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Can loyalty schemes be applied to all types of luxury brands?

By:
Sally-Anne Amakye, Farhan Rashid Ahmed Ansari & Effrosyni Tigka

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Frans Melin
Assistant Professor

Heads of master course Strategic Brand Management (BUSN21), part of master program International Marketing and Brand Management.
Lund School of Economics and Management

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Abstract

Purpose: There is a widely held belief that loyalty schemes and luxury brands do not go hand in hand. This research will explore whether loyalty schemes can indeed be applied to all forms of luxury brands

Design/Methodology/approach: An extensive literature review will delve into the fields of both luxury and loyalty. By incorporating theoretical models for both a conceptual framework will be constructed. This framework will illustrate what kind of loyalty schemes can be applied to varying levels of luxury brands. The current schemes used by three luxury sectors; apparel, transport and jewellery will be discussed. Hence by analysing the three sectors, the effectiveness of the framework will be tested.

Findings: Theoretically loyalty schemes can be applied to all brands including luxury as loyalty is about improving relations. However in practice this is not the case, when segmented, the highest level of luxury consumers may not be concerned with the loyalty schemes offered, hence these brands do not implement such schemes. For brands that in practice implement loyalty programs they must ensure that the brand image is not diluted.

Research limitations/implications: The challenging aspect while conducting this research was the lack of academic literature concerning the relationship between loyalty schemes and luxury goods or services.

Originality: To provide an insight into luxury brands and loyalty, an area that is seldom researched or commented upon.

Keywords: Luxury, Loyalty, CRM, Non-Monetary, Monetary

Paper Type: Research paper

Background

The Economic crisis of 2008, led to increased changes in consumption patterns that had unexpected consequences for those within the luxury industry (Kapferer and Bastien, 2009). The Luxury Institute, New York, surveyed luxury consumers during this time asking what they expected from luxury brands, the answers surprised many, and included reduced prices, discount offers and accessible online discounts (Kapferer and Bastien, 2009). Such responses may now be an indication of the times, as what was previously regarded as an exclusive industry begins to transform with changing requests from its consumers and theories that suggest 'luxury brand longevity is a matter of loyalty' (Kapferer and Bastien, 2009). Although this developing view exists, traditionalists and pioneers maintain the position that when luxury brands reduce their prices they reduce their prestige. Such brands face a fine line between exclusivity and reality influences (Somma, 2015). By delving into the elusive world of luxury brands this paper aims to explore, investigate and understand the use of loyalty schemes as a form of customer relationship management Rowley (2004) by luxury brands. It additionally aims to answer the question "Can loyalty schemes be applied to all forms of luxury brands" and in doing so will review literature defining what a luxury brand is.

In order to truly understand the varying types of brands that exist, it is imperative to firstly define the brand. Historically definitions of the 'brand' focused on the brand as "a set of mental associations, held by the consumer, which add to the perceived value of a product or service." (Keller 1998) Such definitions came under much scrutiny from the likes of Kapferer and Bastien (2009) who suggest it focuses heavily on the cognitions when in essence strong brands have an intense emotional component. By taking into account the emotional component, definitions evolved to indicate that the brand 'is a name with the power to influence.' For the purpose of this paper the criteria suggested by Kapferer and Bastien (2009) will be utilised. Hence simply put, the brand creates a system of mental associations (brand image) for buyers, which focuses on, brand territory, level of quality and brand personality**.**

Varying forms of brand classification exists, these range from lifestyle brands to luxury brands. The latter will be the focal point of this paper.

Luxury products according to Kapferer and Bastien (2009) are purchased for the following reasons;

- Social status and indication of success
- Personal reward and to gain self confidence
- Create a sense of exclusivity and indication of ones standing within the societal hierarchy.

Luxury consumers today are deeply and emotionally linked to luxury brands (Bain & Co, 2005). According to Nueno and Quelch (1998), a luxury brand goes beyond functionality and gives great importance to the individual.

Kapferer suggests that to understand the attributes linked to luxury one must go as far back into history to the beginning of human civilisation. When looking at Ancient Egypt, elements of luxury were present in both the living and in the afterlife.

Today, the views and perceptions of luxury have very much developed from old to new luxury ideology as indicated in Table 1.

Old Luxury (Historically)	New Luxury (Today)
Aristocracy	**Meritocracy**
Obligation to demonstrate inherited rank	**Reward by signing ones success and accessing elite pleasures**

(Table 1: Luxury shift, Source Kapferer and Bastien, 2009)

Factors including democratisation, an increase in spending power, globalisation and improved communications have all led to new perception of luxury (Kapferer and Bastien, 2009).

Market expansion has created a phenomenon of less affluent consumers entering the luxury market, known as '*masstige*' (Kapferer and Bastien, 2009). Due to the aforementioned reasons it has been found that many consumers have started to lose trust and develop negative attitudes due to the loss of exclusivity and prestige, suggesting that a notable paradox exists that being the exclusivity-inclusivity within the market (Poddar et al., 2011**).** Callieux et al (2009) comment on this shift and suggests practitioners should insist on building customer emotional involvement to drive loyalty.

Customer loyalty is an intrinsic element of building a strong brand. The use of varying programs and schemes to achieve such loyalty has been utilised by several brands over the years via customer relationship management. In short loyalty programs can be defined as "an integrated system of marketing actions that aim to make member customers more loyal" (Leenheer et al 2007,p32**)**. Loyalty schemes have helped to change purchasing behaviour. Evidence of this took place within the 1930s when a Betty Crocker loyalty scheme vastly impacted the kitchen utensils industry, (Friend, n.d.). From the onset, it has been believed that loyalty schemes have been associated with monetary cost saving methods, linked to every day affordable product brands. However it remains to be seen if such programs can be implemented for the benefit of luxury brands without ruining what the brand stands for.

Through comprehensive literature reviews, modern day theories and cases it will be possible to explore the depths and usefulness of loyalty programs, the concept of luxury and its definitions and understand how they may/may not complement each other.

