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Can “WhatsApp” Be the New Luxury “App”? A Study on Loyal Consumers’ Attitudes toward WhatsApp Usage in the Luxury Industry

By

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# Dedication

To my treasured mother who believed in my capabilities throughout the years when no one else did. And, to every single person who blessed me with his/her kind gestures and considerate words.

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To every single person reading this thesis, always remember that “you should never leave unseen”. Unleash your full potential and go seek your dreams. Because who says you can't?

# Can “WhatsApp” Be the New Luxury “App”? A Study on Loyal Consumers’ Attitudes toward WhatsApp Usage in the Luxury Industry

Nour I. Mehdi

## ABSTRACT

Although Internet growth and social media expansion have a significant impact on the luxury fashion industry, studies tackling the latter subjects are still limited in number and scope. As the luxury market reached saturation due to its gradual expansion and rapid customer growth, luxury brands felt compelled to embrace various social media platforms. Whereas some brands use the Internet cautiously and exclusively for branding purposes, others update their online strategies continuously to reserve a place at the vanguard of social media usage for communication, retailing, advertising and customization purposes. Recently, luxury brands such as Louis Vuitton, Dior, Chanel, Hugo Boss, and Porsche Design, among others started adopting the usage of “WhatsApp” as a communication platform with their loyal consumers. This movement came complementary to the increase in the number of active WhatsApp users especially in the MENA region. The main aim of this study was to explore luxury brands’ loyal consumers’ attitudes toward WhatsApp usage as a communication mean in the luxury industry. The findings of the study indicate that, regardless of the informality of the WhatsApp service, luxury consumers are willing to adopt it under strict conditions. Indeed, WhatsApp gave customers in the MENA region the ability to fulfill some of their shopping needs by receiving personalized responses whilst removing time and geographical constraints from the equation.

**KEYWORDS:** Luxury, social media, WhatsApp, MENA region.

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# Chapter One

## Introduction

Despite the political and financial instability that hit the luxury market worldwide, international luxury sales were supposed to increase from \$307.90 billion to approximately \$320.26 billion during 2017 (Bain and Co, 2017). Although the demand of luxury goods was weakened in Europe due to terrorist attacks, currency fluctuation, and unpredictable stock prices (Paton, 2017), there seems to be a growing interest in luxury shopping in emerging markets. Indeed, luxury goods consumption in the Middle East and Africa region increased by \$711.6 million reaching \$35,180.7 million in 2017 (Euromonitor, 2017). Given the continuous changes occurring in the luxury industry, marketers and researchers should continuously examine and study the effects of these various changes on the market (Seo and Buchanan-Oliver, 2015).

Whilst the luxury clientele is becoming increasingly connected as a result of the usage of various social media platforms, it becomes easier for luxury brands to conduct business directly with their end-consumers (Chandon *et al.*, 2017). Moreover, the competitive nature of the luxury industry necessitates the incessant introduction of new online strategies. Following the Facebook and Instagram's adoption era, one of the newest trends in the luxury industry is "Luxury WhatsApp Shopping". Indeed, luxury retailers such as Yoox Net-a-Porter already adopted this platform extensively and started making noteworthy profits. The WhatsApp service also allows customers to purchase brands such as Versace and Prada amongst countless others directly on WhatsApp, hence increasing the intensity of competition among retailers and luxury brands (Chambers, 2017). As the number of active WhatsApp users is booming year after year, particularly in the MENA region (Euromonitor, 2017), luxury brands are showing an increasing interest in the former platform. Although luxury firms in this area seem not to have yet fully exploited

the WhatsApp service, they are partially integrating it in their marketing strategies. Interestingly, WhatsApp decided to introduce an equivalent to its original application in an attempt to facilitate and deepen the consumer-brand relationships (WhatsApp, 2018): “WhatsApp Business” is a free application for small businesses that guarantees quick replies, greeting messages, and away messages (WhatsApp, 2018). This platform is meant to provide consumers with the necessary level of privacy, hence solving a problem that threatens online shopping especially in the MENA region. Undeniably, WhatsApp could alter the way consumers browse and purchase products and services due to its convenience. As luxury businesses are still operating on the original WhatsApp application, the questions remain as to how the implementation of an informal application like WhatsApp could reserve a place at the vanguard of the luxury industry? and what provisions luxury brands should take before moving to “Business WhatsApp” if applicable.

The primary aim of this study is to investigate how WhatsApp usage as a communication platform in the luxury industry could affect loyal consumers’ attitudes toward the brand. To the researchers’ best knowledge, this topic is still largely under-studied, hence filling a gap in the related literature that needs to be addressed in the literature given its significant implications. Moreover, most of the studies on social media and luxury were conducted in Europe and USA, thus exploring a new geographic region, i.e. MENA region, could help understand how cultural differences affect consumers’ attitudes (Lim and Ang, 2008), most particularly in this specific field.

The remainder of this thesis is organized as follows. First, a thorough review of the literature is presented, followed by a meticulous description of the methodology utilized including how data was collected and analyzed. The subsequent section is dedicated to the results and discussion respectively. The last part of the thesis presents the managerial implications, study limitations and likely future research direction.

# Chapter Two

## Literature Review

### 2.1 The Historical Evolution of “Luxury”

“Luxury is neither a product, an object, a service nor is it a concept or a lifestyle. It is an identity, a philosophy and a culture” (Okonkwo, 2009, p. 302). The word luxury is derived from the Latin term *luxus* which denotes sensuality and splendor (Veblen, 1899); it is meant to bring prestige to the owner regardless of the product or service utility (Grossman and Shapiro, 1988). According to Kapferer (1997), luxury denotes beauty and art employed to functional items. The literature on luxury brands comprises various, yet debatable definitions (Atwal and Williams, 2009; Wiedmann *et al.*, 2009; Chandon *et al.*, 2016), and there exists no clear consensus in business literature over what constitutes a luxury brand (Ko *et al.*, 2017). Indeed, the American Marketing Association’s dictionary does not include any definition of the terms “luxury”, “luxury marketing”, or even “luxury brand” (Ko *et al.*, 2017). Nonetheless, throughout the years, luxury brands were defined as (a) “anything unneeded” (Sekora, 1977, p. 23); (b) branded items that are uniquely crafted and conspicuous (Nueno and Qualch, 1998; Berthon *et al.*, 2009; Han *et al.*, 2010; Hung *et al.*, 2011); and (c) prestigious brands that involve non-personal and personal oriented perceptions such as uniqueness and quality versus hedonic values and extended self-esteem (Vigneron and Johnson, 2004). Another definition describes luxury brands as “high quality, expensive, and non-essential products and services that appear to be rare, exclusive, prestigious, and authentic and offer high levels of symbolic and emotional/hedonic values through consumer experiences” (Tynan *et al.*, 2010, p. 1158).

When discussing the literature of luxury, it is essential to differentiate between “old” luxury and “new” luxury. The notion of “old” luxury is defined from the companies’

perspective, whereas the “new” notion of luxury entails solely consumers’ experience with the product (Florin *et al.*, 2007). In fact, changes in the behavior of Western consumers were at the origin of the “new” luxury concept. New luxury nowadays includes as products and services that combine high levels of quality and aspiration with more affordable prices (Silverstein and Fiske, 2003) as a result of having consumers from middle societies use luxury products. This new movement grabbed the attention of scholars who coined the trend as the “luxurification of society” (Berry, 1994; Twitchell, 2001; Yeoman and McMahon-Beattie, 2006).

The most topical and recent definition of luxury brands emerged in 2017 as “a branded product or service that consumers perceive to be high quality; offer authentic value via desired benefits, whether functional or emotional; have a prestigious image within the market built on qualities such as artisanship, craftsmanship, or service quality; be worthy of commanding a premium price; and be capable of inspiring a deep connection, or resonance, with the consumer” (Ko *et al.*, p. 2). In sum, the latter definition addressed luxury brands in terms of the consumers’ evaluation of the brand. All things considered, although some researchers argue that there exist universally consistent “codes of luxury” (Maman Larraufie and Kourdoughli, 2014), the definition of luxe is dominated by two main challenges, namely: (1) luxury is a relative concept, and (2) the perception of luxury constituents fluctuates over time (Cristini *et al.*, 2017). Whilst the definition and measurement of luxury have been claimed to be subjective throughout the literature, the former constructs are not intrinsically subjective in nature (Godey *et al.*, 2012).

The initial “raison d’être” and function of luxury differ extensively across the various product categories and service sectors (Okonkwo, 2009, p. 303). As a matter of fact, the initial function of luxury was embedded in the social classes pyramid of ancient civilizations. High societies used to spend in an ostentatious manner in an attempt to distinguish themselves from the lower classes. For instance, social stratification in the Roman Empire was an important facet of the society to the point that the shoes color in each social class was dictated by the governing class (Okonkwo, 2007). During Renaissance, luxury started spreading among bankers and industry leaders (Dubois and

Laurent, 1993). Nowadays, luxury fashion products are no longer exclusive anymore to high classes as they became accessible to more customers (Ansarin and Ozuem, 2014). Decades later, what was left from this social categorization is the need of human beings to distinguish themselves from others in the society, and the view of luxury as an inflection point for social distinction. Hence, despite the fact that the essence of luxury remains unchanged throughout the years, its role is constantly being re-created to fit individuals' goals and ambitions (Okonkwo, 2009).

