phrase Christian Lacroix. The biggest peak is observed in 2008 when the brand presented a very impressive ready-to-wear collection and had increased profits. This was also the period when the designer launched his perfumes in collaboration with Avon, which received acceptance by the Avon customers as well as admirers of Christian Lacroix. During this year the exhibition of theatre costumes in the National Museum of Singapore took place and had a very wide media coverage and interest. The next period with high search on the graphic is in the middle of 2009, this is related to the fact that in this period the fashion house filed for bankruptcy in the French court.

3-32 Google insights search interest for "Christian Lacroix" term 04-11

3-33 Google insights search interest for "Christian Lacroix" term 08-11

Considering the search results in the period January 2010 – January 2011 we can observe that the main interest comes from France and it is related to publications in French, this speaks for a narrow interest and mainly local marketing impact, the next countries in ranking of interest are Argentina and the UK. In the same year was launched the next signature fragrance by Christian Lacroix for Avon – Absynthe, its launch campaign contributed for the increased interest in the brand. The searches were also related to the announcement that the designer will design a collection in collaboration with the Spanish brand Desigual. But the biggest peak in online searches was related to the exhibition by the designer dedicated to traditional female costumes from the Orient.

3-34 Google insights search interest for "Christian Lacroix" term 10-11

Interest by regions and cities

3-35 Google insights regional search interest for "Christian Lacroix" term 08-11

3-36 Google insights top product search and rising search interest for "Christian Lacroix" term   08-11

Search by terms and top products

The statistics for the search term "Christian Lacroix Wedding" for the period from 2004 to present days show that the top countries of customer's interest are USA and UK. Except for a high peak in the end of 2005, the search shows a stable trend of interest towards wedding gowns created by Christian Lacroix. This interest was provoked by the wedding of the pop singer Christina Aguilera who wore a wedding dress designed by Christian Lacroix.

3-37 Google insights term "Christian Lacroix wedding" search 08-11

When the search term is changed to Christian Lacroix shop the search engine does not show any results prior to 2008, this again proves that the customer base of Christian Lacroix is not familiar with the internet channel and not used to obtain information and make searches online. Only in the past three years there is an increased interests in the online searches, but this as well may be provoked from the announced shutting down of many of the shopping locations for Christian Lacroix, most important – the sell flagship store in France, and the closing of the two USA based shops after just two years of operation.

3-38 Google insights "Christian Lacroix shop" search 08-11

Top product searches

3-39 Google insights top product "Christian Lacroix Absynthe" search 08-11

3-40 Google insights top product "Christian Lacroix bridal" search 08-11

Important to mention are the categories of search, none of them is shopping, but rather the customers use the internet for acquisition of information and browsing.

3-41 Google insights top product "Christian Lacroix perfume" search 08-11

3-42 Google insights top product "Christian Lacroix perfume" interest level in category search 08-11

The interest is lower respect to the category, the only peak is during the launch of the new fragrance Absynthe, but as observed the interest lasted less than six months.

4.18.4 VIRAL HEAT RESULTS

The table represents the summarized results of the data collected for Christian Lacroix from the most popular social networks for a one week period using the Viral Heat social media monitoring and analytics platform.

3-43 Christian Lacroix summary dashboard of one week observation on Viralheat

From the results derived after one week of observations it is evident that the brand has a very weak presence online and no corporate marketing strategy online. The main customer touchpoints are provided by online media, such as fashion magazines, blogs etc. which public articles or latest news about the designer and most active social network is Twitter. Without a clear strategy and involvement from the side of the brand or the designer himself, customers can not be engaged in a valuable relationship. There are only random occasions of involvement or admiration for the work and personality of the designer, but these do not have effect for the building of the brand reputation and image in the mind of the customer.
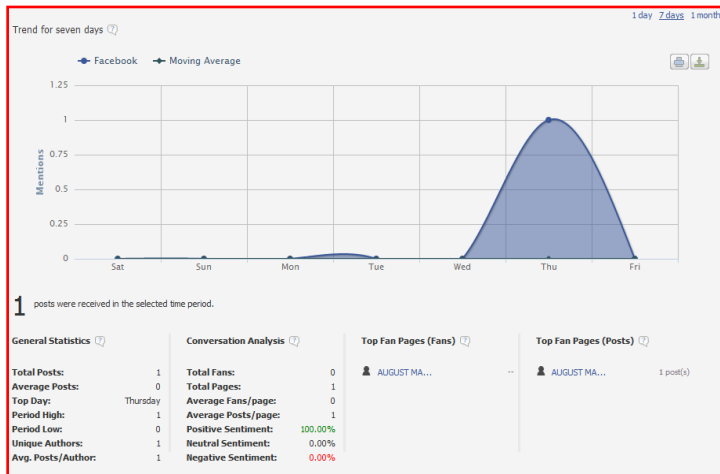
3-44 Christian Lacroix Facebook mentions details for one week observations
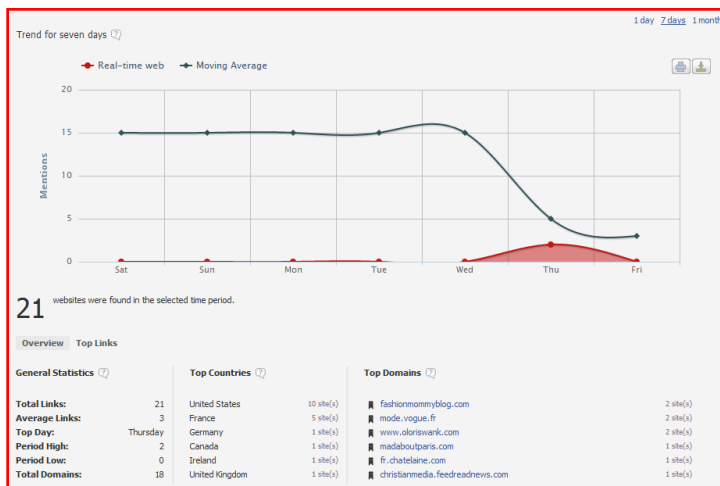
3-45 Christian Lacroix Real-time-web mentions details for one week observations

The results show 18.47% intention to purchse, which in more details are 314 messages with 58 total leads (intention to purchase in the messages which customers have posted in social networks) registered for a weak, 65% of the tweets contain links. Positive customer sentiment is 76.75%, neutral sentiment is 17.52% and the negative sentiment is 5.73%. The results from Twitter show that the top influencers by Impact are the New York Times style magazine (1 600 198 followers), fashion, art and literature bloggers with an average of 4 000 followers the influencers by volume are the same type as top mentions are 6 by week. The content of the tweets is mostly related to the upcoming collection of the designer for desigual, his illustrated books as well as other current topics, feelings and quotes regarding the designer. The observations show that there is almost no activity on Facebook, except one post in a fan page, the same situation is observed for the real time web, where most of the 21 links are of fashion magazines and news
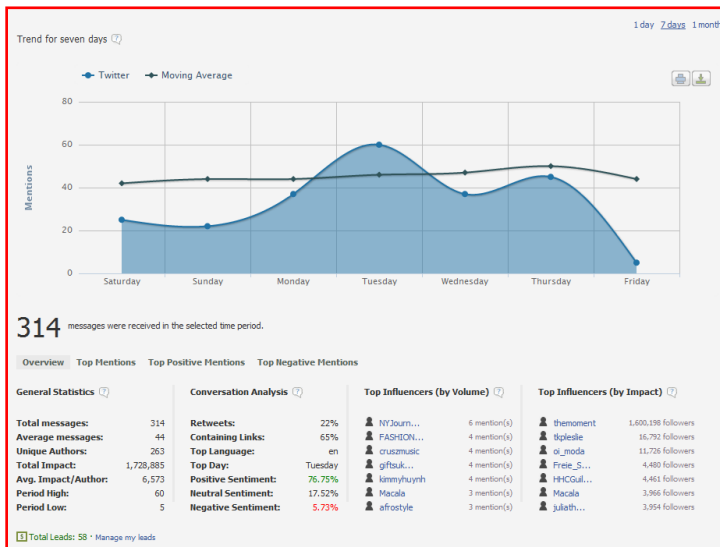
3-46 Christian Lacroix Twitter mentions details for one week observations

All videos are on Youtube - the content is either Haute Couture fashionshows or Interviews with the designer. No pattern of consistency could be traced between the different social networks. The presence online of the brand is not corporate supported, there is no clear strategy to link the different touchpoints. The fashion
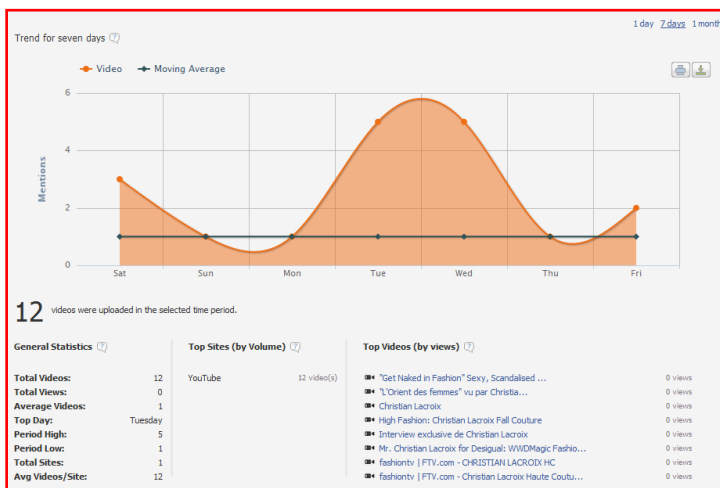
3-47 Christian Lacroix Video mentions details for one week observations

These results confirm the previous observations that the company or the designer himself does not have any coordinated marketing activities online. The customers who continue to be involved with the brand in a way are just admirers of the Christian Lacroix style.

COMPARISON BETWEEN THE PROFILES OF DSQUARED2 AND CHRISTIAN LACROIX

The graphic below shows a general comparison between the profiles of the two brands which are examples for differing online marketing strategy. The observation is in terms of volume and does not provide qualitative information about the mentions which customers make in the social networks and how they reach the brand, but still the graphic is a relevant metric in order to build the complete profile for the online presence of the brands.

To better perceive the validity of the graphic it is important to consider that Christian Lacroix is in the fashion business for almost 25 years and has a worldwide reputation, while Dsquared2 had their first collection in 1994 and opened the first shop only in 2007. The weekly and daily ratios between the mentions of Christian Lacroix and Dsquared2 makes evident that even if a brand has been long time around, the recognition and reputation it has earned through the years, it is still not enough to be consistent and engage the modern customer who's great part of social life is online.
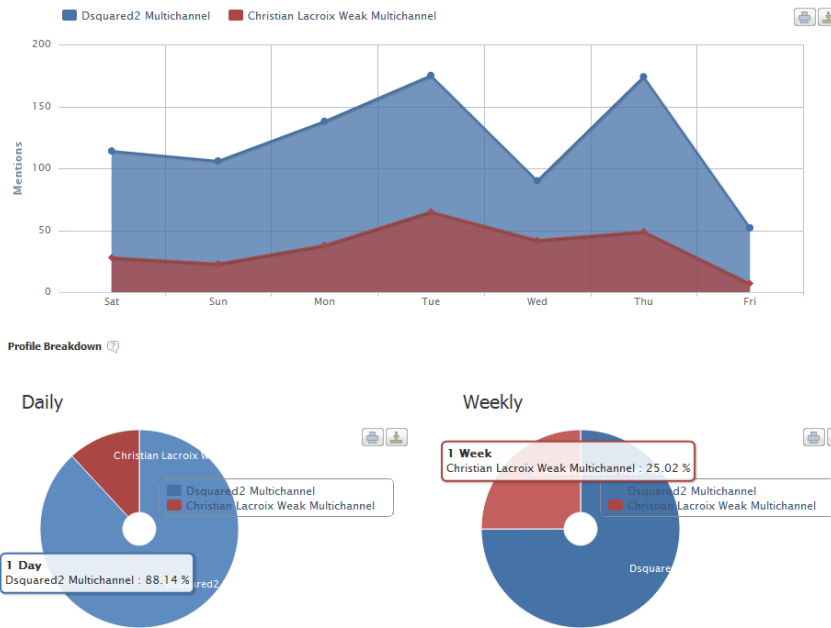
3-48Comparison beteween Dsquared2 and Christian Lacroix online presence

4.18.5 THE EFFECTIVENESS OF NEW CHANNELS

Apart from occasional online sales through partner projects such as the collection for Le Redote, Evian bottles, Home textile and some vintage accessories, the brand has scarce presence in online shopping sites. Various products can be found in online retail sites which are not associated to the brand (www.elle.com, www.yoox.com, various perfume and cosmetics selling sites etc.) but their availability is very limited and it is tedious to find some attractive products apart from the perfumes which are sold on many sites. The utilization of different internet platforms with marketing purposes is very weak and not coordinated. The brand does not employ any of the modern marketing instruments such as personalized mail, newsletters, community, blogs, and forums. The only point of reference for the customer is to subscribe for an information mail for the updates on the site. The marketing efforts on the internet channel are in the hands of the different companies having license to produce for Christian Lacroix, thus the brand has not a direct control and coordination among the different lines or products sold online and the way they reach the customer. The only

positive impact is the online magazines and blogs which write about the brand and publish the collections, so the interested customers can be updated with the latest news about Christian Lacroix. From the said above it can be concluded that the brand does not make use of the enormous potential which the online channel has and in this mean its effectiveness in terms of marketing and increase of sales is close to zero.

The offline channel is much more effective for the brand since there are various ways for the customer to get in touch with the brand. They vary from limited collections of products or clothes in collaboration or under license with partner companies to interiors of hotels and the speed French trains TGV. But still, these occasional appearances of the brand in variety of forms and meanings are not consistent and could not help to build a holistic image of the brand in the mind of the customer. Most effective to create awareness and increase the sales of the ready to wear collections and the accessories remain the Haute-Couture creations of the designer. Their originality and mystique fairy looks are able to excite the imagination of any woman and made her dream to have a piece of Christian Lacroix fantasy world. Despite Haute-Couture doesn't make profits it support the sales of all other lines signed by the name of the designer.

4.18.6 INVOLVEMENT OF CUSTOMERS

The brand has not provided the necessary means and tools to involve customers. It rather stay away as an Haute-Couture icon, affordable only for very affluent customers, since the Falic group acquired the fashion house the prices were raised and the cheaper lines closed. Overwhelmed with financial problems and searching a way to gain profit, the company has overlooked the only source of profitability – the final customer. In a market where the customer centricity has become fundamental for the success of any brand, apart from loosing track on its brand image, Christian Lacroix lost touch with its customers. The most important for the increasing the value of a brand is to establish firm relationship with customers, to create dialogue and to care for them in order to turn them from simple customers to dedicated admirers of the brand.

4.18.7 CONCLUSION

Using the selected method for analysis it was easy to evaluate the effectiveness of the online customer touchpoints and draw more reliable conclusions. The analysis was simplified because the brand has weak presence online so all available data can be traced and a precise profile is build. When the scale of the marketing presence is that small, it is simpler to see the consistency of the results derived from the different phases of the analysis.

When comparing the two fashion brands Dsquared2 and Christian Lacroix, both players in the same business sector, but very different in terms of style and positioning, we can observe a perfect example of a brand following a traditional marketing model, which despite earning a world-wide recognition and reputation was unable to adapt to the dynamically

changing environment , felt in decline and eventually bankrupt and a on the other hand we have a brand which from its beginning is an innovator and trendsetter in fashion as well as in its marketing strategy development. Christian Lacroix has one directional communication with customers and limited set of touchpoints. The messages which it sends to customers and its image as whole is very disperse from Haute Couture to cheap gardening tools, compared to that Dsquared2 has very consistent and planned in time growth, where customers are involved in every step, through touchpoints as social media and in-store events where a direct communication between customer and brand is established. Prove of this observations are the results from the Google insights and Viralheat.
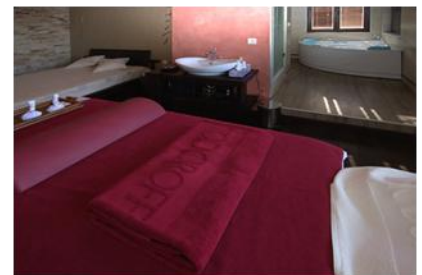
Case 3

Todoroff – Multi-business, multi-channel marketing on the local market

4.19 COMPANY PROFILE

In the economic conditions of Bulgaria, it is hard to imply and use with full capacity multichannel marketing strategy. Todoroff is an excellent example of a company with strong brand image on the way for a change; it has a well developed marketing strategy, currently in process of implementation of new technology for further development of the multichannel marketing. The company has an understanding for the necessity for holistic customer-centered business approach. The purpose to analyze this company is to show the transition from traditional to multichannel synchronized activities along all touchpoints.