Literature review

Loyalty schemes take on several categories including retailer, financial services, online, frequent flyer and travel schemes. The true disparity of loyalty schemes over the years can be seen within the UK, which as of 2003, 85% of households had at least one form of loyalty association (the Guardian, 2003). Griffin (1995) indicates that there exists four categories of loyalty, in order for an organisation to form a relationship and benefit from loyal customers, it is imperative to understand the buying habits of its consumers. Customer loyalty can be placed into the following categories:

1. *No loyalty*- consumers who do not develop any level of loyalty for products or services, thus companies must not avoid this

category and instead focus on those whom loyalty can be developed.

2. *Inertia loyalty*- low level of attachment but high repeat purchases, e.g. frequently purchased items, consumers in this segment are prone to switching to competitors on impulse.
3. *Latent loyalty*- situational effects as oppose to attitudinal effects play a great role in determining repeat purchase.
4. *Premium loyalty*- Provides the most leverage for firms, occurs when there exists a high level of attachment alongside repeat patronage. Customers are vocal advocates for the product/service.

These classifications are further reiterated and developed by Aaker (1991) Appendix 1**.** He adds to this discussion by suggesting that customer loyalty teamed with an enthusiastic community is a brand asset.

By focusing on the 'committed buyer' Aaker (1991) and Griffins 'Premium loyalty' customers it is possible to deduce that for some consumers their relationships with brands stems further than possible monetary gains.

Meyer-Warden (2008) claim that loyalty programs that provide monetary benefit enable customers to increase the amount of purchases made. In some instances, there are loyalty programs where one has to be a member to benefit; therefore the sense of exclusivity rather than the benefit of the program can induce the particular customers to be loyal to the firm (Tajfel, Billig, & Bundy, 1971). This point is also echoed by Lewis (2004) through his model which proves that rise of repeated purchase can be achieved through various loyalty scheme instruments such as coupons, change of price etc.

Anderson, Fornell and Lehmann (1994) note that the main purpose of loyalty programs are to achieve customer retention by means of enhancing satisfaction, which would in turn increase repeat business. It is therefore expected that the sales of the product or services will increase as a result of a well-implemented loyalty program (O'Brien & Jones 1995). When looking at the case of retailers Reichheld & Sasser (1990) argue that loyalty schemes are in fact successful and beneficial to the long-term running of companies if designed in accordance with the right type of customers. This is reaffirmed by Sharp and Sharp (1997) who suggest that a firm is likely to gain market share from a rise in sales as a result of introducing loyalty schemes. To ensure that loyalty programs fulfil their intended purpose, Lacey and Sneath (2006) agree that companies should segment their customers and tailor the schemes to customers needs, therefore catering for those with different spending habits. Once implemented companies should focus on customers who are actively involved in the loyalty program.

Despite the suggested positive outcomes associated with loyalty schemes, there exists criticism around the topic. Partch (1994) suggests that organisations are liable to incur costs through the operation of loyalty schemes, costs that may not be retrieved if the scheme does not prove successful. If such schemes are also utilised by competitors it can be suggested that there exists no difference between a loyalty scheme or short run promotional campaign. The increased use of loyalty as rewards schemes as tools within CRM systems has additionally led to the abuse and misuse of personal customer information (Langenderfer and Cook, 2004). Such ethical risks can result in customers wishing to withhold personal information from companies. Shugan (2005) deems loyalty programs to be "liabilities rather than assets," this view is backed by McKee (2007) who states that loyalty programs do not; in reality stimulate loyalty from the customers. Instead such programs are effective because customers avail the facilities for the sake receiving a rewarded and not because they are genuinely loyal to a firm.

It has commonly been the case within literature that the topic of brand loyalty is divided into two distinct categories, the first being of behaviour and second attitudinal loyalty (Homburg and Giering, 2001). Chanal and Bala (2010) suggest attitudinal loyalty refers not only to cognitive but also conative elements, thus this form of loyalty plays a significant role in influencing and leads to the intention of the customers to become loyal.

Loyalty schemes serve more than the purpose of customer retention. Liu (2007) suggests that loyalty schemes provide benefits for both consumers and brands. Organisations use such schemes to build their relationships with clients forming an increased bond and do so through Customer Relationship Management (CRM) (Verhoef, 2003). In an increasing bid to form relationships with customers, Kerstetter (2001), suggests that companies are spending billions of dollars on creating effective CRM systems. Findings by Bligh and Turk (2004) from their study in the entertainment industry, deduced that upon the creation of a CRM system that determined customers desires the company, Caesars Entertainment Corporation managed to not only retain its customer loyalty but also increase the number of loyal customers.

Loyalty Framework

Several CRM practitioners have attempted to depict loyalty schemes graphically, one such theory is that of (Melnyk and Bijmolt, 2015, Appendix 2). The model focuses on behavioural elements of loyalty rather than attitudinal dimensions due to the strong link for managerial performance. By investigating 24 different loyalty programs, two outcomes were deduced from the study, one being that of loyalty program design (monetary and non-monetary) and customer characteristics (demographics and psychographics).

Monetary dimensions of a loyalty program can as suggested by provide positive financial benefits through discounts that stimulate customer purchase Van Heerde and Bijmolt, (2005) or elements that encourage and broaden savings.

Despite the positive gains to be had from the monetary dimensions of loyalty programs, an array of studies and literature note that non-monetary elements are equally of importance as non-monetary programs play retention and trust role (Rust and Verhoef, 2005). As of recent customer databases have been created to push the element of personal relationships, a form of marketing that is key when it comes to luxury goods. Melnyk and Bijmolt (2015) further examine non-monetary and monetary dimensions and suggest that there are two ways in which personal relationships are embedded into a loyalty program, discriminatory and customisation. The latter, suggests that firms treat individuals differently Drèze and Nunes, (2009) examples include sending personal promotions to customers that may be price-sensitive. Information regarding advanced and possible 'special' items is targeted to those that are price-insensitive (Meyer-

Waarden, 2007). Non-monetary rewards through customisation facilitate the need for a sense of belonging Baumeister and Leary (1995) as each program will be adapted to the needs and requirements of each customer.

By looking at the notion of discrimination within non-monetary programs, it is possible to differentiate non-members and members by suggesting that the brand can provide extra non-monetary benefits to only its members, including access to special members only events. Such actions promote a sense of belonging to a special group amongst customers (Reinartz and Kumar, 2000).

