

Louvain School of Management

How can luxury companies mobilise infrastructure and competencies to actualise data analytics marketing affordances?

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Executive summary

The field of data analytics provides firms with new tools that allow them to develop a valuable competitive advantage. By gathering an ensemble of resources, firms are able to develop data-enabled initiatives that distinguish them from their competitors. One interesting theory that is emerging in the field is the theory of data analytics marketing affordances, which are marketing possibilities enabled by the use of data analytics. With new luxury paradigms emerging such as the rise of online distribution, it is now more relevant than ever for luxury brands to ensure that the customer experience they provide is as enticing online and offline. Data analytics provide an interesting new opportunity for luxury brands to achieve this and marketing affordances such as data-driven market ambidexterity and the fostering of exclusivity are already well developed in the luxury industries. On the contrary, other affordances such as the measurability of marketing actions and real-time market responsiveness appear to be less developed in the industry.

To be able to acquire data-enabled marketing affordances in the first place, luxury companies first need to assess whether they are equipped with the right set of resources to develop a company-wide data analytics capability. Based on previous research and a series of in-depth interviews with industry specialists, the most critical resources are identified in this thesis. These include data access, human skills, and organizational culture. It appears that the development of all three of these resources is currently limited in the luxury industry due to contextual factors unique to the luxury environment, such as the complexity of the luxury distribution and the abstract nature of luxury communication. This thesis also provides managerial recommendations to overcome the barriers preventing luxury companies from developing a data analytics capability. These recommendations include the development of owned distribution channels, the aggregation of databases, and the identification of relevant indicators tailored to a brand's specific image. The conclusion of this work includes managerial implications, limitations, and the next steps research could undertake.

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I. Introduction

1.1. Research Context

The luxury industry is one of the best performing and fastest growing sectors and is expected to reach 385 billion dollars in global sales by 2025 (Beauloye, 2022). Despite its size and momentum, the industry has been faced with core changes during the last decades, with traditional values such as craftsmanship and the lack of digitalisation becoming more ambiguous. In addition, the majority of luxury sales are no longer driven by Western countries, but rather by Chinese consumers, who are expected to generate 42,5 percent of luxury sales by 2025 (DeAcetis, 2020).

What's more, the typical luxury customer has evolved, with younger generations such as Gen Z (people born from 1997 to 2010) being among the most important customers. Together, Millennials and Gen Z are expected to account for 70 percent of all luxury sales in three years (Luxe Digital, 2022). Both of these generations shop heavily online, with Millennials making 60 percent of their purchases on the internet (Melton, 2019) and Gen Z enjoying a mixture of both online and in-store shopping (McKinsey, 2020). It comes as no surprise that 30 percent of global luxury sales are expected to take place online by 2025 (Beauloye, 2022). This shift is pushing luxury companies to create a great customer experience both in stores and online.

Another transformation taking place in the industry is the emerging digitisation of the luxury industry, with blockchain-backed technologies such as NFTs enabling digital goods to have the exclusiveness that is synonym with the luxury industry. These NFTS are used to authenticate luxury pieces and ensure their uniqueness. Around 30% of the approximate \$110 billion in global virtual goods consumption in 2021 can be attributable to virtual clothing (Business Of Fashion & McKinsey, 2022).

This increasingly digital world is generating massive amounts of data, opening new opportunities for the use of data analytics to ameliorate or assist processes such as marketing or distribution. Luxury players now have access to more data, allowing them to unlock a significant competitive advantage. Luxury companies need to be aware of these potential gains and must identify how to develop the resources necessary for the transitions happening in their industry.

1.2. Motivations

Data analytics is an increasingly important field in today's digital world, with potential applications in numerous industries. After following data analytics classes during the last two years of my master's degree, I desired to further my understanding of the field and to pursue a master's thesis exploring this field I had long been interested in. In addition, I had the opportunity to do a six-month internship in a marketing position for a luxury brand between my first and second year of master's, which further motivated me to explore this industry. This thesis combines my interest in both the field of data analytics and the luxury industry. In this thesis, I hope to investigate what are the possible ways for these two fields to intertwine and in what ways they might combine in the future.

1.3. Methodology

The research question: "How can luxury companies mobilise infrastructure and competencies to actualise data analytics marketing affordances?", contains a double objective. First, the identification of the resources and competencies necessary to develop a big data-enabled dynamic within luxury companies. Second, the identification of the marketing affordances enabled by big data analytics investments in the luxury industry. In order to research the subject, a review of the body of literature on the topic's various elements is conducted, beginning with the concepts of competitive advantage and big data analytics, and moving on to marketing affordances and the characteristics of the luxury industry. Fifteen industry professionals, ten from the luxury industry and five from other industries were interviewed in in-depth 45 minutes interviews in order to support or refute the material discussed in the literature. With all of this information, the contextual factors influencing the development of a data analytics paradigm within luxury firms are explored, as well as the potential marketing opportunities enabled by data analytics.

II. Literature Review

2.1. The importance of having a competitive advantage for companies

The concept of competitive advantage has long been used in the business and strategy literature yet remains poorly understood, as scholars have not been able to agree on a systematic definition for the term and many theories offer diverging views on the origin of competitive advantage (O'Shannassy, 2008). Influential scholars in the strategic literature field have defined competitive advantage as a situation in which a company is pursuing a strategy that is not being replicated by existing or future competitors and that enables it to generate superior economic value over its competitors (Barney, 1991; Peteraf & Barney, 2003). Hence, the reason why companies would want to develop a competitive advantage in the first place is that it leads to stronger organisational performance, broadly defined as the achievement of strategic and financial objectives (O'Shannassy, 2008).

The founding works on competitive advantage are attributed to Porter (1980), who wrote that whether a firm attains competitive advantage or not depends on its external environment and the market position it occupies as a result of the latter. Porter (1985) presents two market strategies that allow firms to position themselves ideally: either a low-cost focus or a differentiation focus, with both strategies carried either in the broader market or in niche segments. Competitive advantage was therefore initially conceptualised as the consequence of a firm's exogenous force derived from its market position. Another influential figure in the strategic field, Barney (1991), argued that to achieve a competitive advantage, firms have to cultivate an endogenous force by developing specific internal resources and competencies.

In today's literature, these two different considerations, one external and the other internal to the company are seen as two alternative conditions to achieve competitive advantage. However, a more recent distinction has been made between sustainable competitive advantage (SCA) and temporary competitive advantage (TCA). Huang et al. (2015) concluded that having an advantageous market position (exogenous approach) often leads to TCA whereas strong resources and capabilities (endogenous approach) were more likely to lead to SCA.

In order for firms to conduct internal and external diagnoses in a systematic way, many tools and frameworks have been developed. The external environment is often analysed with the PESTEL framework, Porter's five forces framework, and the strategic group framework (Constantiou & Kallinikos, 2015). The internal analysis, which in turn is a diagnostic of the

resources and competencies of the company, can be done using the SWOT analysis, and the value chain framework (Porter, 1985).

2.2. The resource-based view of the firm

2.2.1. Definition of RBT and the RBV

The endogenous approach of Barney discussed earlier is part of a theory called the resource-based theory (RBT), which adopts a resource-based view (RBV) of the firm. In essence, RBT is a way of conceptualising companies as an ensemble of resources that determine the company's organisational performance (Gupta & George, 2016). Resources that lead to competitive advantage are characterised as valuable, rare, inimitable, and non-substitutable, a series of characteristics oftentimes shortened to "VRIN" (Barney, 1991). Later iterations of the theory used a "VRIO" framework instead, shifting the "non-substitutable" for an "organised" attribute (Barney et al., 2001).

2.2.2. Difference between resource and capability

The resource-based theory's core components are resources and capabilities, yet RBT did not originally distinguish between the two constructs (Gupta & George, 2016). Scholars have defined resources as the input of the production processes that take place within the firm, and capabilities as the ability of the firm to utilise resources in the most strategic way (Amit & Schoemaker, 1993). A fundamental tenet of RBT is that in order to build capabilities, the company needs to acquire resources (Mikalef et al., 2018). In other words, developing skills is contingent on the sorts of resources a company chooses to gather (Mikalef et al., 2018). Resources are also seen as transferable and generic for the firm, while capabilities are non-transferable and specific to the firm (Amit & Schoemaker, 1993). It is by building capabilities consisting of a combination of resources that firms are able to obtain a competitive advantage and thus increase their performance (Gupta & George, 2016).

2.2.3. Typology of resources

One of the most widely used typologies of resources proposed in the literature is the one developed by Grant (1991), which separates resources into tangible, intangible, and human categories (Grant, 1991; Mikalef et al., 2018). Tangible resources include financial resources like debt and equity, or physical assets like machinery; intangible resources include the

organisational culture fostered within the company, as well as the internal trust and reporting systems put in place; finally, human skills encompass the employees' skills and knowledge (Gupta & George, 2016). This categorisation allows us to clearly differentiate between the resources a company takes in as inputs and then transforms into capabilities. Other typologies have been presented by scholars (Barney, 1991; Hafeez et al., 2002; Hoffer & Schendel, 1978) and are summarised in Table 1.

Grant (1991)	Barney (1991)	Hoffer & Schendel (1978)	Hafeez et al. (2002)
• Tangible resources (e.g. debt, equity, machinery, etc.) • Human resources (skills, knowledge) • Intangible resources (e.g. organisational culture, internal trust, reporting systems, etc.)	• Physical capital (e.g. raw materials, technology, infrastructure, equipment, etc.) • Human capital (experience, expertise, knowledge, intelligence, etc.) • Organisational capital (systems, planning, systems, etc.)	• Physical resources • Financial resources • Human resources • Organisational resources • Technological resources • Product/Market resources	• Physical resources • Intellectual resources • Cultural resources

Table 1 – Typologies of resources

2.3. (Big) data analytics as a new source of competitive advantage

The last decades have been marked by an increase in the amount of data availability and computational power, which in turn have made big data analytics more popular in organisations. This section defines big data analytics, presents the different resources necessary to develop a big data analytics competency within firms, and links big data analytics use to competitive advantage and firm performance.

2.3.1. Big Data and the 4 “Vs”

Although there is not one universally adopted definition of big data, scholars have identified a series of “Vs” that characterise big data (Gupta & George, 2016). First and foremost, big data is voluminous, reaching petabytes or exabytes orders of magnitudes, in part thanks to the digitisation of exchanges and the prevalence of new technologies that enabled an increase in the number of variables collected through different channels such as social media and smartphones (McAfee et al., 2012). Second, big data is characterised as having a high velocity, as the rate at which information is acquired, updated, and examined is growing (George et al., 2016). The third “V” is variety, as information takes its origin from two different sources, either structured (textual data) or unstructured (audio-visual data), that both require the use of different analytics methods (Constantiou & Kallinikos, 2015; George et al., 2016). Finally, the

fourth characteristic of big data is its tenuous veracity, as it can be unreliable due to the size of larger datasets that oftentimes comprise mistakes (Demchenko et al., 2013). Apart from this set of characteristics that most scholars agree on, it is also generally recognised that big data is too large for traditional data-processing systems and requires advanced managerial, analytical, and processing techniques to yield strategic value (Gupta & George, 2016).

The data a company has access to can generally be divided into two categories: internal and external data (Zhao et al., 2014). Internal data is specific to the company and is generated from internal business activities, while external data is created by sources external to the company, primarily the internet (Gupta & George, 2016). Although external data is not directly tied to the firm's business activities, it can give unique perspectives in comparison to internal data (Zhao et al., 2014). As a result, organisations that only base themselves on internal data to make strategic decisions are less likely to achieve a competitive advantage (Zhao et al., 2014).

2.3.2. Big data analytics (BDA) and its typology

Big data analytics (BDA) is defined as a comprehensive strategy that allows companies to ameliorate business strategies by providing data-based insights (Wamba et. al, 2015). Those insights are obtained by analysing and modelling large volumes of data via analytic methods. There are four types of big data analytics, which are, in order of increasing difficulty and strategic value they provide: descriptive, diagnostic, predictive, and prescriptive analytics (Wedel & Kannan, 2016). Descriptive analytics look at events retrospectively by answering the question “what happened?”, diagnostic analytics look at why things happened, predictive analytics seek to predict future events by looking at historical data, and prescriptive analytics go one step further by providing a recommendation on what actions to take, answering the question “what should happen?” (Lepenioti et al., 2020). Although BDA encompasses many tools and processes allowing the visualisation of findings, it does not account for the other resources that are required to garner strategic insights from large amounts of data. Indeed, the shift toward a data-driven organisation requires changes in other parts of the firm, such as managerial and cultural considerations (Mikalef et al., 2018). In order to consider those other resources, an adjacent concept related to the BDA construct is the idea of a “big data analytics capability”, which refers to the ability of firms to transform big data into actionable insights (Mikalef et al., 2018).

2.3.3. Big data analytics competency (BDAC) and its impact on firm performance

Many definitions have been proposed by scholars for the construct of big data analytics capability (BDAC), with a similar emphasis on its different aspects: management, technological, and human skills (Akter et al., 2016). Kiron et al. (2014) offered a broad definition that is often referenced, presenting BDAC as the ability of a firm to leverage data management, technology, and personnel capability to yield business insights leading to a competitive advantage. Research has employed multiple ways of looking at BDAC, either by focusing on the resources required to achieve it or by identifying different sub-capabilities that constitute it (Akter et al., 2016; Gupta & George, 2016).