TODOROFF	
BUSINESS	Production and sell of wines and brandies from grape – Todoroff LCC Planting of winery and the production of grape – Todoroff Agro LTD Trade with wine and spirts – Vinopoli LTD
TYPE/STYLE	High class boutique wine
TARGET CUSTOMERS	35+ average, high income people, who appreciate wine and art
ESTABLISHED	2001
COUNTRY OF ORIGIN	Bulgaria
TURNOVER	2008 - 6147, 2009 – 1891
GLOBAL PRESENCE	Benilux, Denmark
SHOPS OWNED	3 boutiques

Table 3.3-14 Brief summary of Todoroff Group company profile

CHARACTERISTICS	DETAILS
SIBLING LABELS	Wine & Spa Hotel TODOROFF ; Vinopoli wine distribution
PRODUCT LINES	Gallery (3-4 months baric), Boutique (4-12 months),Teres (6-10 months baric), Rose, Thracian mystery, Emotion, Other limited series, Sweet wine Orffeus, Brandy Trakya
COLLABORATIONS	Tourist agencies, Globul (2nd biggest mobile operator in Bulgaria)
OWNED BY	52,08 % Ivan Todorov; 5,06 % Petia Todorova 4,96% ID Benchmark fund 2 Ltd; 2,13% BG imobilen ltd 2,06% Kiril Nikolov; 33,61% Other shareholders
DISTRIBUTION	Own, in process of consolidation

Table 3.3-15 General characteristics of Todoroff

Company culture

- Loyalty towards product, customer and the holding
- Flexible solutions for the specific requirements of the customer
- Neat and attractive image of the personnel on all levels and friendly attitude towards the customer as a special guest and good friend.
- Clean and pleasant atmosphere for communication with the customer

🏰 Solving of customer's problems even before he is conscious about them

Social policy

🏰 Stimulation of the social status of the employees

🏰 Improving the work conditions

🏰 Motivating system for the production, trade and service personnel

Product policy

🏰 Constant maintenance of high quality of products/services

🏰 Strict keeping of the deadlines for servicing of customers, more than expected

🏰 Using materials with proven quality

🏰 After sale service and feedback from customers

Distribution policy

🏰 Direct channels for realization of sales through direct sales to corporate customers

🏰 Majority of sales are realized through the sub company Vinopoli

🏰 Through key foreign customers realized sales on regional markets

🏰 Through the reservation system sales of limited products

Price policy

🏰 Keeping track on competitors prices

🏰 Market oriented price formation

🏰 Principle of discounts

🏰 Preferential pricing for long time customers

🏰 System for quantity discounts

Sales	2008	2009	Relative share 2009
Revenues from products	2 308	1 732	91.59 %
Revenues from commodities	270	55	2.91 %
Revenues from services	422	36	1.90 %
Other revenues	3 147	68	3.60 %
Total	6 147	1 891	100.00 %

Table 3.3-16 Todoroff sales

** The numbers are in thousand leva*

Wine cellar Todoroff is specialized in the production of high quality wines, produced in boutique series. It is located in the village of Brestovica, which is emblematic for the Bulgarian wine production. The cellar is build back in 1945, the current owner Mr. Todoroff bought the establishment in 2001, reconstructed and modernized it with modern production

technology. Later on a Spa Hotel was build to complete the concept of the wine complex. Todoroff it is the first brand to introduce the wine therapy on the Bulgarian market.

4.19.1. FACILITIES

Todoroff Property Ltd. is established in 2006, it is the company owner of the brand Wine & Spa Hotel TODOROFF. The complex has wine cellar and hotel, situated in common area. The hotel is developed under the artistic concept of the wine, modern design and elegance. The Wine & Spa Hotel TODOROFF is 4 stars category and has 15 rooms. All rooms represent a unique design solution. Through the whole complex is exposed the private collection TODOROFF, which is annually updated with pieces of art form the national contest "Gallery TODOROFF" on the theme "Philosophy of wine and life", most of the pieces of art can also be purchased by the customers. The restaurant of the hotel has 60 places, terrace with 40 places and a barbeque situated in the garden with 30 places. There is a special wine tasting hall, build 8 meters underground available for 60 people. The hotel has two conference halls, suitable for business meetings and teambuilding. On the top floor of the hotel is situated the Spa center, where all treatments are based on wine therapy, the products used are developed internally and are 100% natural. The underground part of the Wine & Spa Hotel TODOROFF is dedicated to production, equipped with modern facilities for wine production and fermentation, as well as French barics for storage and ageing of the wine.
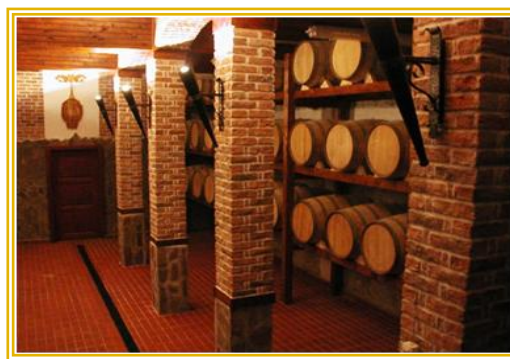
Picture 18 Left View towards the wine cellar, right Wine cellar

4.19.2 SERVICES

Wine & Spa Hotel Todoroff developed personalized approaches to present its offers for wine and village tourism and gourmet tasting of wines. The tasting hall itself is also appropriate for concerts due to very good acoustics. The guests, immerse in a mystic atmosphere learn how to distinguish wine according to color, flavor and taste as well as the most suitable food to combine each wine. Wine & Spa Hotel Todorff is the first one in Bulgaria to offer wine therapy, the guests can also enjoy a touristic tour of the rural area near the village, visit ancient sights some of which date back from Thracian times or visit other famous wine cellars in the region. All services offered in the hotel and the wine cellar are precisely ideated in order to represent an element of a holistic brand experience which touches all senses and

gives particular knowledge about history, traditions and culture. The vastness of services and activities as well as the hedonistic wants drives customers back and eventually builds trust and loyalty.

The Restaurant in the Wine &Spa Hotel offers traditional and international meals, which are considered with the whole image of the brand and the concept of wine.

The traditional Bulgarian tavern is designed in typical style for the region. The authentic spirit of the place is in coherence and contributes for the complete experience of the customers.

The hotel has a Spa center entirely developed based on the idea of wine therapy and the healthy use of wine and grape.

Massages, body and face treatment procedures with pure natural products for satisfaction of all senses, expands the span of associations which the customer has about the brand and creates pleasant memories to evoke.

The wine tasting hall is the place where customers truly understand the moto of Todoroff "Wine and art". During tasting the wine they have the chance to lean about wine culture, admire various pices of art of young Bulgarian artists and listen to music concerts.

4.19.3 BRAND IMAGE

The wine production in the Plovdiv region dates back from the time of the ancient Thraky, evident from the numerous archeological excavations in the region. The philosophy of the production of wine in the cellar is based on the finesse and harmony of the taste and flavor sensations, combined with the conviction, that the wine making is an art, which people from different ages have praised throughout the years. This concept is completed by the Spa

Hotel which provides the consumer with unique experience satisfying all senses immersing the customer in the world of wine and Bulgarian tradition.

"Following the tradition, our goal is to produce a boutique product with granted quality and together with that to preserve the uniqueness of our wines. We are proud that together with our technology we have created for you this boutique wine, carrying the spirit of the ancient thraky. As a sign of thrust and honesty I lift my glass together with you, believing that with each sip of that wine is giving you health, beauty and makes you proud heritants of ancient history

Cheers! "

The management of the Wine & Spa Hotel is flexible and makes periodic reviews, evaluation and fine tuning of the strategy, the activities are guided by the customer requirements and the new trends on the market. The company is aimed towards balanced offer in terms of price and quality and the satisfaction of all personal requirements and preferences of the customers, with main goal – the popularization of the wine culture. The company mission is also printed on the managers' business cards to be a constant reminder. Todoroff wines have image of a reliable high quality product. On the volatile market of wines the brand has maintained positions and earned the trust of the customers throughout the years. Todoroff is popular for its excellent qualities and presence in some of the most refined restaurants. It is a brand which has a very strong relation with art, with a very strong accent on Bulgarian ancient traditions and culture, which is demonstrated along all touchpoints.

4.19.4 CORPORATE STRUCTURE

Todoroff Group comprised of three companies, each one dedicated to different business function. Vinopoli is the company dealing with the local and international distribution of wines and the management of the online shop, Todoroff Property manages the Wine & Spa Hotel and the Wine cellar which are common property, Todoroff Agro function is growing and management of the own wine yards of the Todoroff wine cellar.

3-32Todoroff corporate structure

TODOROFF PROPERTY – SPA HOTEL & WINE CELLAR ORGANIZATIONAL STRUCTURE

The organizational structure of the Wine & Spa Hotel Todoroff is very lean and flat, since the hotel is small, the number of the employees is not very big – about 20 -30 people work in the hotel, depending on the work load. All departments are directly dependent and responsible to the CEO of the hotel and the wine cellar. The limited number of employees allows for flexible organization, everyone is involved in marketing and everyone can perform different tasks depending on the occasion.
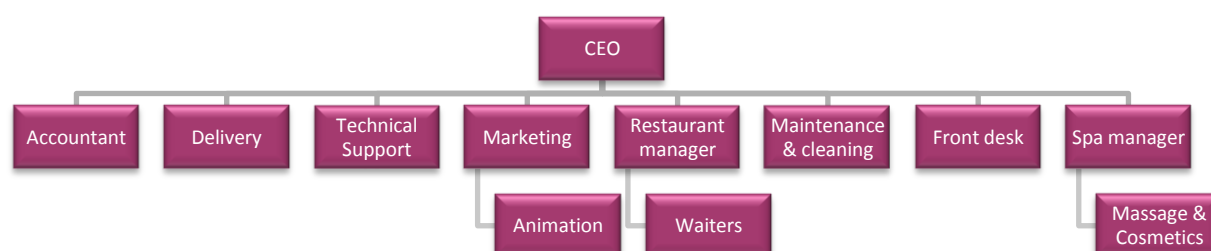
3-33 Wine & Spa Hotel Todoroff organizational structure

In difference with the hotel, the wine cellar has more complex organizational structure and several levels of hierarchy; this is due to the specificity of the business and the production processes which should be strictly controlled in order to have the same quality of the production.
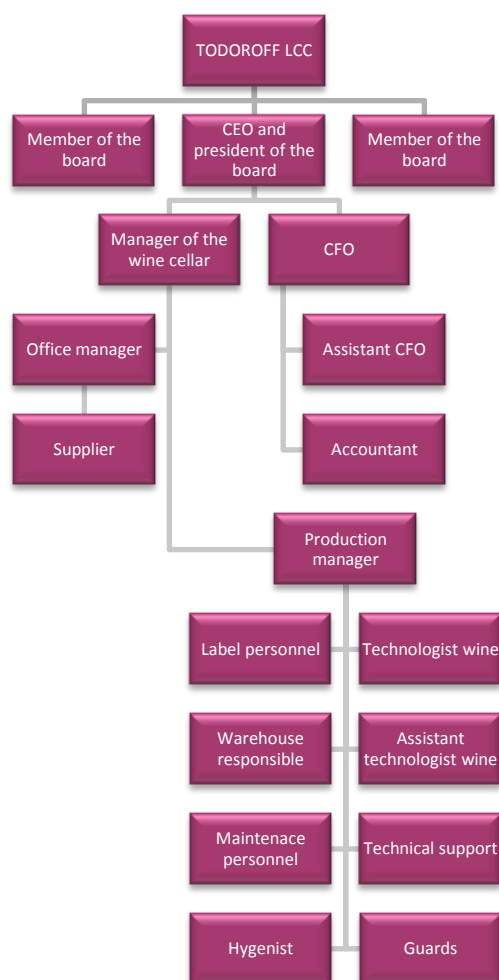
3-34 Todoroff wine cellar organizational structure

4.20 MARKETING STRATEGY

The marketing strategy is developed in a way to reach the customer with a unified offer which is based on the wine as the core product, around which all other products and services revolve and are associated with. The fundamental ideas of the marketing strategy are common both for the wine as a product and hotel, then depending on the channel they are specified into precise actions.

The most important for the company is to offer high quality and consistency in the offer, search feedback from customers and modify the product or service according the specific regional, seasonal or personal requirements. The brand introduces innovations often, searching to improve the services.

4.20.1 WINE PRODUCTION – MAIN PRODUCT

Todoroff "Gallery" is a limited batch of wines of Mavrud, Cabernet Sauvignon, Merlot and Muskat grape varieties, dedicated to the wine and art. The design of the bottle has been created by the customers . The launch of "Todoroff Gallery" wines was preceded by a national art competition "TODOROFF GALLERY", dedicated to "The Philosophy of Wine and Life". Selected works of the awarded artists are printed on the labels of the "Todoroff Gallery" batch of wines. From the very first steps of the development of the brand it searches involvement by the customers and gives them the possibility to express their talents. With this project, supporting the Bulgarian art and artists, "Todoroff" binds its corporate policy with its social responsibility to society.

"Teres" batch –Special selection. This wine was named after the Thracian king Teres, who established the Odrysses Kingdom in the 6th century BC. The Todoroff "Teres" wines – Special selection, are from the Mavrud, Cabernet Sauvignon, Merlot variaties.

Todoroff "Boutique" selection wines are young red wines of the Mavrud, Cabernet Sauvignon and Merlot varieties, aged 4 to 12 months.

Orfeus wine was named by the legendary mythic figure of the hero, poet and musician, who is believed to have lived in Thrachia valley in Bulgaria. The wine is a coupage blended of liqueur wines.

Rose Cabernet Sauvignon Todoroff, vintage 2005 has been created in order to have a complete selection of wines, suitable for each taste, it has a sparkling raspberry-red color and soft and fruity taste.

4.20.2 WINE & SPA HOTEL

According to the strategic importance and the sources available, the marketing goals of the Wine & Spa Hotel are divided into short term, mid-term and long term goals. The highlight is put on the importance of the direct contact with customers to establish valuable long term relationship, drive repeated visits in the hotel and popularize the wine. Customer retainment and encouragement of the positive word of mouth are the most important marketing objectives. This is achieved through attention to detail and focus on customer care. The management has focused its efforts in order to drive more traffic to the website. Bonus system to motivate sales of the employees has been implemented. The hotel developed a strategy to target companies in close proximity. The capacity to fulfill is 40% month occupation of the hotel. Since last year the brand has established the practice to publish an event calendar and distribute it online as well as in printed media to further increase the awareness towards the brand. A very important part of the marketing strategy is the signing of agreements with corporate clients For example other hotels offer the specific services of Wine & Spa Hotel Todoroff such as wine tasting and on the other hand the hotel recommends its partner to customers who wish to have a night over at a different location. In order to involve customers with the culture and traditions of the region, Wine & Spa Hotel Todoroff prepares animation programs and tours to nearby sights. The marketing strategy foresees maintenance and extending of the contacts with touropearators based on long-term contracts and pre-reservations. The main efforts are focused towards attraction of organized groups and realization of tourist programs to increase the share of foreign customers which will also reinforce the recognition of the brand in the foreign countries where it is sold. The marketing strategy is concentrated towards the development of the business tourism, as all other services offered in the hotel including the restaurant and Spa center, which consistent with the specific offer.

Regarding the online marketing strategy currently underway is the planning of the online presence of the brand through the maintenance of corporate blog, opening of a Twitter profile (still not very popular in Bulgaria), Skype assistance and channel maintenance on a similar to YouTube Bulgarian site – Vbox7.

4.20.3 SPONSORSHIP, CULTURAL EVENTS AND TOURNAMENTS

Each year Todoroff organizes National contest for art "Todoroff Gallery". The special awards are given during an official ceremony with concert and exposition of paintings. The idea of the competition is presented throughout the country by the competition "Gallery Todoroff visiting your town". The evenings are accompanied with a special gourmet degustation of the wines from the batch "Todoroff Gallery"

For three consecutive years "Todoroff Golf Cup" a golf tournament is organized, it is directed towards the people who like golf and wine. Especially for the tournament a strictly limited batch of wine is produced. This prestigious event is held annually in the Pirin golf club,

Bansko which further increases the visibility of the brand and expands the popularity among an affluent target group of customers.

Together with the mobile operator Globul and M3 communications group Inc, Todoroff established a fund "Gallery of the Bulgarian talents". This fund supports young artist and grants scholarships to students of the National Academy of Fine Arts and The National Music Academy. Todoroff often is present to public, governmental and diplomatic events. The brand supports numerous charity and sponsorship campaigns and organizes wine tasting in specialized shops for wine and spirts and in supermarkets.

As an innovator in its sector, Todoroff often surprises its customers with interesting promotional campaigns, such as the game "With love from Todoroff", "Travel around Europe with Todorff", "Health with wine". Their purpose is to make famous the wine culture in Bulgaria and the health qualities of the wine and grape, as well as to help the assertion of wine as a product of national importance.

4.20.4 RECOGNITION

- February 2003 International award – Silver Vinalis during the wine tasting organized of the Union of French oenologs, where 792 producers participated from 35 countries and 2268 wines presented, Reins France
- On 13 of March 2003 His Highness the Prince Of Wales visited Bulgaria at the invitation of Bulgarian Business Leader's Forum and during his visit he handed the prestigious Certificate of Business Ethics to Mr. Ivan Todoroff.
- 2003, fund "Gallery of the Bulgarian talents". The fund is created by wine cellar Todoroff, Globul and M3 communication for support of the Bulgarian students in field of art.
- Since 2003 every year the wine cellar organizes a competition for art pieces, in collaboration with National art gallery, National art academy and The union of Bulgarian painters
- Gold medal for Todoroff 's wine in Brussels
- Two wines from the Todoroff Gallery 2003 batch are among the 100 best wines of the world. In the June issue of the prestigious American magazine for wines and high alcoholic beverages – Wine and Spirits – published two of the wines from the Todoroff „ Gallery" 2003 batch among the 100 best wines of the world.
- Bronze medal for Cabernet Sauvignon Todoroff Teres vintage 2005 from San Antonio Wine Competition
- On 06.02.2004 the great ball of CSCE in Hofburg Palace in Vienna was held. 1300 people attended the ball among them there were many ambassadors, diplomats and foreign guests. "Todoroff" wines were selected as the main red wine of the event. They were present on each table and were announced in the special wine list of the event.

- Three Todoroff wines in The Top 1000 World Wines
- June 2005, Ivan Todorov, owner of the wine cellar "Todoroff" is the first Bulgarian, who was given prestigious knight title who took place in the castle Voidahuand in Budapest, Hungary.
- July 2005, Todoroff wine Cellar had participated for the first time in the international competition VINOFEST in Bratislava, Slovakia. In the competition took part 230 types of wines from all around the world. The only Bulgarian wine which won gold medal in this competition was Cabernet Sauvignon „ Todoroff Gallery „ vintage 2003.
- Todoroff Emotion took the second place in the Veliko Turnovo annual competition
- November 2005, Todoroff Wine Cellar took part for the fourth time in a row in the Wine Salon International Exposition held in Inter Expo Center, Sofia.
- TODOROFF wine cellar has been acknowledged once again for the quality of its wines. Both Cabernet Sauvignon Teres 2005 and Merlot Teres 2005 have won silver medals from Vinalies Internationales competition in Paris, which was held 2-6 March 2007

4.20.5 SUPERBRANDS BULGARIA

Since 2008 Todoroff brand makes part of the Bulgarian 50 Superbrands. The global organization Superbrands is independent institution, focused on the brand. It appraises and promotes commercial brands, which are distinguished and dominate over other on the national market. The organization holds the competition for the awards Superbrands and along with that makes the promotional program, presented in more than 80 countries.