An insight into luxury

Retention has become a key word regarding new customers. Kapferer and Bastien (2009)suggest luxury brands need to weave tighter relationships with customers to show their differences and legitimacy. When it comes to this field, relationships have always been a key element of the luxury strategy. Traditionally luxury brands had been reluctant to adopt any classical tools of mass marketing, to aid in the development of consumer relationships such as CRM loyalty schemes, instead opting to adhere only to the luxury strategy.

The anti-law of marketing

Kapferer & Bastien (2009) present the notion that luxury brands must live up to their price tag by demonstrating the product's integrity as well as the brand's prestige and exclusivity. However Langton (2011), expands on this by suggesting that "luxury customers globally, now want more than just a quality product and service: they expect an experience beyond the standards that luxury brands deliver today. They want a personalised and special relationship that recognises them as an individual, regardless of the channel." Langton (2011)

Traditionally luxury-marketing practices have succeeded in making their customers feel like they are part of a family, or an exclusive club. However questions such as can luxury brands ensure that they continue to attract and retain the right customers? Have arisen (Langton, 2011).

Kapferer & Bastien (2009) suggest that the luxury strategy that has been prevalent amongst brands have derived from the anti-law of marketing, this argues that traditional marketing practices destroy the essence of luxury. They further argue that these laws as have seen luxury brands through the economic crisis and helped ensure that the luxury criteria was not compromised by price reductions. Actions such as making products suddenly accessible destroy the luxury ethics and additionally endangers any trust that has been built.

Kapferer (2008) has recently suggested that luxury is constantly on the move and thus always changing in appearance. This evolution of luxury has seen prestigious brands now start to examine the benefits of personalisation and creation of lifelong customer value through the use of CRM systems and possible loyalty schemes (Cailleux, Mignot and Kapferer, 2009).

Cailleux, Mignot and Kapferer, 2009 pose the question, whether luxury brands borrowing CRM techniques utilised by mass classic consumer goods would lead to the risk of making the line luxury and premium increasingly blurry. They further question if CRM can respect the specificity of luxury management and its exacting implications if these brands want to grow while remaining luxury brands. At this stage it is essential to understand what 'luxury' truly entails and how it is defined.

Luxury defined

The definition of luxury is one that is greatly contested, consultancy powerhouse Bain & Co (2005) define luxury as being applicable to that of tangible items, linked directly to sales in upmarket retails environments. This definition goes on to be developed further with T. Jackson (2004) suggesting that "Exclusivity, premium prices, image and status which combine to make them more desirable for reasons other than function." Luxury itself is a relative concept Kapferer (2012) for some individuals luxury may be an occasional treat i.e dining at a top restaurant that takes place monthly or annually, for others it would be purchasing high end cars jewels or flying first class. Despite the varying definitions**,** Kapferer (2012) suggests luxury must be understood within the specific context, either in its absolute, relative or individual meaning. 'Absolute Luxury' is regarded as categories and famous brands held in the world as symbols of luxury. Luxury as a 'Relative' statement suggests that luxury is dependant on the person, for some having access to running water is indeed a luxury, whilst for others having 'golden taps' to drink water from is a luxury (Kapferer and Bastien, 2009). They further go on to explain: "Luxury is qualitative not quantitative" and therefore high price alone does not guarantee luxury brand positioning as this measures wealth not taste or social sophistication" (Kapferer and Bastien, 2009 p.315). Vigneron & Johnson, (1999) add to the discussion by suggesting that there are two powerful symbolic functions that luxury can play, the first to enhance our image in the eyes of others and the second to enhance our own self-concept.

Kapferer and Bastien (2009) suggests that the 'non-return' effect is prevalent when referring to luxury brands. But how then can luxury brands retain and develop the loyalty of these customers?

Luxury brands have faced a constant flow of challenges when it comes to the retention of customers **(**Cailleux, Mignot and Kapferer, 2009**)** one such being the increased strength of premium brands. The growth of the middle class has led to an attempt by premium brands to capture this market. The renaissance of premium brands has seen the development of new terminology such as 'premunisation' and 'mass luxury' aiding to the misconception that luxury and premium are one of the same. Simply put the premium strategy utilised for premium goods can be regarded as 'pay more get more. (Kapferer and Bastien, 2009)' Premium unlike luxury relies on the tangible dimensions of value. Whereas the premium linked to the luxury brand is the intangibles that comes with the ownership (Brusati, 2013). Most premium brands do not evoke dreams linked to that of luxury brands. Additionally it is rare that premium brands boast the heritage possessed by that of the latter. They do not present the means to create social markers (Kapferer and Bastien, 2009).

The emergence of a new type of luxury consumer ‘new money,’ makes it difficult for brands to understand the buying habits of clients. This has been further reiterated by a study conducted by the luxury society. This study identified 4 types of luxury consumers based on their attitudes to luxury brands; *the people who ‘show’*, *the people who ‘can’t be shown up*, *the people who show they know* and *the people who ’know’* (Luxury Society, 2011). These categories are further aligned by Kapferer and Bastien (2009) who identifies their own form of luxury: 1) bespoke, authentic, 2) modern, creative, 3) conformist and 4) flashy.

Focusing on the need for status element of luxury consumption, Han et al (2010) differentiates between the varying types of luxury clientele. Those that are established consumers of luxury and are low in the need for status are regarded as “Patricians” whilst wealthy consumers that seek status can be classified as “Parvenus.”

All forms of luxury consumers fit into varying categories of luxury sectors. The varying levels of luxury have been depicted by Rambourgs luxury power ranking (2014) which divides an array of brands based on their ‘price points’ and ‘number of points of sale’. Rambourg identifies six forms of luxury ranging from Bespoke, Ultra High End, Super-premium, Premium Core, Accessible Core, Affordable luxury and everyday luxury. Although this model would be contested for various reasons including the use of the terminology ‘Premium’ to describe luxury items and ranking based on monetary value, it has attempted to provide an understanding of how modern day luxury can be perceived.