Prior studies rendered consumers' motivation for purchasing luxury brands to various theories, namely: (1) conspicuous consumption, (2) social comparison, (3) self-concept, (4) consumer culture and extended-self, and (5) uniqueness. Conspicuous consumption postulates that consumers spend excessively in order to infer an image of status, power, and wealth (Veblen, 1899). This specific type of consumption could help understand why luxury brands exist on a global scale and how they can guarantee a price premium without losing market share (Seo and Buchanan-Oliver, 2015). In fact, luxe brands, with an international existence, build a circle of interconnected consumers which makes them more conspicuous than national brands (Interbrand, 2008). In addition, the price premium set by such brands is universally accepted since it bestows an image of exclusivity, therefore a snob appeal to consumers (Grewal *et al.*, 1998, Seo and Buchanan-Oliver, 2015).

Conspicuous consumption can take two different forms, namely: (1) bandwagon appeal and (2) snob appeal. The bandwagon appeal consists of purchasing the same products as the individuals with whom one would like to conform (i.e. the aspirational group) (Leibenstein, 1950), whereas the snob appeal consists of the need for elitist consumption, rarity, and exclusivity (Groth and McDaniel, 1993; Phau and Prendergast, 2000; Kastanakis and Balabanis). Conspicuous consumption is an emerging test bed since luxury demand in the Middle East, China, and India is increasing extensively (Kim and Ko, 2012).

Several theories adopted from the sociology and psychology literature can have a significant bearing on the topic at hand. The social comparison theory entails that individuals consume luxury in an attempt to conform to the dominant social standards (Wiedemann *et al.*, 2009), whereas the self-concept theory explains that customers purchase luxury brands in order to improve their feelings about their own self in other words their self-concept (Shukla and Purani, 2012). The consumer culture theory (particularly the extended-self-concept) explains that luxury consumption helps consumers extend their current identity to a more preferred identity (Belk, 1988; Arnould and Thompson, 2005; Hung *et al.*, 2011). The last theory, namely the theory of uniqueness, relates consumers' need for uniqueness when purchasing luxury brands. In fact, individuals may consume luxe products for the sole reason of differentiating themselves from others in the society (Snyder and Fromkin, 1977). In addition, individuals may consume luxury brands to improve their social and self-images.

The subject of "luxury fashion brands" is relatively new (Chevalier and Mazzalovo, 2008). It was only during the 1990s that the luxury market shifted from being an artisan, small, family-owned enterprise to becoming a more consolidated business entity (Jackson, 2002). The luxury fashion industry started experiencing major changes after the appearance of large international conglomerates including LVMH in 1990s and Gucci group in 2000s (Okonkwo, 2008). Although some corporations tried to maintain their origins and history, others strived to combine prestige with affordable prices. This aspect could help understand why luxury brands became more affordable with time to middle class societies (Kapferer, 2006; Truong *et al.*, 2009). Consequently, the luxury market passed through a remarkable transformation era in terms of both its objective and identity. The decision of luxury brands to move from a creative to a more business and brand oriented field announced the start of the luxury brand industry (Okonkwo, 2009). Although multinationals from the luxury industry had different managerial perspectives, they all focused on brand building. The latter process is quite important especially in the luxury industry since providing superior quality and eccentric designs is only one part of the story. Most luxury brands also focus on the symbolic meaning and story behind each

product (Levy, 1959; Holt *et al.*, 2004) in an attempt to engage consumers with the brand, therefore build the brand image (Seo and Buchanan-Oliver, 2015).

Above and beyond, brands that aspire to be classified under the umbrella of luxury invested on providing to consumers high levels of hedonic and aesthetic values (Eckman *et al.*, 1990), since the notion of luxury entails sophisticated characteristics that target passion more than reason (Okonkwo, 2007). The former characteristics involve “originality and creativity in product and retail conceptualization; craftsmanship and precision in creation and production; emotional appeal and an enhanced image in brand presentation; exclusivity and limit in access and high quality and premium pricing, all for a specific clientele.” (Okonkwo, 2009, p. 304). Applying these components require luxury brands to guarantee a certain level of perfection that may often exceed logic (Dior, 1957). Another major amendment that hit the luxury industry was the change in consumption levels due to various macro-environmental factors. These aspects could be summarized as follows: (1) cultural, (2) social, and (3) external trends (Seo and Buchanan-Oliver, 2015).

### **2.1.1 Cultural Aspect**

The main cultural trend that hit the luxury industry was globalization. Although the latter phenomenon enlarged the base of luxury consumers, it brought new unforeseen challenges to the market (Seo and Buchanan-Oliver, 2015). The popularity of luxury brands has been increasing worldwide which made the taste of consumers homogeneous (Catry, 2003). Some of the common qualities that luxury consumers seek are: (1) high prestige, (2) aesthetic values, and (3) the link between fashion and a prosperous lifestyle (Okonkwo, 2007). Only brands that bestow consumers with these characteristics will become leaders in the field (Chadha and Husband, 2006). Contrariwise, regardless of the above-mentioned commonalities, consumers in emerging markets tend to exhibit luxury consumption tastes different than those in more developed markets (Shukla, 2012). Several cross-cultural studies (e.g. Okonkwo, 2007; Farah and Fawaz, 2016) propose that historical and cultural contexts play a significant role in shaping consumers’ attitudes and perceptions for luxury brands. Although globalization was able to unite consumers’ preferences toward luxury

brands in the USA and in Europe, its effect in emergent markets is yet to bring new implications on the luxury industry (Seo and Buchanan-Oliver, 2015).

### **2.1.2 Social Aspect**

Although historically luxury was a characterization of the wealthy and affluent society (Grossman and Shapiro, 1988), nowadays luxury consumption involves consumers from middle classes as well. Indeed, new social/luxury stratification is driven by: (1) the increase in consumers' disposable income, and (2) the appearance of luxury brands that combine prestige with reasonable prices (Truong *et al.*, 2009). This new market trend, coined as “democratization of luxury”, has different connotations on the consumer base (Evrard and Roux, 2005). Silverstein and Fiske (2003) indicate that the “newly entrant” consumers purchase luxury brands for totally different reasons than the elite ones. These reasons may include: “a desire to emulate the lifestyle of the richest or the social class immediately above them, the superior quality of the products, or on more hedonic grounds on the basis of self-rewards” (Truong *et al.*, 2009, p. 376). Hence, luxury consumption varies not only on a cultural but also on a social scale (Seo and Buchanan-Oliver, 2015). Several studies (e.g. Chadha and Husband, 2006; Michmann and Mazze, 2006; Chevalier and Mazzalovo, 2008) identified three different luxury/social segments, namely: (1) luxury gourmards, (2) luxury regulars, and (3) luxury nibblers. The first segment includes the super wealthy consumers who wear designer brands from head to toe, on a 24/7 basis. The second segment involves consumers “on a staple diet of luxury goods” whereas the third segment include the ones who buy luxe items every season based on what they can afford (Seo and Buchanan-Oliver, 2015, p. 86). Although these consumers belong to the same consumer base, their lifestyle, attitudes, and perception of luxury are quite different. For instance, affluent customers tend to consider luxury as a social badge (Grossman and Shapiro, 1988) whereas the less wealthy ones perceive it as a self-reward (Silverstein and Fiske, 2003).

Another luxury consumers' classification was introduced by Armando and Branchini in 2014. This more recent included the following: (1) absolute luxurers, (2) megacitiers, (3) social wearers, (4) experiencers, (5) princes, (6) fashionistas, and (7) status seekers. Absolute luxurers represent the European and American refined connoisseur whom "nothing is too much for them". They are the "happy few" customers coming from upper social levels (Chandon *et al.*, 2016, p. 300). The second category include customers from London, Paris, NYC, Moscow, Rio, and Shanghai who spend around 20 000 Euros per year. Socialwearers represent consumers from emerging markets, especially Brazil and China, who focus on the products' quality and durability as well as the "Made in" tag. They constantly seek emotional connections with brands which makes them quite loyal if served well. Experiencers are sophisticated customers who tend to share moments with others. Princes are young consumers born in affluent families who are always well connected and attracted by brands. The following category includes fashionistas, mostly women, who buy luxury products heavily to the point that they cannot afford going to restaurants or holidays anymore. This last classification could be related to the concept of luxury feminization since the latter shifted from status symbolism and masculine figures into experience appreciation and female buying power (Gambler, 1997; Danziger, 2005). Finally, status seekers are consumers who live on the logo of their clothes (which should be quite visible) and hate experimenting. They follow well-known brands and seek approval from others. For instance, "logofication" of handbags (Chadha and Husband, 2006; Husic and Cicic, 2009) could be one of the various methods through which brands feed status seekers' needs to display their "wealth". Those consumers come from Russia, Italy, as well as Asia.