The Superbrands mark is a testimony for excellent reputation of the brand among current and potential customers, partners, investors and the media. The companies use the special symbol in variety of forms and messages in the marketing strategy to show to their customers and partner the high appraisal for excellent branding.

4.20.6 MARKETING APPROACH

The table below shows in a summarized way the marketing approach which Todoroff uses to develop its strategy and reach the customer. The company balances between traditional marketing which is still the widely used frame in Bulgaria and the implementation of new instruments in order to involve customers with the brand. Due to this innovative view for the reality of the Bulgarian wine market, the brand managed to create a loyal customer base and long term relationship with most of its customers, especially those who have visited the hotel.

Marketing in an industrial economy	Marketing in an information economy
Customer as target	Customer as relationship
Organize by product units	Organize by customer segments
Focus on profitable transactions	Focus on customer lifetime value
Judge performance primarily by financial results	Look at marketing metrics as well as financial ones
Focus on satisfying shareholders	Focus on satisfying stakeholder groups
The marketing department does the marketing	Everyone in the company does the marketing
Build brand primarily through advertising	Build brand through company behavior
Emphasize customer acquisition	Emphasize customer retention
Measure customer satisfaction	Measure customer value and loyalty
Over promise to get an order	Under promise, over deliver
Make the firm the unit of analysis	Make the value chain the unit of analysis

Table 3.3-17 Marketing approach

CAMPAIGN

The message of the company "Wine and art" has contribution for the development of the contemporary Bulgarian culture. It brings a colorful nuance in the affirmation of new values, underlying the tradition, unifying it in a unique way with modern business practices. A major step which was done in this direction is the first official Ball of wine, unique for the territory of Bulgaria. It was organized by the "Ordo Equestris Vini Europea" of whose concelier is Mr. Ivan Todoroff, in partnership with other famous Bulgarian cellars. On the event were invited many important figures of the Bulgarian social life as well as politicians, and was certified that the wine making and promotion becomes a priority of the country. This event has huge visibility on local level and very important marketing results, in terms of increased awareness towards the brand "Todoroff" and its affirmation as a prestige brand, leader on the market.

COMPETITORS

Bulgaria is a country with long traditions in the production of wine dating back from ancient times when the Thracian was populating the territory of South Bulgaria. In the past five years there are dynamic changes on the Bulgarian wine market and wine gains popularity over other types of spirts. It has become a favorite drink during meals, especially when dining outside home. The increased consumption lead to the emerge of many new wine cellars. Among the main competitors of Todoroff brand is:

1. Katardzina
2. Domayn Boyar
3. Terra Tangra
4. Telish
5. Imported brands

The advantage of Todorff is that it is already a well established brand, recognized in the high class of wines, popular with its public presence in and numerous activities in society. It is the only brand offering also hotel services, thus able to provide customers with complete experience and variety of touchpoints.

The disadvantage or rather challenge to face for Todoroff is to keep consistency with the market and have the ability to offer innovative products, presented in an attractive for the customer way. New competitors behave aggressively to penetrate the market and position themselves among the prestigious brands. The other thread is coming from larger competitors who have bigger production capacities and try to occupy the distribution channels, many of them also try unfair competition trying to take place in the higher segment and push away competitors.

TARGET CUSTOMER

The brand Todoroff is targeted towards a specific market segment. It sells in specialized shops for wine and spirts, as well in the majority of famous restaurants and hotels in the country. The wines are a preferred choice for personalized corporate presents.

Wine is a universal product, appraised by people from all ages. Since the majority of Todoroff wines are in the high price segment, they are targeted towards people with average and above average income who can afford the products and services of the brand.

Annually the "Wine & Spa complex Todoroff" is visited by more than 7000 tourists. A criteria for the high quality of the service are the often visits of noble people and diplomats. As the interest towards the brand has increased, some of the wine lines are also distributed along selected supermarkets chains to be more reachable for customers.

FRAMING IN TERMS OF COMPARISON AND KEY MESSAGES

Todoroff is an affirmed leader in the segment and stands out from the competition. Only in recent years the market is becoming more dynamic and a lot of new wine cellars appeared. The advantage of Todroff is the strong brand which is popular among distributors and customers; the positioning of the brand is strong and well perceived.

No other brand on the Bulgarian market has involvement with culture or healthy lifestyle, this is the reason why the key message of Todoroff brand "Wine and art" becomes fundamental in all marketing activities and the way customers perceive the brand.

In all activities undertaken, the message to the customer is to recognize, learn about and appreciate the authentic Bulgarian culture and art. The brand does this stimulating the popularity of art and culture which people pay less and less attention in their busy lifestyle. Todoroff shows people that they can enjoy life with simple things; it is enough to choose the right one and get the time to enjoy and experience it completely.

STAGE OF INVOLVEMENT

Wine production – the company offers the possibility to its clients to have a short course in the cellar and then blend their own wine, which then can be bottled and labeled with the name of its creator. For different events corporate clients have their logo printed on the etiquette of the bottles of wine they have selected for the occasion. The brand of the customer is reinforced by the association with the quality, refined wine cellar. The benefit for Todoroff is that they get access to new audience and potential customers, who had the chance to try and learn about the product directly.

Spa Hotel – In the hotel the customers have more possibilities to get involved with the brand and contribute directly for the decision-making. Customers are encouraged directly to give suggestions or ideas for new products or improvement of the services, they are as well prompted to share their opinion and give feedback for the whole experience they had during the stay. Todoroff Spa & Wine Hotel has introduced questionnaires which are given to the customers to fill in upon check out and in order to motivate them to do so, they get 5% discount from the price of the room.

SITUATION OF USE

During the past 10 years since the brand Todoroff is on the market, it has been working hard in the direction for promoting the wine culture in Bulgaria on customer, corporate and governmental level. Wine is a product which can be consumed both for lunch or dinner, and especially during winter holiday season, suitable for daily consumption as well as for special occasions. The wine is perfect accompaniment of meals, increasing the pleasure of food and can be consumed really since it is a natural product and has low alcohol concentration. Wine is the only alcohol drink which consumed in moderate quantities has positive effects on health. Statistics show that from 2007 onwards there is a high increase of the consumption of wine. Especially dynamic is the market of wine in the average segment (6-8 leva) as well as of the so called high (above 10 leva), important role for this trend have the restaurants throughout the country which introduce more actively the wine as a preffered complement of a meal. The average annual consumption of wine is about 50-60 mln. liters, the high end wine has 7% share.

The hotel on the other side can be viewed from many different aspects and attract different type of customers –the ones searching privacy in the rural country side, these interested in gourmet cuisine and sophisticated wine or people who look for relaxation in a calm atmosphere. The hotel offers excellent facilities and characteristics for corporate events, weddings and the whole spectrum of private parties and events its size allows to book the whole complex and prepare it according the requirements of the customer (decoration, animation program, menu etc.)

MEDIA USE

The media use is limited only to appearances, which have precise timing and high immediate impact. They are mostly related to events organized by the brand. In the Hotel often are organized events which present Bulgarian traditions in the way holidays are celebrated, involving the customers and people from the village. These celebrations are often shown in various TV programs,

Printed media is an instrument actively used by the brand. It works in collaboration with editions which have the same target group of customers and promote quality and healthy lifestyle. These are tourism and travel magazines "Travel weekly" and "Holiday", wine and food magazines like "Bacchus" and lifestyle magazines such as "Premium Lifestyle".

4.20.7 DIFFERENTIATION FROM CATEGORY

In Bulgarian the wines of Todoroff are among the first three bestsellers in the high wine segment. They are among few brands which managed to maintain their position and quality on the market, and were able to keep their loyal customer base and to increase it. Todoroff is a brand which does not make compromises with the quality and apart from the main types of wines which the brand is famous for, it regularly introduces innovative products, considered with its customer's preferences.

The bottles are elegant with stylish design and beautiful etiquettes, which depict the class of the brand. The names of the wines are chosen to remind the Thracian traditions and mythology, which make part of the concept of the brand.

Another advantage of Todoroff is that is one of the few brands, which has developed a whole wine concept, offering hotel, and restaurant, wine - tasting hall and wine therapy.

4.20.8 CONSISTENCY ACROSS TODOROFF OFFERINGS AND CHANNELS

The marketing strategy of the company is developed on a central level and all main activities are directly consulted or initiated by the owner of the brand, Mr. Ivan Todoroff in this way the clear vision of the brand is transmitted to customers and a holistic vision for the positioning of the brand and its development is better communicated. The brand offer content is developed based on the concept of wine and its benefits. It is extended in two directions, the first one is the physical experiences which the customer may have as: wine – tasting, gourmet cuisine, spa procedures, relaxation, the other direction in which the Todoroff brand offer is developed is the association of wine and art in terms of "mind enrichment" these include learning about the wine culture, wine production and the Bulgarian traditions related to it, village tourism, learning about ancient culture and mythology. The offers are completing each other, for example the package for celebration of a holiday, includes thematic menu, animation program, involving customers to participate as well as special treatments in the spa center only for the period of the offer. Gift packs

related to holiday/event or promotions are sold in specialized online and ofline shops The brand also organizes games and exhibitions in selected cities in the country. For example to celebrate the 5 years of the wine cellar, there was created a limited line of wines. Each year especially for the golf tournament "Todoroff challenge" a limited series of wine is created Customers may receive information or buy a hotel package offer or product package through the website of the company, via mail, telephone, tourist operator (only for hotel) or visiting the Wine cellar and Hotel complex.

4.21   CHANNEL ANALYSIS

The table gives representation of the channels which the brand uses to reach the customer, both online and offline and the relative customer touchpoints.

	Real world	Online
Direct	Wine & Spa Hotel Todoroff Wine cellar Telephone	Web site Wine cellar Web site Hotel Web site Vinopoli (distributor) Facebook page
Indirect	Specialized shops Supermarkets Restaurants Hotels	Various online wine and spirts shops
Intermediaries	Distributors	Other online shops
Agents	Direct contact – meetings 5 agents divided by regions for the whole country	Personal mail

Table 3.3-18 Todoroff marketing channels

Real world	Media	Online
Own shop Wine cellar Spa hotel	TV	Website – wine cellar Website – Spa hotel Website - distributor
Specialized shops Supermarkets Shop chains	Radio	Facebook
Art competition Golf tournament Brand games and competitions	Specialized Magazines	Blogs – tourism, news, lifestyle
Special events	Newspapers	Newsletter Personalized mail
CRM Personalized calls Personalized sms		Advertisement
Famous customers		Online magazines
Bottle & packaging		Forum
Pieces of art created for the competition organized by the brand Exhibitions and fairs		Online shop

Table 3.3-19 Todoroff customer touchpoints along different marketing channels

4.21.1 CHANNELS

In most cases in tourist marketing there is no intermediary; it is a traditional form of personal contact between tourist and hotel owners, nowadays the modern forms of direct marketing by the use of internet become more popular.

DISTRIBUTION CHANNELS OF TODOROFF BRAND

1. Wine ➝ Agent ➝ Distributor ➝ Shop/Hotel/Restaurant ➝ **Customer**
2. Wine ➝ Distributor ➝ Shop/Hotel/Restaurant ➝ **Customer**
3. Wine ➝ Agent ➝ Hotel/Restaurant ➝ **Customer**
4. Wine ➝ **Customer**
5. Hotel ➝ Tour operator ➝ Reservation chain ➝ Tourist (travel) agency ➝ Tourist agent ➝ **Tourist/guest**
6. Hotel ➝ Tour operator ➝ Tourist (travel) agency ➝ **Tourist/guest**
7. Hotel ➝ Tourist (travel) agency ➝ **Tourist/guest**
8. Hotel ➝ **Tourist/guest**

Both for wine and the hotel the company use four different channels, one is direct sales and the other three are indirect sales. The direct sales channel enables feedback from the customer and through it very valuable information is collected; this is the reason why most efforts are concentrated to its development. The hotel is oriented towards sales of the tourist product through contracts in advance as the hotel is included in sightseeing tours, in this way the range of information and sales network is expanded. To stimulate the tour operators, the company sets a predefined annual capacity and if reached, they get discount of 15-20%.

Wine & Spa Hotel Todoroff uses a direct distribution in order to build long lasting valuable relationship with customers, through direct reservations in the hotel or the website.

As the use of social media, namely Facebook in Bulgaria becomes more popular also among customers in the target range of 35 +, the company plans on more extended and concentrated use of this channel to reach current and potential customers.

4.21.2 SHOPPING PROCESS

The graphic shows the three main stages of the shopping process and the most important customer touchpoints for Todoroff brand during the different stages of the shopping process and which are the most important values the brand gives to the customer.

BEFORE PURCHASE awareness WOM REVIEWS	CONSUMPTION experience satisfaction ADDED VALUE	AFTER SALE loyal relatioship CRM

3-35 Shopping process and main customer touchpoints

The first phase of the shopping process is the creation of awareness and desire in the customers. The specific nature of the product and its image define the most effective ways to prompt the customers to taste the product. In the case the map is relevant both for the wine and the hotel, since they are guided by the same concept – enjoyment of quality life, wellbeing and traditions. The most powerful marketing instrument which the company use and relies on during the initial phase of the shopping process is the positive WOM from customers who know already the products and services and were satisfied in terms of value for money. Positive word of mouth is also created by opinion leaders and people with influence and status in the society who have been guests to the hotel, prefer the Todoroff wine and recommend it to friends. When deciding where to make a reservation, the customers most often trust to the online reviews on tourist websites and comments in forums. In this direction the brand takes care, motivating satisfied customers and friends of the brand to post recommendations in the respective websites, the touropearators also encourage their customers to post their reviews and help having a more transparent marketing policy. Other important source for awareness creation are the printed magazine reviews and recommendations, often they are supported by the brand, but in many other cases they are result of excellence and uniqueness of the services, combined with the innovative ideas for holiday and events celebrations which the brand organizes.

The most important marketing outcome during the process of consumption/experience of the product is the customer satisfaction. When tasting Todoroff wine the customer, apart from the enjoyment of the excellent qualities of

the product, gets additional value, being involved into the wine world of the brand. The wine as a product with its qualities is the link that triggers further interest into the brand. Browsing the website, the Facebook page or directly visiting the Wine & Spa Hotel, the customer can learn interesting information about wine culture, traditional Bulgarian rituals and culture from ancient times and eventually know about young artists which the brand supports. A chain of experiences brings additional value for the customers with potential benefits for their social life and culture.

🏵 Since the market is very dynamic and a lot of new competitors appear each year, it is extremely important for the brand to keep strong relationship with their most loyal customers and also build the trust between the brand and newly acquired customers. In this direction the wine cellar often takes place in important public events and organizes competitions and various online games. On the other hand it has the advantage over competitor to offer a complete brand experience, which satisfies all senses - from wine to wine therapy. In the hotel the brand employees have the chance of direct communication and the possibility to create the unique brand experience and respectively to obtain immediate feedback for their efforts from the customers and to fine-tune the offer. The marketing policy of the company is to make every customer feel special and that his/her opinion is respected.

Most effective touchpoints as identified as a result of the interview with the Wine & Spa Hotel Todoroff marketing manager and by secondary research:

1. The product itself, especially the limited series
2. The hotel experience

4.21.3 CUSTOMER TOUCHPOINTS, ADVERTISEMENT AND PROMOTIONAL

TYPES OF ADVERTISEMENT

🏵 Tourist sites and magazines; Own website; Printed advertisement; Participation in tourist fairs; Telemarketing; Direct mail; Billboards; Online and printed editions

The brand relies strongly on its data base collection which includes the following information for the customer. Name, surname, nationality, address, telephone, fax, e-mail, birth date, occupation, hobby, interests, other (additional information for the habits, tastes and preferences of the guests of the hotel related to decorations, aroma, music etc. details which can make the stay more pleasant). Important for the hotel is the participation in tourism fairs, more significant are those held annually in Varna, London and Moscow, where the brand has the chance to present its clear vision and has direct contact with the customer

and as well has look on the competitors. Important to attract the customer and establish connection is the multimedia presentation of the brand with all technology necessary for that, further if customers are willing to leave their personal data, the marketers will send them most suitable offers according personal interest. Customers also get a special discount if they sign a contract or for buy a tourist packet in the moment.

DIRECT E-MAIL

The marketing strategy is to acquire 25% reservations from the people which have received a personalized invitation via ordinary mail and 15% reservations of those who have received a personalized e-mail invitation. For foreign customers divided in target groups – family and businessmen most often is used e-mail to send personalized offers for events and holidays, as well as greeting cards for different holidays (Christmas, New Year, birthday etc.)
For Bulgarian customers usually the traditional mail is used, depending on the preference of the customer. The brand sends current offers with leaflet or catalog and greeting cards for Name day, Christmas, New Year, St.Valentine, Easter, Women's day.

TELEMARKETING

As a mean of the direct marketing, the telemarketing is used for greetings of the loyal customer for different occasions (birthdays, name days, anniversaries etc.). It is also used for receiving of requests and complains, as these calls are a result of the use of different media. The company uses telemarketing mainly for update of the database. Due to the specific of the business, the high quality of the service and the skills of the marketers conducting the conversation are fundamental, since the decision for purchase is taken depending on the outcome of the conversation.

CATALOG MARKETING

Wine & Spa Hotel Todoroff is registered in different tourist online catalogs; some are free such as www.hotelsbg.info, www.bghotel.com, www.bultur.com. For other paid editions a specific program is tailored.