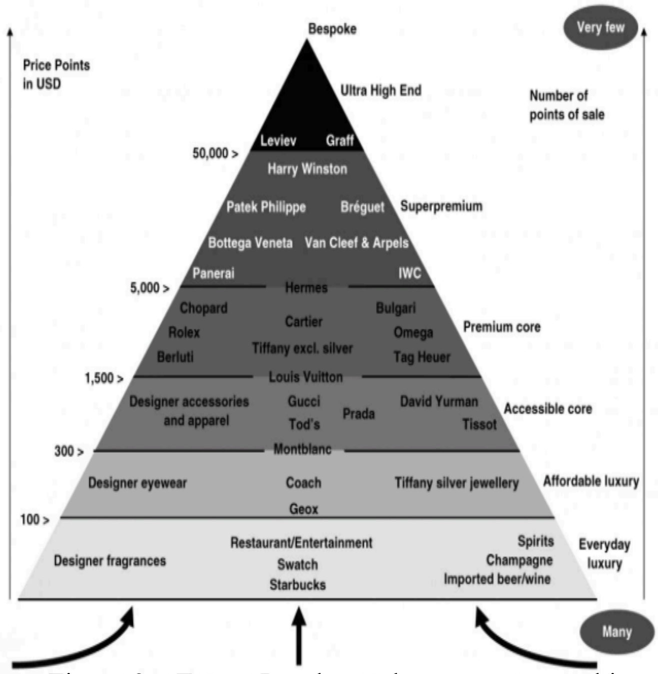

Figure 3 – Erwan Rambourg luxury power ranking (2014)

As mentioned by **(**Cailleux, Mignot and Kapferer, 2009**)** surveys show most companies in luxury world are now willing to develop ambitious, result orientated CRM policies.

Framework

Based on the literature review of both loyalty and luxury it has been possible to identify gaps within the subject area. This gap has led to the creation of a framework that attempts to explore the grey area of the application of loyalty programs to luxury goods. To understand the possible extent to which loyalty schemes may be applied to all luxury brands, the notion of triangulation research we has been utilised to merge both Rambourgs luxury power ranking (2014) and the ‘CRM dimensions of loyalty framework’ constructed by Melnyk and Bijmolt, 2015**.** Thus creating the Dimensions Of Loyalty & Luxury framework (D.O.L.L) a conceptual framework.

By taking into account monetary and non-monetary elements of the CRM dimensions of loyalty framework' the model seeks to differentiate the types of programs offered to the differing levels of luxury brands and luxury clientele (Appendix 3). Rambourgs luxury power ranking has been used as a basis to understand the structure of the luxury industry, elements including the price points have been excluded due to the complexities in pricing various forms of luxury.

Conceptual framework (Appendix 4)

The aim of this framework is to assist luxury brands in identifying the form of loyalty program applicable to the various consumers.

Each component of the framework has been complied based on findings from literature including terminology and refers to the varying levels of loyalty:

Masstige: - Bottom tier 1 – Inclusive general monetary schemes
Type of consumer: Possible new entrants to the market, price sensitive, easily swayed
Type of brand: Brands available for the masses,
Type of program/scheme: Monetary schemes, Offers to entice, classical direct marketing or use of new technology to gain one of discounts. No requirement to be a customer.

Affordable Luxury – Tier 2- Discriminatory monetary schemes for retention

Type of consumer: Possible new entrants to the market could be deemed as a 'poser'
Type of brand: regarded as affordable brands
Type of program/scheme: Monetary schemes, Points or discount schemes exclusively for those who are customers of the brand. Aim of scheme is retention, should be maintained in brands communications

Prestige: Tier 3 – Non-monetary schemes focusing on customization programs

Type of consumer: Seeking status (Parvenus), consumers who 'cannot be shown up'
Type of brand: Prestige brands that offer association with higher class
Type of program/scheme: non-monetary schemes, including public invitations for all those that shop with the brand,

Contemporary Classic Exclusive: Tier 4 - Non-Monetary schemes, focus on discriminatory programs

Type of consumer: Loyal followers of the brand. Price insensitive, non-monetary schemes, must be cherished. (loyalists)
Type of brand: Heritage but also modern
Type of program/scheme: Selective and almost secret programs offering direct and personalised offers and experiences. Do not mind modern schemes

The Establishment: top tier – No loyalty schemes to be applied

Type of consumer: Consumers can be regarded as 'Patrician,' they are price insensitive, committed to brand regardless (Advocates)
Type of brand: Holds a vast heritage, possible to be bespoke.
Type of program/scheme: Research indicates loyalty schemes are not in place for such brands.

Methodology

To, truly understand how loyalty schemes have been applied to luxury brands we will research an array of schemes currently in play. Further to this we will attempt to categorise these schemes based on the conceptual D.O.L.L framework. This will additionally allow us to analyse the agility of the framework and demonstrate its usability.

Conducting quantitative ethnogenic research would have enabled us to understand how luxury consumers truly utilise loyalty programs, along with qualitative research such as interviews with luxury clientele it would have been possible to understand how these customers truly feel about the introduction of loyalty schemes. However, due to time constraints and restrictive access to high-level luxury consumers utilising descriptive research methods was our chosen method.

The analysis of both the luxury industry and the D.O.L.L framework will be conducted in two stages:

Stage one
By using descriptive research to review company websites, journals and specialist industry publications online will aid the investigate three luxury sectors to observe if there are any loyalty schemes/programs in place and if so how they are implemented.
Loyalty schemes associated with brands such as Emirates, Chanel & Swarovski will be discussed. Further more loyalty schemes offered by those external from the brand themselves will be discussed, one such example is the research of schemes offered by Jewellery retailers who may stock an array of luxury brands.
Therefore by scrutinising these industries it will be possible to develop a general idea as to that extent that loyalty schemes are actually utilised by luxury brands.
Stage two
Upon recognition of loyalty schemes that may be in play, we will attempt to place each brand into the D.O.L.L framework in accordance with varying loyalty schemes they offer. This will allow us to identify shortcomings that may exist within the framework.

Focus segments
Although researching a full array of luxury segments would have provided greater scope, due to research constraints we will select luxury brands based on three sectors two of which (Jewellery and Apparel) appear in Rambourgs luxury power ranking. The third sector 'air travel' has been included due to the unique and differentiated programs in within the airline industry. Despite offering a vast range of loyalty programs many airlines still manage to maintain a sense of exclusivity for their luxury clients.
The luxurious history of the jewellery industry makes for interesting research as several jewellery brands are deemed as heritage brands.
The luxury apparel industry was chosen, as it is one that covers all ranges of luxury and has at times become diluted due to the use of the fashion strategy. Understanding how such an industry can implement loyalty systems without further dilution of the brand name.

