

# Luxury Brands' Online Sales Model in Digital Age

Jiawei Zhang

Guangzhou Youlian International School, Guangzhou, China

javi1209zh@outlook.com

**Abstract.** Global digital transformation promotes drastic changes in luxury consumption behavior. Traditional luxury goods industry relies on physical stores to deliver brand value and provide immersive experience. Due to the impact of epidemic situation and market expansion (such as demand growth in third-and fourth-tier cities in China), it is urgent to expand online channels. This paper studies the practical path of online marketing strategy of luxury brands. Focus on the analysis of three major online marketing paths: First, take official website as the core platform, and create a brand "digital business card" through cultural transmission, such as Gucci "Heritage Zone", customized service and hierarchical membership system; Second, supplemented by high-end third-party e-commerce platforms (Tmall luxury products, etc.), it reaches a wide range of customers with strict quality control, exclusive packaging and distribution and professional customer service; The third is content-based marketing based on social media, which incites the demand of generation Z through brand culture/lifestyle content, Key Opinion Leader (KOL) cooperation and professional live broadcast. Finally, the optimization direction is put forward, and an integrated seamless experience is built through online and offline data interoperability, service collaboration (such as online ordering to pick up goods at the store) and experience linkage. This paper provides practical reference for luxury brands to balance online sales growth and high-end image maintenance and helps them to cope with the trend of digital consumption and tap the potential of emerging markets.

**Keywords:** Luxury, online sales, digital age.

## 1. Introduction

The global digital transition has brought about profound and irreversible changes in consumer behaviour. According to Bain & Company's Global Luxury Industry Report 2024, while online sales accounted for only 8 percent of the market in 2015, that number shot up to 28 per cent in 2024, with a projected 35 per cent increase by 2027 [1]. These dramatic changes mean a complete change in the shopping habits of billions of people around the world. Gone are the days when shoppers carefully scheduled their trips to the center of the shopping center, where they work with sales advisors in elaborately decorated shops, looking at fabrics and trying out items. This immersive shopping experience is not just a transaction process; it is also a symbol of status and prestige. Today, with a simple swipe of phone or computer, people can discover the latest trends from global luxury brands, whether you're commuting on the metro, resting in the office at lunchtime, or relaxing late at night. High-definition macro shots showcase the texture of the fabric and the metallic accents, while short videos demonstrate how to use and style the products. People can even ask customer service about the size and care details. Click the Payment button and people will get exclusive package in 3 to 7 days. Some premium brands now offer personalized delivery options like "same-day" and "next-day" services. This fragmentation, convenience, and globalization of the shopping experience have become the main consumer mode of society, driven primarily by Z.

This trend of digital consumption represents both an opportunity and a challenge for the luxury industry, which has traditionally viewed physical stores as core platform and specialty stores as a critical barrier [2]. Luxury brands have been using brick and mortar stores for almost a century as the primary means of communicating brand value. The double impact of the "high end" and "experience requirements" of these shops is no accident. First of all, physical shops epitomize the "scarcity" and "exclusive" characteristics of luxury goods [3]. By strategically controlling the location of stores (mainly along the Champs-Élysées of Paris, Fifth Avenue in New York, and the Bund in Shanghai), they create the illusion that "shopping in a physical shop is a symbol of social status." At the same

time, iconic items such as Hermes Birkin and Kelly handbags have retained their premium status by means of an exclusive distribution system (customers are required to purchase a minimum amount in order to be eligible for delivery). This "exclusive privilege" is effective in preserving the reputation of the brand and preventing the deterioration of the product due to the fast circulation. Secondly, physical stores serve as the main venue for the immersive experience of luxury brands. From Chanel's signature black and white colour scheme, marble floors, crystal chandeliers, Hermès walnut cabinets, and leather sofas, to a range of products arranged according to collections and seasons, as well as the premium services provided by sales advisors (personalized recommendations according to the names, preferences, birthdays, and even personalized birthday cards and presents), each of which exudes both "luxury" and "humane concern". One regular customer shared: "When I was at a Parisian Hermes flagship store, one of the employees told me about my favourite Togolese leather. They even taught me how to maintain the craft of leather – the feeling of being valued is not available online. " Additionally, physical stores act as crucial channels for "brand culture dissemination". New product shows, designer talks, and art shows are regularly held by luxury retailers, which will give customers a better understanding of Gucci's history and design philosophy. Gucci, for example, once hosted "The Personal Works Exhibition of Creative Director Michel Michelin" at its flagship store in Milan. This has not only enriched the culture depth of the brand but also fostered a relationship with the customer [4].