CORPORATE WEBSITE

The possibilities which internet gives are extensively used by the brand during all phases of the formation and realization of the marketing strategy of Wine & Spa Hotel Todoroff, the Wine cellar and the distribution firm Vinopoli. The website www.todoroff-hotel.com of the Wine & Spa Hotel Todoroff has the purpose to: create awareness, advertise, reservations and sales, information, brand image building, feedback with customers. According to a research conducted about 30% of the guest of the hotel got information, learned or made reservation through the website or thanks to an advertisement posted online. The

maintenance costs are negligible compared to the benefits for the brand. The website gives the possibility to make direct sales, publish direct advertisement or to have feedback from customers via forum, to collect data base, to test the offers and to study the satisfaction of the customers and their opinion for the different services. On the website there are pictures, attractive presentation of the services, the direct advertisement stimulates the customers to make direct reservation through website.

In the forum on the website there are 35468 users registered, access to the forum is allowed with user name and password. The discussion are on different topics, related to various experiences which the customers had with the brand, sharing opinions, suggestion people become the owners of the brand, since with their involvement with the brand and their personal preferences or suggestion they help to shape the brand image. The administrators of the forum enable this process through active participation working for the establishment of a continuous dialog between customer and brand. Another possibility to express personal opinion gives the online guest book, where customers can write about their level of satisfaction with the service during the stay in the hotel, what they want to be improved and what else can be offered. The purpose of the guest book and the forum is to enable the management to satisfy customer's personal tastes, needs and requirements in order to build a long lasting loyal relationship.
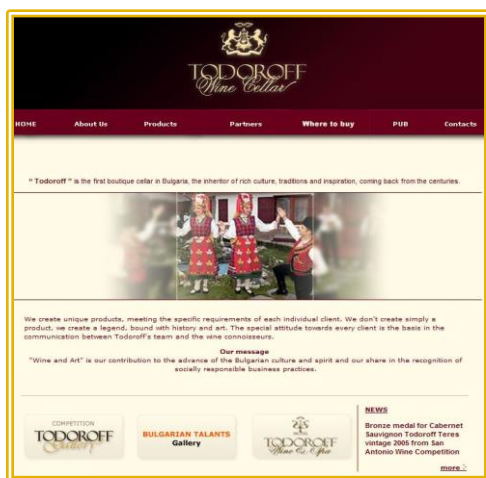
Picture 19 Todoroff Wine Cellar website home page

The website presenting the wine cellar and wines is stylish and elegant. The colors chosen make association with the colour of red wine, it has Bulgarian and English version. The web site is user freindly and easy to navigate, it has variety of information regarding the brand, its activities and wine culture in synthesized and easy for reading and under standing form. There is a gallery with photos from different events as well as forum and a detailed list with information for all restaurants and major shops where the brand is present. It also has direct links to other sites related to the products, the hotel and the cultural acitivty which the brand develops.

The website of the Wine & Spa hotel Todoroff has customer oriented desing with regular updates of new offers, promotions and discounts. The customers also have the possibility to buy vouchers as presents.

The website offers the possibility of customers to become a member of the online Todoroff club, where the customers can benefit of special promotions, discounts and events reserved only for club members.

There also direct links for special offers, packed offers, gift certifications, wine tours and event management.

Picture 20 Todoroff Wine &Spa Hotel website home page

The website Vinopoli is dedicated to distribution and sales to wholesalers and end customers. The company is the official distributor of Todoroff brand products, but also maintains a wide variety of imported wines. The website has an online shop, where apart from wide selection of wines the customers can find different gift offers , promotional holiday packages and event calendar organized by Todoroff wine cellar. There is a section with different games and tournaments underway, which give the possibility to win attractive prizes.

Picture 21 Todoroff Vinopoli website home page

All websites of the brand has similar structure and design, all of them have links for each other and the content and sections are complementing each other to give the complete image of the products, services and lifestyle of the brand Todoroff.

LOYAL CUSTOMER PROGRAM

The attraction of new customers is 6-8 times more expensive than retaining of the current ones, Wine & Spa Hotel Todoroff pays extreme attention to the customer loyalty programs which have two main directions:

Clear demonstration to the customer that he has made the right choice, related to the maintenance of the characteristics of the service which requires care and consistency in terms of quality, price, media presence and personal attention.

Additional motivation of the customer, featuring variety of presents accompanying the service, which depend on the occasion, discount for certain services, VIP cards. The marketing strategy is developed around the customer especially important are the instruments for direct marketing – the attitude and care towards each customer by the owner Mr. Ivan Todoroff, the whole staff, direct mail and telemarketing.

PRINTED MEDIA

The brand uses extensively printed media, since it has various functionalities in the tourism business. It can represent a range of views and aspects to the services and still it is a preferred communication instrument by the Bulgarian customers because:

Gives possibility for detailed information and illustrative modes to represent the objects of promotion, contribute for the total image of the brand in terms of prestige, design and style. The materials can be used for longer periods, until the information need updates.

The catalog as a detailed index of products and services, supplies the customer with a definite consequence of knowledge, suitable for private or corporate use. Despite it is a traditional marketing instrument, it is still very widely used by tour operators. The prospect has relatively more rich information compared to the leaflet; the special prospects which the brand prints are thematic describing the various tours and wine tasting which Wine & Spa hotel Todoroff offers. In order to maintain the level of sales and eventually their increase the company invests about 2% of the annual turnover for advertisement. The main efforts are focused towards:

- Posters, calendars and billboards
- Radio commercials, considered with the target group of customers, (Vitosha, Milagold, Atlantic)
- Luxury magazines, distributed in embassies, private clinics, trade fairs and places often visited by affluent customers
- Newspapers (Now, Maritza, Frontier times etc.)
- Travel magazines (Travel magazine, Horemag, Tourism and relaxation.)
- Tourist sites (www.bgglobe.com, www.tirs.net etc.)

In the beginning of each year the company holds meetings with its customers, mainly touropearators, where new products and price policy are presented. During these meetings new customers are attracted, unfamiliar with the product Todoroff. Customers are introduced to various services and produces and have the chance to experience all aspects of the brand, they also receive branded gifts. This is a direct way to gain trust and build a relationship with the potential customers.

SHOP

The brand has a site dedicated to the distribution and online sales of the Todoroff wines and brandies. www.vinopoli.com , there the customers can find the whole range of products offered by the brand, as well as gifts and promotional packages. The Todoroff wines are also sold in variety of other online Bulgarian shops, specialized in wines or spirts or variety of goods, such as www.meik98wines.com and www.bgwineshop.com

COMMUNITY

The brand supports an online community by online forum on the official site of the wine cellar, Todoroff club which is on the site of the spa hotel. The members have the chance to get to know each other, communicate and share their experiences with the brand. They are motivated by the brand to give suggestions about how to improve the service or share their feedback about different wines and how they are perceived in terms of product qualities, placement and image. The customers are also motivated to give their feedback about events they have participated and what else can be offered to increase the customer involvement and satisfaction.

FACEBOOK

The Hotel has a Facebook page which was actually created by fans of the brand who were very pleasantly surprised and satisfied by the quality of services and products offered by the brand, as well as the innovative and particular treatments they had the chance to experience in the Spa, so they wanted to share it friends. Facebook is the easiest and fastest way to share impressions and tell about the newest on the menu of the restaurant or animation program accompanying an event or holiday celebration. People who visited the hotel at the same time but didn't know each other, become friends and thus extend their network of friends, or people who were familiar just with the wines learn that they have a chance to have a complete experience in the hotel and visit the surroundings.

FAMOUS FACES AND CUSTOMERS

Famous diplomats, politicians, musician and artist are among the people who trust in the brand and have been often visitors either to the spa hotel and the cellar or guests to the numerous events organized by Todoroff. Noble foreign guests are testimony and grant for the prestige of the brand. By this kind of association the brand asserts its reputation as a high class multi business, are appropriate to satisfy even the most sophisticated requirements, but in the same time still affordable to the average customers.

Picture 22 Famous faces admirers of Todoroff wine Prince Charles, President of Bulgaria – G.Purvanov, President of Czech Republic

MOBILE

Use for sending sms with newest offers or inform for upcoming promotions or events which can of interest for the customers. The website is also adapted for browsing through mobile.

COLLABORATIONS

For the organization of different events and competitions the brand collaborates with partners which reinforce the whole image of the brand. These vary from producers of food, to musicians, artist and places where the different events organized by the brand take place.

WINE ORDER

On 25 March 2006 was established the Consulat Bulgaria – the main structure representing the European Knights Order of wine in Bulgaria. In a solemn ceremony in the crypt of the church Memorial St. Alexander Nevsky Knight Senate representatives from Austria entrust the mandate for the establishment of Bulgarian Knight Consult Ivan Todorov - the eponymous owner of Wine Cellar Todoroff. He assumed the duties and responsibilities inherent in the Consul of Bulgaria to the newly established organization. This act marked the beginning of Bulgarian participation in the noble knight society, Sofia acquired the status of the first Legate of the Order in Bulgaria. Follows the formation and Legat Plovdiv - June 24, 2006 Knighthood requires passage through 4 steps: Destination, Komturiya, Legate and finally - the nature of the order of knights – Consul

GOLF TOURNAMENT

Since TODOROFF brand is positioned in the high class wine sector and stands for the values of good life the extension of the brand into prestigious sports such as golf, is a natural way of development and establishment of the brand as a symbol of quality life. In terms of marketing benefits, the brand gains even higher awareness and affirmation of its image in the society. By holding a golf tournament Todoroff brand has a direct contact with entirely new segment of customers among the affluent, high society. From the other side the brand has wider media coverage and the opportunity to acquire new customers among golf players or people fascinated with the sport.

The participants in the tournament were mainly Bulgarians; there were representatives of diplomatic missions in Sofia. Todoroff Golf Challenge produced a special series of 2000 bottles and will be available only for the golf tournaments sponsored by the winery. The winners in division A, B & C won the special selection of TODOROFF wines and different summer packages in the Wine & Spa Hotel Todoroff. The awarding ceremony was followed by a cocktail and tasting of the medal wines of Boutique Wine Cellar Todoroff.

Picture 23 Golf tournament organized by Todoroff in 2005

LIONS CLUB

Lions Clubs International (LCI) is a volunteer's service organization with over 44,500 clubs and more than 1.3 million members in 203 countries around the world. Headquartered in Oak Brook, Illinois, United States, the organization aims to meet the needs of communities on a local and global scale. Lions club is engaged in improving the life of society, helping for the prevention and treatment of different diseases, with focus on blindness and diabetes.

Another manifestation for the involvement in public and social life is the participation of Todoroff as a sponsor for the causes of Lions club district 130 Bulgaria. On many different occasions the brand also gives away wines for the charity dinners organized by the club.

EVENTS

Todoroff brand organizes many different events, which are main element of the marketing strategy, since this is the most direct and influencing way to present the brand and involve customers.

The events are either organized in the Wine & Spa Hotel Todoroff, these are:

- Holiday celebrations
- Wine- tasting
- Traditional celebrations related to wine culture
- Gourmet dinners
- Presentation of new products or services
- Private events

Events in various settings

- Open air wine-tasting
- Competitions
- Presentations of products and services
- Art Exhibitions
- Music concerts

🏵 Ball of the Order of wine

🏵 Golf tournament

All events which the brand organizes are consistent with the values which the brand stands for and the prestigious image it has built. They encompass a large target group of customers since their variety allows for anyone who enjoys quality wine to find something interesting for himself and eventually get involved with the other products and services which the brand offers as well as attract potential new customers by word of mouth.

4.22 MULTICHNNEL IMPACT EVALUATION

In order to evaluate the impact which the multichannel strategy has for the brand, first the company positioning on the market should be identified in terms of price/quality ratio.

The clear image of the brand and its positioning in the mind of the customer is crucial for the sector where Todoroff operates since the competition is fierce and there are constantly new players emerging. The brand has turned all its efforts into the creation of a holistic presentation which stands out clearly from the rest of the competitors. The marketers aim to offer unique services which cannot be easily imitated. The company is aware of the changes in customer preferences and the innovations in the sector, so to be able to respond adequately and fine tune it's positioning on the market.

4.22.1 POSITIONING

In terms of positioning one should first consider the physical assets of the Wine & Spa Hotel TTodoroff. It is situated in a strategic place, in a wine producing region, which has been developing from ancient times. It is near to a big town, but meanwhile in the foot of the mountain.

For the past two years the hotel has a stable market share, main reason for that is the well developed marketing strategy, the high quality of products and service, the price-quality ratio.

For the positioning of Todoroff wines on the Bulgarian market, I have identified the five most important competitors to compare the brand with. They have been identified in terms of market share, quality and image.
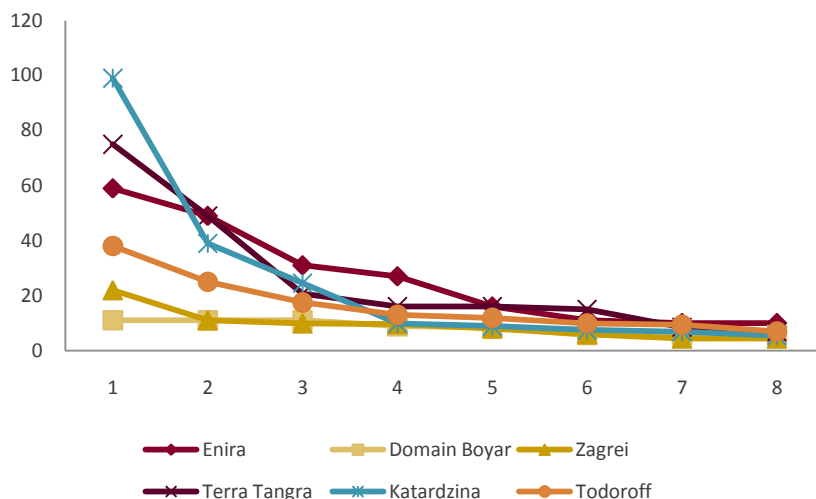
The data was collected from a sample of the most famous wines of the cellars and ordered from cheapest to most expensive wine in order to have a relative view of the positioning on the market.

3-49 Price positioning of 8th different types of wines of each of the top 6 Bulgarian wine cellars

From the graph it is evident that in average class of wines (6-7 leva) the competition is very strong and all competitors offer a product able to satisfy the customers in this segment. On the other hand in the high end there is a significant difference among the average prices per a bottle of wine. Todoroff offer is most smoothly distributed, without very big variation in the price. The majority of the portfolio of products offered by the companies is situated in the upper-average range, with very few types of wines with prices of above 40 leva. This gives the customers a larger choice among different types of wine with similar pricing and eventually higher satisfaction with the product as they can easily switch between types and brands.

4.22.2 CUSTOMER TOUCHPOINTS

The customer touchpoints for Todoroff were identified mainly by; primary research – visiting the hotel and the wine cellar, experiencing different services, talking to the employees and guests and tasting the product itself; secondary research conducted on internet and various printed media. For comparison of the customer touchpoints and respectively their value to the customer I used the closest competitor of Todoroff in terms of marketing strategy, positioning and quality – the wine cellar Katarzyna. Its biggest advantage is the production capacity and the variety of wines, able to satisfy the requirements of different target groups. It is notable that in some areas the brand copies directly the marketing strategy of Todoroff – The connection with art, organization of golf tournament, building of a hotel is in progress. Todoroff has the advantage to be the first mover on the market and the multi-business enjoys established reputation and recognition. Todoroff continues to be the most innovative wine brand.

In the table below are listed the most important touchpoints for the brand and respectively their functionality regarding the value they provide for the customer.

Websites	Hotel	Facebook
Basic info	Live contact	Promotion
Brand image	Experience of product and service	Redirection
Brand knowledge	Service diversity	Connection
Reservations	Customer empowerment	Belonging
History	Feedback	Sharing
Promotions	Trust building	Friends
Brand links	Relationship building	
Shopping		
Art & Wine Culture		
Games & Competitions		
Product description		
Community	Community	Community

Table 3.3-20 Most important Todoroff customer touchpoints and their functionality
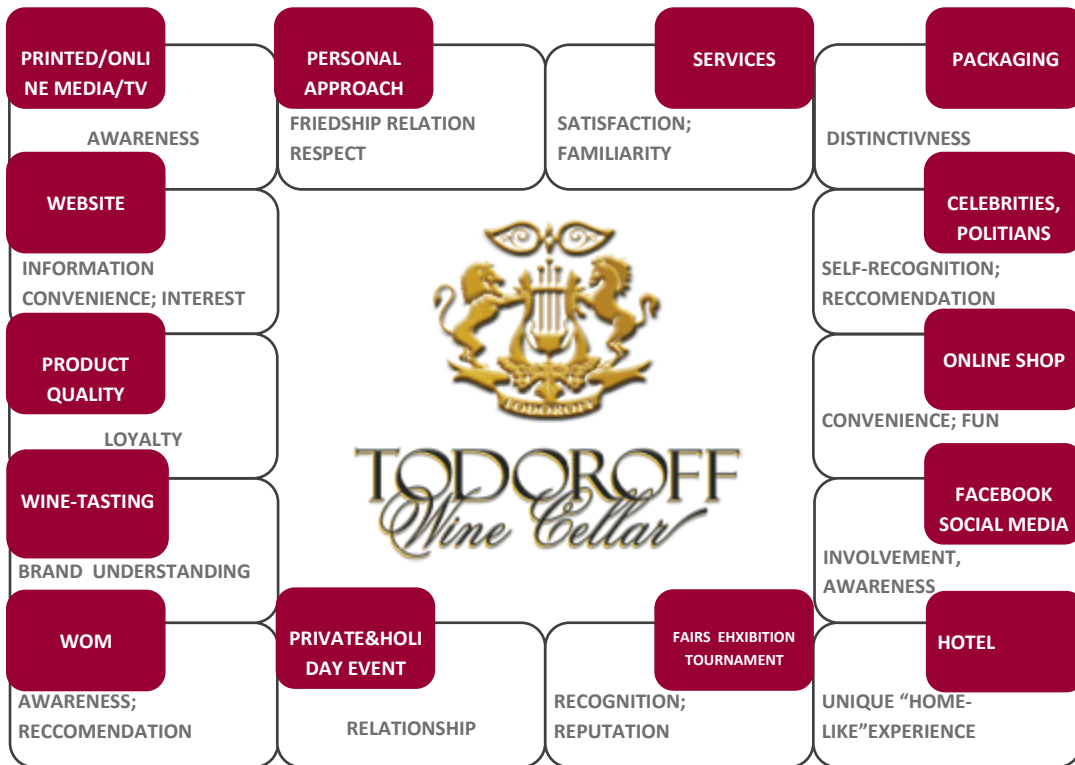
3-36 Todoroff brand customer touchpoint map