2.3.3.1. The resource required to achieve a BDAC

For a firm to reach a BDAC, access to a large volume of data is just part of the equation. Indeed, as most companies are now able to gather information from an increasing number of sources, large datasets are unlikely to represent a strategic asset on their own (Gupta & George, 2016). To create a capability that is difficult to imitate by competitors, companies need a mix of resources, ranging from financial to human resources (Gupta & George, 2016). A specific series of resources have been identified as the building blocks that, when combined, enable organisations to reach a BDAC. Gupta and George (2016) and Mikalef et al. (2018) recognise three categories of such resources: tangible, human, and intangible. These categories of data-enabling resources are in line with the general categories of resources outlined by Grant (1991) presented in [Section 2.2.3](#). Gupta et al. (2019) also claim that a BDAC can only be reached with updated technologies and the recruiting of people that can utilise it.

Tangible resources – Data and technology

Three essential tangible resources are required for firms to build a big data analytics capability: data, technology, and software (Gupta & George, 2016). **Data** is the fundamental building block of a BDAC and is widely available for most firms evolving in today's increasingly digitalised environment. Particularly, combining the firm's internal data with external data is crucial in order to reach strategic insights, as it allows for a broader view of the company's context, leading to innovative perspectives (Gupta & George, 2016). In addition to having access to a large spectrum of data sources, the quality of the gathered data is also pivotal as it is often imputed in analytical models that cannot interpret incomplete or messy data (Mikalef

et al., 2018). Data quality is linked with the fourth “V” characterising big data (“veracity”) and relates to the format, reliability, and potential value of datasets (Ren et al., 2017).

Technology is the second tangible resource that companies need to reach a BDAC. Technologies need to be implemented at different levels of the data analytics process. First and foremost, companies need a digital infrastructure to store, analyse and share the large amount of data they gather (Mikalef et al., 2018). Database technologies such as Hadoop and NoSQL are two typical infrastructure technologies used by companies (Gupta & George, 2016). Next, companies require software to process the data and apply analytics methods such as regression methods and clustering algorithms. Software programs like R and programming languages such as Python offer an inexpensive solution to that end. The hardware necessities are also generally easy to meet, as the processing power required by analytics is reportedly seen by executives as manageable (Mikalef et al., 2017).

Finally, **visualisation software** such as Tableau are also necessary to extract insights that can then serve strategic purposes (Kaisler et al., 2013). For every type of technology implemented within the organisation, scalability and connectivity are essential to adopt a data-driven perspective throughout all departments and locations of the company (Mikalef et al., 2018).

Human resources – Technical and managerial

The aforementioned technologies need to be matched with talents possessing the appropriate technical skills to operate them and extract insights from data (Mikalef et al., 2018). Data scientists and engineers need to be competent in techniques such as machine learning, data mining, statistics, and programming (Gupta & George, 2016). Data scientists are however not the only actors in the data-transforming part of the organisation. Indeed, good managerial skills are needed at a company-wide level for the insights extracted by technical employees to be properly understood and strategically applied, and to enable effective collaboration between departments spanning from data warehouse managers to boardroom executives (Gupta & George, 2016). It is also interesting to note that while every company can seek to attract candidates with good technical skills, managerial skills are unique to the firm in which they are developed and thus are harder for competitors to imitate (Mata et al., 1995).

Intangible resources

The last category of resources, intangible resources, is also the most firm-specific and resources in that category often follow the VRIN standards presented earlier (Teece, 2014). Gupta and George (2016) and Mikalef et al. (2018) underline the importance for firms to develop a data-driven culture and Lavallo et al. (2014) point to an inappropriate corporate culture as the main cause of unsuccessful data initiatives. A data-driven culture can be defined as the degree to which employees at all levels of the organisation make strategic decisions based on the insights gathered from the data analytics process (Gupta & George, 2016). As culture is difficult to create, it represents a barrier to entry that might protect companies with a well-established analytical culture from being imitated by competitors, hence enabling competitive advantage (Germann et al., 2013). Yet, some companies end up discarding the insights extracted from data to instead rely on the intuition of senior executives, even those that have acquired the necessary tangible and human resources (McAfee et al., 2012). In addition to developing a data-driven culture, firms also need to put effective governance of their data operations in place. Being aware of the increased importance data will have in the future and making investments to support this growth (Mikalef et al., 2018), while also being able to reorganise resources to answer external changes (Gupta & George, 2016), will likely confer a competitive advantage to firms.

Table 2 hereunder synthesises the three types of resources necessary to enable the development of a BDAC:

Tangible Resources	Human Resources	Intangible resources
• Data • Technology • Software	• Technical skills of employees • Managerial skills	• Data-driven culture • Effective governance of data operations

Table 2 – Categories of resources necessary for a BDAC

2.3.3.2. The different sub-capabilities of BDAC

The second way research has dissected the BDAC construct is by identifying the different sub-capabilities comprised in it. While this approach has similarities with the resource approach discussed in the previous section, it focuses on the abilities and competencies that are developed by companies that possess the right set of resources. Akter et al. (2016) and Wamba et al. (2017) identified three sub-capabilities: technology capability, management capability, and talent capability. The technology capability is the one that differs the most from the resource approach, as instead of focusing on the tangible technologies, it highlights the characteristics that are needed from BDA platforms as a whole: connectivity, compatibility, and modularity (Akter et al., 2016). Having the proper technology implemented in every department allows for a good connectivity and compatibility, making the exchange of data across the firm easier, while making sure hardware upgrades are possible ensures modularity, protecting the structure from becoming obsolete too quickly (Akter et al., 2016). The other two sub-capabilities, management and talent capabilities, overlap with the resource approach as human and intangible resources are converted into those capabilities when the firm acquires and develops them effectively. Akter et al. (2016) details both sub-capabilities by presenting four dimensions of the management capability (planning, investment, coordination, and control), and four dimensions of the talent capability (technology management knowledge, technical knowledge, business knowledge, and relational knowledge).

2.3.3.3. The link between BDAC and firm performance

Multiple scholars have validated the causal relationship between BDAC implementation and firm performance (FPER) (Akter et al., 2016). Wamba et al. (2017) showed that a BDAC composed of the three-tier sub-capabilities (infrastructure, management, and talent) lead to an increased FPER, and Gupta et al. (2019) supported that managerial and technical skills had a positive impact on the overall firm performance. Wamba et al. (2017) also identified the talent dimension of BDAC as the most impactful regarding FPER. Concrete ways in which BDAC allows for an increased FPER were listed by Akter et al. (2016) and included profit maximisation via optimisation of selling price and increased efficiency. Piccoli and Ives (2005) highlighted that having the right combination of resources enabled the creation of a BDAC that competitors could not imitate easily, thus leading to a competitive advantage. Moderating effects were also identified in the literature, with German et al. (2013) highlighting competition as a moderator, meaning that the use of analytics is more effective to achieve a competitive

advantage in competitive landscapes. Akter et al. (2016) underlined the degree of alignment between the analytics capability of the firm and its business strategy as another moderating factor. This alignment is enabled by innovative leadership working to align capability with the strategic aims of the firm. Gupta et al. (2019) used the firm's size and industry type as controlling variables to see if they impacted the ability of the firm to increase its performance by developing a BDAC. All p-values being relatively high, their article demonstrated that size and industry had a negligible impact on FPER, concluding that all types of companies could yield benefits from BDAC implementation. Finally, De Luca et al. (2020) provided an interesting contribution, showing that analytics drive innovation which in turn is a major enabler of increased firm performance.

Overall, the positive relationship between big data investments and performance is due to the competitive advantage provided by big data analytics resources and capabilities (Grover et al. 2018). Figure 1 summarises this process and the relationship between BDA resources, capabilities, and FPER.

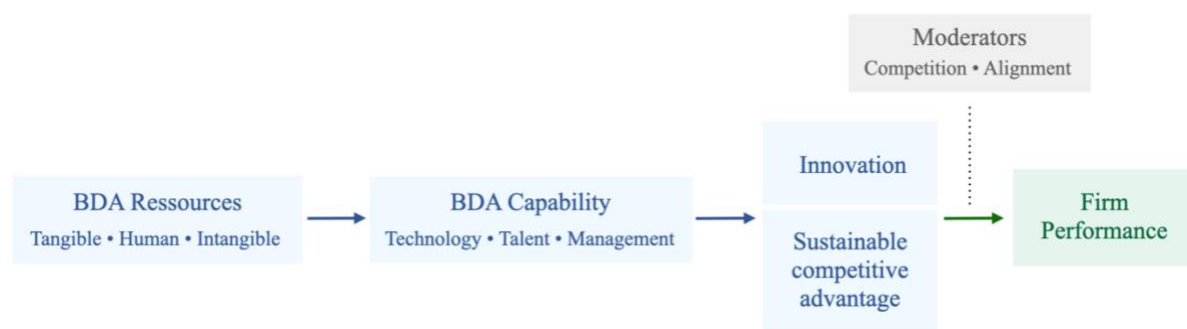


Figure 1 – The relationship between BDA resources, capabilities and FPER

2.3.4. Big data analytics limitations

After presenting the necessary resources and the different big data analytics capabilities that companies can constitute, this section highlights the main challenges, dilemmas, and limitations faced by managers when trying to shift toward analytics-based decision-making. These limitations might prevent the organisation to attain a complete big data analytics capability, in turn hindering the ability of the company to reach a competitive advantage.

2.3.5. Questioning the legitimacy of big data as a source for strategic insights

Constantiou and Kallinikos (2015) underline the difference between big data and the data that has traditionally been used to make strategic decisions. While executives have previously relied on relatively structured data, often based on long-term oriented opinions from experts, big data is generally unstructured, unreliable, trivial, and poorly representative of future circumstances. Indeed, part of the reason why big data is so massive is that it mostly consists of behavioural data garnered from the online activity of customers. Not a lot of value can be extracted from such data as it oftentimes reflects inconsequential and momentaneous concerns of a very diverse user base, hence seldomly providing relevant insights to guide corporate objectives. In addition, big data relies on aggregation, a process in which specificity is traded for generality, with large datasets being streamlined and outliers smoothed away to make general, less representative patterns emerge. These aggregate descriptions entail a higher level of abstraction and do not include contextual details. Big data also predominantly reflect real-time events, which do not fit the long-term horizon that strategic decisions need to consider (Choi & Varian, 2012).

Scholars have also warned that human intelligence is oftentimes still required to analyse data and yield valuable insights from it, especially when the environmental conditions are unforeseeable (Günther et al., 2017). Davenport (2006) adds that there is still a place in organisational processes where instinct and human emotions are necessary, notably recruiting decisions that shouldn't be left to statistical analysis. An added concern is that some advanced algorithms involve complex processes and the way they provide their insights lacks transparency (Günther et al., 2017).

Another consideration that has been mentioned by multiple scholars (Günther et al., 2017; Constantiou & Kallinikos, 2015) is the fact that data collection is oftentimes done *ex-ante*, before a predefined purpose or specific analysis process has been put in place. This process assumes that an appropriate use for the data will be identified at a later stage, and its utility hinges on whether the gains it permits are greater than the expenses necessary to collect the data (Günther et al., 2017). This inductive process differs greatly from earlier predictive models used for strategy making, which relied on a deductive approach (Constantiou & Kallinikos, 2015). This approach started with a general theory, to then proceed with the collection and analysis of specific datasets to verify this theory, which could lead to confirmation bias as executives sometimes collected and used data to confirm their hypotheses (Bholat, 2015).

Hence, the more inductive method usually adopted with BDA might be hazardous but could prevent confirmation bias. Another issue of the inductive approach is that it might also imply that data is stored without the information architecture that will be required by the later analytics processes, as big data mostly exists in an unstructured form (Constantiou & Kallinikos, 2015). There is a sharp contrast between big data's unstructured nature and the more structured datasets involved in traditional models of strategy that rely on specialists' views instead of trivial metrics from diverse customers (Constantiou & Kallinikos, 2015).

Overall, leaders need to realise that there is no magic in what data can do, as it is impossible to be all-encompassing without sacrificing diversity and complexity (Constantiou & Kallinikos, 2015). Leaders that wish to develop a data-analytics paradigm within their firms also need to assess which processes should be based on data and which ones should keep relying on human assistance (Davenport, 2006). Finding a balance and making sure each step of the data analysis process is thought out is necessary to yield valuable insights and constitutes a challenge that organisations need to face (Ekbja & al., 2015).

2.3.6. Senior executives' advocacy

Another factor that might hinder the effective realisation of higher firm performance through the implementation of a BDAC is the support of top executives (Lavalle et al., 2014). In fact, all three categories of resources necessary to attain a BDAC that were identified in Section 2.3.3.1. depend on the advocacy of senior executives: the development of a comprehensive data infrastructure, the search for analytics talent, and the development of an analytics culture are central elements that executives should champion to obtain an effective deployment of a BDAC within the firm (Germann et al., 2013). In the best scenario, the main advocate should be the CEO, as their position allows them to set the tone and foster the organisational environment required for the deployment of BDA (Davenport, 2006). Yet, many senior executives remain dubitative regarding the potential that BDA might provide in improving firm performance (Davenport, 2006). Germann et al. (2013) and Ross et al. (2013) pointed to the fact that the main reason why big data investments do not yield the expected returns is that data-generated insights are not used to inform strategic decisions. In practice, most firms rely on senior executives' intuition to make critical decisions (Gupta & George, 2016).

2.3.7. Social risks of big data value realisation

Finally, managers need to be wary of the privacy and ethical concerns raised by data collection and analysis (Günther et al., 2017). For instance, the gathering of massive amounts of behavioural data to generate personalised recommendations is a trend that has been exploited by many companies such as Amazon or Netflix (Ma & Sun, 2020). Yet companies need to be careful as legislation such as the GDPR restricts what kind of information may be collected and in what way it may be used, forbidding the use of certain metrics called sensitive characteristics (Johnson et al., 2016). The measures that organisations have to take to comply with such industry regulations might be considerable and failing to do so might result in reputational damage or legal pursuit (Günther et al., 2017). It is therefore essential for managers to implement an internal structure handling the governance practices regarding big data collection and usage. In addition, some firms see these privacy and ethical challenges as a way to differentiate themselves from their competition based on their privacy offerings (Greenaway & al., 2015).