Analysis and Discussion

Loyalty schemes - airlines

By looking into the varying forms of loyalty schemes on offer, it is possible to understand how the airline industry are able to target all levels of clientele while still differentiating and providing a sense of exclusivity for some.

The Emirates Case

Although the vast majority of airlines offer some form of scheme, Emirates airline has truly differentiated between its everyday flyer, premium flyers and luxury flyers (Emirates Skywards, 2015). Research on the airline indicates the varying loyalty packages as detailed below;

Standard blue tier membership is available for those that have flown a few times with the company. The next stages up are that of Silver and Gold, these tiers provide travellers with private lounge access, regular mileage and perks including extra baggage allowance and priority check in. What many would define as the most luxurious loyalty scheme provided by Emirates, would be their platinum program. In order to gain platinum status flyers must have gained 150 000 miles, along with the perks gained at Gold level, those of platinum status benefit from gaining the last available seat on flights and can nominate a partner to share their benefits (Emirates, 2015).

On inspection of the emirates website and frequent flyers program the highest level of scheme visibly available is that of platinum status, however after much research it is possible to find that an additional tier exists, unbeknownst to many passengers. The Emirates-Invitation Only (known simply as 'IO') is reserved for what the airline would refer to as the *'crème de la crème'* of clients. To be considered for this level, customers are required to book a minimum of 50 full fare flights in first or business class, however this alone does not guarantee immediate access, as officials must then review eligibility. Upon acceptance to this exclusive club members receive a membership card with unique phone number for each person that connects to a personal travel associate, matching luggage tags and Mont Blanc wallet, guaranteed business class seat on any flights (including full flights), airport pick up and drop-off. It has been suggested that to ensure exclusivity, only a few dozen hold such status (MacKenzie, 2014).

The Virgin Case

As with the majority of air travel schemes, Virgin Atlantic offers a specific package for its luxury passengers, referred to as the 'Virgin Upper Class VIP' unlike Emirates, this service is known to all who enquire and is published on their website. This VIP experience consists of express security services, limousine chauffer services, pre-flight access to a spa, bar and shopping facilities (Virgin Atlantic, 2015).

Application to D.O.L.L Framework

Having reviewed the programs in place for both Emirates and Virgin airlines in accordance with the conceptual D.O.L.L. framework criteria, it is possible to rank each program. (Appendix 5)

As both the Emirates platinum and Virgin upper class VIP services focus mainly on non-monetary perks such as chauffer services and priority check in, the model would suggest that they are placed either in the 'prestige' or 'contemporary classic – exclusive' segment. They have however been placed in the former segment 'prestige' as these schemes are known to the public and can be joined by the majority of clients who can afford it, they offer personalized service but not to a discriminatory extent.

The elusive Emirates 'IO' program has been placed within the contemporary classic – elusive segment as it is very much a selective program that is hardly known.

Loyalty schemes - jewellery

In this section the loyalty schemes adopted by various jewellery brands and retailers will be discussed. Various jewellery brands have undertaken strategies to introduce loyalty schemes, one such case is that of Swarovski.

The Swarovski Case

Swarovski a renowned crystal jeweller have implemented a loyalty program using mobile technology. Known as the "Just Because" app (Luxury Daily, 2015).
By using the term "sparkle" in place of "points" the brand seem to be differentiating from other more generic programs. Users can gain 'sparkle' by purchasing products, checking- in via social media, participating in events and referring the brand to peers. The more 'Sparkle' acquired, the more rewards received including unique boutique deals and member only discount and notifications (Luxury Daily, 2015).

The case of no visible loyalty

Based on our research, renowned jewellery brands that were originally mentioned in Rambourgs luxury power ranking such as Chopard, Cartier Paris, Harry Winston, Van Cleef & Arpels, Piaget, Mikimoto do not have visible loyalty programs in place.

The case of retailers

Despite not openly offering loyalty schemes, brands such as Cartier and Chopard are sold through jewellery distribution channels examples from our research include Christopher Williams and Finks Jewellers who offer their own respective loyalty schemes.

Christopher William Jewellers, provides a "Rewards Program", offering customers discounts of 4% off purchases, frequent customers receive coupons and special discounts (Christopher William Jewellers, 2015). Fink's Jewellers offers personalised loyalty programs focusing on the creation of relationships by providing those that are eligible with hefty discounts on special occasions including birthdays (Fink's Jewellers, n.d.).

Application to D.O.L.L Framework (Appendix 6)

In the case of Swarovski, loyalty schemes provide a wide array of facilities for those who use the "Just Because" application. The availability of information regarding the loyalty program is widely available and the requirement to avail the loyalty program is to simply use the application. Price discounts appeals to the price sensitive consumer and the inclusive nature of the program suggest that the Swarovski loyalty scheme should be placed in the "Masstige" segment.

On the other side of the spectrum brands such as Chopard, Van Cleef and Arpels, Mikimoto, Harry Winston and Cartier, have no visible loyalty programs whatsoever. Teamed with the price insensitivity of consumers and their strong heritage, these brands can be regarded as belonging to the 'The Establishment' segment thus the application of loyalty schemes may prove of no benefit. These brands have proven the test of time.

Loyalty schemes - apparel

For the purpose of this research apparel will be defined as all forms of clothing - formal and casual, bags and footwear. During our research a common trait emerged, this was that of schemes being present based on technological advancements (apps) and traditional methods, thus the analysis has been divided on this basis.

- Mobile applications and on-line services schemes

Over the years there has been a rise in the use of mobile applications in the purchase of luxury. Luxury brands are using such means to provide new, exclusive and personalised content to customers (Luxury Daily, 2015).

The Chanel Case

Chanel provides frequent consumers that subscribe to their e-mail facilities a private viewing of its pre-collection campaigns. Examples of non-monetary benefits offered in 2014 included clientele being entertained with an exclusive online film and private fashion show (Buckley, N. 2014). This helped provide a unique value proposition to consumers.

The Burberry case

Burberry, which in the past experienced some form of brand dilution, has now created the "*Customer 360 program*". The program invites customers to digitally share their buying history and fashion preferences online (Loyalty360, 2015). This program ensures that customers are provided with personalised items and invitations based on their buying history and are rewarded with insights on new release that are in line with their preferences.