PRINTED/ONLINE MEDIA/TV	**PERSONAL MAIL**	**WEBSITE**	**PACKAGING**
AWARENESS	FRIEDSHIP RELATION RESPECT	INFORMATION	ORIGINALITY
BLOGS			**CELEBRITIES, POLITIANS**
RECOGNITION;REPUTATION			SELF-RECOGNITION; RECCOMENDATION
PRODUCT QUALITY			**ONLINE SHOPPING**
LOYALTY; TRUST			CONVENIENCE
WINE-TASTING			**WINE CELLAR**
RECCOMENDATION			BRAND EXPERIENCE
WOM	**EVENT TOURNAMENT**	**VIDEOS**	**FACEBOOK SOCIAL MEDIA**
BRAND CULTURE UNDERSTANDING	RECOGNITION; REPUTATION	INTEREST	INVOLVEMENT, RELATIONSHIP

KATARZYNA

**3-37 Katarzyna brand customer touchpoints map**

The Facebook page is a very important touchpoint for Katarzyna, it has rich content which is able to draw the attention of the customer, create interest and eventually involve him in the world of the brand. The company uses the page apart for sharing information and posting news to engage customers by games, quizzes, discussions and other content. An active dialogue is established between the brand and customers. The Facebook supports the promotion of the wines and increases the awareness for the brand and its activities. Engaging people on emotional level, the brand is able to influence customers easily to try also new products and eventually to make Katarzyna their preferred choice for wine. In comparison with Katarzyna, Todoroff has better developed marketing strategy and much more touchpoints to interact with customers. It has own online shop which gives convenience for customers, more over the website of the hotel and the cellar feature variety of interesting information and complete updates for the services which the brand provides; promotions, discounts, special offers and online games. The customers can also become members of the Todoroff club and enjoy benefits. The sites support directly the increase of visits in the hotel. On the other hand the site of the main competitor has poor content and mostly informative function, the brand also do not have an own online shop, the wines are sold through various online shops. For both brands the product itself is the most important customer touch point and the way it is offered, for that special attention is given to the package and the distinctiveness of the bottles. This touchpoint drives directly the attention of the customer towards the wine cellar and more profound experience of the world of the

brand, this is common for both Todoroff and Katarzyna which organize wine tasting, either in their own wine cellars or in other places upon request by the customer. Here again Todoroff has the huge advantage of having the Spa Hotel where the brand has the opportunity to create long term relationship. WOM is the other key customer touchpoint for both brands and especially Todoroff since it offers big variety of serivces in its hotel and wine cellar facilities. The power of recommendations from a friend is still the storngest marketing instrument in when it comes to experience and taste.

4.22.3 GOOGLE INSIGHTS

Katarzyna is a young brand and for the moment has very little presence online, despite the wines are widely recognized in Bulgaria, and many of them were awarded in the past three years. That's the reason why the searches with Google do not give many valuable insights about the online interest of customers. The graphic below which shows the search interest has peak searches (C and B) related with various medals and awards which the wines won in 2009 and the beginning of 2010. This confirms that for the product remains the most recognized and important for the customer touchpoint.

Google search for key word Katarzyna written "катарджина" in Bulgarian since interest is only local and when the word is written in Latin letters the search do not render results.
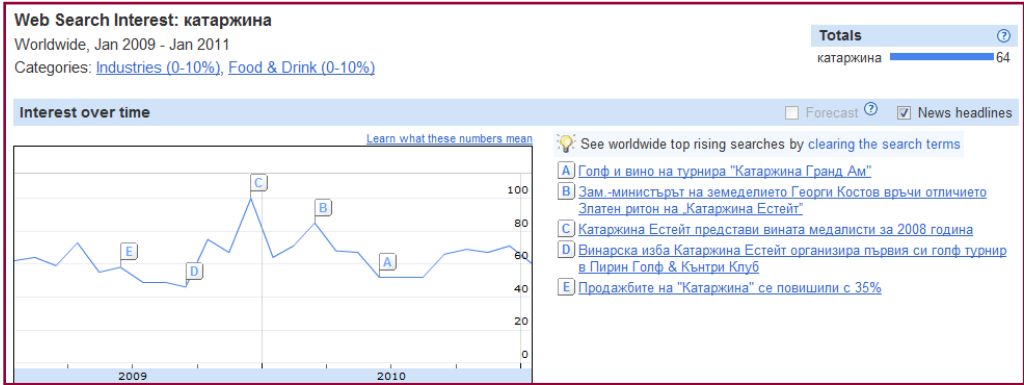
3-50 Google insights search interest for "катаржина" term 09-11

3-51 Google insights search interest for "Todoroff" term 09-11

When I compare the searches for the same period of time for Todoroff, it is observed that the graphic is much more dynamic with various peaks and almost uniform trend. This can be expalined with the popularity of the hotel as tourism and weekends destination, the searches are local. The brand website is the touchpoint which drives most traffic, other source for Google searches are the tourism sites which offer online reservations.

When the search term is specified in order to check the interest of customers towards the wine, the graphic for period of three years has very different.

3-52 Google insights search interest for "Todoroff wine" term 08-11

The data shows high seasonality with peaks during holiday season when most people consume alcoholic drinks or make gifts. The peaks during the summer months of 2010 are related to the Wine fest which the company has organized during world championship. The event was an important touch point for direct contact with customers and increase of brand reputation. Various online touchpoints as the website, online media and Facebook promoted the event.

3-53 Google insights search interest for "Todoroff hotel" term 09-11

When looking at the graphich for searches related to the Todoroff hotel, a steady trend is observed since the new site is launched in the beginngin of 2009, a clear peaks are obvious during the holiday season in the end of the year, as well as during February since the month has holidays related to wine. Through personal e-mail customers are informed for holiday packages. WOM and printed media contribute for the increase of the online searches.

the graphs give only realtive picture for the searches

3-54 Google insights search interest for "Тодоров" term 08-11

The search results have different pattern when the key search word "Todoroff" is written in Cyrilic as "Тодорофф". The peaks in the internet search with key "Todoroff wine" might be realted with the Wine Fest which the brand organized in the Wine & Spa Hotel complex. It was the fist event of this kind for Bulgaria, organized by a wine cellar. It had a wide media coverage, the annoucement for the event featured in numerous touristic websites, online news web sites, official tourism and restaurant organizations etc.,

In terms of marketing strategy the first part of the event, which took place in July 2010 was planned to coincide with the world football championship. The program featured amusement spots, demonstraitions and seminars. Famous bulgarian muscian, artists and chief performed during the 2 week fest. Customers were offered the possibility to buy visit vouchers with different options online in the system of ticketstream, there was also available organized transport upon request. The organziation of the the wine fest affirmed the realtion of the brand with art, but was also expanded into sport in order to stay in line with actual events and thus to attract even more customers. The program was developed in a way to entertain but also involve customers in the various demonstrations and performances.

The advertisement of the Wine fest had strong presence in websites for lifestyle, events, online magazines such as www.events.bg, www.eva.bg and www.novinite.com , where people can share the link in diffeent social media or write comments.

Picture 24 the website for the Wine Fest organized in two successive parts during July and September 2010

4.22.4 VIRALHEAT

One week observations using the social metrics platform Viralheat have shown a very modest online interest of customers towards the brand Todoroff and also have delivered some incorrect results, there was none interest recorded for Katarzyna. Due to the insufficient results to analyze, I have not shown the graphs. The lack of data can be explained by several reasons. First of all the observation period was very limited and there was no time to collect sufficient data to conduct valid analysis. The other main reason is that in general the interest in the brands is only local and many of the mentions and posts online may be in cyrilic and posted in sites which are not supported by the platform. As it was mentioned earlier, the other major problem is that many of the social networks, apart form Facebook are not popular among Bulgarian customers. On the other hand companies in general are unaware of the huge potential of the social networks and do not use them effectivelly in order to engage customers, since the online marketing in Bulgaria is in stage of initial development.
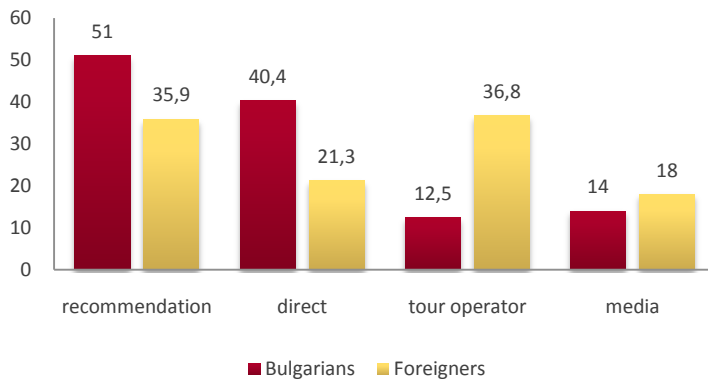
4.22.5 CUSTOMER STATISTICS – WINE & SPA HOTEL TODOROFF

The statistics below are delivered from data collected during 2009 and 2010. It is obvious that customers from different countries have different preferences regarding the way of making a reservation. On a regional level where people prefer to use direct method for reservation and trust mainly to recommendations from friends. The reason is because the wines are very well known and distributed in the Balkan region and the village where the Wine & Spa Hotel Todoroff is situated in a touristic region familiar with Greek tourists. From the other hand tourists from Russia, Germany and UK traditionally trust to touropearators when planning their holidays and since the brand is not famous in the countries, the marketing efforts to promote Todoroff brand are concentrated in the tour operators.
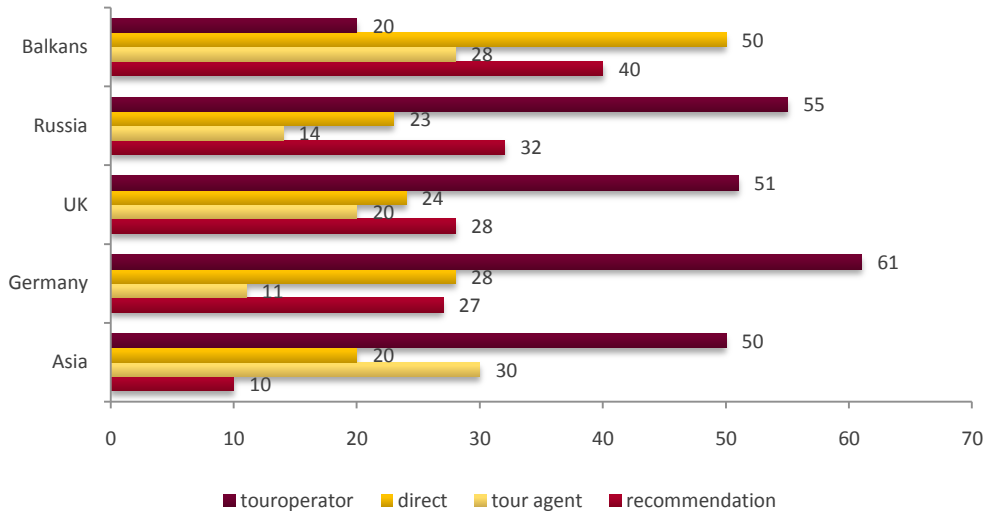
3-55 Sources of information used for making of reservation

the data is in percentages

The chart shows the distribution in terms of preferred cannel for making reservations for Bulgarians and foreigners. It is evident that the most powerful marketing instrument remains WOM. This statistics are coherent with the marketing strategy of the brand, which main goal is the increase of WOM and strengthen the direct channel.

3-56 Sources for making reservations

This way the company has direct control over the brand image and can influence the way customers perceive it, and in case there are discrepancies it can take immediate actions to correct the means of communication or the service.

The data is in percentage of the overall visits. The total percentage is more than 100, since some of the customers gave multiple answers and actually have used different channels to compare prices, check availability, search for promotion packages etc.

4.22.6 HUMAN RESOURCES

The sector in which the brand operates depends strongly on the personnel and their attitude towards work and customers. They are the face of the brand and the front line which is in direct contact with customers and performs the services. That's the reason why the human resource management, training and incentive programs are of extreme importance.

The people who work for Todoroff in the hotel as well as the agents who maintain relations with corporate customers and distributors should believe in the brand and share its values in order to be able to give the right feeling and communicate the identity of the brand. An advantage of the brand is that the hotel is small and all people are directly involved in marketing activities and are able to respond to any questions or requirements related to the products and services which Todoroff offers.

4.22.7 CONCLUSION

The method used to evaluate the effectiveness of the touch points of the brand, does not provide a complete and detailed picture of their functionality. The main reason is because the online marketing in Bulgaria is still in stage of development and is not widely applicable. The companies as well as the customers are not yet completely comfortable and used with the use of online touchpoints to communicate and reach each other that are the reason why the information from the online analysis is insufficient. Nonetheless, Todoroff shows very encouraging and promising signs in the way it uses the Internet to reach the customer and establish a loyal relationship. The website and the online store support each other and drive customers to the Wine and Spa Hotel. Regarding Todoroff main competitor Katarzyna Estate, the results derived from the analysis are very scarce and insufficient to make a valid conclusion and actually the main reason for this is the limited online presence of the brand. The only strong touchpoint is the Facebook page. Apart from that the brand relies mainly on its offline touchpoints, wide distribution network throughout Bulgaria and the recognition of the product. The offline touchpoint for both brands have higher value for the customer and the unique experience they provide is the foundation for engagement of the customer with the brand.

5   CHAPTER: FINDINGS AND CONCLUSION

5.1 FINDINGS

The study has made comparison between businesses in the same industry but completely different in terms of position, image, marketing strategy and communication with customers. It was shown in a structured and detailed manner how the brands have deployed their marketing strategy in comparison to their closest competitors in the respective category and then compared among each other in order to make evident in a striking fashion the difference in the brand reputation and customer base of a brand which applies multichannel marketing and such which does not. Then, in order to demonstrate that multichannel marketing strategy works the same way, despite of the industry or origin I made comparison with a local player running businesses in the leisure sector. It was also evident that even if the market is still undeveloped, the brand can involve customers using innovative approaches.

The brands should move forward and innovate constantly to keep pace with their customers, be able to offer them new values and acquire new customers, reinvent them in times of crisis and take responsibility and care for each action, since anything which represents the brand is a customer touchpoint, which can either add value or damage the reputation of the brand. It was also found that the size, the resources and the popularity of a brand are not decisive for the establishment of loyal relationship with customers

The great power of social networks and how in practice a brand is build and maintained harnessing the new technologies and Internet was confirmed indisputably. The Internet channel is free, and the brand can obtain great advantages if using it in the proper manner, because the love and engagement of customers can only be won with sincerity, transparency, constant involvement and dialogue between the brand and the customer. The research has proven the already familiar fact that in the current market conditions, the only way for a company to be successful is to adopt a customer centricity approach, which to become the company culture and marketing to be practiced in everyone working in the company. Coherence and integration of the online and offline channel is a must, which should be a main objective to accomplish, despite the obstacles and the internal opposition to change.

5.2 CONCLUSION

The improved product presentation is essential for luxury fashion. The new internet, mobile and digital technologies can offer the customer experience much closer to that of physical in-store experience. Technologies such as mobile applications, 360 degree views, zoom capability and video can all contribute for the final purchase decision. All these features must be available without demanding efforts from customers or requiring long loading times. For luxury brands it is absolutely necessary that the accurate brand identity is portrayed through glossy images, clear branding and visuals, poor sites or overuse of technology tools may damage the brand. A priority is the customer convenience, so brands should offer the possibility for customers to try the item in store and order it online, it can present opportunities to the customer and to purchase fashion items on their own and reduce online drop off ratios, further more the enhanced delivery options are critical. Since shopping is essentially a social activity, so it is important that some aspects of the experience are brought also online, such as sharing on social media, customer reviews and recommendations. If an item is out of stock it is very important that the channels are linked with back-order capability and customer returns can be accepted in store, since it very likely that they will exchanged it as opposed to online where it is more likely they will ask for refund. Build the look applications featured on the website are also important for transmitting the in store experience online. All these are fundamental instruments of the online customer touchpoints which ideally should be integrated with the offline customer touchpoints and thus create a holistic experience for the customer who would be able to reach the brand through a channel, time and form according their own preference. The research has provided valuable and significant prove for the shift towards new era of marketing which is guided by a new logic and rules created by the customer. Honest, direct communication and empowerment of the customers are the new key requirements, because the brands don't belong anymore to the corporations, but to the customers. They are the power who defines the reputation, and the real position of the brand in the minds and hearts of people, and only if those two poles a common unique idea work in synchrony and complete each other a valuable and long-lasting relationship can be established, which would satisfy all stakeholders.

6   CHAPTER 6: FINAL DISCUSSION

6.1 LIMITATIONS

The tools used have limitations which do not allow us to have deep insightful analysis in order to understand the mechanics of the synergies and relations between the different customer touchpoints. Despite being a reliable source of information Google Insights don not provide detailed information about the searches such as: how customers arrived to the search term, from where they were directed, data for the profile of customers, information related to sentiment and reputation analysis.

The main limitation of the research is the short time span available, in order to obtain a more reliable and credible information the observations should be done for a period of at least 3 to 6 months, this will encompass different dynamics specific to the life of the fashion brand like the effect of marketing campaigns, social events, new collections presentation etc.

Another drawback of the results used to evaluate the multichannel marketing effectiveness is that the Viralheat social media metrics platform do not provide us a tool which could help us identify different target groups of customers involved with the brand, each profile of top influencers online should be studied separately which is extremely laborious and time consuming process and considering the metrics regarding Facebook, there is no measure for the type of fan comments and the number of likes related to the posts on the page.

The metrics used are related mainly to the online touchpoints and it is very difficult to identify the synergies between the offline touchpoints and the online touchpoints, in order to understand how offline customer touchpoints such as the shop or fashion magazine editorials and events influence the customer interest online and vice versus in order to understand how to optimize the effectiveness of the customer touchpoints.