2.3.8. The specific impact of BDA on Marketing

After discussing the main limitations that companies might face when developing a data paradigm, the focus of this section will be the different marketing possibilities enabled by investment in big data.

2.3.9. Affordance Theory Origins

The foundations of affordance theory were laid by psychologist Gibson (1979), who articulated a new way of understanding how individuals perceive their environment. According to him, individuals perceive and react to objects present in their environment based on the potential actions they enable, called “affordances” (De Luca et al., 2020). These affordances are dynamic as they change alongside the environment and the individuals (Volkoff & Strong, 2017).

Although affordance theory emerged from psychological science, it has been applied in a variety of organisational situations (Lehrer et al., 2018). Most notably, it was information system (IS) scholars that used the concept to study the link between technology adoption and firm performance (De Luca et al., 2020). In this case, technology is seen as the object that enables diverse affordances such as data sharing or online collaboration, which in turn lead to

better performance (Zammuto et al., 2007). Some alterations were however necessary to make affordance theory fit the IS field, and those changes were enacted by Strong et al. (2014), who underlined the need to consider not only the individual's perception of the affordance but also the individual's actions towards it and the consequences of those actions. When the potential actions an object permits are realised, the affordance is said to be "actualised", and a single object may offer several affordances with only some of them being actualised (De Luca et al., 2020). This distinction was essential because although affordances represent the possibility for action, actualised affordances represent the specific activities that impact organisations (Strong et al., 2014).

The reason why affordance theory gained popularity within the IS literature is that researchers were struggling to determine the nature of the impact of IS implementation, either focusing too much on the material aspect of technology or on the social aspect of learning through others (Volkoff & Strong, 2017). Affordance theory offered a perspective that allowed the consideration of both technological and social perspectives of IS implementation (Volkoff & Strong, 2017). By doing so, affordance theory allowed researchers to consider topics with a new lens.

2.3.10. Big data marketing affordances

Although IS and marketing are different disciplines, marketing can also be enabled through complex technologies, especially marketing that uses data analytics constructs. According to De Luca et al. (2020), the marketing field requires new tools to answer the increasingly digitised world. Affordance theory serves this objective well, as it is becoming the primary theoretical tool to analyse the influence of technology changes for organisations (Nambisan et al., 2017). Hence, marketing affordances have recently started to appear in the marketing literature, although they are not yet explicitly recognised (De Luca et al., 2020).

Data analytics tools and technologies offer the capability to process and store large amounts of data that can then be utilised to make affordances emerge. Whether data-enabled affordances are actualised or not thus depends on the implementation of big data analytic technologies (Dremel et al., 2020). Big data marketing affordances can be defined as potential marketing activities that have been carried out, or "actualised", thanks to investments in big data analytics and would not have been possible otherwise (De Luca et al., 2020).

Marketing affordances have been explored either explicitly or indirectly in the literature, with some scholars mentioning affordance theory (Dremel et al., 2020) and others describing marketing actions linked to big data initiatives (Davenport, 2006). To the author's knowledge, only De Luca et al. (2020) developed a thorough classification system comprising three categories of marketing affordances enabled by investment into big data. First, investment into big data analytics technology allows the firm to identify patterns in customer behaviour, and to answer effectively with marketing responses to both positive and negative behaviours. The second type of big data marketing affordance is real-time market responsiveness, which reflects the ability of firms to analyse and respond to events in a minimised interval between event, data-capture, and response. Finally, market ambidexterity allows firms to simultaneously address current consumers' needs, while also identifying future opportunities and clients' needs. Indeed, large volumes of data allow firms to conduct exploratory learnings more easily. Table 3 summarises the specific indicators of these three categories of big data affordances.

Customer behaviour pattern spotting	Real-time market responsiveness	Data-driven market ambidexterity
• Determine consumer behavior patterns across touchpoints. • Forecast unfavorable consumer behaviors (e.g. churn or complaints) • Forecast favorable consumer behaviors (e.g. likelihood of purchasing) • Determine competitive behavior that affect consumers	• Conduct analyses in real-time • Take decisions in real-time • Apply real-time decision-making rules • Determine the ideal course of action for customer interactions	• Identify synergies • Discover new strategic possibilities • Identify the relationship between present and future products/services

Table 3 – The three categories of data-enabled marketing affordances and their components

Other scholars have directly or indirectly linked big data development to affordance theory, but without offering a fully-fledged classification model. Table 4 summarises the examples of marketing targets provided by Davenport (2006) and the five types of value creation allowed by big data initiatives developed by Wambe et al. (2015) and demonstrates that each item can be positioned in one of the three categories proposed by De Luca et al. (2020).

	Davenport (2006)	Wamba et al. (2015)
Customer behaviour pattern spotting	• Identify the most profitable consumers through predictive modelling, then maximise loyalty and retention rates • Develop a deep understanding of customers	• Segment populations
Real-time market responsiveness	• Set prices in real-time to maximise profit and yield	• Improve or substitute human decision making
Data-driven market ambidexterity	• Detect quality issues early and reduce them	• Develop new business concepts, products and services • Allow for experimentation leading to enhanced performance and better understanding of customers' needs

Table 4 – Marketing affordances typologies

2.4. The unique characteristics of the luxury industry

Many researchers have underlined that the possibilities allowed by big data are oftentimes dependent on the industries companies operate in. Akter et al. (2016), Mikalef et al. (2018) and De Luca et al. (2020) emphasise that there is significant variability in BDA applications within different sectors, which in turn can lead to distinct business outcomes. As a prime example, De Luca et al. (2020) demonstrate that big data affordances in service-providing firms (Lehrer et al., 2018) are different from those in automotive enterprises (Dremel et al., 2020). Mikalef et al. (2018) provide another example, showing that companies in the media and news sector use big data analytics to offer tailored content and products, whereas companies operating in the oil industry focus on risk assessments and maintenance. In addition, the length of the product life cycle may also impact how easy it is to deploy technologies within the company, with longer product life cycles being more difficult to change and innovate rapidly (Gupta et al., 2019). In view of these findings, it is likely that the luxury industry will present specific data-enabled marketing affordances that are not transferrable to other industries.

The notion of luxury does not have one systematic or exhaustive definition (Hennigs et al., 2015; Pavione & Pezzetti, 2014). Indeed, it remains a concept that is subjective and aggregates many sub-elements (Hennigs et al., 2015). However, scholars have outlined the key characteristics shared by actors in the luxury industry. The value proposition of the luxury industry has evolved in the last decades, as industry players have become more and more consolidated into large conglomerates such as Richemont, LVMH, and Kering (Kapferer, 2014; Deloitte, 2020). The essential differentiating elements that remain include high quality,

high price point, brand heritage, prestigious retailers, exclusivity, personalisation, and deep connection with a niche clientele (Kapferer, 2014). Another characteristic is the high level of abstractness of luxury communications, with a tendency for luxury advertising to use abstract messages rather than concrete product descriptions (Hansen & Wänke, 2011). Table 5 summarises these key characteristics of luxury products and the authors that outlined them.

Characteristic	Articles
Excellent quality enabling products to retain their appeal for a longer period of time when compared to non-luxury products.	Pavione & Pezzetti (2014); Prendergast & Phau (2000); Nueno & Quelch (1998); Kapferer (2014)
Exclusivity and rarity guaranteed by a limited production run of items to ensure products are reserved for a selective audience and not widespread.	Pavione & Pezzetti (2014); Prendergast & Phau (2000); Nueno & Quelch (1998); Kapferer (2014)
Craftsmanship and expertise required in the production process and guaranteeing quality.	Pavione & Pezzetti (2014); Nueno & Quelch (1998)
Brand heritage guaranteeing expertise and global reputation.	Prendergast & Phau (2000); Nueno & Quelch (1998)
Limited and selective distribution allowing control of the brand image and quality of service.	Mosca (2008); Nueno & Quelch (1998); Kapferer (2014)
High levels of customer loyalty enabled by long-lasting and personalised relationships with clientele.	Prendergast & Phau (2000); Kapferer (2014)
Strong brand identity imbued with the personality and values of its creator.	Nueno & Quelch (1998)
High level of abstractness in communications reflected by the use of abstract language instead of concrete descriptions.	Hansen & Wänke (2011); Gutzki & al. (2019)

Table 5 – Key characteristics of luxury products

The evolution of the luxury industry has allowed some luxury brands to deviate from these characteristics at times. For instance, craftsmanship is not necessarily imperative for ready-to-wear collections that include simple t-shirts with a printed logo of the luxury house as their indicator of luxury. Something crucial presented by Pavione & Pezzetti (2014) is the importance of innovation for the production process of luxury brands, which can be generated by technology, science, or artistic creativity. As mentioned earlier, De Luca et al. (2020) showed that analytics were a prime generator of innovation, leading to increased performance. Hence analytics investments could enable the innovation that is inherent to the luxury industry.

Overall, due to the many unique characteristics of luxury, it is likely that the marketing affordances enabled by big data analytics are different in this industry.

III. Methodology

This study uses qualitative, in-depth interviews to explore both the resources necessary for luxury companies to develop data analytics marketing affordances and the different marketing affordances that appear relevant in the luxury sector. This direction was selected because of the limited data and knowledge about the way luxury firms actualise data analytics marketing affordances, which lends itself to a qualitative approach to develop new theory. To be able to contrast the luxury industry with other industries and to identify the resources that were more or less important in luxury environments when compared to other environments, the approach chosen was to conduct interviews with respondents from the luxury industry and other sectors.

3.1.1. Sample characteristics

To ensure diversity was maximised, respondents from all over the world and from different luxury companies were interviewed. However, to ensure comparability, respondents either had managerial-level of marketing responsibilities or had a data-centred function in the company. To reach these individuals, the CEMS alumni network was utilised. Once the information obtained from interviews became redundant and saturation was reached, the sampling process was stopped. The total number of respondents is 15, as suggested for exploratory research by McCracken (1988). Table 6 presents the characteristics of the respondents. Two-thirds of the sampled individuals work in the luxury industry, with the remaining respondents working in a mix of other industries, including consulting, data analytics solutions, and large conglomerates outside of luxury. The business sizes range from independent luxury houses to global corporations leading in their business category. The sectors of luxury included fashion, cosmetics, and car manufacturers. The interviewed individuals were all key decision makers, usually with a managerial position and some at directional positions, with global responsibilities over their brand.

	Participant Function	Company Size	Company
#1	Data Scientist	- Sales: 50 billion - Employees: 150000	Supplier of fast moving consumer goods
#2	Business Developer	- Sales: 7 billion - Employees: 80000	Luxury conglomerate
#3	Senior Data Scientist	- Sales: 160 million - Employees: 1000	Fintech Company
#4	Head of Trade Marketing	- Sales: 35 billion - Employees: 85000	Luxury Conglomerate
#5	Product Manager	- Sales: 35 billion - Employees: 85000	Luxury Conglomerate
#6	Director Sales and Trade Marketing	- Sales: 13 billion - Employees: 30000	Luxury Conglomerate
#7	Data Scientist	- Sales: 50 billion - Employees: 150000	Supplier of fast moving consumer goods
#8	Brand Manager	- Sales: 13 billion - Employees: 30000	Luxury Conglomerate
#9	Data Science & AI Manager	- Sales: 40 billion - Employees: 250000	Auditing Firm
#10	Data & Insights Analytical Consultant	- Sales: 60 billion - Employees: 100000	Technology Company
#11	Online Activation Specialist	- Sales: 35 billion - Employees: 85000	Luxury Conglomerate
#12	Global Head of Marketing	- Sales: 35 billion - Employees: 85000	Luxury Conglomerate
#13	Global Brand Manager	- Sales: <500 million - Employees: 1500	Luxury House
#14	International Project Manager	- Sales: 35 billion - Employees: 85000	Luxury Conglomerate
#15	Project Manager	- Sales: 13 billion - Employees: 30000	Luxury Conglomerate

Table 6 – Respondents' characteristics

3.1.2. Interview guide

The interview guide (see Table 7 hereunder) followed a funnel structure, starting with high-level questions about the use of analytics within the company and progressing toward more specific questions. The first part of the guide focused more on the resource and competencies necessary to utilise big data analytics within the company, as well as the limitations faced regarding this big data paradigm. This allowed for a good understanding of the data environment in which each respondent operated. The second half of the guide focused on the marketing use of data analytics and the particular marketing affordances in the industry of the respondent. This allowed the identification of which marketing affordances were transferrable

across industries, and which were specific to the luxury industry. To facilitate the process, the concept of big data marketing affordance was rephrased as “marketing possibilities enabled by big data investments”.

Although the general structure of the interview guide was usually respected, some interviews adopted more of a free format, with the order of questions being altered. Some interview questions were also removed when respondents were only available for half an hour instead of 45 minutes to conduct the interview. Respondent #13’s interview was particularly short because the individual could only schedule 20 minutes of interview.

Questions were phrased in a nondirective manner, to avoid leading respondents to a particular answer, especially in terms of which resources, limitations, and marketing affordances the individual could discern. The end of the interview was used to discuss future data-enabled marketing processes the employee could see being implemented in their company, and to assess whether they were optimistic about the development of data processes within their company.