## 2. Official Website Marketing

However, given the effects of the digital wave and the changes in consumer demographics (Generation Z is the primary consumer), as well as the expansion of global markets (the third and fourth tier of China and the Southeast Asian offline shops are still open), luxury brands need to get rid of their "physical dependence" and actively expand their online channels. On the one hand, this process was sped up by the outbreak of a global pandemic. Between 2020 and 2022, physical stores around the world have been forced to close, resulting in a sharp drop in offline sales, while online channels have become the "lifeline" for major brands to maintain their business. In 2021, for example, LVMH's online sales grew 60 per cent year on year, far outpacing total sales. Technological advances, on the other hand, have continually updated online experiences. The use of Virtual Reality/Augmented Reality (VR/AR), 3D modeling, and live streaming has solved the problem of "invisibility," allowing online shopping to be "almost immersed". Additionally, the expansion of international markets has boosted e-commerce sales. In China, for instance, luxury consumers in third and fourth tier cities grew at a rate of 25 per cent a year, while first-tier cities had virtually no stores. As a result, online marketing has become a for brands to reach those potential customers. Against this backdrop, luxury brands have started to implement planned online marketing strategies. At present, there are four major approaches to online marketing, each of which has its own unique features, which are closely related to the brand and the target audience.

The first is a "core platform" for the digital marketing of luxury brands, as well as a "digital name card" for brand image and culture communication. Unlike common brand sites, the official web site of a luxury brand is more than just a "show + buy" platform. For one thing, Gucci's official web site offers an in-depth explanation of the brand's history and culture. It has, for example, a special section called "Gucci Heritage", which shows the heritage of the company's 1921 heritage, classical designs, the evolution of designers and the life of its founder, Giuseppe Giacometti. Hermès's website includes a "Me Tied 'Art" column, which provides visual demonstration of the production process through 16 artisan workshops and videos. Take Kelly's handbag for example: It takes 18 hours to finish and requires 6 master craftsmen to sew 3,600 identical stitches. This fine workmanship enables customers to experience the "craft spirit" of the brand online and enhance its image. In terms of sales, the official site provides a "complete range" and "customized service," as opposed to a third party offering limited edition items such as seasonal releases or limited quantities. At the same time, Gucci's "Gucci Made to Order" service lets customers order their goods on its web site. Users can choose materials (leather,

canvas), colours (including traditional double-G and macaron designs), accessories (metal chains, pendants), and even their initials or year. After customization, they can receive a unique serial number. This "unique" approach not only meets the needs of luxury shoppers but also strengthens the brand's position through exclusive branding. Furthermore, the site will set up a "Premium Membership System" and "Secure and Convenient Shopping Environment" in the area of membership and interaction. Luxury consumers are demanding "privacy" and "exclusive experience." Official Web site will introduce special membership services, for example, the provision of a "Personal Shopping Consultant" where people spend more than 100 thousand yuan. This consultant will be able to respond 24 hours a day, give priority to new products, and invite them to participate in offline activities. At the same time, the site will use cutting-edge data encryption techniques to secure payment and personal data, including SSL encryption, and secure payment channels such as UnionPay, Visa and MasterCard, in order to avoid data leakage. Some brands have even added features such as a "Virtual Fitting Room" (creating a virtual model based on height and weight data) and "Style Matching Advice" (automatically creating clothing combinations based on individual preferences), making online shopping more enjoyable and practical.