6.2 IMPLICATIONS FOR THE THEORY

The implications for the theory are in terms of the topic of the research, in general there are not many researches focused on the multichannel marketing and the integration of online and offline customer touchpoints into a holistic customer experience along different channels. The other contribution for the theory is that the research subject is a very specific niche sector of the luxury fashion which apart from rest is a reflection of the modern young customer.

6.3 IMPLICATIONS FOR MANAGEMENT

The study has many practical implications for the management. All data collected and analyzed is from reliable sources through which a picture of the current valid marketing approaches and customer touchpoints is build. Examples of excellent brand-customer relationship building are given, as well as examples for common management errors which brands do in attempts to gain fast profits. The study can be used as a framework for deployment of a multichannel marketing strategy in the reality of the market conditions, imposed by the fast changing business environment, the evolution of technologies and the shift of power towards the customer. Moreover, the findings of the work are relevant for various industry sectors, not restricted only to luxury fashion.

6.4 FURTHER RESEARCH

For future research I would suggest to use more wide variety of metrics both online and offline, such as in store observations, interview and questionnaires with customers and longer period for collection of the data in order to have more precise understanding of the functioning and impact of the various customer touchpoints. I would also suggest the research to be extended to more sectors of the fashion and make comparison of the most common and effective approaches and specific instruments used in the deployment of the multichannel marketing strategy, as well as to find the differences in the relative touchpoionts and their effectiveness in the engagement of customers and building the reputation of the brand.

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APPENDIX

A. 1. LITERATURE REVIEW
   a. Mobile

According to a Frost & Sullivan research (2008) mobile subscriptions would pass 50% in 2013. (Sullivan, 2008)

Mobile Phone Subscriptions and Penetration Worldwide 2006-2014 (millions and % of population)		
Year	subscriptions	% of population
2006	1,960.0	30%
2007	2,281.8	34%
2008	2,591.3	39%
2009	2,824.5	42%
2010	3,022.3	45%
2011	3,203.6	47%
2012	3,363.8	49%
2013	3,531.0	51%
2014	3,685.6	53%
Source: Frost & Sullivan		