The relationship between consumers and luxury brands is dictated and reflected by various characteristics including age, culture, and emotional commitment toward luxury brands (Chandon *et al.*, 2016). In addition, luxury is about the status it conveys to individuals and its monetary value, in fact "they run side by side" (Yeoman and McMahon-Beattie, 2006, p. 320).

### **2.1.3 External Aspects**

Luxury consumption has been influenced by various external factors, namely: (1) Internet growth (Okonkwo, 2007), (2) media attention (Mandel *et al.*, 2006), and (3) travel (Nueno and Quelch, 1998). These factors stimulated the purchase of luxe and made it more accessible. As opposed to democratization and cultural diversity, these trends increased significantly the similarity of taste among global consumers (Seo and Bachnan-Oliver, 2015). As Internet growth and social media lie at the core of this study, the next section will be dedicated to a thorough discussion of the former topics.

## **2.2 Between Internet and Social Media Expansion: How Did “Luxury” Survive?**

Although social media expansion has an enormous impact on the luxury fashion industry, studies tackling the latter subjects are still limited in number (Okonkwo, 2010; Mike, 2014). The very first articles discussing the topic of Internet usage as a communication platform in the luxury industry go back to the 1990s when luxury brands’ managers were still reluctant to enter the virtual world (Nyeck and Roux, 1997). However, as the luxury market reached saturation due to its gradual market expansion and rapid customer growth, luxury brands could not rely anymore upon their regular customer base and brand asset. In addition, the global economic recession forced luxury brands to change since they could no longer only depend anymore only on their brand symbol (Kim and Ko, 2012). Moreover, due to increased competition (Diaz *et al.*, 2016), luxury brands decided to open a new chapter by entering the Internet world in an attempt to create more value to their customers. Nonetheless, this step was never easy or fully beneficial (Kim and Ko, 2012).

Scholars are still debating on the brands’ necessity to operate or not online. Indeed, some researchers describe the presence of luxury brands online as an “Internet Dilemma” (Kapferer and Bastien, 2012), whereas others refer to the brands’ need not only to exist but also to retail online (Okonkwo, 2009; Hennigs *et al.*, 2012). The “Internet Dilemma”

describes the various challenges that luxury brands encounter online to protect their brand image and personal bond with consumers and to retain the aura of exclusivity that their products offer (Kapferer and Bastien, 2012). Some scholars believe that Internet communication strategies should be limited only to communication as selling online would jeopardize the exclusivity and personalization components of the brand (Hennigs *et al.*, 2012; Kapferer and Bastien, 2012). Although there is evidence that Internet technologies can corrode brands' exclusivity and price premium, economists proved mathematically that Internet usage as a communication platform could in fact boost sales without affecting the other brand constituents (Pruzhansky, 2014). Alternatively, other academics believe that luxury brands should retail online as the Internet became not only an information source, but also a purchase route particularly for the affluent consumers. Nevertheless, only brands that manage to reflect their identity, exclusivity, and in-store experience online will be able to maintain a price premium and to surpass the downsides of operating on the Internet (Okonkwo, 2009; Hennigs *et al.*, 2012). While some brands use the Internet cautiously and exclusively for branding purposes, others already reserved a place at the vanguard of Internet usage as a communication, retailing, advertising and customization platform (Hansen and Bjorn-Andersen, 2013). Nevertheless, the question remains as to how luxury can sell and compete online versus offline rather than whether to sell online (Hansemark and Albinson, 2004; Heiner *et al.*, 2004; Baker *et al.*, 2018).

Discussing luxury entails pinpointing the unique relationship that typically exists between the brand and its clientele. The fact of putting luxury brands in the Internet atmosphere means that consumers will usurp control from the brand as social media incorporates consumers in the creation, diffusion, and delivery of the brands' message and will ask for more attention. This situation could lead to: (a) resistance and anxiety from the brand and (b) confusion and disappointment from the customers hence the resistance of many brands to enter the virtual world (Okonkwo, 2009; Bautista, 2013). In addition, luxury brands had to maintain the "exclusivity" and "desire" components in real world while retaining their brands' equity on the Internet. Moreover, the former had to increase their sales through the Internet, therefore brand exposure, whilst sustaining the perception of limited supply in consumers' minds. Moreover, luxury brands' core elements mismatch those of the

Internet. In fact, the inherent characteristics of e-business and particularly the Internet include: (1) universal reach, (2) pull marketing perspective, (3) lack of direct contact with products and sellers, (4) minimal switching cost, (5) convenience and fastness, (6) variety of product choices, (7) accessibility across the globe, (8) powerless sales (no pressure from salespeople), and (9) identical information (Dennis and Harris, 2003; Chaffey *et al.*, 2009). These attributes entail targeting mass as opposed to the niche group that luxury brands typically aim to pursue (Diaz *et al.*, 2016), and forgoing the importance of the sensory experience that is crucial in the luxury purchase process (Dennis *et al.*, 2004; Kapferer and Bastien, 2012). Furthermore, consumers focus on five main factors whilst shopping online and offline, namely: shopping location, convenience, information, personality, and price (Brynjolfsson *et al.*, 2009; Pauwels *et al.*, 2011; Cao and Li, 2015). The absence of any of these components could significantly affect consumers shopping behavior online. Hence, luxury brands should attempt to create an appropriate “luxemosphere” that aims to maintain consumers’ multi-sensory experience (Okonkwo, 2010) and to protect the brands’ uniqueness and exclusivity online (Kim and Fesenmaier, 2008; Oinas-Kukkonen and Harjumaa, 2009; Chandon *et al.*, 2016). Indeed, luxury brands are confronting a daily challenge to maintain their integrity whilst exploiting the Internet world (Okonkwo, 2009).

One of the blessings (yet curses) that the Internet offered to luxury brands is social media. The existence of social media networking could be rendered initially to the evolution of the Bulletin Board System. The latter was introduced during the 1970s to facilitate information exchange among users, and gradually built the foundation for Web development and social media revolution (Dubose, 2011). Web 2.0 and user-generated content are considered as precursors of social media networking. Although the former notions are generally used interchangeably with social media, they are not alike. The popularity of Web 2.0 stems from the breakdown of the dot-com companies (O’Reilly, 2005). Whereas Web 1.0 allowed one-way communication among users, Web 2.0 opened the door to information creation and sharing (Thackeray *et al.*, 2008). User generated content is considered as a credible and trustworthy source of information as the content is created, shared, and utilized by users (Mudambi and Schuff, 2010). Indeed, the latter has

transformed the “one-to-many traditional marketing into many-to-many marketing” (Zahoor and Qureshi, 2017, p. 50). Prior to social media, companies’ websites were named “brochureware” as organizations turned their brochures into basic websites in the interest of having an online presence (Berthon *et al.*, 2012). In sum, social media sites are “Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content” (Kaplan and Haenlein, 2010, p. 61).

Social media sites and user-generated content arose massively starting 2003 (Boyd and Ellison, 2008). The very first social networking site was introduced by Bruce and Susan Abelson under the name of “Open Diary” and allowed for the creation of an online community of diary writers. Concurrently, “Weblog” was introduced and was termed “blog” after one year. As the Internet access speed increased with time, various networking sites such as MySpace and Facebook emerged in 2003 and 2004 respectively (Kaplan and Haenlein, 2009). Social media consists of: “collaborative projects” (i.e. Wikipedia, blogs, “content communities” (i.e. YouTube), “social networking sites” (i.e. Facebook), “virtual game worlds” (i.e. World of Warcraft), “virtual social worlds” (Second life) and “business networking sites” (i.e. LinkedIn) (Kaplan and Haenlein, 2010, p. 60; Whiting and Williams, 2013; p. 363). The former is considered as a conduit and as a content disseminator between companies and consumers as it encompasses various channels that link between both parties and has an unlimited yet easy access (Brogan, 2010; Zarella, 2010; Kietzman *et al.*, 2011). Nevertheless, the social media literature is still nascent and limited to three streams (Oberoi *et al.*, 2017), namely: (a) factors behind companies’ usage of social media (Du and Jiang, 2014), (b) how the use of social media could affect companies’ performance (Rishika *et al.*, 2013), and (c) what kind of resources are being used by companies to support their social media activities (Alfaro and Watson-Manheim, 2015; Felix *et al.*, 2017). Social media allowed luxury brands to deepen their connections with consumers since the latter spend most of their time online (Simply Measured, 2015; The Economist, 2015). In addition, the growing online customer base triggered marketers interest as social media platforms turned consumers’ experience from the “passive” to the “active” mode (Stewart and Pavlou, 2002). Therefore, companies

decided to engage in social media marketing in an attempt to expand their reach and produce a content that is tailored to their consumers' needs. Indeed, social media is believed to be able to reach consumers 20 times more than organizational marketing events and 30 times more than any other type of media presence (Trusov *et al.*, 2009).