### **3. E-Commerce Platform Marketing**

The second category includes premium e-commerce platforms, which serve as "critical complementary channels" to reach a wider audience with their core strengths: mature traffic pools, integrated services, and strict quality control. These premium e-commerce platforms (like Tmall Luxury Life, JD Toplife, and Secoo) are different from traditional platforms in that they create special ecosystems instead of confusing them with generic products, thus preserving their premium positioning. For one thing, the platforms implement a rigorous brand selection process, allowing only those with a proven history and strong market acceptance. All products have to go through quality control checks (including brand documents and product traceability certificates) in order to avoid counterfeit products. Additionally, each luxury brand is granted a dedicated "exclusive homepage" with design elements identical to their official websites. For example, Tmall's Hermès flagship store features walnut-toned decor in a minimalist style, avoiding promotional elements such as pop-up ads or discount promotions that could compromise the luxury placement. Secondly, from the point of view of service system, high-end e-commerce platform will introduce "premium custom service" to satisfy the consumer's demand [5]. On the logistics side, the platform will adopt the "exclusive package + premium delivery" model. For example, Tmall Luxury's "Luxury Delivery" service uses a gold-plated box with a embossed label and a velvet dust-proof bag. Delivery staff should be dressed in formal wear and white gloves. Deliveries must be made in advance so as not to disturb customers. The service also supports "unboxing verification" (customers must confirm item accuracy before signing for delivery). In terms of customer service, the platform will assign "Luxury Care Specialists" to each of the brands, who will provide service, covering the history of the brand, the craft, and the maintenance of the product. Multilingual support (English, Japanese, French) will be available to meet the needs of users in various countries. In terms of after-sales service, this paper will introduce "in-store return pick-up" - customers do not have to post the items themselves, as the platform staff will pick them up from the shop. Returns are accepted in 30 days (as opposed to the standard 7 days). Some places even offer "free repair consulting" services. JD Toplife, for instance, has partnered with a specialist leather maintenance firm to take care of their bags and leather goods. Furthermore, in the transportation and marketing strategy, premium e-commerce platforms will make use of "Big Data" and "Exclusive Marketing Campaign" to promote the transfer of brand sales. By analyzing the history of consumers' purchases, browsing patterns, and keywords, these platforms provide accurate customer segments for luxury brands. They can, for example, push new product notifications to customers with high sales records (for example, people who have purchased items worth more than 5,000 yuan). Additionally, platforms collaborate with major brands for exclusive first releases and limited-edition sales. A notable example is the 2023 Tmall luxury collaboration with Gucci, featuring

a limited-edition bag sold exclusively on Tmall. Not only has the initiative generated significant traffic, but it has also kept the brand exclusive. The third approach is a business model, which uses "social media as a vehicle" to stimulate consumers' desire to buy by creating "emotional connections", which serves as a "key channel" for luxury brands to reach Generation Z.

#### 4. Social Media Marketing

As social media platforms such as Xiaohongshu, Instagram, and Tik Tok attract more and more young viewers, luxury brands have come to realize that relying solely on "ads" is no longer a problem for Gen Z [6]. Instead, they need to gain the trust and acceptance of their customers with "valuable, passionate, and story-driven" content [7]. First, in terms of content creation, luxury brands will go beyond the "product itself" by focusing on "brand culture, lifestyle, and user stories." For example, Gucci's official Web site on Xiaohongshu features not only pictures of new products but also "classic Gucci heritage" (for example, the Jackie 1961 handbag from Jacqueline Kennedy's personal bag), "The Designer's Source of Inspiration" (like a collection of Italian Renaissance paintings), and "Personal User Experience" (for example, "This bag accompanied me all the way to my graduation and my first job interview"). These elements demonstrate a deeper understanding of the brand and emotional resonance. Hermès's Instagram account is good at communicating brand values with "technical details". A featured video demonstrates a artisan's process: from designing patterns to dyeing (24 steps), then to hand-rolling the edges (each piece of the scarf requires a finger wrapping, which takes an hour). With no marketing jargon, the video, with soothing music and subtitles, makes it clear why the scarves are worth so much – a perfect example of "craft dedication". Secondly, in social engagement strategies, luxury brands work with KOLs, trending challenges, and live streams to increase consumer engagement. In contrast to mainstream brands, which focus on traffic metrics, luxury brands emphasize "tone" in their selection of influencers, often partnering with partners that embody "high-end aesthetics". A prime example of this is the collaboration between Gucci and Chiara Ferragni, a fashion blogger, who posed for a street photo of the brand's 2024 Spring/Summer collection. In a live stream, Ferragni shared her design philosophy: "Gucci strikes a perfect balance between retro charm and modernity – like this dress featuring 1960s prints yet reimagined with contemporary tailoring." This kind of authentic expertise turns out to be much more effective than generic advertising. In the same vein, Hermes launched a "MyHermes Everyday" campaign on Xiaohongshu, asking users to share their daily usage of luxury items such as commuter bags and picnic scarves. Users could earn exclusive Hermes notebooks by curating valuable content. Not only does this increase online engagement, but it has also turned luxury items from "out of reach" into "affordable lifestyle items". Unlike traditional product promotions, luxury streaming focuses on immersive experiences and professional skills [8]. For example, Gucci's live streams are usually held in flagship stores or studios of major brands, hosted by fashion editors or brand ambassadors. Key elements include: (showcasing fabric textures and metal jewelry luster through HD cameras); (demonstrating product styling techniques); Q&A sessions (addressing questions from customers such as "Is this bag big enough for a laptop?" or "How to maintain leather?"); and collaboration with renowned designers and craftsmen. It is worth mentioning that Hermès has hired a master weaver to show off his handmade edge stitching skills, so that customers can see for themselves the technical expertise of the brand.