Interview Guide
Introductory word - I'd like to stress that your participation is completely voluntary and that you can stop at any moment in time. The data coming from this interview will be anonymised, and any reference to your input will happen in a purely descriptive manner (e.g., male/female, job status). For scientific reasons, the interview will be recorded. These audio tapes will not be made public and are kept by the researchers involved in this project only. Are you ok with this?
Icebreaker - What is your organization's relation to big data analytics?
How did the data-driven marketing efforts begin at (company)? What was the impulse that initiated the change?
What are the resources and competencies necessary to utilize big data analytics within your company? ○ Tangible (data, technology) ○ Human (technical and managerial skills) ○ Intangible (culture, governance) ○ Technology capability, management capability, talent capability
What are the difficulties and limitations faced regarding this big data paradigm within the company? ○ Legitimacy of big data to guide strategic decisions ○ Ex ante collection of data ○ Senior executives' advocacy ○ Ethical and GDPR considerations
How are big data analytics utilized concretely for marketing purposes? How did existing processes change and/or what new processes appeared?
Do you believe that any of these uses are unique to the luxury industry? Or would they be transferrable to other industries?
What other big-data enabled marketing processes are you planning on implementing in the future? What are the resources/capabilities that would be necessary to realise those future processes?

Table 7 – Interview Guide

3.1.3. Analysis and Interpretation

The amount of time requested upon reaching out to interviewees was 45 minutes. On average, interviews lasted around 40 minutes. Interviews were automatically transcribed by the integrated tool on Microsoft Teams or with the transcribing tool on Microsoft Word, then cleaned afterward to remove mistakes and anonymise the data: removing respondents' names and any detail that might be easily linked to their company.

The analysis method used was thematic analysis, which provides a structured approach involving coding to identify themes and patterns within the data (Braun & Clarke, 2006). First,

interviews were read multiple times for the researcher to get familiar with the data. Next, the initial codes representing interesting features were identified in each paragraph, to analyse the data in a systematic way. Once every code was gathered in an online tool, themes regrouping codes were identified. Table 8 presents the different phases in the thematic analysis process.

Steps	Description
1. Becoming familiar with the data	Transcribing the data, reading it again, and making initial notes.
2. Producing initial codes	Coding relevant features of the data in a systematic way across the entire data set
3. Identifying themes	Aggregating codes into themes, collecting all the data relevant to each theme.
4. Examining themes	Creating a map of the analysis by determining how themes relate to each other.
5. Naming and defining themes	Refine each theme, and the overall structure of the analysis, generating precise definitions and titles for each theme.
6. Creating the document	Final opportunity for analysis and identifying relevant excerpts, creation of final report.

Table 8 – Thematic analysis steps

Table 9 provides an example of coding to showcase the process in a concrete manner:

Data extract	Codes	Theme
“I think this focus on analytics is not enough of a priority. We want to be the company that is data driven, but it’s not really in our DNA. Sometimes it’s quite chaotic and I think it’s this culture that partially prevents the transition because the executives, they make decisions that are based on their gut feeling.”	1. Lack of support by executives 2. Reliance on intuition	Lack of data-oriented culture in the luxury industry

Table 9 – Example of coding

IV. Results

The research question to be addressed in this section is the following: “How can luxury companies mobilise infrastructure and competencies to actualise data analytics marketing affordances?”. This question will be answered in two steps: first, the resources and competencies necessary to reap the benefits of data analytics in the luxury industry will be presented, next, the marketing possibilities enabled by data analytics in the luxury industry will be explained.

4.1. Relevant resources and competencies in the luxury industry

As seen in prior research, resources and competencies are the key enablers of developing a sustainable competitive advantage (Huang & al., 2015). Firms operating in the luxury industry have specific characteristics and contextual elements that modulate their relationship with data analytics technologies, hence data analytics resources and competencies are impacted by those specificities. Across interviews, it became apparent that the luxury industry players are at a rather early stage of the data analytics adoption and transformation process. The reasons why this data paradigm has not reached maturity will be presented in this section. In addition, this section will adopt a dynamic outlook by assessing how firms operating in the luxury industry could evolve into the next step of the data analytics adoption process, and what are the different structural barriers currently preventing this transformation.

4.1.1. Tangible Resources

4.1.1.1. Constricted data access due to distribution channels

In line with Gupta & George (2016), access to data was underlined by respondents as an essential part of developing a data-based paradigm within a company, but this data flow was also described as constricted in the luxury industry. The first characteristic of big data often underlined by the literature is that it is voluminous (Gupta & George, 2016), yet the amount of data luxury companies utilise and have access to is limited. Hence, it appears that the luxury industry is not yet concerned with building a big data analytics capability but rather is still trying to develop a data analytics capability. As it is necessary to first attain a data analytics capability before moving on to a big data analytics capability, it can be inferred that the concepts that have been explored in the literature for big data analytics can be applied to data analytics. As Respondent #9 explains:

Some companies have advanced in an iterative way, little by little. So it's not so much the use of the data that will define whether we're talking about big data, it's rather the organisational choices. And a certain degree of maturity, because before you can start big data, the assumption is that you collect a lot of data.

Data access in the luxury industry is particularly dependent on the distribution channel when compared to other companies that usually have more streamlined distribution channels. For luxury brands, products can either be sold via owned channels such as stores and e-commerce shops dedicated to the brand or via wholesalers that sell the products of multiple brands. The latter is oftentimes the revenue-generating option for luxury houses that do not always have the size required to implement themselves in many owned stores. However, this option entails that luxury companies are reliant on wholesalers to receive sales data, and wholesalers sometimes choose not to share the data, or to share an aggregated version with low granularity. Previous research has underlined that companies have access to either internal or external data (Zhao et al., 2014) and that it is by supplementing internal data with external data that companies are likely to attain a sustainable competitive advantage (Gupta & George, 2016). In line with this previous research, respondents distinguished sell-in data, easily accessible data relative to the number of units sold to resellers, from sell-out data, the number of units sold directly to consumers. As Respondent #6 explained:

If data is available it is used, the point is that it's not always available. (...) If you are relying on a wholesale business model, then you have your own data, sell-in, but the sell-out data must be provided by retailers and not all retailers give them. Sometimes you need to pay for them, sometimes they give them for free, sometimes they decide not to give them, sometimes they give them only for your brands.

Table 10 summarises the multiplicity of setups possible:

Distribution Channel		Data Access
Owned stores and online platforms	→	Complete: sell-in, sell-out, store metrics, behavioural data
Wholesalers and external online platforms	→	Partial: sell-in, sell-out with varying levels of granularity

Table 10 – Luxury distribution channels and their data access

This constricted access is likely to limit the development of data analytics initiatives within luxury companies. Managers need to be aware of the potential benefits that would be made possible by obtaining and using both internal and external data. There are multiple ways luxury companies could overcome this barrier, either by investing in the development of their own distribution channels or by including clauses in their contracts with external partners to guarantee data access. As Respondent #4 explains it:

The first type of data that me and my team use on a daily level is part of contract with our resellers. We always put reports in the contract agreements, so that we receive data regarding the sell-out.

On the basis of these findings, the following proposition can be put forward:

Proposition 1: A higher degree of ownership of the distribution network enables luxury brands to have easier access to data, which in turn is likely to drive performance.

Despite the fact that sales data can be restricted, luxury companies still have access to other kinds of data such as customer insights, industry trends, social media, etc., which do not represent magnitudes of data corresponding to the domain of big data but allow for specific marketing affordances that will be developed in Section 4.2.

4.1.1.2. The lack of aggregation

Mikalef et al. (2018) underlined the need for companies to develop an efficient digital infrastructure to store their data, and this finding was validated through the interviews, as respondents working in the luxury industry described that the digital infrastructure put in place was oftentimes scattered. This insight is linked to the variety of distribution channels presented in the previous section. As Respondent #11 explained:

Currently, we receive data in different forms from each of the retailers. So for example, one of the retailers just sends the files, the other retailer has an online platform. So I think the issue is that it's not united, it's really hard to effectively analyse data. (...) We have too many data sources and people are lost with which data source to use. So for example, just to measure the influencers and social listening, we have at least three platforms. (...) So I think that the clarification of the data sources and the prioritisation of them is key.

To overcome this barrier, luxury firms could invest in the aggregation of their database and implement systems to adopt a company-wide data infrastructure. This transition is already taking place in some luxury companies, as Respondent #14 highlights:

There are more and more efforts, I know they hired a whole team to put all the resources that we have together and clean all the studies we've done at the company level so yes, they are really working to be more data-driven.

Based on these insights, the following proposition is put forward:

Proposition 2: A higher degree of aggregation of the databases used by luxury brands is likely to allow for better access to data, which in turn is likely to drive performance.

4.1.1.3. The lack of a universal luxury KPI

Luxury brands differ from other companies in their objectives, as they do not rely on the same desirability factors as other companies do and have their own set of characteristics presented in [Section 2.4](#). Indeed, luxury companies are less focused on maximising volume or catering to price sensitivity but instead try to attain an ideal brand image. Respondents #10 and #9 state:

If it is less of a luxury brand, it's always a bit more performance-focused, you're way more focused on volume, you want to sell as much as possible. So then the goal is to be efficient, to have a good ROI, to be profitable, to sell as much as possible with the least cost as possible. For more high class and luxury brands, it's a lot more about branding and looking at how you can position the company. It's less about efficiency, it's more about "where are we as a brand", "how do we position ourselves as a brand"?

Often, the use of data is motivated by a desire to reduce costs (...) the idea is to be able to save costs and synergies at some point because we can automate a large part of it. In the luxury industry, personalisation and contact are very important, and cost considerations are less important. (...) I think that the paradigms that justify the use of data in certain industries, which are efficiency, cost, etc., are not the same for luxury.

As image is an abstract concept, indicators are more difficult to create and represent a barrier that explains why luxury players have not yet fully turned to data to assist their decision-making process. This is in line with Hansen & Wänke (2011)'s description of luxury communications

as abstract instead of concrete and objective. Because each luxury brand has its own values that need to be reflected in its image, specific indicators need to be gathered and crafted for each brand. This entails that there is not a universal luxury approach to data analytics. Non-luxury brands might also want to craft specific indicators for their brands, but the attributes that consumers are looking for in non-luxury products are generally easier to understand and estimate (Gurzki & al., 2019). For instance, a cereal-producing company might try to have data indicators reflecting nutrition or taste attributes, whereas luxury brands try to capture more esoteric concepts such as freedom. Respondents #12, #14, and #13 support and complement these insights:

Luxury is intangible, it's a concept that is fundamentally abstract and therefore difficult to quantify with a lot of data.

It's super abstract, so it depends. I think there are so many attributes that you could use for image. I think it depends on what type of market you are in. I think it would change when we look at another luxury brand, the attributes they look at would be different.

There are no KPIs that directly reflect brand image that I know of. (...) Luxury is a very complex concept, saying "you're 80% luxury" could mean very different things (...) You cannot distill the idea of luxury into a single indicator. You have to think about what you want to be as a brand.

In order to develop precise and tailored indicators, luxury brands need to have access to the specific data relevant to their brand codes. However, respondents highlighted that in the case where data is available, it oftentimes exists at a low granularity level which does not allow managers to extract the data that is precisely relevant to their brand. As Respondent #12 says:

I wish there were more filters, more personalisation. If there was a possibility to actually filter this information according to the needs of each brand, according to the needs of each consumer, it would be much easier. In reality, we have a guideline for the brand that does not change. (...) If there was a filter, a possibility to deconstruct the data and adapt it by category and by brand, it would be incredible.

To overcome this barrier, luxury managers must take the time to assess what data indicators are relevant to their specific brand codes, and invest in building a database with high

granularity. It is also essential to find the right balance where data insights can support strategic decisions and where human intuition is also taken into account without being the only factor considered. This is in line with previous results by Davenport (2006), who underlined the importance for leaders to assess which processes should be based on data and which ones should rely on human assistance. Respondent #15 explains that data can be used to better understand the environment of the firm, but that it is crucial to put this data in perspective with the brand's values:

You can rely on data to understand the direction of the world, but it always has to be compared with the brand values that you have. (...) You cannot change your image completely just because the world is going in another direction, we have to evolve together with the world and so data can be important on that, but we always have to maintain our own soul.

The moderating factor of alignment identified by Akter et al. (2016) is also validated by this observation, as luxury firms need to ensure their analytics capability is aligned with their business strategy. Based on these insights, the following proposition is put forward:

Proposition 3: A higher degree of granularity in their data tools is likely to allow luxury brands to better tailor their analysis to specific luxury brands, which in turn is likely to drive performance.

4.1.2. Intangible resource

In line with the literature (Lavallo et al., 2014), a limitation observed during interviews that prevented luxury companies from attaining a data paradigm was the lack of a culture supporting data initiatives. In many instances, participants explained that data analytics was not an integral part of the culture as reliance on intuition was still widespread. Respondents also highlighted the lack of support from upper management. As Respondents #8, #6, and #2 explained:

I think, this focus on analytics is not enough of a priority. We want to be the company that is data driven, but it's not really in our DNA. Sometimes it's quite chaotic and I think it's this culture that partially prevents the transition because the executives, they make decisions that are based on their gut feeling.

I think there's some unused potential that we have for all this data. Uh, especially related to communication. Some people don't know that the data is there. I think it's mainly related to the culture, because in the end the tools, if you learn how to use them, they don't require you to be an IT expert.