Traditional loyalty schemes
The Gucci case

To create lasting loyalty amongst their top clientele Gucci use a unique angle of educating based on their history as mentioned by CEO Patrizio di Marco, "Getting our clients to understand how much history, tradition, quality and passion there is behind our work means winning their loyalty" (Roberts, 2013).
The unique loyalty schemes invite a select few of their best customers to attend fashion shows, workshops or even exclusive events such as Cannes Film Festival.

Application to D.O.L.L Framework
(Appendix 7)

As a well-known luxury apparel brand Chanel offers their most passionate clientele an exclusive and "elite service". We observe that the scheme of loyalty used by Chanel is non-monetary and instead focuses on providing customers with unique experiences. As these services are known to several clients and do not discriminate. Chanel's loyalty scheme can be placed under the "prestige" level.

Burberry has been ranked in the same category as Chanel due to the "Customer 360" program as personalised services have been offered. Although consumers within this category are not price-sensitive they can occasionally be regarded as flashy and therefore schemes are publicised.

With regards to Gucci, through tailored and hand picked secretive invitation only events, consumers feel the highest degree of uniqueness and a closer bond with the brand. These consumers are completely price insensitive and experience great satisfaction when rewards like this are offered to them. All of the aforementioned points suggest that the Gucci loyalty scheme would be placed in the "contemporary classic" segment.

Discussion

When looking at the schemes offered by the airline and apparel industries, it is evident that dynamic segmentation has taken place, even amongst their highest value clients. This form of segmentation should allow for long-term relationships to develop by providing brands with a solid understanding of the profiles and expectations of the segment. Additionally consumers should be able to make the most of the schemes, as they will be provided with incentives that are actually applicable to them (Cailleux, Mignot and Kapferer, 2009).

The lack of available information for luxury apparel brands offering monetary loyalty schemes may be conducive to the fact that many schemes are offered by third party retailers. This element was not explored within the scope of the research. This was additionally the case with Jewellery brands, as research indicated retailers used loyalty schemes for their own advantage, which is that of customer retention. It could thus be suggested that further research is conducted into how luxury retailers offer loyalty schemes.

From the perspective of jewellery brands, the lack of available information prevents contrast of the varying clientele. The ability to compare and contrast amongst other similar programs allows us to accurately place each brand.

Although there has been an increase in modern technological luxury schemes, it has been suggested that e-stores as a mode of loyalty acts as a great disfavour to luxury brands as the internet is purely a source of information that does not aid in the development of relationships (Cailleux, Mignot and Kapferer, 2009).

Based on all three segments it is possible to identify a trend of programs that correlate to the brands identity, this is crucial to the successful retention of customers (Cailleux, Mignot and Kapferer, 2009). Brands across all segments have ensured that loyalty programs are given unique names to evoke more feelings with consumers an example being that of Swarovski Sparkle scheme.

Although initially attempted, it did not prove possible to place all three sectors into the same framework; this is as there is a vast contrast between the ways in which airline travel and apparel are purchased.

Conclusion

From the onset, this article posed the question "*Can loyalty schemes be applied to all types of luxury brands*?" By reviewing various forms of literature surrounding the area of loyalty and luxury it was found that customer relationship management of which loyalty schemes are apart has become of particular importance to luxury brands. Additionally by leveraging information from theories it was possible to merge different schools of thought to create the conceptual D.O.L.L framework. By researching a handful of luxury brands and applying them to the framework we were able to deduce the types of schemes utilised.

Overall the findings of this article indicate that theoretically that loyalty schemes can be applied to all brands including luxury as loyalty is about improving relations. However in practice this is not the case, as when segmented, the highest level of luxury consumers may not be concerned with the loyalty schemes offered, hence these brands do not implement such schemes.

For those luxury brands that in practice do go ahead with the implementation of loyalty programs they must ensure that the brand image is not diluted. Additionally any programs implemented must lead to measurable improvements for the brands sale, image or retention (Cailleux, Mignot and Kapferer, 2009).

Theoretical Implications

There was a lack of existing theory that merged the topic area of luxury and loyalty. As mentioned the article presents the finding that based on the form of luxury one refers to loyalty may be applicable. In agreement with Heine (2012) as luxury brands are modes of association we loyalty schemes must reflect such associations.

Managerial Implications

The conceptual D.O.L.L framework that has arisen as a result of this research can be utilised by luxury brand managers, to either validate a scheme that is already in place or assist in the development of new a loyalty scheme for their products/services either with a focus on customer retention or to seek new customers. To make efficient use of the framework, the following steps have been proposed:

1. *Understand the brand* – Managers must understand their own brand DNA and the brand contract that exists.

2. *Segment consumers* - To understand and cater efficiently to the right consumers, luxury brands will need to know their clients and what they desire, whether it is monetary or non-monetary rewards.

3. *Place brand on framework to compare decisions* - Finally the brand manager can attempt to place their respective loyalty schemes onto the framework, this will help them understand if the chosen schemes are correct for a specific segment.

Future research & Limitations

To delve further into this field our study would require a large-scale empirical investigation as well as the inclusion of additional luxury sectors. Time constraints meant it proved difficult to conduct such investigations hence there is a lack of statistical explanations.

Further short comings of this article are that as researchers and not active participants in the luxury industry, the extent to which loyalty programs are evident to us is unknown, to retain the sense of exclusivity and mystique that is so often associated with luxury these programs may not be published to the majority and only a select few.

With regards to the conceptual framework further development is required in order to provide a clearer and more measureable axis. As it stands the framework does not allow for much agility and can only work when the type of luxury is granted, so it is a unidirectional model.