Table-0-1 1. Mobile phone subscriptions and penetration worldwide 2006-Fcst.2014

Strategy analytics prediction from June 2008 points that active mobile SIM cards in 2013 will reach 5.6 billion and eMarketer suggests that the number of worldwide subscribers will reach 4.3 billion in 2012. According to Gartner the most important consumer mobile applications by 2012 will be: Mobile money transfer, Location based services, Mobile search, Mobile browsing, Mobile health monitoring, Mobile payment, Near-field communication services, Mobile advertising, Mobile instant messaging, Mobile music. Predictions for 2013 point out that contribution of mobile devices to total data traffic will be 30% and 84% of this traffic is from web browsing. Research conducted by Forrester in August 2009 forecasts that the mobile Internet usage in Western Europe will grow to 39% in 2014 from 13% in 2008.

```
Fastest-Growing Categories for Daily Mobile Web Access *
Three-month Average Ending January 2008 and January 2009
U.S. Mobile Phone Users
comScore, Inc.
                              Unique Users (000)
                    Daily Unique    Daily Unique     % Change
                       Users           Users
                       Jan-08          Jan-09
Accessed News and
 Information (any)     10,821          22,369           107
Accessed social
 networking site or blog 1,761         9,278           427
Traded stocks or accessed
 financial account     1,135           3,274           188
Accessed movie
 information           1,077           3,072           185
Accessed business
 directories             939           2,447           161
Accessed entertainment
 news                  2,104           5,470           160

*For categories of usage with monthly audiences above 15 million
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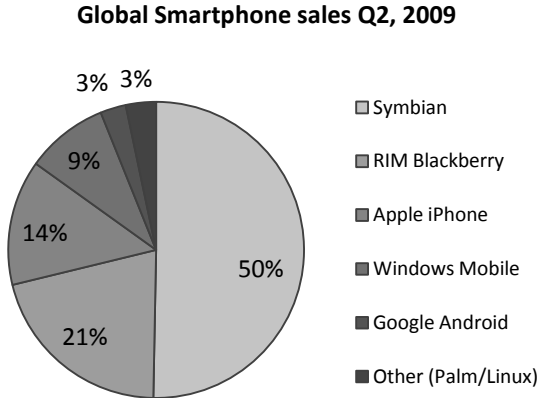
Table –A.2 US customers daily use of mobile Internet source: comScore Inc.

b. **Smartphone**

"Smart phones differ from ordinary mobile phones in two fundamental ways: how they are build and what they can do" David Wood (EVP at Symbian Ltd.)

An industry standard definition of a Smartphone does not exist; it is considered that a Smartphone has capabilities very similar to a PC. These include e-mail reading and writing, access to company mail, e-book reader, keyboard, PDA, build in navigation, media software for playing music and video, browsing photos, Internet browsers, USB and VGA connector, contact can store about 5000 contacts.

Global Smartphone sales Q2, 2009

- Symbian
- RIM Blackberry
- Apple iPhone
- Windows Mobile
- Google Android
- Other (Palm/Linux)

3% 3%
9%
14%
21%
50%

13-57 Market share of Smartphone operating system sales during Q2/2009 by Canalys

Smartphone's have abundant memory and usually large touch screens, run complete operating system software and provide standardized interface and platform for application developers. (http://www.pcmag.com, 2010)
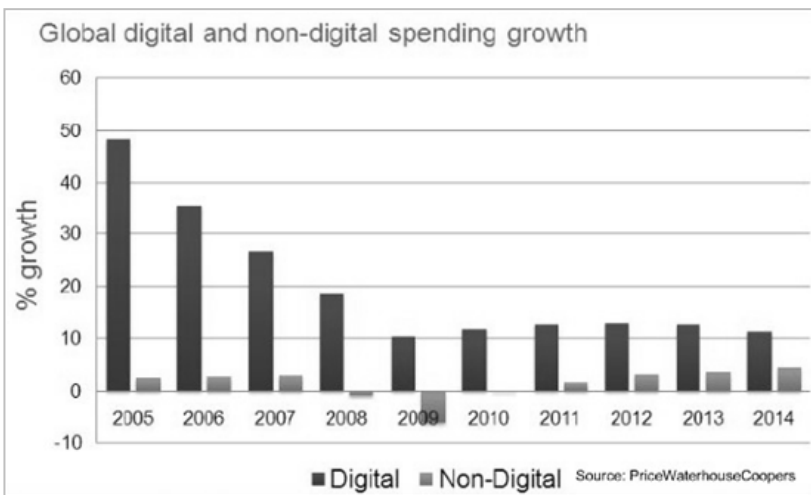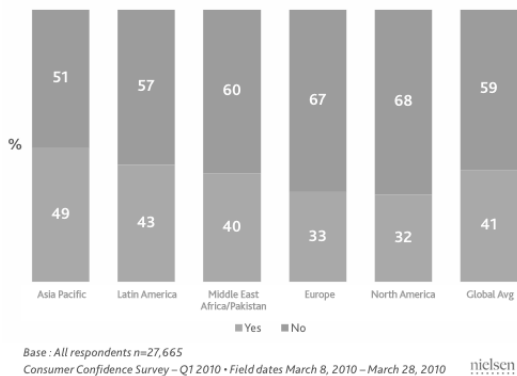
c. Digital

Error! No text of specified style in document.-A **Global projections for non-digital and digital media spending growth 05-14**

d. Customer purchase intention and intention to return

3-A Global research on customer attitude towards product experience

According to a Nielsen research (2009) there has been a fundamental shift in consumer spending patterns due to the economic crisis, as a result consumers trust recommendations from friends than any form of engagement. (Nielsen, 2010)

Top 10 Sectors by Share of U.S. Internet Time				
Rank	SubCategory	Share of Time June 2010	Share of Time June 2009	% Change in Share of Time
1	Social Networks	22.7%	15.8%	43%
2	Online Games	10.2%	9.3%	10%
3	E-mail	8.3%	11.5%	-28%
4	Portals	4.4%	5.5%	-19%
5	Instant Messaging	4.0%	4.7%	-15%
6	Videos/Movies	3.9%	3.5%	12%
7	Search	3.5%	3.4%	1%
8	Software Manufacturers	3.3%	3.3%	-0%
9	Multi-category Entertainment	2.8%	3.0%	-7%
10	Classifieds/Auctions	2.7%	2.7%	-2%
	Other	34.3%	37.3%	-8%
				Source: The Nielsen Company

Table-A.3 Top ten US sectors of Internet share time
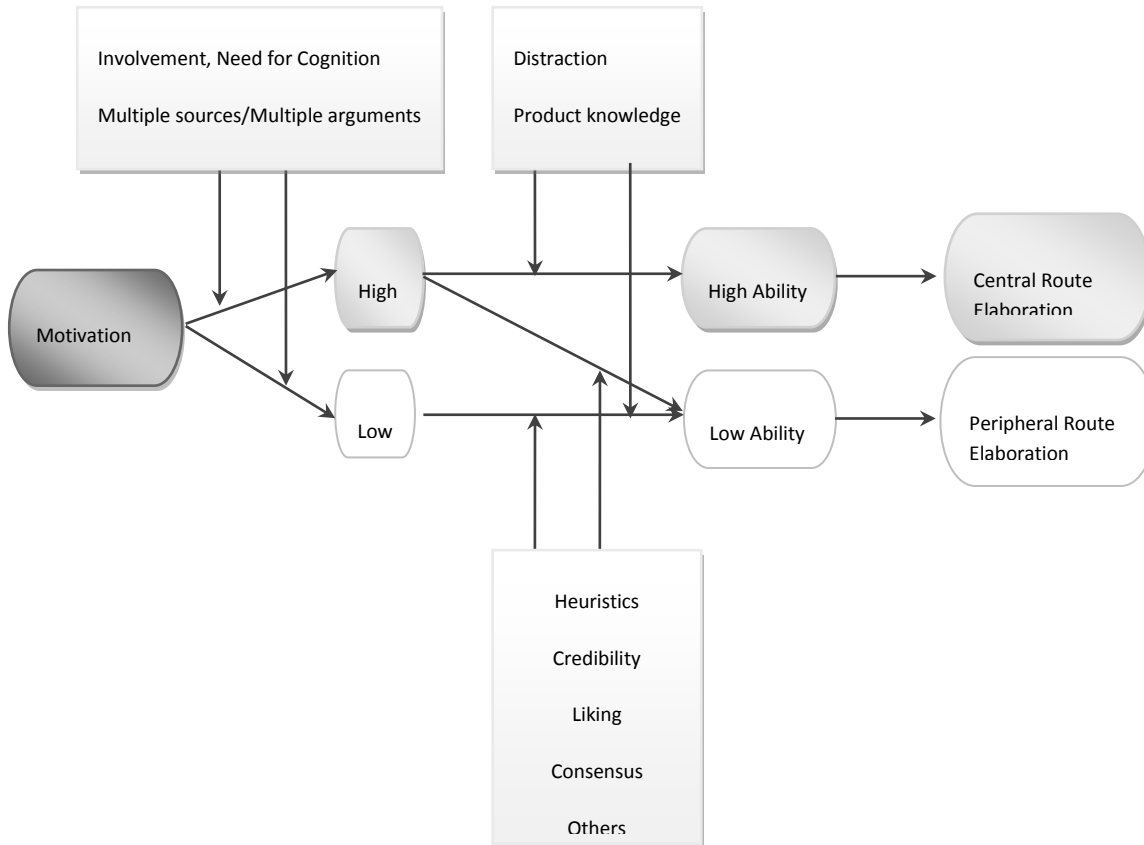
e. Model of Intention, Adoption and Continuance
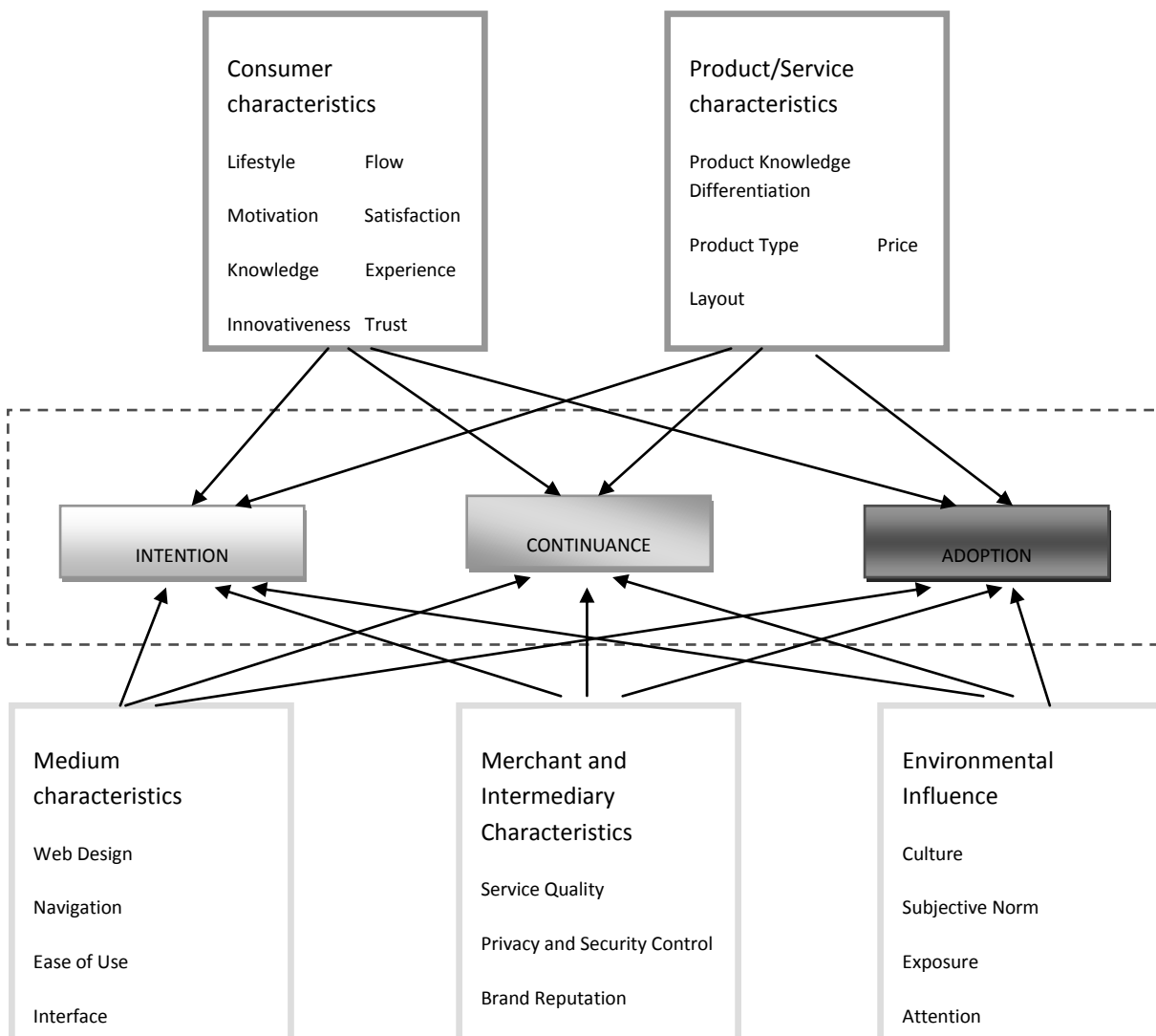
A-1 Model of Intention, Adoption and Continuance

Companies need to develop organizational capacity in order to balance the process of developing customer understanding by analyzing set of proxy indicators combined with knowledge of how customers self-organize into markets.

f. The ELM Model

A-2 the ELM Model; Extreme Conditions of the Central and Peripheral Routes of Persuasion
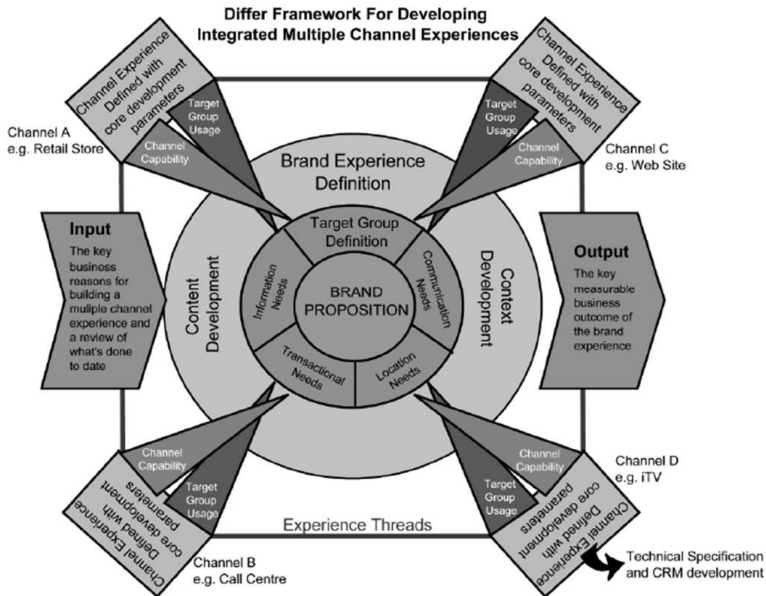
g. The Flow theory model
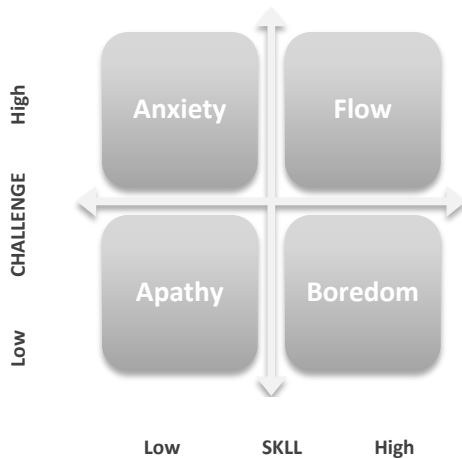
The model shows the flow theory along different dimensions, where according to the level of challenge and skill the customer experiences four type of feelings.
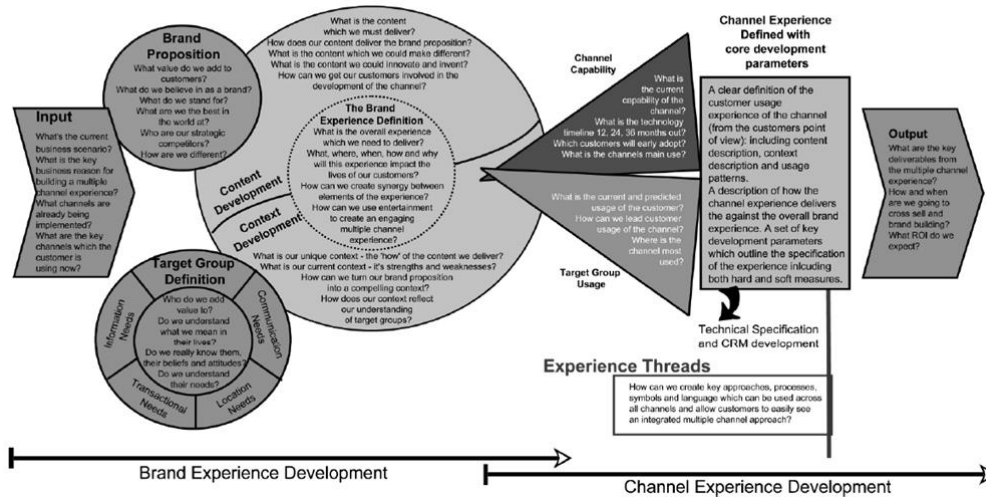
A-3 Flow theory model on customer experience depending on the level of challenge and skill

h. Development of customer experience

A-4 A framework for developing multiple channel experience

A-5 the framework viewed as a process

A Framework for Developing Multiple Channel Experiences Developing Integrated Multiple Channel Brand Experiences Differ, London June 2001 Page 9 of 16

i. Customer experience touchpoint chain

Asses organization readiness for changing key customer touchpoints and distribute resources relatively in order to yield results quickly. Specific programs for improving customer experience set at the beginning may undergo changes and it is important to build processes which can make them self - sustaining. Monitor and track the performance of the touchpoints, and follow what level of performance is enough since industry and consumer expectations change. Analyze feedback from customers to determine not only what they say, but what they do. Example are dynamic experience programs, from analysis of past customer behavior to experiments and predictions of future customers behavior. (S.Hogan E. S., 2004)


Source: Lippincott Mercer

A-6 Customer experience touchpoint chain

Measuring success of a multiple channel strategy is often complex and will need to include both soft and hard measures. Cross-sell measuring is based on understanding about channels and customer behaviors, further it is important whether profit and loss is measured on a channel basis or across channels. Measuring on a customer basis has been found to encourage cross sell, integration and development across channels. While spending resources for simple translating products onto the new channel leads to, at best - decreased ability to innovate and, at worst - inconsistencies which turn the customer away from the brand. Considering channel development from a brand experience and customer point of view is a way to control and focus activities against those that will add value. However the new players often built around a new benefit that a new channel can deliver and find it increasingly difficult to respond to their customers need for integrated multiple channel experiences. These companies often do not fully understand the benefits of their brand once disassociated from a particular channel

A. 2.BRANDS

a. Todoroff Marketing Data 2009-2010

3%
6%
38%
30%
23%

- Holiday
- Business
- Wine-tasting
- Treatments
- Other
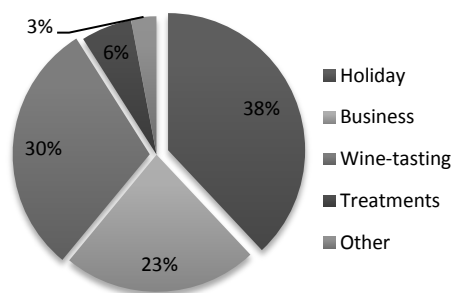
4-A Purpose of visit

As a result of the conducted analysis it was found that the Wine & Spa Hotel Todoroff is most often visited with the purpose of holiday (38% of the customers), the other main reason for visits is the wine-tasting (30% of the customers) and 23% of the guests visit the hotel for business, only 6% visit is for treatments and 3% have other purposes (sightseeing the complex, learning about the services offered etc.)

The target customers of the Wine & Spa Hotel Todoroff are families and business customers with average and high income, high social status, who appreciate the uniqueness, admirers of art, for whom luxury and personal attitude are important, looking for innovative offers, entertainment and fun.

The target customers can be divided between Bulgarians and foreign guests, with two sub segments – families and business customers. During the active season (April – October), the main guests of the hotel are foreigners and in the rest of the year – Bulgarians. The contact with the foreign customers (USA, Austria, England, Germany etc.) during the first season is through touropearators which are specialized in the work with 4 star hotels and the proposition of wine, spa and congress tourism directed towards customers with average and high income. It is planned that 60% of the hotel capacity should be given to touropearators on lower prices than those for customers visiting the hotel on their own.

The business customers are Bulgarian and foreign citizens who take part in conferences and meetings in Plovdiv but are searching a calm place for relax. The offers towards this segment are mainly during the low season, for not entering into conflicts between different types of customers as well as to stimulate the search out of the active season.

From the chart is evident that the share of foreign tourists is relatively bigger than those of Bulgarian tourists, reaching its peak during June, leads to the increase of wine-tasting.
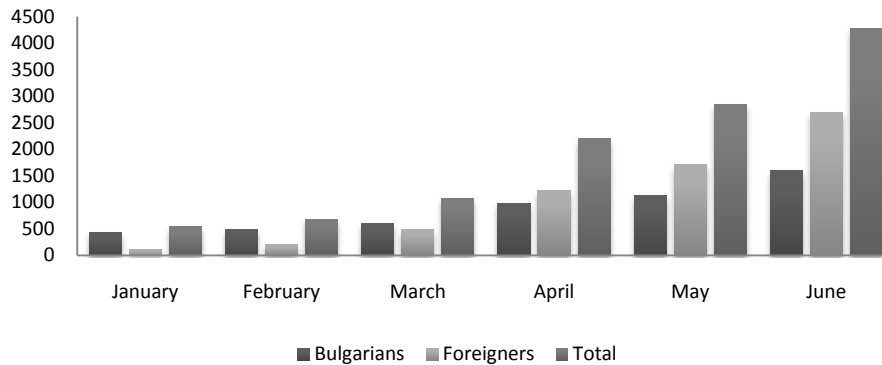
5-A Customer visits for the period 2009-2010

When studying the its customers the Wine & Spa Hotel Todoroff pays close attention to the personality of the customer as an individual complex of emotions and reactions, of its subjective perception of the product, his touristic experience, lifestyle. Usually the customers are affluent people, famous individuals, who have financial possibilities and know what they want and look for.

The management of the hotel pays significant attention to the customer complains, the brand considers the customers who have complains as the best friends of the company, since this signals for a problem, which may lead to turn away of customers and hurting brand reputation. In order to prevent the occurrence of problems and be able to react immediately adequately apart from studying and making a short profile of the most regular customers, there are questionnaires which customers fill on check out. The information for the customers is collected in data bases with information for each customer such as (allergies, preferences, specific requirements for the room etc.) in order to be able to prepare an adequate and timely offer, personalized according to the customer profile.

The management team of Wine & Spa Hotel Todoroff recognizes the needs of the customers through conversations, questionnaires and observations. Using the collected information the team is ready to offer a solution to each problem.

The guideline motto of the hotel is: "the best way to keep our customers is constantly to come up with opportunities t give them more positive emotions, for less money"

Packet A	Wine-tasting of 3 wines	Price: 14 leva
Packet B	Wine-tasting of 3 wines	Price: 20 leva
Packet C	Gourmet wine-tasting of 3 wines	Price: 20 leva
Packet C1	Gourmet wine-tasting of 5 wines	Price: 30 leva
Packet A1	Wine-tasting of 3 with lunch or dinner	Price: 44 leva
Packet B1	Wine-tasting of 5 with lunch or dinner	Price: 50 leva

Table -A.4 Wine-tasting customer packet offers

In case there is no opportunity for the customer to visit the Wine & Spa Hotel Todoroff an outside wine-tasting can be organized at a place, chosen by the customer. The wine tasting takes place by the guidance of an enology from the wine cellar. This option is appropriate for the organization of congresses and company trainings. The packages are designed in way which allows customers with average income to have the opportunity to enjoy wine-tasting.
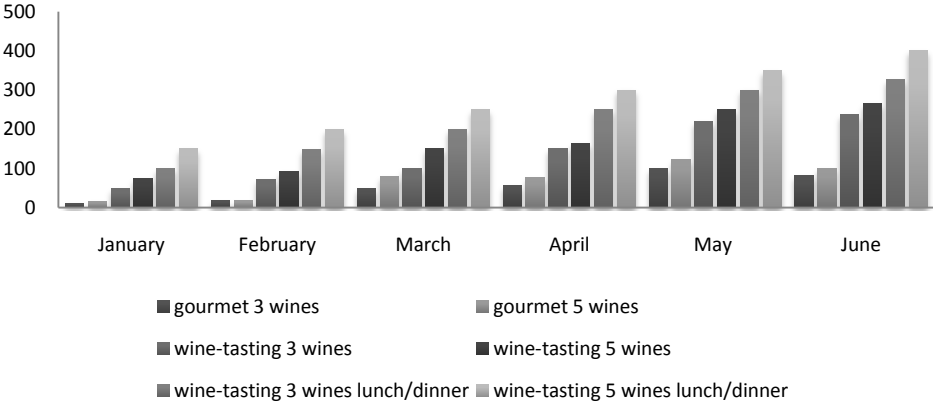
7-A Number of wine-tastings according to type and season

8-A Customer preferences of the wine-tasting
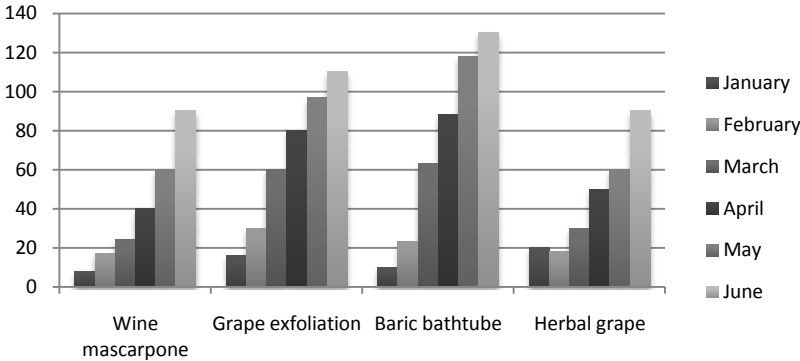
9-A Spa procedures seasonal customer interest

After the wine tasting the customers have the possibility to buy the wines, which they liked. The wines are offered in the specialized boutique wine shop situated at the reception of the hotel. In week days (from Sunday to Thursday including), excluding the official holidays, there is 20% discount from the prices for a room on reception. The frequent customers (more than three visits) get discount from 5% to 15% from the final price, and for most loyal customers who visit the hotel for years the discount is of 20-30%. During the summer months there is a significant decrease in the visits, since the hotel does not have a swimming pool, to motivate the sales, there are special packets with lower prices, and these prices are for limited time. In week days during organized events the tour operators use an additional discount of 15 % of the prices on reception, (a total of 35% from prices on reception). These discounts are not valid during the Plovdiv fair, and then the prices are on agreement. Friday and Saturday the touropearators use 15% discount of prices on reception. When the whole hotel is booked (from Sunday to Thursday) there is 45% discount on reception, this is additional motivation for tour operators, for wine-tasting packets the commission for tour operates are 10 %.)

A. 3 FASHION RETAIL SURVEY.

The survey was conducted in the UK, but the results are sustainable to give directions for generalized considerations of the luxury fashion market. 58.5% of UK consumers claim that they have researched specific clothing items before deciding to make a purchase of the real store, 70.8% of the consumers will be prompted to visit the brick and mortar store if they were offered downloadable vouchers, offering in-store discount, 55% of customers said they would like to be able to see the which products were in stock at their local store and having an option to order products off-stock , 47% cited to option to be able to reserve different sized items to try when visit the store. The main factors that discourage customers to make online purchase of clothing and accessories were connected to being unable to physically touch and try items.
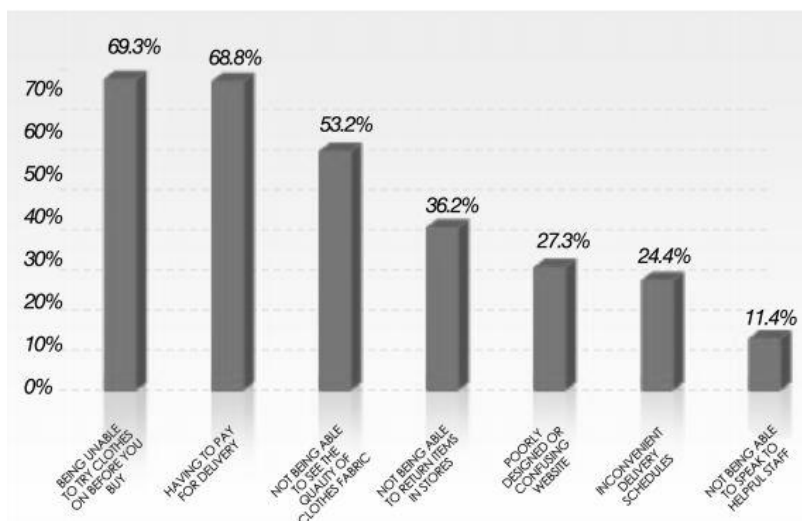
10-A Factors discouraging customers of shopping online

When customers have the option to pick up and/or try on different sizes from a brick and mortar store, 51.5% claimed they would be likely/very likely to purchase the item online. The feature that would mostly encourage a customer to visit a bricks and mortar store is the option for home delivery for items not in stock 75.1%, other 24.5% said that these are the in store web kiosks, where they can browse different outfits, 10.5% said these are the in store screens showing clothing worn on catwalk. If a given item is not found in the shop 43.8% of luxury fashion customers said that they are likely or very likely to order it for home delivery and 11, 9 % very unlikely to do so, 50.4% of the customers would accept an option to have the item delivered in store if there is no back up option for home delivery.
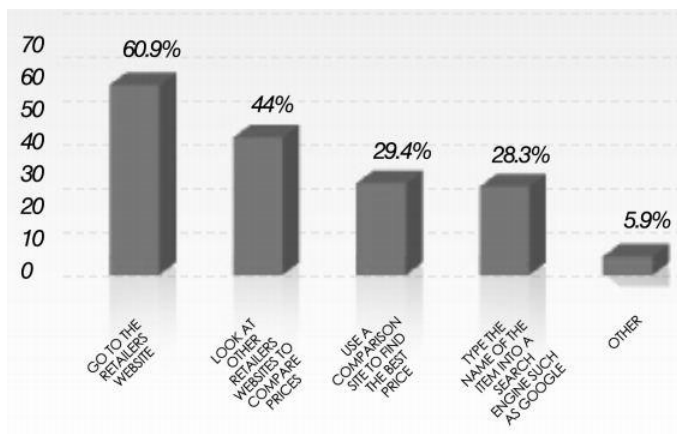
11-A typical consumer responses to finding items out of stock in store

The research suggest that customers are less loyal to luxury fashion retailers that to value retailers, when it comes to shopping between channels, only 42.3 % would visit the brand website if an item was out of stock. Web features that would make consumers likely or very likely to purchase clothing/accessories online, Image zoom likely and very likely 52.8%, search filters 47%, 360⁰ rotation 45.6%, customer ratings 41.6%, customer reviews 41.1%, hover boxes 37.7% , style suggestions/color matching 26.2% and other results being less significant. Factors that would deter consumers from purchasing online from a fashion retailer are: poor return options likely to very likely 74.0%, previously ordered wrong sizes online 70.8%, fabric quality lower than expected on delivery 69.9%, color appeared different on delivery 66.0%, insufficient choice of delivery options 50.7%, only seeing one product image online 46.7% and no lifestyle imagery 40.2%.

APPENDIX B

INTERVIEWS

B. 1 INTERVIEW WITH MR. RASIM AYERDEN MARKETING MANAGER OF DSQUARED2

04.01.2011

1. Which are the marketing channels you use?

We can divide them in to two, the online channel and the offline channel. The offline is centered in the traditional point of purchase, which is the store. In terms of marketing we use this channel to provide our customers with promotional materials such as look books, gadgets; we also organize store managed promotions. The most traditional, but also the most effective way to advertise is through our staff. For example lets we invest 100 000 euro in advertisement exclusive for Vogue, this would bring 30% increase in offline sales.

We also work on search engine optimization, special projects with either marketing or commercial objectives, promotions, but it all depends on the type of customer. Because we have different types of customers, we approach them in different manner and tailor our strategy according to their profiles. I can give you some examples, we have customers who shop only during discounts, we have other who are can spend like 10 000 euro in one shopping and are interested only in the new collections. We have personal approach towards everybody; we send a personalized letter to announce discounts on presale of 30% earlier before the season.

Considering the online channel, the most important platforms for us are the social networks. In the period we live now, this is the most meaningful mean to establish a conversation with clients and to be able to give them a real value. Through social networks utilization we can involve people in the world of Dsquared2, and make them feel that they belong to the same family. We are the only one who would send a personalized invitation to our customers to

come to our fashion shows, nobody does that. We want to touch their feelings and emotions and this is the purpose of Facebook.

2. Which are the most valuable customer touchpoints?

The most important touchpoints are the social networks. But if you ask me which the most effective touchpoint in terms of marketing is and sales, so this is where you meet the client face to face, in the shop. This way you can look at him, talk to him, understand what he wants and what you best do for him you are able to do direct marketing and establish a connection with the person. But on the other hand if we consider our younger customers, the so called "Facebook generation" which are from 18 to 25, they don't care that much about the experience in the store, but they care that Dsquared2 is their friend in the mean where they feel at home. Let's say I am home, chatting with my friends at midnight and I am getting a personal message from Dsquared2 with an invitation or a special promotion for me just because I am a Facebook fan and just because I am there, well this is what matters to me. But again if we look from a larger demographic point of view – the store is the most important touchpoint.

3. How do you measure value of customers from each channel?

For the online channels we basically create a project and launch it, then we easily check the increase of visits and respectively the increase of sales, we use special metrics to see form where the traffic comes. It is very important to check if the people come back after the launch, and eventually to understand if they are not coming why it is so. It is important also to know if they are coming one time or more times. If the given project underway is not in store we look at the increase of the press coverage. If it is in store, we invite first our top clients, and then of course we check if the store sold more.

4. What is the involvement of customer, how do you make them engage with the brand?

We get them into the world of Dsqured2. We want to know what they feel and think. What kind of responses they demand, so we give them the responses.

5. Could customers customize any of the products or services?

We have this in mind, but for luxury companies of not so big size it is not easy to organize it internally, the production structure and its functioning is not so flexible, we are not at that level right now. We know that it is amazingly useful and we know that once the capacity is there it would happen amazing.

6. How do you build loyalty?

We listen, we answer, we care. We never thought and never want to put the product out there and to try to sale it. We ask the customers about their opinion and we appreciate the feedback, but it is very important to realize the thin line between being insecure and having the right product. You cannot always go there and ask the customer "Well, what do you think, do you like it?" and search approval, because that's when you will start seeming insecure.

7. What is the profitability of using multichannel marketing strategy?

I can give you a simple example, if we compare the sales for January 2010 and compare it with January 2011, the increase is 40%.

8. What is the ratio in terms of costs invested in the channels and increase/return on the increase of purchase thanks to the new channels?

It is difficult to calculate the investments made in social networks, because to build a page on Facebook or a channel on YouTube or Twitter it is for free, it is my time for example, but I can tell you that since 2008 when we launched the online shop, the returns are more than 4 times.

9. What about mobile applications?

We can build Iphone applications if we want it, as some of our competitors did. But these tools should do something meaningful, which Facebook, or the website or Twitter cannot do. This is spending of money, but the existing applications right now don't give you any added value. If I do an application it should do something.

10. Which is the most successful campaign you had until now?