So things that are needed are people (...) but also an organisation that enables people with data and insights to be able to influence the marketing and the commercial and whatever other departments

Developing an organisational culture is difficult as there is not an easy or straightforward way to change it (Germann et al., 2013). Executives should promote data-enabled initiatives within the firm to accelerate this cultural shift, but executives must first realise that there is much to gain by doing so. The reason why data approaches are currently not championed by executives was not directly explained by respondents, but it can be inferred that Davenport's (2006) finding about senior executives not believing in the potential of analytics to ameliorate performance has much to do with the situation. Indeed, the complexity to find relevant indicators and the abstract nature of luxury are most likely deterring managers from giving more consideration to data analytics.

4.1.3. Human resources

Finally, respondents mentioned the lack of training and the rarity of data skills within the workforce of luxury companies. This resource was identified by Mikalef et al. (2018) and is particularly relevant in the luxury environment, as more creative profiles are oftentimes more prevalent when compared to data-literate employees. As Respondent #14 mentioned:

The limitations, I think is the human capital. As I said before, especially in companies like us, where we do have a lot of creative profiles, strategic profiles, to focus on the vision and so on. But it's not a company where we have a lot of data scientist profiles, but yet we're managing a lot of data, so I think this is one of the limitations. How do we take more people and get these people that are proficient in data to get integrated in our company. So I would say that is the one I have on top of my mind.

There are two main ways luxury companies can address this shortcoming. First, by implementing training on the basis of data analytics to ensure every employee is able to follow

the company's data efforts. Next, data skills should become part of the required qualifications in the company's job posting. This would ensure new recruits are able to participate and promote the data analytics transformation process. Respondents #2 and #8 state:

I think that probably like 75% of people don't use these tools to their full potential. So I think some trainings would be really, really key and they should be done regularly, like yearly or every six months for everybody in the company.

Not everybody is as comfortable working with data and if it is not something that we test in the recruitment process, then we hire people who don't know how to make pivot tables for instance. Then of course you end up having a lot of workforce that's not very comfortable with data. So I think the recruitment process should somehow also highlight that if that's the direction which the company wants to take.

4.1.4. Conceptual models

The following graph showcases the conceptual framework that regroups the multiple elements impacting all three categories of resources presented in the literature in luxury environments. The different elements impact each other and when combined, explain why the reliance on data analytics is currently constricted in luxury firms.

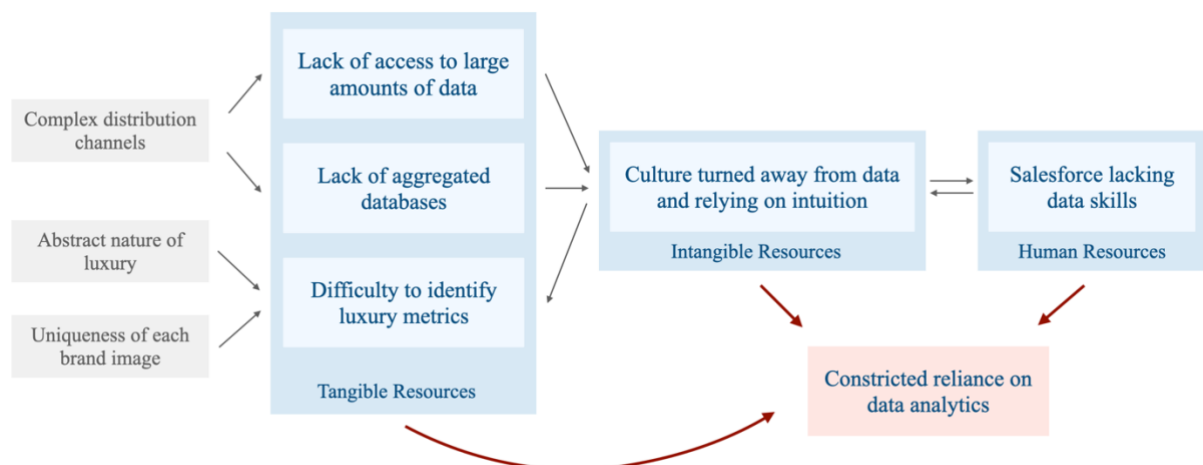


Figure 2 – The barriers impeding the development of critical resources required to develop a data paradigm in luxury companies

4.2. Marketing affordances in the luxury industry

The previous section highlighted multiple barriers that are constraining the development of a data analytics paradigm in the luxury industry, yet, data analysis is still used in unique ways for marketing purposes in the luxury industry. Those marketing affordances that appear more relevant to the luxury industry, as well as those that appear less relevant, will be presented in this section.

4.2.1. Marketing affordances more applicable to the luxury industry

Despite the fact that luxury companies do not typically rely on high amplitudes of data, such large amounts of data are not required for all marketing processes. In fact, luxury companies do rely on data for various marketing processes, which will be presented in this section.

4.2.1.1. Data-driven market ambidexterity

The third category of data-enabled marketing affordance highlighted by De Luca et al. (2020) is one that appears particularly relevant to the luxury industry. Indeed, data-driven market ambidexterity encompasses the ability to use data to conduct exploratory learnings and identify future needs. This affordance also overlaps with one data affordance presented by Wambe et al. (2015): developing new business concepts. Data analytics plays a crucial role in the early stage of product development in the luxury industry, as it allows companies to identify macro trends upon which innovation is then built. Data analytics provides a frame with general consumer insights that are then adapted by each brand's development based on specific values. As respondent #12 explains:

The difference is going to be made by appropriating the development to each brand. (...) In this creation stage, the number and volume are forgotten indeed, but the product has to be the best, and without data to support it, we don't do it. (...) The huge difference is that a more standard product, its design can be very concrete, we will start from a consumer insight, and we will have an explanation and a logical reasoning to justify the reason of purchase of this product. (...) When we talk about the luxury industry, we forget all these logical steps to justify the purchase. (...) I need the basic features to be there of course, but it's not actually the first thing I'm going to put forward. If I put this thing forward, it doesn't make you dream, it lacks that magic part. (...) That's why data is going

to be used in the first stage of development, but after that, we're going to move very quickly into abstract concepts that are difficult to reflect in data. (...) But it's clear that we're not going to invest in an innovation that looks good to the creative teams but that won't have sufficient business justification.

This result is in line with previous literature, notably with Pavione & Pezzetti (2014) who underlined the importance of innovation for the production process of luxury brands. It also nuances De Luca et al. (2020)'s finding that data analytics is a main source of innovation, by reframing data analytics as a precursor and enabler of innovation. As Respondent #14 says:

It is essential to have data in your mind all the time, and specifically for luxury. Yes, you are trying to innovate and to be more niche, but you can use data to see where the general trend is going and still innovate by answering the trend in a different way.

Innovation in luxury companies is based on data to a certain extent, but it mainly provides a field in which innovation is then able to take place. It is difficult to pinpoint the exact moment where data and human creativity meet. This transition occurs when data is no longer able to reflect the more abstract elements of luxury. There is a fundamental link between luxury and art. This is for luxury brands where a creative director is responsible for the creative process and the development of new products. Art and data analytics are usually not perceived as complementary concepts, as art seeks to create something new, to innovate instead of replicating, whereas data analytics relies on prior events. Respondent #6 explains:

Historical data in a fashion environment are used but not for everything. The creative director, the one deciding on the collection, will not analyse any data. Then of course there's going to be a merchandising director that is going to direct him towards styles that maybe have more potential in the marketplace. But there is a tension between the two (...) If one or the other prevails, it may be tricky because maybe the merchandiser prevails and you see short term results very high, but then in the long term you're just replicating, you're not innovating. On the other side if you let only the creative take action, you might innovate too much in the wrong direction and (...) you're probably going to lose a lot of sales.

Proposition 4: A higher degree of reliance on data during the product development process is likely to allow luxury brands to create and maintain exclusivity, which is likely to drive performance.

4.2.1.2. Creating and maintaining exclusivity

As discussed in Section 2.4., exclusivity is a key characteristic of luxury brands (Pavione & Pezzetti, 2014; Prendergast & Phau, 2000; Nueno & Quelch, 1998; Kapferer, 2014). Multiple respondents shed light on how this exclusivity can be maintained using data analytics. This affordance has not been identified by prior research to the author's knowledge and therefore represents a new marketing affordance that is specific to the luxury industry. Specifically, selective distribution and scarcity management are two concrete ways to limit the availability and elevate the image of luxury products.

Selective Distribution

One essential differentiator of luxury brands is their distribution concerns. While brands selling regular products try to maximise volume and spread, luxury brands have different considerations in mind when it comes to distribution, namely quality and exclusivity. This attention to distribution is a prime example of how luxury companies can use data analytics to build and maintain exclusive relationships with their customers. Metrics such as store dimension, location, proximity to touristic areas, quality of the store interior, etc. are used to give a score to stores. This information is then used by the company to identify the best-in-class stores and give them more focus. As Respondents #2 and #6 phrase it:

It's very important to know the stores that are positioned in a very touristic venue to determine at which time of the year you want to send your agents to visit those stores. There is a multiplicity of ways you can use this information. And I think for firms that mostly rely on quantity to sell, it's less important to have this refined understanding of your distribution. But for luxury, companies that are very focused on the quality of the image you give to the final customers, it is key to have this type of data.

It's important to know your distribution and know where you want to go, in particular for fashion brands because you don't want to be distributed everywhere. Many brands have either a selective or a controlled distribution. While for other brands, it's just a

matter of volume and size. If you have data on the point of sales, you're not going to invest the same amount of money, you're going to focus on those that are most productive.

Scarcity Management

Another marketing purpose that is enabled by data analytics and adjacent to the previous section is scarcity management. Indeed, part of the appeal of luxury goods is their rarity, some pieces are only available to exclusive clients, or via specific stores. For instance, multiple respondents mentioned Birkin bags, which are not available in stores and are personally gifted to customers by the brand. Some car companies also require clients to be put on waiting lists and to be screened before being able to buy the car. This level of selectivity can be attained by a very detailed segmentation using data analytics, as explain Respondents #2 and #6:

For very particular pieces made in partnership with other brands, you only want certain stores to sell these particular pieces, you don't want to give them to everybody. You want only the most high quality stores to have them, so knowing the way our stores are is super important. (...) So you can also decide to maybe segment the distribution to reach the best customers first, to allow them to have the products on the market before everyone else. (...) And to do that of course you need data on their customers.

Scarcity allows companies to manage the price as they want and maximise the profit out of each single item, not only the brand reputation, because they increase the willingness to pay.

4.2.2. Marketing affordance less applicable to the luxury industry

4.2.2.1. Measurability of marketing initiatives

Among all the marketing affordances mentioned by respondents, one that highlighted the contrast between luxury and non-luxury companies was the **use of data to measure the performance of marketing investments**. Indeed, interviewees that were not part of the luxury industry emphasized how measurability was a crucial part of their marketing efforts, and that the return on investments granted by marketing actions were often measured with data. As Respondent #3 states:

A lot of what I do is work with experimentation and set up experiments for both digital and offline channels and marketing to make sure that we can measure the impact of what

we're doing. (...) We're trying to use data on very simple decisions as well as very big ones, and the way that you measure it is not exactly the same, but you always try to measure impact, whether it's very small or very big questions.

In contrast however, respondents working in the luxury industry underlined that performance was not a key priority of marketing actions, and hence fewer efforts were dedicated to measuring performance through data metrics. Respondent #11 provides a concrete example of a situation where performance measures were available but overlooked in the luxury industry:

I also work with influencers on influencer campaigns and when I decide on which influencer to invest in, I always analyse the data on their profile, effectiveness or engagement. However there can be a situation where my boss tells me « OK, this person has really bad results, according to the data we shouldn't take her, but it would be good for the image of the brand». So we take her anyways.

This is linked with the difficulty to identify luxury indicators which was described in [Section 4.1.1.3](#), and it is probable that the “performance” Respondent #11 is referring to is one measured with metrics that are not adapted to the luxury industry. If they had access to performance indicators that included relevant metrics reflecting brand image, it is likely that luxury managers would recognise their value and utilize them.

4.2.2.2. Real-time market responsiveness

Real-time market responsiveness is the second category of data-enabled marketing affordance identified by De Luca et al. (2020) and reflects the ability of firms to analyse and respond to events quickly thanks to data analysis, by conducting analysis and taking decisions in real-time. This immediate reactivity appears to be a less developed affordance in the luxury industry, as it was not mentioned during the interviews and respondents described ways in which decision-making is done approximatively and months in advance. Typically, product forecasting will be done without relying on data analytics, but simply by manually extrapolating historical trends. As Respondents #4 and #11 describe it:

We do it manually you know, we see evolutions in some period and then we forecast growth or market trend and then we do some rough estimations, but it's just estimation. So it's done manually.

Even for important decisions, like how much products we order for the first three months after a launch, the forecast will be done by brand managers and it will be based on the sales of the similar products and not on thorough calculations.

This lack of reliance on data to make predictions is explained by the fact that sales predictions are hard to make in uncertain environments and that human intelligence can be more adapted to decision-making in such conditions, as was found by prior research (Günther et al., 2017). It is also linked with the previous results which highlighted why data analytics efforts are usually constricted in luxury companies. Relying on human approximations can lead to a lack of precision which in turn might have negative commercial and societal consequences. As Respondents #10 and #8 explain:

With the world we're living in right now, it's has become very, very hard to make any predictions about what is actually going to happen in the industry. The world we're living in is making it very hard to make any forecasts, because of the Covid crisis, because of the situation in Ukraine.

Regarding the prediction, I think there are many implications when you over-forecast or under-forecast. It can be huge losses and even like environmental impact.

All four of the marketing affordances identified through the interviewing process, whether more or less developed in the luxury field, provide interesting learning opportunities for luxury managers. The ones that are more developed offer ideal first steps into the data analytics journey a luxury firm could undertake, and the ones less developed appear to be more difficult to put in place. Managers could choose to tackle the barriers preventing these affordances from being more widespread. This would allow them to gain a more defensible competitive advantage due to these high barriers to entry.