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Appendix

Appendix 1 – Aaker 1991 Loyalty classifications

Figure 1 Aaker Loyalty classifications

Appendix 2 – CRM Framework Melnyk and Bijmolt

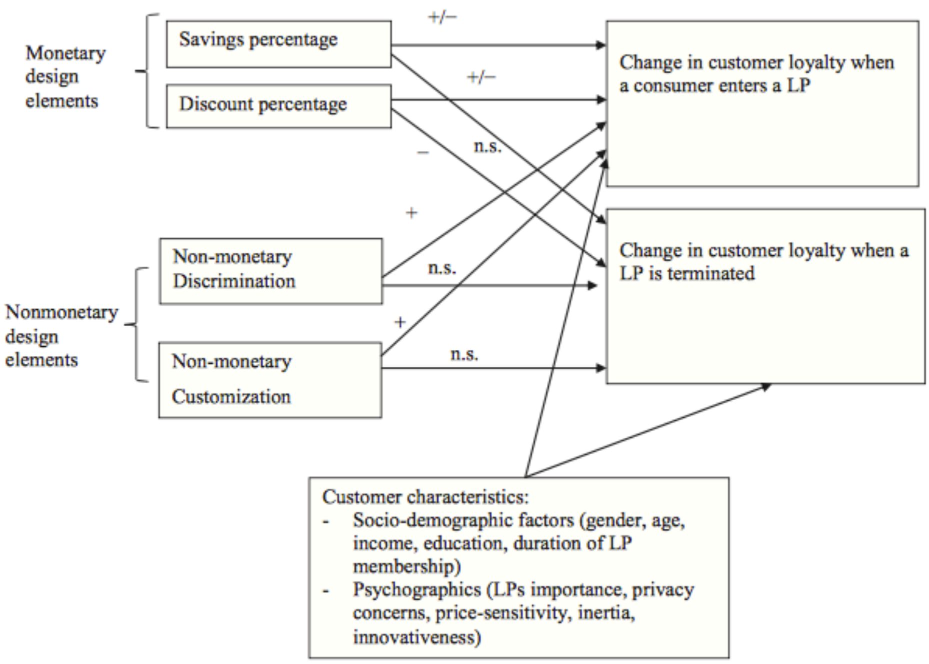
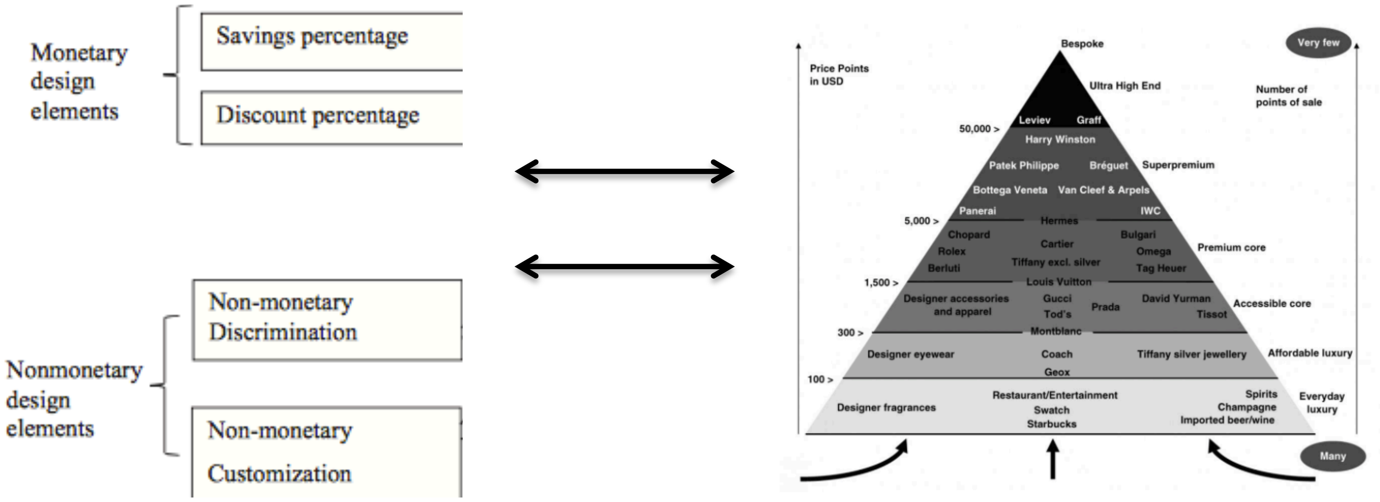