Luxury brands started using social media platforms officially in 2009 (Kim and Ko, 2012). This usage was mandatory for businesses to remain competitive in a rapidly changing environment (Nisar and Prabhakar, 2017). Burberry was among the very first luxury fashion brands to use social media (through Artofthetrench.com) which resulted in a 40% increase in their profits (Samsung Design Net, 2009; Phan *et al.*, 2011, Kim and Ko, 2012). Gucci created the "Guccieyeweb.com" site with the launch of their new sunglasses collection. The brand used to update its Facebook page approximately three times a day accompanied with constant tweeting on Twitter. Dolce & Gabbana also adopted social media sites in an attempt to receive direct feedback from their consumers. This strategy was implemented through the help of fashion bloggers who used to post pictures on their Facebook and Twitter accounts directly from Dolce & Gabbana's fashion shows in order to trigger consumers' purchase intentions. Other brands such as Prada, Dior, Chanel, Stella McCartney, Yves Saint Laurent, and Louis Vuitton already also increasingly utilized social media tools to engage their customers more with the brand (Park *et al.*, 2011; Kim and Ko, 2012; Dhaoui, 2014; Mike, 2014). Recently, the usage of fashion applications for iPod, iPad, and iPhone started picking up rapidly. These applications offer "up-to-the-minute deals" for consumers seeking the convenience of purchasing directly from their iPhone (Mohr, 2013, p. 18). Social media such as Facebook, YouTube, Twitter, Instagram, fashion applications and more recently WhatsApp, became important "take-off" tools for luxury businesses (Kim and Ko, 2012) since these platforms allow marketers to create innovative yet customized content that fit the needs of their clients. In addition, social media plays a role in augmenting consumers' desire for luxe, brand image, and purchase intention (Phan *et al.*, 2011; Chu *et al.*, 2013). Indeed, the latter has an economic impact on retailers since transactions are happening directly on these platforms (Menon *et al.*, 2016). For instance, Facebook or "f-commerce" is being used nowadays for retail purposes (Kang and Johnson, 2015). This virtual retail scenario applies as well to

Instagram, and more recently WhatsApp that are being used for similar reasons. Moreover, social media platforms allow consumers to communicate with brands at any point in time removing therefore the place and time constraint from the game (Dhar and Chang, 2009). This two-way communication facilitates brands' cooperation with their customers to create not only new goods and services, but also new strategies and values (Kluge and Fassnacht, 2015). This type of communication could also help brands: (a) elevate their value by removing any misconceptions and prejudice, (b) share more information and ideas with their client base, (c) increase their brand exposure, and (d) empower their relationship with consumers by building friendly affections that invigorate customers' desire for luxe (Kim and Ko, 2012).

Alternatively, consumers have different motives than brands to be involved in social media platforms. According to Stafford, Stafford, and Schkade (2004), consumers engage in social media for three main reasons, namely: (a) information gathering, (b) community interaction and development, and (c) entertainment. Correspondingly, these motives could be classified as "rational" in order to gather and spread knowledge, and "emotional" as a way for self-expression and social communication (Krishnamurthy and Dou, 2008). Park, Kee, and Valenzuela (2009) added as an additional motivation to be taken into consideration whilst studying consumers online, (self-status seeking). These motives could provide companies with insight regarding why consumers use these platforms, and what type of activities they would probably engage in. Besides, consumers who use social networking sites could be categorized as: "social clickers" (i.e. users who review sites, communicate with others, and create content), "online insiders" (i.e. online shoppers who express their opinion about product preferences), and "content kings" (i.e. young users who are addicted to entertainment) (Riegner, 2007, p. 439-440). Another classification suggested by Harridge-March and Quinto (2009) includes: "lurkers" (i.e. users who do not contribute to the site), "tourists" (i.e. users who post comments without any commitment to the network), "minglers" (i.e. users who post occasionally), and "evangelists/insiders" (i.e. enthusiastic users who contribute frequently to the network) (p. 176). The latter categorizations could help luxury brands conduct an in-depth analysis of their online customer base so as to improve the relationship between both exchange

parties. Nonetheless, social media platforms are easy to use yet to abuse (Phan *et al.*, 2011), therefore luxury brands should utilize them with extreme care. In fact, luxury brands are still struggling to build sustainable relationships with their consumers on social media although the latter became a principal communication tool between both parties (Gretry *et al.*, 2017). Indeed, “it gets especially hard when firms attempt to target Generation Y, arguably the generation that has grown up with social media” (Berthon *et al.*, 2012, p. 264). As consumers nowadays find it more convenient to attack brands directly on social media, luxury brands should adapt new innovative ways to communicate effectively with their target market and to protect themselves from the spread of negative word of mouth (Fournier and Avery, 2011; Van Noort and Willemsen, 2011). For instance, luxury brands could implement the 7C’s components that aim to create a better digital experience whilst operating online (Kearney, 2002; Atwal and William, 2009). The 7C’s include: (a) content, (b) customization, (c) customer care, (d) communication, (e) community, (f) connectivity, and (g) convenience. In addition, luxury brands could devote more time and effort to implement the 3 main key elements of the digital experience, namely: (a) brand identity and aesthetics (Constantinides, 2004; Okonkwo, 2009), (b) usability (Chen, 2001), and (c) interactivity (Constantinides, 2004; Casalo *et al.*, 2008), since these components along with various other requisites will affect the relationship between luxury brands and their consumers. Moreover, Kapferer and Bastien (2009) suggested anti-marketing laws that luxury brands should be aware of. Although these principles do not incorporate social media, they can still help companies preserve their imageonline.

All things considered, an in-depth analysis of the effects of social media on luxury brands will be deliberated in the analysis section.

# Chapter Three

## Methodology

### 3.1 Study Sample and Interviewing Technique

As a consequence of the paucity of information about WhatsApp usage as a communication platform in the luxury industry, an exploratory qualitative approach was adopted. The research design consisted of in-depth interviews with 30 participants from various Arab countries in the MENA region. The interviewees belonged either to middle or upper social class, as luxury is no longer exclusive to upper-class societies (Kapferer, 2006; Truong *et al.*, 2009). Finding interested and knowledgeable participants was a challenging endeavor as the WhatsApp service is still relatively new to many customers. Therefore, the criteria used for choosing the convenience sample were as follows: (a) consumers who already use the WhatsApp service to contact and/or shop from luxury brands, or (b) consumers who shop from these brands and know about the WhatsApp service provided without having tried it. The interviewees were equally allocated among the user versus non-user criterion. Ultimately, the researcher intended to target a broad and rich range of views “so as to gather in-depth and authoritative knowledge on the research topic” (Foroudi *et al.*, 2016, p. 245).

A snowball sampling technique was utilized to identify additional probable interviewees. The researcher contacted the potential participants who were referred to through snowball sampling by phone to assess their knowledge regarding the topic of interest and assure their consent to participate in the study and/or propose the name of other plausible participants. This technique introduced the researcher to 10 new candidates who were willing to participate.

Interviews were conducted either face to face or through Skype, and participants were given the opportunity to decide on the place and timing of the interview encounter. The interviewer utilized a progressive approach whereby general questions were addressed first, followed by more specific ones. General questions included “what is your favorite luxury brand that is using WhatsApp nowadays?”, “what do you particularly like about this brand?”, and “what comes to your mind when you think about this brand?”. Some of the specific questions addressed were “how would the WhatsApp service affect your loyalty toward the brand?”, “how did the WhatsApp service affect your feelings toward the brand?”, and “how would the WhatsApp communication that this brand is using affect its reputation?” (See interview questions in Appendix 1). The usage of open-ended questions increased the validity of the participants’ responses as the study is exploratory in nature. The interviews were held in English. The interviews lasted approximately an hour each, and were all recorded upon the consent of the participants to remedy for data loss risks. All contestants signed an informed consent form prior to the interview, and were assured that their name and direct responses will not be disclosed. Respondents had the right not to answer any question that seemed to be too personal and to move from a subject to another. According to Arnould and Wallendorf (1994), this technique allows to build a “conversation-like dialogue rather than asking questions that impose categorical frameworks on informants’ understanding and experiences” (p. 492). At the end of the interviews, participants were asked to send an example of their conversation with the brands’ sales person (if available) to assess the formality of the communication between both parties. Data saturation was reached after the 20<sup>th</sup> interview as the ability to obtain further information and extract additional codes was no longer viable; however, ten more interviews were conducted to ensure that additional new themes will not emerge. The data collected was recorded, transcribed verbatim, and coded for validity purposes (Andriopoulos and Lewis, 2009). In fact, the textual data generated by the in-depth interviews helped to explore the “what”, “why”, and “how” questions raised in this study.