4.2.3. Summarising figure

Throughout the interviewing process, respondents shed light on four main data-enabled marketing affordances: two of them being highly relevant and utilised in the luxury industry and two of them appearing as currently underdeveloped. Figure 3 presents the four affordances that were uncovered during the interviews in a summarised way.

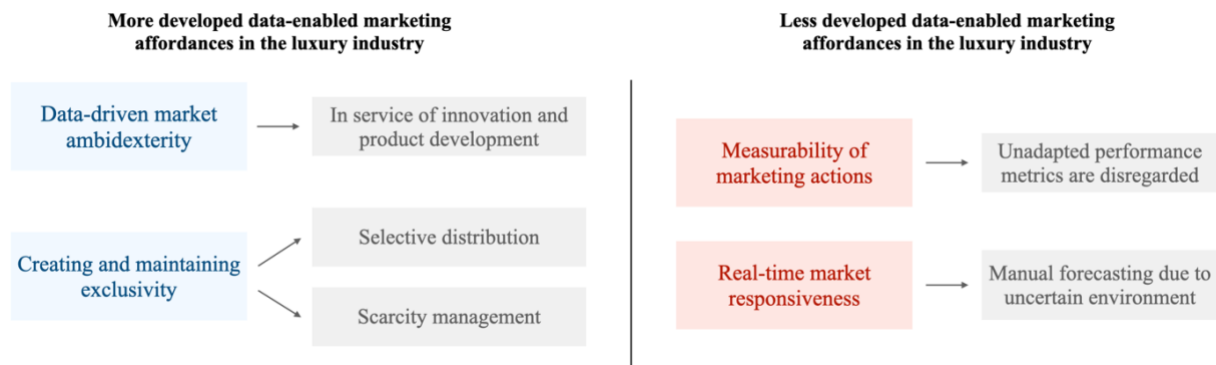


Figure 3 – Data-enabled marketing affordances in the luxury industry

V. Conclusion

This thesis adopted a dual objective. First, the resources luxury companies need to develop in order to utilise data analytics for marketing affordances were explained. Next, the specific marketing affordances that are currently relevant and well-developed in the luxury industry, as well as those that appear under-developed, were introduced. The body of literature that already exists on the various aspects of the research question was summarised – the notion of competitive advantage, the resource-based view of the firm, the concept of big data analytics, affordance theory, and the characteristic of luxury players. In-depth interviews with business professionals offered additional insights into the subject, assisting in identifying which resources are critical in the industry and the underlying reasons why, and what are the data-enabled marketing affordances that luxury companies can benefit from.

The amount of data companies have access to has increased and created a new potential for firms to unlock a valuable competitive advantage. Yet, luxury companies and conglomerates seem to be at an early stage of their data-based development. Overwhelmingly, respondents from the luxury industry indicated that their company did not utilise data to its full potential. Some of the reasons why the luxury industry seems to be falling behind were untangled through the interviewing process and presented in this thesis. The constricted access to data appeared as a first reason and is in part due to the complex duality of distribution channels luxury brands generally use. Another issue that luxury managers face is that the performance indicators in luxury are often abstract and therefore difficult to capture through data. The workforce in luxury companies was also systematically described by respondents as underqualified in terms of data skills. Finally, the culture fostered within luxury companies was also described as unsupportive of data initiatives. When put together, it appears that the luxury company is facing issues in terms of the tangible, intangible, and human resources necessary to develop a data analytics capability.

5.1. Theoretical Contributions

This thesis contributes to the literature in two main ways. First, the theory of data-based marketing affordances is still quite new and hasn't been explored in diverse industries yet. This thesis explores whether the marketing affordances developed in a specific industry are different from those developed empirically. The results identified a new marketing affordance that appears to be particularly relevant in the luxury industry: the use of data to create and maintain

exclusivity, especially by enabling selective distribution and scarcity management measures. Previously developed marketing affordances were also identified, with data-driven market ambidexterity appearing as relevant and developed in the luxury industry, especially regarding product development and innovation. Real-time market responsiveness, another affordance identified in the literature, was on the contrary depicted as less developed in the luxury industry.

Next, by focusing on the luxury industry, this thesis identified the specific resources that were relevant in that industry to develop a data paradigm within the firm. All three categories of resources that were outlined by the literature appeared during interviews, allowing for a clear view of the general state of each category of resource that currently exists in luxury companies. This thesis brings new elements to the literature not by identifying new resources, but by presenting the contextual elements that have led to the current state of the three categories of resources in luxury companies. These contextual elements are unique to the luxury industry and include a high level of abstraction which entails a uniqueness in each brand's data metrics, as well as a complex distribution channel. This thesis sheds light on how empirically developed resources are developed in this specific industry.

5.2. Managerial Implications

The development of a data analytics capability within a company is a dynamic process that contains many steps and is hindered by different structural barriers. This thesis identified five main barriers that were linked with the necessary resources a company must gather to evolve in its data journey. Figure 4 hereunder summarises these managerial implications.

First, the restricted access to data luxury firms face as a result of their distribution structure needs to be addressed by managers. The advantages that would be made feasible by collecting and exploiting both internal and external data must be known to managers. By making investments in the creation of owned distribution channels or by putting clauses ensuring data access in contracts with third parties, managers can overcome this barrier.

Second, the lack of aggregation in the databases used by luxury companies is preventing them from reaching the next step in developing a data paradigm. Luxury managers could promote investments in database aggregation and put mechanisms in place to adopt an enterprise-wide data infrastructure to facilitate information flow.

Third, the difficulty to identify luxury metrics is an obstacle as it deters employees from using data tools. Managers must invest in creating a high-granular database and take the time to assess which data metrics are pertinent to their unique brand codes. It's also crucial to find the correct balance between the use of data to support strategic choices and the use of human intuition.

Fourth, the culture fostered within luxury companies usually turns away from data and relies on intuition even for key decisions. To speed up a cultural transition towards a more data-based firm, leaders must encourage data-driven initiatives across the organisation, but they must first realise how much there is to gain by doing so.

Finally, the luxury workforce lacks data skills. To ensure that every employee can keep up with the company's data initiatives, managers need to implement training on the fundamentals of data analytics. Second, data skills should be part of the recruiting process' assessed competencies, to ensure new personnel will be able to support and participate in the transition.

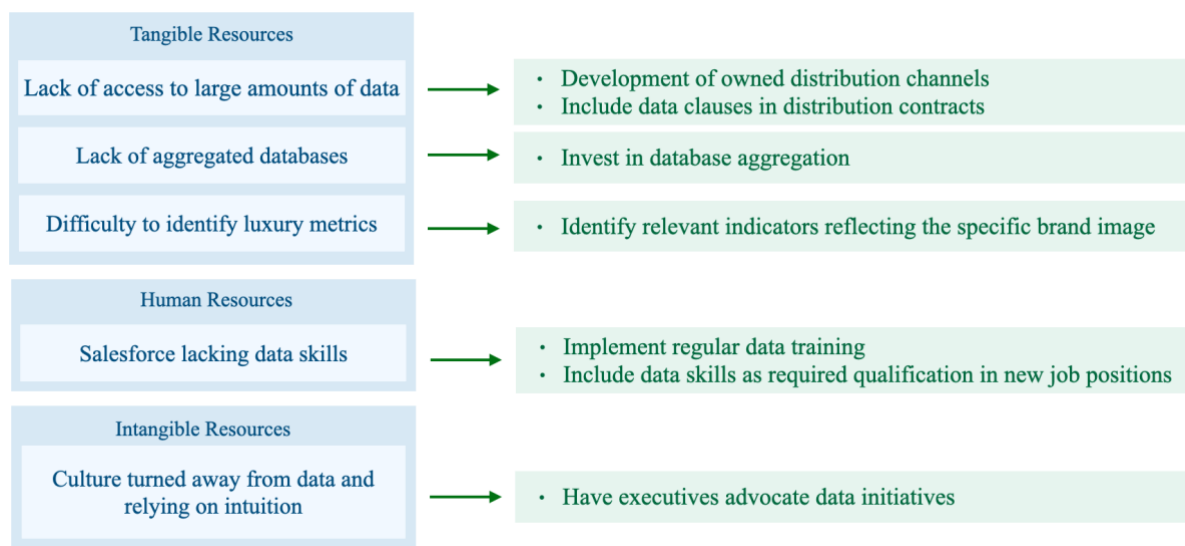


Figure 4 – Managerial implications regarding resources

In addition, the marketing affordances that were identified as more or less developed in the current luxury industry also provide managerial implications. Indeed, the affordances that appear as more developed (data-driven market ambidexterity and exclusivity fostering) can be used to motivate managers to shift towards more data efforts or to start the data development process in companies that have not started their data journey. The affordances that are currently less developed in the industry (measurability of marketing actions, real-time market responsiveness) can be seen as areas of improvement for managers that want to develop further

their data capability, and managers can choose to target the structural barriers preventing those affordances from being utilised that were identified in this thesis.

5.3. Limitations and Research Directions

The purpose of this thesis was to examine and offer new perspectives on the use of data analytics to enable marketing affordances in the luxury sector. However, some limitations were uncovered during the research process.

First, this thesis is assessing the luxury industry as a whole, when there are different types of luxury companies from very different types of industries. This was a conscious choice as collecting data only regarding one specific type of company in the luxury industry would have been a difficult endeavour and the number of respondents might not have been sufficient to yield enough insights. However, it is likely that some of the insights provided by this thesis are more applicable to some parts of the luxury environment. In addition, there are different levels of luxury within the same types of luxury companies. For instance, multiple respondents were managing luxury skincare products, with some retailing for 200\$ while others retailed for 1000\$. Different levels of luxury might also exhibit some of the characteristics presented in this thesis, and some recommendations might be more or less applicable to them.

Moreover, although respondents came from brands in different areas of luxury such as fashion and cosmetics, the vast majority of respondents came from brands encompassed within large conglomerates. Insights provided for brands within conglomerates might differ slightly from those for independent luxury houses.

Next, although the advantages of data initiatives have been presented in the literature, it is hard to evaluate whether luxury companies will yield the same benefits as other industries. Indeed, the abstractness characterising luxury appears as an obstacle to the development of analytics, and this thesis could not affirm whether luxury companies will be able to overcome that obstacle, nor if the cost required to do so will be outweighed by the gains.

With these limitations in mind, the direction of future research could be discussed. When the luxury industry as a whole becomes more advanced in terms of data reliance, it would be interesting to see if a gradient of data usage becomes identifiable based on the level of luxury of the brand, or based on the specific product category the company operates in. In addition, it

might be interesting for future research to identify how data-analytics tools could effectively capture the abstractness of luxury by using a series of indicators tailored to specific brands. Finally, research could be conducted to gauge how the profit of luxury companies tends to be impacted by implementation of data-enabled marketing affordances, and what would be the financial impact of this implementation. For instance, a project-thesis focused on the financial aspect of the data implementation in luxury companies would be relevant to assess this point.

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VII. Appendices

7.1. Transcripts of interviews

7.1.1. Respondent #1

Durnez, Marc

My first question would be what is the organization's relation to big data analytics? Was it something that was really established or was it something that was starting when you were there?

Respondent #1

So for the company and again, I have to specify its (sub company) and it's in Belgium. So I cannot say for the other levels and also other countries were also a different stages of data maturity. In Belgium, for the company it was quite advanced, it was probably one of the most advanced countries. When I joined in October 2019, they had a lot of dashboards, so you had a power BI server with all the information you could want about customers, everything from how much they wanted, what they bought recently or who they were, if they were visited by a sales rep, etc. So lots of info. So if you were a marketer or a sales rep and want to know something about a group of customers or a specific customer, you could find it there. And for example, sales reps before going for a visit, they could very easily see this customer's relation with product 123. For instance, last year he bought the product, then he stopped buying product and blah blah blah. So they could say "Did your plans change, you stopped buying this product » and they could push another one. So compared to other countries it was very advanced, but it was only descriptive. There was no prescriptive types of data implementation. And the reason they hired me, and the reason they sponsored my learning program, is that they wanted to hire a relatively junior profile which would grow with the organization. And the moment I joined, some of the projects I did were important for the business but pretty high level, but one one of the main projects for which was important for them, and it took a lifetime to fully implement was replacing the customer scoring from a manual to an automated model. It sounds silly, but to get all the approvals it took two years.

Durnez, Marc

OK. Wow.

Respondent #1

Or even a little bit more. And then another model, another machine learning model we put in place was for churn prediction. So we had a retention problem even before COVID (after COVID it was the apocalypse), but even before you had quite a few customers who stopped buying. Therefore, one of the first things I did was to essentially build a model which helped predict who was likely to survive in the near future or not.

Durnez, Marc

So a churn model.

Respondent

#1

Indeed.

Durnez, Marc

And do you know how the the data driven marketing efforts began at the company before you arrived or what was the impulse that initiated the change and the transition?

Respondent #1

Uh, that's a good question. I can't promise I can have the best answer, but one thing which was very nice was that they had lots of data. Because each country had a different coverage in data and I cannot give you the exact details because that's confidential.

Durnez, Marc

Yes of course.

Respondent #1

But I had uh, well over 90% coverage, whereas most other countries they were way below. So they always knew that they were sitting on top of a lot of data. It was just a matter of using it.

Durnez, Marc

And so that's why they decided to hire you and to fill it up, OK.

Respondent #1

And they started with the dashboard in Power BI. I believe it took them a couple years to get them really ingrained into the whole organization. Which is, uh, which sounds like a lot, but. Building what you want is not even half of the effort.