#### 5. Case Study

In order to get a better understanding of the formation mechanism of luxury brands in online marketing, Hermes is used as an example. Although there is a significant difference in their online marketing strategies, the two companies have achieved a "coordinated development of brand image and online sales" [9].

In recent years, Gucci has become the benchmark for the "young people" approach of luxury goods. The company's online marketing strategy has always been about "blending retro with innovation," keeping the brand sophisticated and catering to the consumer needs of Generation Z. First of all, Gucci makes use of online channels to enhance its "youth and art" image. For example, its website design features bold color combinations (such as classic red and green double G patterns) and artistic image layouts (like collaging products with artwork and vintage photos) to convey a "retro fashion" vibe. Social media is just as vibrant, with TikTok's "Gucci New Collection Challenge," in which users put on Gucci dresses and bags to show off their individuality. At the same time, Gucci is working with young people's favourite IP, for example, working with Animal Crossing to create Gucci virtual furniture, as well as co-branding with Jojo's Bizarre Adventure.

These collaborations have been promoted on the Internet (official web sites and social platforms), attracting many young consumers. Furthermore, Gucci has focused on "customization" as its core concept in its products and services. Although its online channels range from thousands of dollars to high-end bespoke items costing hundreds of thousands of dollars, the brand continues to adhere to the principle of "no compromise in terms of material and workmanship." For example, online handbags use the same leather materials as in-store pieces and are handcrafted by Italian craftsmen. There is also a "Made to Order" service available on the website, which is available for 4 to 6 weeks and is 30% more expensive than the regular ones. This exclusive right effectively prevents the brand from becoming "mass market". In addition, Gucci's online membership system uses a tiered service: customers who spend more than RMB50,000 will be given a "Premium Advisor", and those with more than 200,000 will be able to attend offline art shows and displays at Gucci's venues. This level of differentiation further strengthens its high-end positioning. Last but not least, in terms of technology, Gucci is enthusiastic about VR/AR and metaverse technologies, but their use is more of a "showmanship" than a "brand enhancement." For example, its AR try-on kits are only available on official sites and premium platforms to ensure smooth and high-quality user experience. All of the digital collectibles released on the Metaverse platform are based on Gucci's classic elements (such as double G designs, horse chestnuts, and so on), without breaking away from the brand or tradition. Unlike Gucci's "proactive innovation" approach, Hermès has always adhered to the principle of "excellence in craftsmanship, exclusivity and individuality" [10].