### **3.2 Data Analysis Procedure**

A template analysis technique was utilized to analyze the collected data. This method was specifically adopted because it allows for the presence of a priori themes as is the case in this study and accentuates the importance of going back to the data to support these themes (King and Brooks, 2016). Template analysis goes back as far as to the 1950s when Kracauer (1952) was arguing for the need of a qualitative technique distant from content analysis. Throughout the years, many qualitative techniques were introduced and classified under the umbrella of thematic approaches including template analysis. “Template analysis evolved as a generic approach within the wider tradition of thematic analysis, specifically among approaches with a strong emphasis on research in real-world settings” (King and Brooks, 2016, p. 2).

The philosophical position adopted in this study is qualitative neo-positivism. This orientation, classified as realist ontologically and epistemologically, presumes that participants represent the reality about the external observable world, and researchers should take a step further to remove any subjective bias that may occur (which was the reason behind using independent coders). In addition, this approach allows for the use of strong theory-related and hard a priori themes (i.e. a theme that is well developed and defined), which was the case as well in this study. Briefly stated, a theme is “recurrent and distinctive features of participants’ accounts, characterizing particular perceptions and/or experiences, which the researcher sees as relevant to the research question” (King and Horrocks, 2010, p. 150). The data retrieved from the interviews coalesced around seven a priori themes, namely: (1) brand reputation, (2) brand trust, (3) sensory brand experience, (4) brand image, (5) brand love, (6) consumer impulsive shopping behavior, and (7) repurchase intention. These a priori themes were only probable topics that the researcher kept in mind in an attempt to simplify the process of manual coding. Indeed, all the coders were open to the fact that new themes may emerge while old ones may perish.

Participants' responses were analyzed in two separate steps. First, transcripts were read thoroughly, coded manually, and analyzed by the researcher and two other independent coders in an iterative process. This procedure led to the origination of an initial template after 10 consecutive trials. The manual coding steps were adopted from King and Brooks (2016) as follows: (1) familiarization with the data, (2) preliminary coding, (3) clustering, (4) producing an initial template, and (5) applying and developing the template while leaving the interpretation step for further stages. Familiarization with the data included reading the transcripts and highlighting anything of interest, whereas preliminary coding included checking the main themes and attaching labels (codes) to them. During this process, a structured literature review was conducted in order to limit the number of a priori themes proposed. This technique allowed the researcher to decrease the "blinking effect" by rethinking how the a priori themes relate to the topic under investigation (Brooks and King, 2014). Clustering consisted of arranging these themes into clusters and questioning how they could relate to each other. The initial template was built and applied to the interviews chosen to be coded manually. A manual quality check was then performed through three different approaches, namely: (1) independent coding, (2) audit trail, and (3) thick description and use of participant quotes (King and Brooks, 2016). Independent coding occurred throughout the initial coding stages, whereas two coders (the advisor and the second reader) made sure that the researcher did not miss any important aspect. During this time, the researcher made sure to keep an audit trail by saving the initial template drafts while the initial template was being constructed. Finally, a thick description of the themes along with verbatim quotes derived from the data were used to support the initial template.

Subsequently, data was transferred to NVivo 11 in order to apply the initial template to the rest of the data. This software allows "to produce a refined and complete synthesis and interpretation of the material collected from the qualitative data" (Foroudi *et al.*, 2016, p. 246). In addition, NVivo facilitated the mapping of the interviews into themes enabling, therefore, inter-relationship coding, storage, and retrieval of the data (Esterberg, 2002). Combining manual coding with NVivo enhanced the trustworthiness of the analyzed data through the employment of the "detailed description of the research setting (external

validity and transferability), protecting cases' and informants' confidentiality, rigorous multiple stages of coding warranting reliability and dependability, and word-by-word interview transcription assuring objectivity and confirmability (Foroudi *et al.*, 2016, p. 246).

# Chapter Four

## Results

The final results' template consisted of 6 main themes, namely: (1) consumers' attitudes toward WhatsApp as a communication platform used by luxury brands, (2) WhatsApp service quality, (3) sensory experience, (4) consumer trust, (5) consumers' repurchase behavior, and (6) perceived brand image (see the final template in Appendix 2). Verbatim quotes were used to illustrate respondents' reaction to and experience with the WhatsApp service.

### **4.1 Consumers' Attitudes toward WhatsApp Usage as a Communication Platform by Luxury Brands**

When asked about the role of WhatsApp in their everyday life, participants described it as an immediate tool, a life saver, and a key component of their lifestyle. In line with the work of Church and de Oliveira (2013), respondents argued that WhatsApp is a cheap replacement for regular calls and messages that shorten the distances and ease communication between the consumer and the brand. However, whilst discussing the specific case of WhatsApp usage as a communication platform in the luxury industry, the majority of the respondents were almost invariably in favor of this communication mean:

*"It is rather a cool service! I like it because over the phone I cannot see the actual product. But on WhatsApp, I can see the product and take my time to decide whether I want to buy or not." (Female, 24)*

Respondents largely agreed that WhatsApp is a convenient and immediate tool (Church and de Oliveira, 2013) that eases the communication process with their cherished brand to get instant information about certain products:

*"I was surprised of their usage of WhatsApp; but then I was kind of satisfied as it made things easier: I don't have to call now..." (Male, 21)*

Nonetheless, while the majority portrayed WhatsApp as a “WOW”, “cool”, and “surprising” service, others were quite disappointed from its usage in the luxury context considering it an “unusual way” to deal with consumers:

“I think WhatsApp won’t work. Why would they use it? And, mind you, we are dealing with a luxury brand not MacDonald’s...” (Female, 35)

## **4.2 WhatsApp Service Quality**

Respondents genuinely reported their real and hypothetical experience of using WhatsApp to communicate with luxury brands. They distinguished mainly between two sets of features that either facilitated or hindered their experience with this service. The findings indicated that the benefits of WhatsApp usage in the luxury context include the following: (a) personalized service, (b) informative tool, and (c) convenience. Contrariwise, the drawbacks of this communication platform include: (a) lack of trust in online shopping, (b) time consuming service, (c) mass targeting, (d) privacy concerns, (e) informal communication tool, (f) high pressure to purchase, and (g) absence of control over marketing communication.

### **4.2.1 Usage Benefits**

Consumers’ positive attitude towards WhatsApp usage as a communication tool with luxury brands is derived from their feelings of being privileged. In fact, some participants described WhatsApp as a “personalized service” given that the communication is occurring on a one-to-one basis:

“I prefer the WhatsApp service because I feel more privileged. For example, I follow the brand on Instagram, but the post there is for everyone.” (Female, 26)

Indeed, these participants emphasized the importance of receiving “customized” messages rather than broadcasts, therefore reflecting a distinctive value and a stronger bond between the consumer and the brand:

“Very nice especially if the content is customized, like if they don’t send messages to hundreds and thousands of customers. If they know about the suit I purchased last month, they can tell me when it is available in other colors...” (Male, 37)

In addition, personalizing the WhatsApp messages helps consumers to feel more intimate with the brand. Respondents argued that although WhatsApp does not convey luxury, companies can still provide an experience that stimulates the senses through taking care of the tiniest messaging details:

*“What is smart about marketing is that it makes something that is ugly seem beautiful. And, brands are easing communication with their customers by using WhatsApp. Loyal customers will feel superior as long as the service is personalized.” (Male, 23)*

Moreover, WhatsApp was perceived to be an “informative tool” that could facilitate consumers’ shopping process. Similar to Pitt, Parent, Junglas, Chan, and Spyropoulou (2011), respondents were able to access more information through WhatsApp than through the company’s website or other social media platforms without having to turn the notification button off:

*“My favorite platform to get in touch with the brand is WhatsApp since it has everything, like it is an all in all service, I can ask questions, I can see pictures, and I can send feedback at the same time.” (Female, 18)*

The WhatsApp service was also recognized for enticing respondents to visit the store after they have built a full image of the items they intend to purchase. In addition, consumers recognized being less intimidated to ask about the price and availability of certain products on WhatsApp as they would not feel pressured to buy:

*“Practical. I like it. It is easier, sometimes people are shy to go to the store and just ask. They feel that they have to buy. On WhatsApp, you can ask without having to buy.”  
(Female, 21)*

Besides the attributes mentioned above, WhatsApp is a convenient communication tool. In the same vein as Brynjolfsson and Smith (2000), the majority of participants expressed their happiness to contact the brand online at any point in time, hence removing the place and time constraints from the game. Due to their busy schedules, customers cannot always visit the store to see the new collection or to ask about an order. Consequently, WhatsApp appeared to be a practical way to stay in touch with the brand without having to schedule recurrent visits to the store:

*“Let’s say I see the ad of a new product, usually I have to wait to go to the store to check the item. But with WhatsApp, I will text the salesperson to get more information which will typically give me an extra incentive to go to the store.” (Female, 30)*

#### **4.2.2 Usage Drawbacks**

Although the majority of the participants preferred WhatsApp over other social media platforms, some of them still raised various inquiries regarding its usage in the luxury industry.