Durnez, Marc

Thank you. And the next question would be more precise, what are the resources and the competencies that were necessary to use big data analytics within the company?

Respondent #1

The first building block was Power BI, that really was the first step in the data driven journey because with Power BI they remove the friction. In most cases, they needed an Excel. So instead of guy number one sending an excel and then having 50 access floating around, you had a few Power BI reports which are the same for everyone and then you have one single source of truth. You log in and you have the numbers. That was really a key step also because the more people use them, the more they got accustomed to the data.

Because something which was also pretty present was that marketers and sales reps took a long time getting used to it. And to really factor in the numbers in the strategy, it was something that took a while. Because for example, for a lot of them, they were still basing their decisions on gut feeling. And it took a while for this mentality to change and power BI was the first building block, I think without that building block, building models would have been useless.

Durnez, Marc

OK.

Respondent #1

Then what's more relevant after I joined was building the other models, and everything was built in Python. Everything predictive, which I built, I built in Python.

And at this stage, something which was very important but has been missing until one month before I left, was a centralized datahouse. Because a challenge was that we did not really have datahouse, technically we had one, but it was garbage.

Durnez, Marc

Yeah. OK.

Respondent #1

To give you an example, it was difficult to agree on the figures. And whenever you want to work with big data and you have multiple sources, a single place where you have everything makes your life 10 times easier. Everything enables you to do much more. It was lacking for most of the time I was there unfortunately, so we had to get data from the separate systems and put it together, wasting a lot of time and effort essentially.

In the end, we had a centralized database. That was really a game changer because instead of having to get data from 15 systems, you have a SQL query, you click a button, boom you have the data, you click another button, you run the script. If you are tired of clicking two buttons you schedule everything and it does it by itself.

Durnez, Marc

Yeah. So that was one of the essential resources that is more tangible, like technological. But you mentioned earlier something that is more intentional, which was the data driven mentality for the employees. So can you elaborate a bit more on this human side of things ?

Respondent #1

That's a key aspect of data. Because if people don't use it, it's useless. You can have the best model ever, but if nobody cares, you're stuck. And indeed, that was a big challenge because most people are not used to working with data, at least in traditional organizations. Some marketers could not do a V lookup, for example. And then you tell them, hey, we have these machine learning model which does these things and boom magic. Yeah, they are lost.

So the journey is getting them little by little more used to the data, used to working a bit with numbers. And also believing in those numbers because something which is critical is that the

data has to be correct, but maybe even more important is that it has to be consistent. Because if the figures change every every few months, you will never convince people to rely on it. And if they don't believe in the data then whatever you do will be useless. Because trust is step one.

Durnez, Marc

And to have a greater consistency, what did you need to do? You needed better equipment or did you need just better models?

Respondent #1

Cleaning, cleaning, cleaning, cleaning.

Durnez, Marc

Ah yes, oh no.

Respondent #1

It's not fancy, but it's super important. For example, we had many sources and we spent a lot of effort, but it was really well spent effort in merging the duplicated sources. Because imagine you have two databases which are separate but with both containing the same information. You want to end it. Both of them contain data about your customers. You want to have all the data together, so you want to merge them.

Durnez, Marc

OK, and regarding the support of upper management, was it really something that's upper management was convinced about or how did it work in that regards?

Respondent #1

It depends on the specific person, my N + 2 was one of those who kicked off everything, he was in the leadership team and he was pushing it a lot. He was maybe even pushing too much in my opinion.

Durnez, Marc

How so ?

Respondent #1

To me, some of the stuff he did, they maybe even alienated parts of the business because he was going very fast. And some of the things were not always super clear to everyone. And it's OK to advance, but if you leave lots of people behind, you will lose it.

When we were showing the first three data enabled practices with the business, they were so left behind that they did not really care about the data itself. They really wanted a a number which could allow for them to say it's not working. It got super political. It was no longer about does it work or not, They were just looking for a way to shoot it down and that was because we did not present it correctly. Also some of the leadership teams were 100% gut feeling. You could show them whatever you wanted with all the sources you wanted, but if their beliefs did not match it was over.

Durnez, Marc

OK, crazy. Yeah.

Respondent #1

And this correlates quite a bit with age.

Durnez, Marc

Yes, it's logical when they haven't learned to use Excel very well, how do you explain to them deep learning models?

OK, great. And my next question is pretty much linked with the things that you've already answered, but if you could identify the difficulties and the limitations with this big data paradigm that you were trying to install? Do you think about something else apart from the motivation of employees to shift and the support of the upper management?

Respondent #1

So the motivation was a bit of a limitation, but that's a learning process. It takes time and you cannot flush it too fast. So that's a limitation, but I find it's inevitable something which was very frustrating was that as a global organization, you need leverage everywhere. We depended a lot on global, even if we were Belgium, a lot of our systems were managed by global and we had little to no access to it. So a lot of the times when we wanted to do something we needed global and that added bureaucracy that added problems, and that limited us a lot.

Durnez, Marc

OK, so there was friction in getting the data or with the implementation of data insights.

Respondent #1

For some of the sources we could only access them in the global database, which was crap. Then if we wanted to move them, for example to the CRM, we also need to go through global, which was really a big limitation and in my very personal opinion, global got all its priorities wrong because they built a big data science team, but had a crappy database, so you have people working on super fancy models, but they were working with terrible data.

Durnez, Marc

Was there a reason for that, for them not to give you easy access ?

Respondent #1

Bit of politics, bit of inefficiency,

Durnez, Marc

What I understood when I was doing my research is that sometimes people find it difficult to appreciate big data insights because oftentimes, big data is gathered from behavioral information about the customers, and then this information is present at a massive scale and also usually it's from social media. You take that information and then you try to distill it into something that is very specific and with strategic insight and how do you manage to do that? How do you convince people that you were able to do that and how did you actually do it? What I'm trying to say sorry, it's a very long question, but how did you make big data legitimate for strategic insights?

Respondent #1

Yeah, (program) is B2B. So there was not too much behavioral data at the personal level. There was a lot at the business level. And indeed, to explain them which customers had high potential or which customer were likely to churn, it was quite important to show them very high level analysis. Giving details was counterproductive. So a very high level, without even mentioning models, regressions, etc, otherwise you would lose them.

Also to me, building the model itself is not a super challenge. What was challenging, for example, for the customer potential analysis, was putting the data in a smart way. The key question for building the customer scoring model was how to define potential? The easiest way would be to predict the sales of next year and based on that you calculate the potential of each client. The problem is that predicting the sales at the customer level is not easy, especially if you don't have too much data like what was the case for us. Trying to predict sales, you predict the buckets (high potential to low potential) and that's how you define high potential low potential.

Durnez, Marc

So the challenge was finding the dependent variable essentially ?

Respondent #1

More or less, more or less.

Respondent #1

Indeed the idea with that model was also, instead of saying « we visit the customer who has a maximum score in the manual scoring system twice a year », instead we would base visiting decisions on the automated system in the machine learning.

Durnez, Marc

Great. Thank you. So that was the first part that was more focused on big data and how it's implemented. And now the second part of the thesis is more precisely for marketing purposes. So once you had implemented that big data analytic systems, how would it concretely be used

for marketing purposes? You already mentioned contacting purposes, but can you tell me a bit more about that and other marketing processes maybe?

Respondent #1

So building the model is ok, getting good scores can be difficult, but the hardest part is to get people to use it.

For example, the customer potential model, it took 2 months for it to work, but then it took almost two years to use it. To get the big bosses to say, OK, we use it. So that's the most important part, but it's also the most difficult.

And once you have a model, no matter what it is, the next step is starting to base your decisions on the output. For that model, the obvious thing was instead of planning meetings, they would base themselves on the model's recommendation. And for example for unknown customers, which before you could not score, but now in some cases you can say ah, you visit three known customers, but also this guy who does not buy from us but could be a good lead.

Durnez, Marc

And were there other ways for which the big data was implemented for marketing purposes apart from this customer model?

Respondent #1

So I know the details a bit less, but for example I was talking about the lead management before which is a smarter way to do campaigning essentially. And before we used to send emails to a set of people. Imagine you want to send an email to everyone who buys a certain product. You filter your database on that and you send the email. Lead management goes a bit further. You try to find out your customers who are interested in something, who clicks certain buttons on your website. You make an engagement score and you keep track of those people and you send them different contracts at each time. So in that case, in that sense, you had a model on your website which tells you the score of everyone, how engaged they are, essentially. And then based on that, you take different actions which can be you send them an email or if they are very, very well engaged, you tell one of your sales reps to make a phone call or even to visit them.

It can also be about the touchpoints. When facing the customer in choosing the touch point so I can email or call or message, you can have a recommender system which tells you based on what they bought last year, they are likely to buy this other product, and to answer through this touchpoint.

And also big data can be super important in making sure the business can see what's going on. For example for management, one big challenge was building a power BI report consolidating all the different sources so that the marketeers could see as frequently as possible how things are going, how many leads were being contacted, how many people were engaged, etc. And this was to give them first, an understanding of what was going on. And second, to have for the sales rep all the people into one place with all the information we have about those people.

Durnez, Marc

OK, nice. I have a quite a lot of examples then. So from choosing the different touch points, from monitoring the leads for the sales people, and of course the project that you were working on.

Durnez, Marc

To have a bit more info, because I'm not sure I understood correctly, so for your project you told me at some point that you were dividing the customers in different buckets based on how much value they were going to bring. And then this information was used only by the salespeople or was it used by other departments as well?

Respondent #1

In the beginning, mainly by the salespeople, but for example that information was also used to segment the market and to say « in this segment we have this amount of important customers ». So to make decisions at higher level, something which should start to happen, hopefully now that they agree to go live. Should be that instead of looking at the old model, they look at the new one, so they base their understanding of the market on the output of that model.

Durnez, Marc

And then the segmentation button could be used for just not B2B, but be to see and be to be marketing, then more on advertisements, OK.

Respondent #1

Indeed, you want to sell a product, you have a budget for 50 phone calls and 100 emails. You choose who to call and who to email based on their potential.

Durnez, Marc

OK, thank you. And so the next question I would have was out of all of these things that you just mentioned, marketing wise, do you think that they are all transferable to other industries or to other companies or do you think that some of them would be only possible for your company?

Respondent #1

I think a good bit can be transferred.

Durnez, Marc

OK.

Durnez, Marc

And my last question would be : if you could imagine other big data enabled marketing processes that are going to be implemented later on for the company and also what are the resources and capabilities that are lacking now and that would be necessary to go into the next stage?

Respondent #1

Yes, there was a very cool project they were working on but it could not be finished while I was there. [Project redacted for confidentiality reasons] That was super cool, pretty complex, and in fact there were a lot of missing skills. You needed to be very good at scraping and in the company, not many people were. For example, for this we really relied on global. You have

that and then you need to have lots and lots of data which for Belgium was the case but for other countries not so much.

Durnez, Marc

And technically, is it possible for you? Do you have the technology?
Respondent #1

So you need multiple models. First you need a scraper and with scraping the key challenge is a bit technical, but even more legal. To what extent is scraping legal? That's an open question, and then indeed you need to find a smart way to connect things.

Durnez, Marc

And do you have another idea of the other things that they were thinking about for marketing and big data or?

Respondent #1

Another project which was never put in place was using a customer scoring system more or less like the one I built, to concretely plan the route of sales reps, so you have the model which tells the sales Rep you need to visit 1234 and it shows in Google Maps.

Durnez, Marc

OK, but thank you. And technology wise with that have been easier with I mean it's not only technology but also regarding the human capital and technology, but also the management supports, would that have been possible? Why was it not implemented?

Respondent #1

The key challenge, in my opinion from a technical perspective, was getting all the system to speak to each other because not only you need the system to make the planning, but the system must get the customer, make the planning and push back the planning to the CRM so that's the sales Rep can see it. So the key challenge was not making the planning, but was connecting it from a technical perspective.

Respondent #1

And then we never got to it while I was there. But I also think there was another challenge. If you give salespeople a system which tells them what to do all day, everyday, they start feeling like a monkey. Because you tell them where to go and what to sell.

Durnez, Marc

That's super interesting. I never saw this limitation on the literature.

Respondent #1

Umm, not many companies are doing it, at least not concretely. But when I spoke a bit with the sales reps, a lot of the reluctance they had was not that they were saying « I feel like a monkey », but you could see that they felt a bit threatened. They felt a bit as we were starting to do their job for them. So it can get touchy, especially because they know the customers 10 times better than you do and all of a sudden you are there and you have been in with a customer two times in your life and you tell them what to do. That was number one complaint from them.

Durnez, Marc

I think I have all my questions. Maybe if you have time for two minutes more. The I was wondering about GDPR and how you were managing that, but not even now for the hypothetical marketing ideas. But for your system, was it difficult to respect the GDPR?

Respondent #1

GDPR was not easy. First, from a purely technical perspective, in keeping what we call the opt in. A properly working obtain means the consent. Means you will need before I send you an email you have to agree and the website has to be built in a way that is super transparent. You need to click on the opt in, we cannot prefill it for you.

And I believe most companies play with the rules because a lot of companies you register boom, they send you emails. This is illegal. And if the authority gets wind of this and decides to slap a fine, that amount of money is based not on the revenue of your department or of the country, they base the fine on the revenues of the full company globally. So imagine you need either (program) which sells random number €10,000 a year, but you get fined on lets say a

billion. So, super important, super challenging first, building the proper websites, making sure of the process is all the all the design is consistent and also something stupid but which was a consistent recurring problem for us. You are not really supposed to have files with the personal information. When it's like this, you need to make to protect the file with a password or with a way that only those who must use it have access. But the people in the business, never did that, you always saw these Excel files with email addresses in clear circulating.