The Dog collection. It had the greatest success in terms of press appearance and sales. We got the right flavor for the event, involved charity organization and it had an enormous responsiveness, everyone wanted to get involved. All celebrities get involved from Paris Hilton, Dita Von Tease, Mischa Barton etc. fashion icons and celebrities. People have the chance to go on the internet and see the viral video, and then there was a full video of the launch and interviews. The whole campaign was very well organized, from pricing, to press and marketing. Everyone was there.

B.2 TELEPHONE INTERVIEW WITH MR. ANDREA SCOTTI, FORMER CFO OF DSQUARED2 SRL.

1.   What is the company organization?

The company headquarters are situated in Milan. It manages all offices worldwide, except the USA office which has its own management. The organizational structure of the company is pretty flat and simple. An important aspect of the organization is that the CRM department reports directly to the Finance department and they are in very close relationship, which allows close tracking of the CRM efforts and their transformation into profit for the company. This structure is enabled more over of the fact that the entire production (except the shoes) is managed by Staff International (Diesel group). This gives the possibility to the company to concentrate its entire attention to marketing activities. The CRM department is developed on a high expert level, and is closely linked with all other departments, especially with the Sales department.

Dsquared^2 Italy

SALES   MARKETING   COMMUNICATIONS   FINANCE

CRM

2. Along which channels is deployed your marketing strategy?

As Dsquared2 is a cutting edge fashion brand and a trend setter among young audience and loved by numerous celebrities it has a strong presence on the traditional channels as well as online. The actual marketing management is divided in the following way by functions:

ONLINE MARKETING	TRADITIONAL MARKETING
It is closely involved with the Sales, their promotion and stimulation. Focused to push online sales through synergies across the different online channels, as well promoting offline the online shop.	Head of communications. Main functions are PR and deployment of marketing strategies (campaigns, events etc.). Celebrities management and endorsement In store events Advertisement

It has a centralized marketing structure, where the marketing department is divided in two main areas of competence – the online and the traditional marketing. Not all marketing activities has been centralized, some campaigns are commissioned to French marketing companies. The key for the successful marketing strategy deployment is the fact that the twin brothers Caten are completely involved in all marketing and design decisions, keeping under strict control the image of the brand. The online channel is extremely important for the brand both in terms of sales, image and awareness as well as new customer's attraction and retention. Dsquared2 products are sold through the Web site shop and the Yoox online outlet shop. Yoox is very important partner for Dsquared2 as it performs additional services for the customers, inviting them to participate in promotional events, as well as conducting interviews and surveys, which give vital indications for the fashion brand in order to fine tune its marketing efforts. Another advantage is that Yoox is an outlet and is not in competition with the web store and in the same time enables longer exposition of the collections to the customers. The target customers are the same age as the one of Dsquared2, 25-35 years old fashion oriented people, which is another advantage.

Facebook is probably the most important online channel which the brand uses, its main strength is that the target age of the Dsquared2 customers is overlapping with the average age of Facebook users; moreover their mindset and lifestyle are in tune with the philosophy of the brand. Young informed users, trendy which are using technology effortlessly. Facebook is very useful mean to announce the launch of a new product, since costs for promotion are 0 and it visible immediately to a great number of brand fans, more over they are just a "click away" from potential purchase. As well as immediate feedback about the products is obtained.

The CFO said that Facebook created incredible opportunities for the brand, when they first launched their online presence in 2008 in terms of:

- Visibility
- Creation of brand awareness among huge audience
- Access of everyone who has FB profile
- Basically 0 initial investment and costs
- Speed (new campaigns can be performed)
- Uniformity of the information which people see all around the world.

The number of friends has almost tripled for 2 years and from 70 000 during the first few months of its launch, now the number of friends is over 197 000. There is 1 fulltime resource occupied with the maintenance of the page. On 09.02.2010 was created second official Dsquared2 fan page Dsquared2 Italia, where the material is posted in Italian, it is basically the same as the one posted on the official page but with slight changes, for the short period of functioning it has more than 15 000 fans. The management of content is internal, only in the startup period the brand used the services of marketing companies for technical issues and design of the pages.

### 3.	What are the benefits from applying multichannel marketing strategy?

Increased brand awareness, attraction of new customers, increase of sales, affirmation of brand image, easy access of customers to latest information and products, more informed and satisfied customers. Customers create relation with the brand, but also among each others, which has positive effects on their personal social life.

### 4.	How do you measure synergies across channels?

One of the most important indicators which the brand follows is the increase of the fans on the Facebook page, since eventually the traffic to the online store on the official website increases too, and eventually the number of sales online. Increase of sales. The company has developed its own scenario analysis model, with forecast for 5 years. The payback period of the investment for the online store, the most important metric is the number of contacts, respectively the customer information which is stored in a database, which can then be compared with the newly joined friends on the Facebook page. The click through rate is very important metric which Dsquared2 uses, the marketers allocate a target % to measure success of a campaign or a new product posted on Facebook. Average order in terms of money Margin of the order In order to decrease expenses for delivery, Dsquared2 try to increase the number of purchased items, and they allocate a certain target % for it as KPI.

In terms of profit, the main target is the increase is the traffic through the website, to generate millions of people passing through the site. For this purpose the company uses a model developed and managed by Yoox, which has been already tested with other clients and it has proven that it works like that there are practically no risks for Dsquared2.

5. **Most valuable touch points, and how do you measure the value delivered for the brand?**

The most valuable is the brand asset is the brand philosophy itself. Dsquared2 are consistent along all channels and touchpoints. As a touch point which stands out stronger than the others we can identify the Dsquared2 boutiques. All boutiques are furnished exactly the same way worldwide. They create the same unique brand experience. Every time a customer touches something, it is the same everywhere. The image is fundamental for the brand; there are very strict requirements for the people that work inside the shop, their appearance, clothing and personality. Another valuable touchpoint for Dsquared2 are the celebrities they invite for promoting the shop and the brand, contributing for the high end luxury image of the Dsquared2. There is no specific model or technique, used to measure the value which is delivered by each touchpoint to the brand. In general the brand uses extensively the Facebook to promote the online shop and specific events which are organized in the boutiques just for Facebook fans; they have discounts and priorities in respect to other customers. On the shopping bags there is the web address of the online store to prompt online purchase and further involvement with the brand. Dsquared2 strategy is to maintain the balance between different channels in terms of visits.

6. **Which are the marketing metrics which you use?**

The most common metrics which the brand uses are: Number of articles by week where the brand is featuring, both in online and paper editions. The fastest check up is by using Google News., Number of visits on the website, Sales in the mono-brand stores, to anticipate the sales for the rest of the chain.

7. **What is the approach you use to attract new customers?**

The main objective is to open mono-brand stores around the world, as the twins say in their own words – 20 shops in 2 years. This strategy will affirm the brand positioning as a high luxury brand, the chosen cities are strategic, selected according to customers. Visiting the boutiques customers can perceive the brand exactly in the way the Caten twins have created it. Along with this loyalty is formed and personal relationship with customers maintained. Visiting the shops, customers will have the chance to see the reality of the Dsquared2 image and see the whole collections, because Dsquared2 definitely is not only for the jeans.

Moreover, the customers can obtain a loyalty card, which is in collaboration with American Express Centurion (The Centurion Card, known informally as the black card, is a charge card issued by American Express. The card is available in select markets, mainly the US, Canada, Europe, Korea, areas of China, Japan, Australia and the Middle East. The Centurion Card provides access to a range of benefits, depending on the country where the card is issued.) This adds to the luxury image of the brand. The cardholders are invited to special events organized exclusively for them. A loyalty card is given only to celebrities or high-spenders.

8.   What changes you observed after introducing multichannel marketing, how long did it take, level of investments?

The big change which enabled improved communication with customers and loyalty building came when the internet channel received priority and a lot of investment was deviated for its development. From the other hand Facebook turns to be a very good investment in terms of very high ROI and awareness when launching the new collection. New collection receives immediate feedback and increased attention towards the online store. Especially immediate results were observed, when launching the new perfume WOOD.

9.   Which was the biggest management challenge?

To explain it! It took time to convince the twins that it is absolutely necessary for the brand to be present along the relevant online channels in order to follow and be part of customers lifestyle and on the other hand to be easily accessible by them. It seemed as a very soft instrument, but it had tremendous impact. The other management challenge to face was to implement efficient model to drive people in the site.

10.   How do you value the online channel against the offline channel?

ROI is higher and the terms are shorter, awareness is higher and in general the online channel is very important. Depending on the purpose they have different function but are equally important. Celebrities and parties organized, they are driving the awareness. When Christiano Ronaldo is on the front page of "Gazzeta dello sport", the results for the image which has also expression in terms of profit are incredible. This is free advertisement. Sometimes internal communication can become challenging too.

11.   Customers tracking along channels?

It is done by the use of Newsletter, Purchases in store, then a common database is used to store this information and use it for further analysis and customer segmentation. Dsquared2 sends information for special offers, discounts or pre-sales and calls personally to 30 to 50 of

the most loyal customers when there are reserved sales, pre-sales or events in order to maintain loyalty and long term relationship.

12. What is your CRM strategy?

There is no special call center where customers can call and receive information, but if they are purchasing online respectively on the website or by Yoox site, the online customer care is very well structured, providing many options and detailed information. The company personally refunds and repairs shoes if there are problems to occur. Any other requests are directly referred in –store.

B.3 INTERVIEW WITH THE MARKETING MANAGER OF TODOROFF MRS. VERA AGOVA

10.01.2011 Wine & Spa Hotel Todoroff Brestovica, Bulgaria

1. What is the company organization?

Since the hotel is small, it has only 15 rooms and the number of employees is limited, many functions are overlapped and everyone is engaged in marketing activities. It is critical for the brand image that employees understand the values of the company and give this perception to customers through their attitude, behavior, image and the way they communicate. For that we pay special attention during the selection and training of employees, we work only with people who share our values and vision.

2. Along which channels is deployed your marketing strategy?

Our marketing strategy is deployed both online and on traditional marketing channels. Due to the type of business we rely mostly on direct marketing and direct communication with customers. We conduct regular meetings with our major customers who are tour agents and tour operators. Occasions for acquiring new customers are the private tourism fairs, which take place in Sofia, Varna and Plovdiv.

In the internet channel the most important touch- point is the company website, where customers can learn about new promotions, discounts and special events we have prepared. Since we work very closely with touropearators a lot of the online marketing efforts are actually made by the tour operators which are selling our product. Customers can make their reservation for our hotel through the website of the tour operator. This is an advantage and opportunity for us to attract new customers who don't know us, but have already experience with the tour operator and trust it. Our hotel features in the most important

touristic sites such as: www.pochivka.com, www.booking.com, www.nasam-natam.com and www.okbooking.com.

3. What are the benefits from applying multichannel marketing strategy?

In the past two years we have started to work strongly for the development of the internet channel, but the process in slow and requires a lot of efforts since our Bulgarian customers are not familiar with all possibilities of the internet and how it may serve them to be more independent and have more rich service and information. We have noticed that the more focused personalized customer care, the rich content and updated information on the website, as well as the increased internet presence, have direct impact on the number of reservations. The popularity of the brand also grows, we have increase about 8% for 2009 and of 12 % for 2010 of the corporate customers who search for our service, with respect to the size of the Bulgarian market, and this is a quite satisfying result. We are also more popular among individual customers and we have recorded increase of the booking online from the website and form tour operator's websites of about 30%. But the most important and influencing channel for us remains the word of mouth, since we introduced a new customer care program in the beginning of 2010, the customers who come to visits us due to recommendation has increased with 7%. But of course the driving force of all this is the wine, people first hear about the wine or taste it and then come to taste the rest of the experience which we offer.

4. How do you measure synergies across channels?

We still have not applied a model to measure them, since we are in a process of implementation of new marketing instruments, also the consolidation of the online shop with the firm is underway, we are aimed to take in-house the most important marketing units and directly manage them. For now we are only using the statistics from the Facebook page, the websites and the direct feedback from customers in order to understand the link they used to get to know our service or products.

5. most valuable touch points, and how do you measure the value delivered for the brand?

The most valuable touch point is the direct contact with the personnel here, since they have the main responsibility for the pleasant stay and the overall satisfaction of the stay here. They are the people who take care for the customer and consider all his requests; we are always ready to answer all personalized requests. This is where we differentiate from the others. The other one are the special offers we have for corporate customers, each one

tailored according to customer profile. Very popular is an innovation for the Bulgarian market which we have introduced recently, namely a voucher which employee can buy as a gift for the employees, it can contain any service or pack of services, moreover the validity of vouchers is for a period of one year. We contact directly the human resources department of various companies, mostly these near big towns and offer them our services, since the hotel is very suitable for teambuilding and congresses.

6. Marketing metrics which you use?

We have different KPI for the total reservations per month, which are different according to the season and the holidays, for the same periods we also have KPI for the SPA center capacity use, for the number of wine-tasting and the touristic visits. Example of such is that at least 20% of the reservations should be made from the website, during holidays for the weekends our objective is completeness of the hotel of 95%. For the reservations, especially during low season and for attraction of business customers we also use direct marketing.

The same is equivalent for the selling of wines; we have different percentages or number of bottles which should be sold each month through different channels – restaurants, supermarkets, directly in the hotel and online. We have 5 main distributors and with the supermarket chain Kaufland we work directly. Distributors give us valuable information in terms of specific regional preferences or type of customer segments. We also trace the media activeness and check the feedbacks of different publications .For example until 2007 we didn't have a company dedicated to sales and distribution we sold 250 000 bottles and in 2010 we sold about 200 000 bottles, but on compared on the picture of the whole situation of the market and the increased competition we covering our objectives.

7. Approach to attract new customers?

The increased media presence after events which the brand organizes, as well as the art exhibitions there is increase in visits. An example for that was after the touristic program "The Globe" has made a show presenting the hotel and its services, there was a significant increase in the tourist's interest and visits, there was also a high increase in interest after the Wine fest we organized in July and September. Many of the new customers get to know the brand from the barbeque, touristic walks and the wine tasting organized, they learn about the wine therapy and eventually stay over or plan a visit for other time. Most of our guests arrive through tourist operates, who present our services through their websites and catalogs, there is also a small percent of customers who come across randomly, because they are in the region or just passing by. We target corporate customers through online research, and then we prepare a personalized offer and establish contact via phone or direct meeting.

8. Biggest management challenge?

To make people believe and understand that online marketing is as important as the traditional and will gain even more importance. It also a challenge to select the right people for the implementation of the strategy. From a technical stand point the process of consolidation of the data base and the process of collecting data has been difficult. Since we try to collect information from all our customers, no matter if they buy just the wine or are also customers of the hotel.

9. How do you value the online channel against the offline channel?

For the moment the traditional marketing channels and especially the direct marketing are most valuable for us, because we are able to explain and present our product and build trust between us and the customers, first they need to trust us and then for repeated visits they use any of the other channels.

The online channel is still in process of development, we have outsourced the maintenance of the websites and the promotional campaigns presentations to M3 communications. The tour operators have great importance for the increase of popularity and the reservations. We maintain consistency along our online offers, since customers compare prices and the type of packages offered form the different tour operators and they have the freedom to choose from where and how to make their reservation. For the past year 60% of the reservations are made through tour operators and 40% directly through the website or calling on reception.

10. What is the CRM strategy?

We are aimed to satisfy every request of our customers. They can contact us via phone or e-mail upon arrival to say their specific preferences for the room, spa procedures, the menu they would like to have or any other particular request, we try to make them feel as comfortable as in their own homes. For example special room is reserved for the guest, the positioning of the furniture or the aroma is changed if he/she requires so. We have a special profile for all of our regular customers .Regarding the corporate customers, we keep track on the management changes in order to be updated and when sending offers to address the right person. We also have the practice to ask our customers to leave us their business cards so we can send them special offers and greetings for holidays, moreover upon filling a questioner about the level of satisfaction during their stay the customers will get a 5% discount.