Respondents largely reported having trust issues with online shopping in the Middle East. Although the former fully trust the source, they do not trust the process of conducting online transactions and receiving the product without visiting the store. As consumers prefer to see, touch, and feel the product prior to its purchase (Okonkwo, 2009; Kapferer and Bastien, 2012), they are likely to raise questions and develop critical perceptions that may negatively affect their online shopping experience:

*“I don’t pay anything online. I don’t know why. I have trust issues. Cash always. I have trust issues not with the brand but with online payment because my friend once paid online, and she lost the money.” (Female, 23)*

Contrary to the previous findings, participants in the Gulf revealed that they were more open to online shopping especially when the brand has a weak local presence. This difference in the related trust levels could be rendered to the fact that online shopping in the Middle East is still restricted to small purchases and/or on cash delivery and mostly linked to local retailers as opposed to the Gulf:

*“I don’t mind paying online since I did it more than once before. This brand is not fully available here in Bahrain, so I have to order online sometimes.” (Female, 20)*

While consumers do not fully trust online shopping, they are still willing to use the WhatsApp service as a source of information. However, “mass targeting” was a quintessential issue that respondents couldn’t relinquish. While luxury distribution should be controlled to reflect scarcity and exclusivity (Kapferer and Bastien, 2012), using WhatsApp makes the brand available for everyone. Accordingly, “loyal” consumers could not accept the fact that they are being treated like their “average” equivalent:

*“When it comes to communicating with luxury brands, I think WhatsApp does not work. We are talking about a luxury brand, and about an application that is accessible to everyone on earth. Once the number of the brand is out there, it could be used by anyone.” (Female, 40)*

Some respondents were even more reluctant to use the service’s content if it was not customized. Moreover, participants argued that they typically buy from certain brands because of their “exclusive image. However, once the brand is accessible online to the mass, the exclusivity component will fade away. Indeed, “luxury goods’ manufacturers face the dilemma of making the inaccessible accessible which makes the online-distribution-challenge a luxury-specific one” (Kluge and Fassnacht, 2015, p. 1066):

*“The second it loses its luxury aspect, I am no longer willing to pay that much money. And, by using WhatsApp, they are again targeting mass, so basically it is losing value until I see a difference.” (Male, 23)*

Furthermore, in line with the e-commerce literature (Aladwani, 2001; Dong-Her *et al.*, 2004; Chen and Dibb, 2010; Toufaily *et al.*, 2013), WhatsApp can put consumers’ privacy and security into jeopardy since brands will have access to their personal number. For instance, certain respondents felt that the brand is imposing itself on their personal WhatsApp as opposed to the other platforms:

*“I cannot decide on WhatsApp whether I really want to receive a message from the brand or not, however on Facebook I decide.” (Female, 24)*

Whereas several found that their phone number was shared without their consent, few participants received friendship requests on Instagram and Facebook from salespeople they have contacted earlier. In other situations, salespeople checked consumers’ WhatsApp story updates and they even dared to invite them on dates:

*“He followed me on Instagram [laugh]. I want to shop, and you want to be my friend? So, I blocked him.” (Female, 21)*

According to the work of Church and de Oliveira (2013), WhatsApp is classified in consumers’ minds as an informal and free of charge communication platform. In this study, respondents argued that WhatsApp is an informal tool for family and friends rather than for luxury shopping. The former compared between the different tactics that luxury brands use to contact their customers and argued that WhatsApp is a free service that cannot surpass professional emails and phone calls:

*“When they sent me pictures (in terms of the quality of the pictures), I felt like I am dealing with those retailers who advertise on Facebook and sell fake products.” (Male, 21)*

Moreover, although consumers would like to maintain a strong bond with the brand, they prefer to keep a certain level of formality that suits and reflects the luxury experience that is missing in the WhatsApp environment. Simply stated, respondents could not understand the link between WhatsApp and luxury especially that the service is still nascent and not fully controlled by the brand. The unprofessional aspects of WhatsApp made consumers question its reliability and the reasons behind its usage:

*“I want my brand and my product to remain unique. This is what makes this brand so expensive, this is why people are willing to pay that much money to buy it. I don’t want to lose my brand. I want it to stay the same...” (Female, 27)*

In sum, respondents had varying and opposing thoughts vis-à-vis WhatsApp usage as a communication mean in the luxury sector. While some believed that brands are trying to build rooted connections with their loyal consumers, others believed that brands are chasing and pressuring them to purchase unneeded products. Indeed, many participants linked the WhatsApp service to the brands’ inability to make profits. Therefore, they described brands’ WhatsApp messages as a “warning sign” to prove their loyalty and spend some money:

*“Let’s be clear...I feel happy when this brand contacts me, yet I feel this pressure that now I have to pay like \$1000 or \$2000.” (Female, 33)*

Conclusively, the absence of control over the WhatsApp service made respondents question its efficacy. The main concerns that were raised are as follows: (a) responsiveness of the salespeople, (b) frequency of the WhatsApp message, and (c) deceptive selling.

One of the major problems raised is responsiveness of salespeople. Since consumers opt for immediate answers (Arthur *et al.*, 2006), delays are neither appreciated nor accepted. In fact, WhatsApp sometimes can waste consumers’ time and lead to unnecessary delays.

For instance, two respondents stated that salespeople did not even answer their questions although they read their messages:

*“The service was a disaster. I contacted the sales person on WhatsApp, and she was online. She didn’t open the picture. She didn’t open the chat even. After 3 minutes of being online, she opened my message and she never replied...” (Female, 20)*

Responsiveness of salespeople does not only include late replies but also informal communication styles (Beukeboom *et al.*, 2015; Gretry *et al.*, 2017). Respondents could not tolerate the unprofessional manner that some salespeople used to reply to their inquiries (i.e. emoticons, voice notes, WhatsApp calls). In addition, respondents highlighted the negative effects of responses that are “grammatically” incorrect and hard to read:

*“The salespeople were so friendly and respectful, but the number of grammatical mistakes shocked me! Those companies are spending millions of dollars on advertisements and campaigns just to come up with the right strategies then comes this one sales person who send you a sentence that is not even grammatically correct you know? This might really harm the image of the company.” (Female, 33)*

Besides responsiveness problems, the frequency of the WhatsApp messages and the deceptive strategies that some salespeople use affects consumers’ experience negatively. Indeed, respondents do not value frequent WhatsApp messages and label them as “annoying”. Since WhatsApp is a more personal platform than Facebook and Instagram, a significant number of respondents affirmed that they would prefer that brands respect their privacy by being less active:

*“If they are going to target me with constant promotions, then this will be ultimately annoying. You know? The same happens in friendships. When you talk to me constantly, I might consider you annoying take care, I may ignore you or block you. There is a limit; they need to know how to tackle this.” (Male, 27)*

Deceptive selling is another issue that respondents fear to suffer from or have already suffered from in relation to WhatsApp usage. Consistent with the work of Erdem, Swait, and Valenzuela (2006) about source credibility, consumers fear that salespeople would not disclose the right information about products. This problem accentuates when consumers purchase directly online (which was merely the case in the Middle East as opposed to the Gulf) without checking the products in store. Although consumers could ask more questions on WhatsApp, the shared pictures by salespeople did not reveal the actual product details:

*“I really wanted that item, it appeared really big when the sales person sent me the picture on WhatsApp. But it turned out to be a very small handbag. So, I was very disappointed.”*  
(Female, 33)

### **4.3 Sensory Experience**

When asked about their experience on WhatsApp, consumers mentioned that they miss the sensory environment in store. In fact, touching and feeling the product are considered as the main components affecting consumers’ shopping experience especially in the clothing sector (Kim and Kim, 2004). In addition, certain participants stated that the luxury environment motivates them to visit the store more often and increases their in-store dwelling time:

*“It will affect it a lot honestly because you are paying for the service as well. So, when you contact the brand on WhatsApp while being surrounded by people, you won’t live the experience.”* (Male, 35)

Other respondents mentioned that the informal WhatsApp environment makes the whole shopping experience seem fake as nothing can differentiate a “luxury” product from a “non-luxury” one on WhatsApp:

*“WhatsApp is so friendly and nice, yet I am not sure if it fits luxury brands. The colors I see on WhatsApp should be a little bit different, should like really go with the image and identity of the company or with the store atmosphere.”* (Female, 18)

## 4.4 Consumer Trust

Respondents differentiated between two types of trust, namely: (a) trust in the brand and (b) trust in salespeople. Although the majority fully trusts the brand, they don't necessarily trust its salespeople. Participants argued that their trust and loyalty would not be affected by WhatsApp usage as the latter is a strategy similar to the other social media strategies that luxury brands are adopting. However, consumers' trust will be affected once salespeople invade consumers' privacy. Indeed, the unprofessionalism of salespeople on WhatsApp could lead to store and even brand avoidance in certain critical cases:

*“It is the responsibility of the company to set strict policies and monitor salespeople. But, sure my trust won't end except if something really big happened.” (Male, 22)*