The company's online marketing strategy emphasizes careful planning and accurate positioning, so as not to dilute the value of the brand with too much digital transformation. For one thing, Hermès keeps a tight grip on its online channels, working exclusively with premium third-party platforms such as Tmall Luxury and JD.com. They offer a much smaller range of products than those offered on the official site — mainly for classic accessories, perfumes, and scarves, with the exception of Birkins and Kelly. The house has never used social networks or e-commerce platforms to sell its core products directly to avoid exposure to products and maintain exclusive rights. For instance, Birkin handbags remain unavailable on the Internet and must be "purchased in-store," a "physical-exclusive" strategy that effectively maintains its premium status. Secondly, in terms of content and experience, Hermès has enhanced its brand image by means of "craft transfer + emotion link". Its online channels emphasize "craft" and "heritage", as illustrated in the "Me tierd 'Art" web page. Social media content shows artisans' daily work and the way they use their products to prevent commercialization. Technologies like AR trial kits and VR virtual stores aim to "enhance experience rather than drive traffic". Hermès's "AR Trial Kit", for example, exclusively supports classic handbags, with virtual effects carefully replicating the material and details of the product. This is a way to keep the brand's image intact, even if the craft is not perfected. Furthermore, Hermès's online customer service team is made up of professionally trained people who have both the knowledge of the product and the history and craft of the brand. This ensures that the interaction with the client remains "elegant and professional". The Luxury House has a highly exclusive membership system: Only customers who make enough purchases online or purchase a certain number of items via its website are eligible for membership, with membership tiers determined by spending volume and loyalty. Premium members enjoy personalized services such as bespoke scarves and handbags, as well as limited edition products.

The firm keeps its membership status confidential, making Hermès a perennial leader in the luxury sector.

## 6. Conclusion

This paper summarizes the specific path of online marketing of luxury goods. However, there are still related problems.

Based on this, the project aims to optimize the online marketing of luxury brands from "Experience Enhancement", "Maintaining Image" and "Trust".

First, promote the integration of online and offline channels to create "integrated, seamless experience". The online offline relationship is not antagonistic but complementary. Luxury brands are supposed to offer unified, high-quality experience to consumers by exchanging data, coordinating services, and cooperating with experience. From the point of view of data exchange, brands should create a unified membership database, with users' consumption records, preferences, and membership levels synchronized in real-time. For example, if a customer is trying on a dress in an offline shop, the online platform will automatically refer to the relevant product information (for example, stock availability and styling advice). After shopping online, the physical store can provide maintenance services. As for the integration of services, the brands can implement "on-line ordering, in-store pick-up", "offline fitting, on-line shopping", and "on-line booking, in-store experience". If a customer orders a Hermès bag on the Internet, he or she can pick it up from the nearest physical shop. While picking up, the staff will show people how to maintain the bag and provide special packaging. In terms of experiential interaction, the brand must ensure the same visual identity and service standards across all channels. This includes matching the colour scheme and layout of the site with the actual store and aligning online customer service with the training of the sales personnel. Such consistency prevents customers from feeling their brand identity is fragmented across different purchasing channels.

## References

- [1] Batham J. Singer S. & Greaves S. The luxury paradox: Six key strategies to balance digital transformation and brand exclusivity. Dentons, 2025.
- [2] Dhingra A. The Impact of Digital Transformation on Luxury Brand Marketing and Consumer Experience. *International Journal of Social Science and Economic Research*, 2024, 9 (10): 4108-4113.
- [3] Girod S. How luxury brands keep up with fast technological change. *Forbes*, 2022.
- [4] Hennigs N. Wiedmann K. P. & Klarmann C. Luxury brands in the digital age: Exclusive versus inclusive strategies. *Marketing Review St. Gallen*, 2012, 29 (5): 78-83.
- [5] Kapferer J. N. *The Luxury Strategy: Break the Rules of Marketing to Build Luxury Brands*. Kogan Page, 2012.
- [6] Ko E. Costello J. P. & Taylor C. R. What is a luxury brand? A new definition and review of the literature. *Journal of Business Research*, 2019, 99: 405-413.
- [7] Lin K. The Application of New Media Marketing in Luxury Brand Communication. *Highlights in Business, Economics and Management*, 2024, 41: 420-426.
- [8] Lu M. Innovative marketing in luxury fashion: How Gucci uses big data to enhance digital marketing. *Scientific Journal of Economics and Management Research*, 2024, 6 (7): 54-61.
- [9] Tam F. Y. & Lung J. Digital Marketing Strategies for luxury fashion brands: A Systematic Literature Review. *International Journal of Information Management Data Insights*, 2025, 5 (1): 100309.
- [10] Wu Y. Research on the factors influencing the purchasing behavior of young luxury consumers case. *Advances in Economics, Business and Management Research*, 2022.