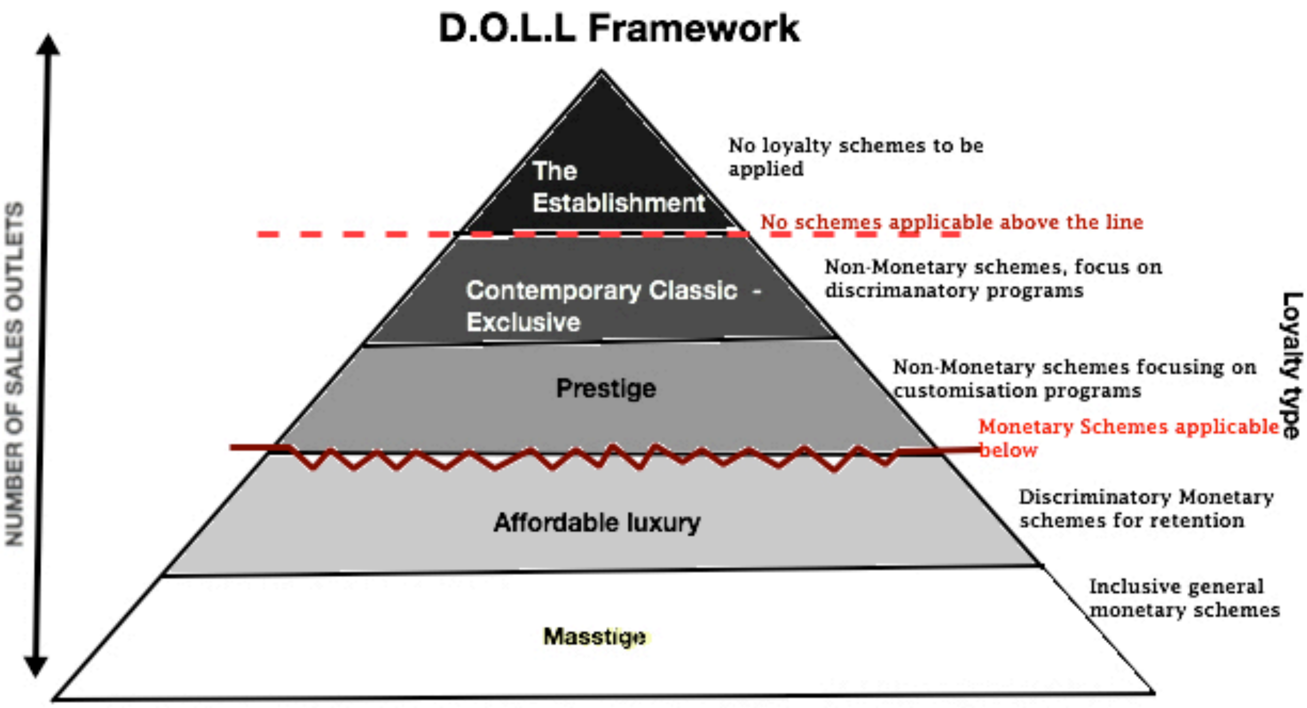
Figure 2 Melnyk and Bijmolt

Appendix 3 – Framework formulation



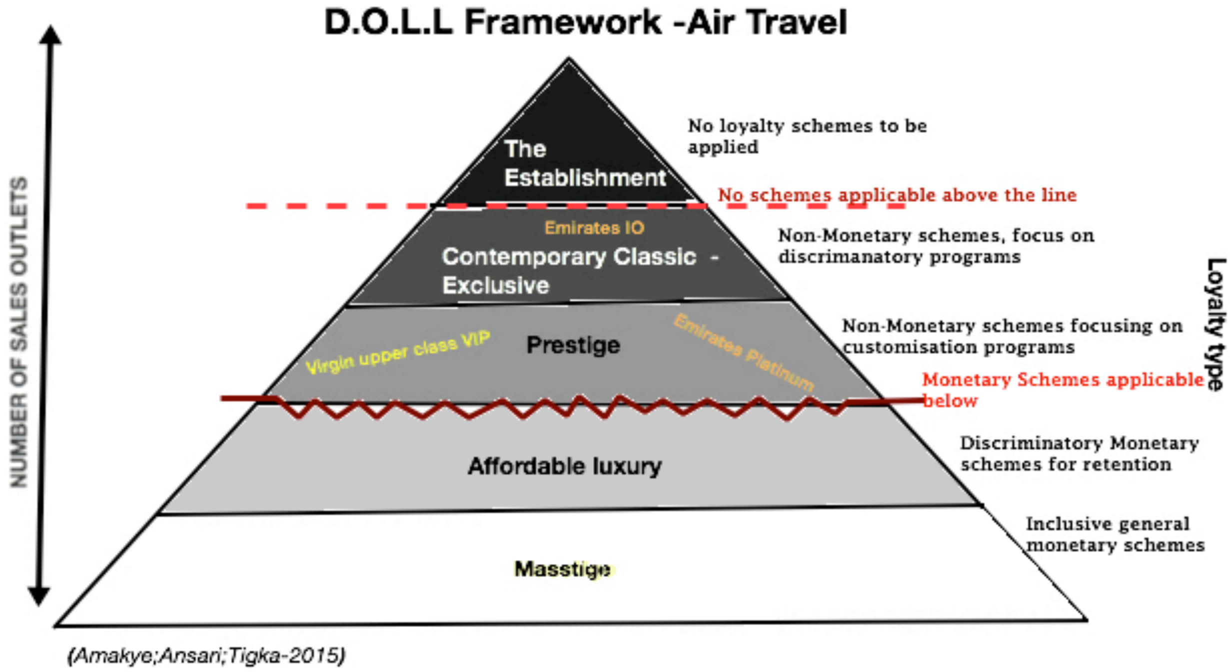
Melnyk & Bijmolt (2015) Rambourgs luxury power ranking (2014)

Appendix 4 – Conceptual Framework (DOLL)

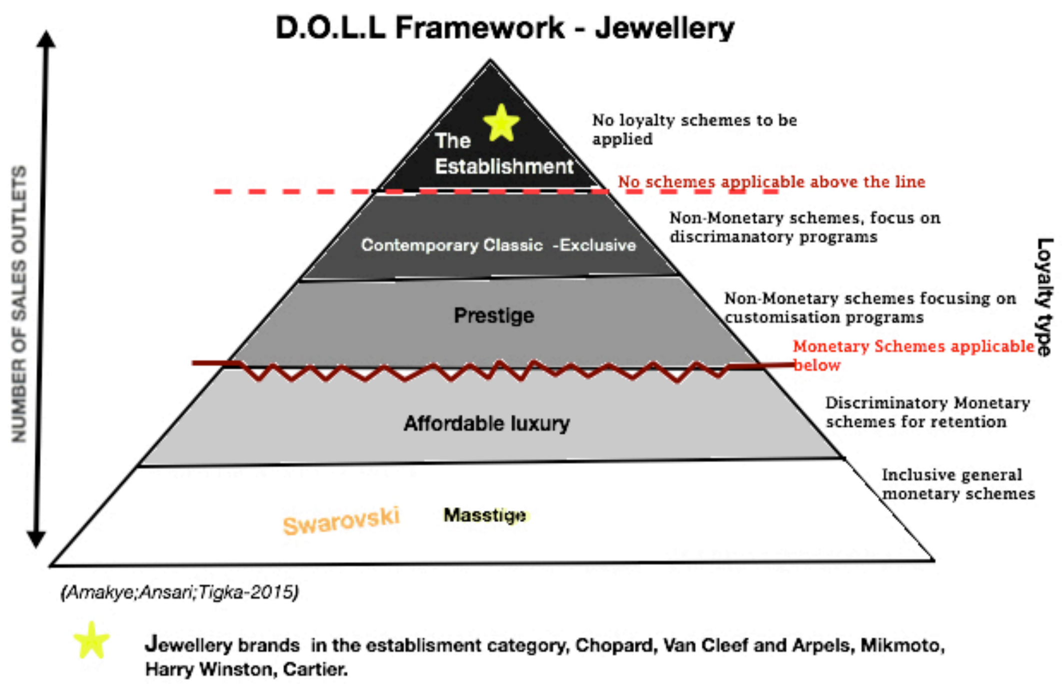


(Amakye;Ansari;Tigka-2015)

Appendix 5 – DOLL Application to Air Travel



Appendix 6- DOLL Application to Jewellery



Appendix 7 – DOLL Application to Apparel