Alternatively, other respondents believe that brand trust and salespeople trust are separate constituents that should not be treated alike. Therefore, salespeople will be held responsible for their actions and consumers' brand trust would not be affected as long as managers will take re-active measures to solve the matter:

*“The problem is related to the sales person not to the strategy used nor to the brand. However, the brand should react and should work on controlling this service more in the future.” (Female, 25)*

## 4.5 Consumers' Repurchase Behavior

The study results showed that WhatsApp is likely to increase consumers repurchase behavior since it facilitates the shopping process. Consumers have the flexibility to reserve products they want through WhatsApp and pick the items later on from the store. Since consumers can shop at their convenience, the adoption of WhatsApp service encourages respondents to increase their buying behavior. However, some participants, especially in the Middle East, declared that WhatsApp would not lead to an impulsive shopping behavior as the items are expensive as compared with cheaper online alternatives:

*“There is a high probability that I would be buying more because this is the advantage of online shopping, just reserve everything you like on WhatsApp, and you will most likely purchase it.” (Male, 33)*

#### **4.6 Perceived Brand Image**

One of the main components that differentiate luxury from cheaper alternatives is the aura of exclusivity and uniqueness built around the brand. Indeed, “any commodity will be valued to the extent that is unavailable” (Brock, 1968, p. 246). When asked about this specific constituent, respondents argued that luxury brands will lose part of their charm due to WhatsApp usage. Participants’ attachment to the brand was derived from its prestige, exclusivity, and uniqueness rather than from its eccentric designs and superior quality. Although consumers are enticed to sacrifice “prestige” for “convenience”, they agreed that, with time, they will start grasping and accepting the phenomena of “luxury WhatsApp Shopping” as was previously the case with Facebook and Instagram:

*“Negatively definitely. Negatively, again I go back to brand image. First of all, say bye to exclusivity. It will no longer be unique. You need to maintain a certain level of professionalism. This is what makes the brand expensive. And, by using WhatsApp you are losing this touch, losing this uniqueness...” (Female, 24)*

# Chapter Five

## Discussion

As social media became an essential marketing communication tool in the luxury industry, heightened attention have been dedicated by academic researchers to understand its implication on consumer-brand relationships. However, to the best of the researcher's knowledge, no study to date has examined the use of WhatsApp as a communication mean in the luxury industry. Accordingly, the findings of this study provide a primary contribution exploring loyal consumers' attitudes toward WhatsApp usage in the luxury industry, thereby introducing a new research insight that was not addressed before.

The findings indicate that regardless of the informality of the WhatsApp service, luxury consumers are willing to adopt it under strict conditions. Indeed, the ability to shop online became one of the most important facets of luxury shopping (Berger, 2013) as it can guarantee product variety, convenience, and accessibility (Brynjolfsson and Smith, 2000). Since product availability can be limited in certain situations, customers in the MENA region are progressively accepting the phenomena of "luxury WhatsApp shopping". Similar to the utilization of other social media platforms (e.g. Diaz *et al.*, 2016). The use of WhatsApp can help consumers acquire accurate information that may improve their shopping experience without feeling the pressure to purchase. However, the challenge occurs when salespeople do not disclose enough or accurate information about the product (i.e. availability, size, price) leading to deceptive selling. As a result, the majority of respondents recognize to prefer gathering information on WhatsApp, then visiting the store to do the actual purchase. Moreover, WhatsApp give respondents the convenience to shop from home at any point in time whilst receiving personalized responses. In harmony with previous literature (e.g. Lee and Lin, 2005), content personalization affects consumers' perception of the online service quality and helps in strengthening consumers' relationship with the brand. Also, consistent with the extant literature on f-commerce (e.g. Nadeem *et al.*, 2015), the majority of respondents affirmed that their interest in Facebook is decreasing with time which makes WhatsApp their next probable option. However,

participants did not reach a compromise regarding the “Instagram versus WhatsApp” challenge since they prefer Instagram due to its formality yet use WhatsApp more frequently due to its convenience.

Although WhatsApp opens the door for “two-way communication”, it puts the perceived brand image in jeopardy if not used with the adequate consumer segment. Indeed, one of the main concerns raised was “mass targeting”. Putting a luxury brand on an informal application like WhatsApp makes a product that was once perceived as exclusive to the “happy few” available to “everyone” (Kapferer and Bastien, 2012) affecting therefore the brand’s image in consumers’ minds. Nevertheless, although the image of the brand could be affected negatively, its reputation is believed to stay intact. In line with previous literature, social media platforms do not act against the reputation of luxury brands (Kim and Ko, 2012). Indeed, respondents believe that their love and loyalty toward the brand will never be affected by such a strategy that the company is trying to implement.

On another note, and while shoppers aim to collect a huge amount of information online (e.g. Colliander and Wien, 2013), WhatsApp limits their ability to engage in group conversations as opposed to Facebook and Instagram. As another point of fact, the quantity of information that could be collected on WhatsApp depends upon the quality of the conversation between the brand and its consumers. Indeed, WhatsApp allows consumers to gather more detailed specifications due to its interactive nature. When consumers gather information online (specifically WhatsApp), the amount of time needed to shop is shortened, in which case customers do not mind visiting the store to finalize the purchase. However, “the function of touching or seeing the product in person remains important” (Chandon *et al.*, 2016, p. 302). Inconsistent with the work of Licata, Chakraborty, and Krishnan (2008), respondents could not forgo the sensory stimuli available in luxury stores although they were loyal to the brand and accustomed to its environment. In fact, consumers were mainly driven by the “symbolic interaction motivations” (Vickers and Renand, 2003) that imply confirming one’s social status through his or her interaction with others. This rationale could explain some respondents tendency to prefer in-store shopping.

Nevertheless, the majority of the participants agreed that WhatsApp will increase their repurchase behavior since they can reserve and shop easily whilst investing minimal effort. In addition, shoppers recognized the advantage that WhatsApp offers them by staying up-to-date about the latest collections without having to surf the brand's website or other social media sites.

Besides, WhatsApp shares many of the inconveniences of the other social media platforms, especially when it comes to customers' trust. Indeed, there appeared to be a significant difference between consumers' trust in traditional commerce and their trust in e-commerce. The importance of trust accentuates online since corruptive behaviors could carry high risks (Gefen and Straub, 2003). Respondents argued that they do not fully trust buying online especially from luxury brands as opposed to non-luxury retailers since luxe products are expensive in nature. Moreover, shoppers felt they could not really differentiate between "fake" and "luxury" brands on WhatsApp. As this service is still new and under-controlled, participants felt reluctant to transfer big amounts of money when concluding purchases on this platform. Therefore, WhatsApp showed to be considered as a complement rather than an alternative service to in-store shopping.

According to Flavian and Guinaliu (2006), consumers' trust in the Internet is affected by the level of security and privacy of their personal data. This concern is amplified on WhatsApp since brands contact consumers directly on their personal number. Therefore, WhatsApp is considered by many as representing a threat to privacy if used inadequately.

Moreover, respondents distinguished between two other types of trust on WhatsApp, namely: (a) trust in the brand and (b) trust in salespeople. Although the former fully trust the brand, they could not always trust contacting its salespeople on WhatsApp. Prior studies indicate that the degree of acquaintance among people depend upon their familiarity with each other (Willis, 1966). Similarly, respondents expressed their happiness to contact salespeople they already know in person which helped maintaining an appropriate level of intimacy. However, in certain extreme cases customers' trust in

the brand was affected leading to store avoidance. Besides considering WhatsApp as an informal and free of charge service that could not compete with professional emails and SMS, respondents' trust was affected negatively by the responsiveness of salespeople. Through the blue double ticks, customers can track on WhatsApp whether the message was read or not which could cause them discomfort in case if they do not obtain an immediate answer. Indeed, while the former must wait sometimes till the end of the day to hear back from the brand on Facebook and Instagram, delays appeared to be totally not tolerated on WhatsApp. Therefore, WhatsApp could be a challenging application for brands since customers are not often willing to wait long to receive a response. In similar vein (e.g. Gretry *et al.*, 2017), the informality of some WhatsApp responses can make customers question its professionalism. This problem was raised especially by consumers who never met before the sales person they dealt with. Therefore, salespeople should maintain a certain level of formality whilst dealing with consumers on WhatsApp in order to preserve the trust bubble surrounding the brand-consumer relationship. In addition, the professionalism of the pictures sent plays a significant role as well in maintaining the trust component in the interaction. Since consumers did not yet grasp the concept of "WhatsApp shopping", luxury brands should train their salespeople to maintain a high level of communication formality that suits the brands' name, and most importantly, the brands' image. In addition, the frequency of the WhatsApp messages could affect consumers' experience negatively. This inconvenience is accentuated on WhatsApp as opposed to other platforms since it is a private platform that was till very recently expected to be used mainly by family and friends. When brands post on Facebook and Instagram, the content is shared with everyone. However, when the message is sent individually on WhatsApp, recipients typically choose whether to read it or not.

Finally, this specific inconvenience raises the issue of "relationship building versus profit maximization". The fact that consumers cannot control the content on WhatsApp make them question the reason behind its usage: "are they trying to make me feel valuable? Or, are they trying to make me spend more money?!". Although WhatsApp increases the feelings of community and connection (Church and de Oliveira, 2013), it sometimes may put consumers under-pressure. Messages such as "why aren't you visiting the store?" and

“come check this item” could trigger consumers’ interest and make them feel valuable. However, sending this type of personalized messages recurrently could be misunderstood and could pressure consumers to purchase unnecessary products.

# Chapter Six

## Managerial Implications

The aim of this exploratory study was to fill a gap in the literature by investigating how WhatsApp usage as a communication mean in the luxury sector could affect loyal consumers' attitudes toward the brand. A key strategic question that brand managers should ask is how, rather than whether, to use WhatsApp as a complementary service to other social media platforms. The following suggestions highlight the elements that luxury brands should address while utilizing WhatsApp and provide managers with the necessary guidance regarding how to nurture and sustain the consumer-brand relationship on this specific communication platform.

First, WhatsApp appeared to be an essential component of social media that luxury firms should invest in properly to target an increasing number of consumers. Indeed, “unlike millennials who grew up with technology as more of a convenience than a necessity, Gen Z sees it as an integral part of their daily lives” (Edelman, 2018, p. 1). Furthermore, Gen Z is an important and growing sector of the community that luxury brands should aim to target, and WhatsApp could prove effective in attracting this generation as the latter asks for increased shopping convenience and eccentric/personalized experience.

Although exclusivity and uniqueness lie at the core of luxury branding, the findings indicate that these components are totally absent on WhatsApp. For that reason, luxury brands should be creative in finding new ways to replicate their in-store environment through the way they interact with consumers on this platform. Accordingly, all the latter elements must be meticulously considered to reserve the luxury image of the brand: formality, picture quality, display picture used, responsiveness, and message frequency. In addition, firms should work on personalizing their WhatsApp responses and providing loyal consumers with a memorable experience online. For instance, luxury brands can adopt the “abundant rarity tactics” that give a “perception” of exclusivity rather than actual

exclusivity (Kapferer, 2012, 2015) by sending personalized messages and discounts on WhatsApp especially to their elite consumers. Furthermore, luxury brands should give its clientele the choice to decide whether to join or not the brands' WhatsApp broadcast. By doing so, luxury managers will be protecting the image of the brand whilst building a growing base of loyal consumer. Luxury firms should encourage customers to visit their store despite their adoption of omni-channel marketing to reach and interact with their clientele. In fact, while some individuals prefer to shop directly online, others still lack trust in online luxury shopping and prefer to visit the store prior to the purchase. On a further note, results have shown that the country of origin plays a huge role in decreasing consumers trust in WhatsApp shopping. The high rates of online fraud in the MENA region seem to increase consumers' fear of purchasing online especially that luxury products are expensive in nature. Accordingly, luxury brands could play the role of the leader in the region by offering strong security payment techniques that can help restore consumers' trust in online shopping.

Moreover, and in spite of the defies of social media platforms, luxury brands should control the WhatsApp service in an attempt to protect consumers' privacy online. Although previous studies indicate that brands cannot always maintain full control over their e-services (Chandon *et al.*, 2016), effectively managing their usage of WhatsApp helps brands avoid unnecessary and troublesome situations. For that reason, firms should provide their salespeople with the appropriate trainings, guidelines and regulations prior to WhatsApp usage. While the former strategy could increase the companies' cost in the short-run, it can help the brand protect and nurture the relationship with its loyal customers in the long-run. In addition, it is crucial for salespeople to maintain a high level of professionalism whilst dealing with consumers on WhatsApp in an attempt to build mutual trust between both parties. On a final note, luxury brands should build their own "WhatsApp" strategies mindful of their customer base, future target market, product features, and message content. Although WhatsApp is not meant to be an essential communication platform in the luxury industry, still it could be of an undeniable added

value to the brand if utilized effectively and strategically and could counterpart other existing yet aging social media platforms.

# Chapter seven

## Limitations and Future Research Orientation

Since this study was conducted in an under-researched region, it carries the limitations of any exploratory and qualitative research (Bryman and Bell, 2015). First, this undertaking should be replicated in other areas, given the fragmented nature of the literature in the MENA region. Second, since WhatsApp usage as a communication mean is still nascent, the number of participants was limited; accordingly, future studies could include a larger number of participants from both genders who already use WhatsApp to communicate with luxury brands. This should allow to: (a) address gender imbalance, (b) compare and contrast the results across genders, and (c) derive a conceptual framework. Furthermore, this topic could be studied across the various age groups to understand how age differences affect consumers' attitudes vis-à-vis the usage of this platform by luxury brands. Besides, the diversity in terms of geography and culture in the MENA region necessitates further compare and contrast studies with different consumption societies. These studies could help enhance the generalizability and validity of the results. In addition, it could be of interest to explore how WhatsApp usage in concession stores could affect consumers' attitudes towards luxury brands. It is important to note that new research methods, luxury sectors and product categories and characteristics could help extend the findings of this study. Future studies could also explore the differences between Instagram and WhatsApp usage as some findings reflect that some consumers seem to favor Instagram due to its formality. Moreover, studying consumers' attitudes toward the new "Business WhatsApp" could help reveal new insights that were not addressed in this study. Last but not least, elite interviews could be conducted with key organizational luxury brands managers to better understand the managerial perspective behind WhatsApp usage as a communication medium with loyal customers. Given the recency of the topic addressed, countless investigation direction can emerge for future studies.

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# Appendix 1

- 1- What is your favorite luxury brand that is using WhatsApp nowadays?
- 2- What do you particularly like about it?
- 3- What comes to your mind when you think about this brand (favorite brand)?
- 4- How does the store ambience (atmospherics) shape your shopping experience when you walk around the store?
- 5- How do you usually buy or order from this brand?
- 6- When you need something from the brand (such as a specific information about a product), how do you usually get in touch with them?

Nowadays brands are increasingly using WhatsApp as a communication tool with loyal customers.

- 7- What is your overall impression/opinion about WhatsApp as a communication tool?
- 8- What was your impression the first time you heard about the WhatsApp service that luxury brands are offering to their loyal customers?  
Tell me how it feels to receive a WhatsApp message from a luxury brand(s)?
- 9- Do you prefer getting in touch with brand X through WhatsApp or other social platform? Which ones? Why?
- 10- Did you ever buy anything on WhatsApp from this brand?
- 11- What encouraged you to try the WhatsApp service that brand(s) X is offering?
- 12- How do you perceive the service that brand X provides through WhatsApp?
- 13- How do you evaluate brand X's sales person replies on WhatsApp in terms of fastness/slowliness and respect?
- 14- How would your trust level for brand X affect your purchase decision through WhatsApp?
- 15- How would the WhatsApp communication that brand X is using affect your perception of trustworthiness and honesty of the brand?
- 16- How would the WhatsApp communication that brand X is using affect its reputation either positively or negatively?

- 17- What are the chances that brand X would disappoint you through their usage of WhatsApp?
- 18- How does the absence of brand X store ambience/atmospherics affect your shopping experience when the communication happens through WhatsApp?
- 19- How does the WhatsApp service that brand X utilizes influence your perception of the brand(s)? Why?
- 20- How did the WhatsApp service affect your feelings toward the brand(s) X?
- 21- How would this service affect your loyalty toward the brand?
- 22- Would you recommend the WhatsApp service offered by brand X to other people? Whom, why and how?
- 23- How would the communication through this service affect your future purchase decisions? For example, the number of items you consider buying from brand....
- 24- Could this WhatsApp option lead you to purchase impulsively from brand X or any other brand using the same service? Why and How?

## Appendix 2

1. Consumers' feelings toward WhatsApp usage as a communication platform by luxury brands
2. WhatsApp service quality
  - 2.1. Usage Benefits
    - 2.1.1. Personalized service
    - 2.1.2. Informative tool
    - 2.1.3. Convenience
  - 2.2. Usage Drawbacks
    - 2.2.1. Trust in online shopping
    - 2.2.2. Mass targeting
    - 2.2.3. Privacy concerns
    - 2.2.4. Informal communication tool
    - 2.2.5. High pressure to purchase unnecessary products
      - 2.2.5.1. Relationship building tool versus profit maximizing tool
    - 2.2.6. Absence of control over marketing communication
      - 2.2.6.1. Responsiveness of the sales people
      - 2.2.6.2. Frequency of the WhatsApp message (sending and receiving)
      - 2.2.6.3. Deceptive selling
3. Sensory brand experience
4. Consumer trust
  - 4.1. Trust in the brand
  - 4.2. Trust in sales people
5. Consumers' repurchase behavior
6. Perceived brand image
  - 6.1. Lack of brand exclusivity
  - 6.2. Lack of brand uniqueness