Durnez, Marc

So that was also a challenge, the social aspect.

Respondent #1

Indeed it did.

Durnez, Marc

Great. Thank you so much. I have the transcription. Amazing. I don't know how you feel about the the interview or if there's something else you'd like to tell me.

Respondent #1

I feel like as a sector it's a bit new still and I feel like, 1st, Every company is doing differently, so tomorrow you introduce someone else. They will tell you the opposite potentially. I hope this can be useful.

Durnez, Marc

Yeah, but thank you so much. You were the first one to answer and the first one that I'm interviewing.

Respondent #1

No problem.

Durnez, Marc

And I have a few more this week and I hope to get 15 interviews and then I have to hand in the thesis beginning of August.

Durnez, Marc

And so it should be. Should be good. I hope at least.

Respondent #1

No problem. And if you want to work in data and you want to know a few resources to learn or whatever, do feel free to hit me up.

Durnez, Marc

Yeah, exactly, exactly. Yes, but we will see. But thank you so much. Then I will leave you to your evening so that you are done with your day. Thank you again and bye bye. Thank you.

7.1.2. Respondent #2

Durnez, Marc

OK, great. My first question would be very global, “what is the relation of the company with big data analytics, how much does the company rely on big data and for how long have they done that?”

Respondent #2

So when you mean big data, you mean both the like transactional data but also like kind of graphics from customers, CRM data, qualitative information this type of things, right?

Durnez, Marc

Everything, yes.

Respondent #2

Uhm, no, I think for such a huge company, the availability of information regarding the distribution worldwide is key. So basically every department relies and constantly uses data, we all have access to our data warehouses where we can retrieve the information of the customers. This database gathers data from three main sources. There's the **information of the customers**, so everything regarding the, I don't know, of course fiscal information, but also location, addresses, contacts and so on. Then there's the **transactional information**. So all the historical data regarding the orders, divided of course by channel brands and and so on. And then there are the **CRM data**, so the information that is more qualitative. I think the qualitative data is less developed because it is a bit new for the company. It has always been a company very focused on the more transactional data, so we didn't have enough precise information regarding the distribution in terms of qualitative information.

So what do we mean by qualitative? It means understanding, for example, the typologies of the stores. There are some key information that are now being used more, for example, the dimensions of the store, the location of the store. So if a store is located close to a very luxury touristic area or if it's isolated in a very naturalistic or suburban area. This type of information, even the quality of the store inside and outside : if the windows are well organized, if the inside

is neatly organized, how they are by typologies of product or by brand. All this type of information.

Also the trade marketing information, for example, the tool used inside the stores, so having control of this type of information. It means having the power to understand your customers and also use this information to define strategies.

So for the luxury business it is key to know the customers because you can understand if they are have a quality that high enough for the standard you want to set for your targets. Also you can segment your customers to identify the best ones, the ones that maybe you can reach with our selection of product focused only for the top in class.

And it works for stores. You can identify those stores where you need to work to maybe ensure the material they use is updated, because in the end every store we serve has the image of the company itself. So you need to to know the distribution as well.

So I think this information is key and now they are being collected, but it was not something that was done in the past. Now all the functions for example trade, marketing, marketing, sales strategies are all starting to rely on this data to make their own plans and strategies. And I think just to close, for luxury firms, this is much more important than maybe for another type of industry.

Durnez, Marc

Thank you, so you told me that for luxury it was really important to check that the quality was high enough for the customers and also to segment the customers.

Respondent #2

Yeah. For example, identifying the best in class stores, that kind of thing. I don't know if you were able to understand, so maybe there are some types of products like the selection for them selections. So it's very particular pieces made in partnership with other brands. You only want certain stores to sell these particular pieces, you don't want to give them to everybody. You want only the most high quality stores to have them, so knowing the way our stores are is super important, but also for trade marketing for example, so all the tools and materials that we give the stores to present the product, the wall screens or the promotional material. You want to

make sure that all the stores have the most updated ones and they don't use ones that are outdated, that don't reflect the brands anymore.

And that information is crucial for sales strategies. It's very important to know the stores that are positioned in a very touristic venue to determine at which time of the year you want to send your agents to visit those stores.

So there is a multiplicity of ways you can use this information. And I think for firms that mostly rely on quantity to sell, it's less important to have this refined understanding of your distribution. But for luxury, companies that are very focused on the quality of the image you give to the final customers, it is key to have this type of data.

Durnez, Marc

So you would say that in comparison with more generic industries, for luxury, understanding the distribution channels and making sure that the environment it operates in is super important.

Respondent #2

Yeah, I think so, yeah.

Durnez, Marc

OK. And you told me about a lot of different applications and segmentations, seeing the different stores, making sure that there is a scarcity management by only giving some very rare pieces to only some stores and then there is the promotional merchandising in the stores. How do you manage all of that? Is there one platform, is it all in there or do you use different mediums?

Respondent #2

Umm, so the company is pretty standardized in terms of the tools used. So in all the subsidiaries worldwide, the same digital platforms are used. All the data, both the transactional ones, so the ones related to orders placed and the qualitative information and the infographics, even if they come from different sources, they are all together, put in a customer data warehouse, we call it that way and they can be retrieved from a unique then user and all the offices, all the functions

use the system to collect the data that is useful for them. So yes, the sources of this data are the same for everyone.

Durnez, Marc

OK. And do you know when that system was put in place?

Respondent #2

I think the most customized version is probably something that was done throughout time. So it was something that was enhanced year by year. The last version of it was probably released last year. They started using it. I don't know. I would say 10 years ago, but I am really not sure about it. I can investigate if you want.

Durnez, Marc

No, it was just out of curiosity, but now I have more precise questions, that you already partly answered. You said that for example, there's a need for tangible resource with this marketing cloud and the data warehouses. But would you said that there are other resources apart from those physical ones to have this use of big data analytics in the company ?

Respondent #2

And you mean people working in the company? So if there are some needs to train the people to use the data?

Durnez, Marc

All types of resources. So not only human, but yes that is part of it, yeah.

Respondent #2

Yeah, I think, uh, this is an important question because I think there's some unused potential that we have for all this data. Uh, especially related to communication. So some people don't know that the data is there, is available and secondly related to knowledge, so being able to use the data. If there was a tool that allowed to easily put together data and and arrange them to help to support the strategy, making it would be great already. SAP marketing cloud does that,

and also another system we have with some queries allowing us to create reports. But I think that probably like 75% of people don't use these tools to their full potential. So I think some trainings would be really, really key and they should be done regularly, like yearly or every six months for everybody in the company. And I think this is something that still needs to be improved.

Durnez, Marc

But why do you think that it is? Do you think it's because these people don't have the skills or because there is not the culture of using data for strategic decisions? Because these are two different issues, right?

Respondent #2

I think it's mainly related to the culture, because in the end the tools, if you learn how to use them, they don't require you to be an IT expert. Uh, some of them, of course, but it's predominantly the lack of culture, I think.

Durnez, Marc

Umm so it's not and why do you think that the culture is not installed to use with data? Is it because upper management is not using it?

Respondent #2

Umm yeah, I think because at uh strategic management, top management level, they don't plan to train the employees on these topics. Yeah, it's a matter of people's personal development, you know. I think this can be improved a lot, yeah.

Durnez, Marc

OK, great. Then thank you for this insight. Now something that you already mentioned a bit, is regarding the difficulties and limitations regarding big data initiative within the company, what do you think are the main limitations?

Respondent #2

Well, first of all, HR, people management should design some learning paths for employees.

HR has already invested in a learning platform that can be accessed by the employees where you can take courses on different topics. So I think we are almost there. They should simply provide some training material. So yeah, one constraint is having maybe the right platform and then having the right learning paths designed by HR or top management.

Durnez, Marc

Umm

OK.

Respondent #2

But in terms of people's skills, I think everyone here has the preparation tool to then understand how to use the data and the tools.

Durnez, Marc

OK, because these tools are quite intuitive to use then.

Respondent #2

Yes, to use them for what we need daily. Yes. Then of course, if you need something more sophisticated then you have to rely on some experts. And in that case it would be necessary to provide some contacts for the people in the company so that if they need something more sophisticated, they know who to reach out to.

Durnez, Marc

OK. And in terms of GDPR and making sure that the privacy of the people that you gathered data from is respected. Do you know anything about that challenge?

Respondent #2

Well, I know that there are some legal counsels, legal teams in every country for this reason. And for example, whenever you want to introduce a new data collection, they get involved. They are asked to investigate if there is any limitation related to compliance, data protection

and so on. So for example we also had to introduce some questionnaires regarding the distribution to collect the qualitative information and we involved all the legal teams worldwide to make sure we were compliant with the local legislations.

Durnez, Marc

OK, so that's another resource that you need to be able to have.

Respondent #2

Definitely, yeah.

Durnez, Marc

OK, great. So now I finished the part about the resources and the competencies and now I want to go back to subject that we already mentioned, which is marketing. It is the center of my thesis and you already gave me many examples, but do you have other examples of how big data analytics are used for marketing purposes apart from understanding the different distribution points?

Respondent #2

So other ways you employ this data? Uh, I think that this data are just by every office. Really. Uh. Even just to know the size of the market we have so market sizing.

Durnez, Marc

And that's it, yeah.

Respondent #2

Comparisons plans also, to like uh reach market share somewhere where we lack some grasp on the territory, so I believe it's really something that is used from the most strategic to the more operational level. Even if you just want to go directly in a country or keep relying on a distributor, you would rely on data. You know, data is power. So every office uh relies on them.

Durnez, Marc

Yeah. And you gave me a super interesting comment earlier by saying that when you compare it with more generic industries, luxury is really going to be about the distribution channel. But do you have any other specificity of luxury in terms of marketing? And also then the big data use for this marketing?

Respondent #2

So I already told you that it's a matter of providing the customer with the right product, but I can also add that it's also about doing it at the right time. So you can also decide to maybe segment the distribution to reach the best customers first, to allow them to have the products on the market before everyone else.

And that also allows you to plan the production and the distribution or the supply chain, because you can plan a bit more your products release. So you can decide to serve your best customers first and then go on with rest of the segments after some time. And you know, for the luxury industry, having the new collection before others can really add value for customers, so identifying the customers where you want to place the new collections before can be also very, very important. And to do that of course you need to data on their customers.

Durnez, Marc

Ok, and is that process automatized?

Respondent #2

To some degree, yes, after you define the rule like, if your customer has this, this and this characteristic, then they can receive the product. At that time, it's automatized. Uh, but still there is some monitoring, let's say, from the teams responsible for that.

Durnez, Marc

OK, great. And I have one more question then which is looking again at marketing processes and do you think that there are other big data enabled marketing processes that are going to be implemented in the future?

Respondent #2

Well, now we have the big challenge to integrate the data from another company, which is huge. Uh, and the data are mostly, of course, in a different format of a different typologies. So the challenge would be to uniform the data and bring them all in the system. Also find the right systems to be able to host this new pack of data. And we will need to find a different way to segment the customers, so yeah there will be a lot of change both in terms of the type of data and the tools used so. Yeah, I think it's something always in development.

Durnez, Marc

OK. And do you think that there are new resources and capabilities that the company lacks and that it will need to keep using big data?

Respondent #2

Yeah. This thing as we said before, the fact that people need to be more confident with the understanding of which are the information available and where to find them and how to reach them, yeah.

Durnez, Marc

Fixed education, internal education.

Respondent #2

Yeah, yeah, yeah.

Durnez, Marc

And support from top management.

Respondent #2

Yes.

Durnez, Marc

Then I have all of my questions. Yeah, but thank you so much for your insights already. I wrote so many things in in red. So thank you so much.

Respondent #2

Now I really hope it was useful.

Durnez, Marc

Yes it was ! Thank you so much.

Respondent #2

You're welcome. Thank you. Have a good day !

7.1.3. Respondent #3

Durnez, Marc

What is your organization's relation to big data analytics? Is it widely implemented ?

Respondent #3

Yes, of course. Ok, it's a difficult question. I would say yes and no because it's a digital product, so you track a lot of data by default. So in any case you have data. If you have a system where everything is offline like you mentioned the luxury industry, you don't have the data at hand. So in that sense, having 100 % digital product allows you to already collect data in a way. But then I think it's building a data culture where you do the right things with the data you have. This is something that is not there from the start and that you need to build overtime and that takes a long time to get right. And we probably don't get it right. It means that decisions are made by using data to back it up, but it also means that we continue to invest in infrastructure to track more data points. Yeah, I think that's the short answer.

I don't know if I should speak about my current job or which is fintech industry, before that I worked for another company with a physical product. And there I think we had to make many more efforts, for example to track it offline as well. So of course you get lucky if you are 100 % digital where it's easier, but it also depends on the philosophy that you have as a company, which is not a given I would say.

Durnez, Marc

And thinking about that, what are the resources and capabilities that you need to have to use big data within the company?

Respondent #3

Well, you need to be willing to invest in proper tracking, so data infrastructure and the right tools, hire engineers. Then next to that, it's about the cultural aspect, also like processes, I would say you need to want to make decisions that are based on data. And this is not just about technical things. It's also the metrics that we want to track and how we can translate what we want to achieve into metrics. How can we check things properly so that we can measure the metrics that we want to measure? So I would say it's both wanting to invest in infrastructure but also wanting to research what kind of metrics are relevant and also making sure we actually use these metrics to make decisions.

Durnez, Marc

And in terms of culture. What are the obstacles that prevented the company to rely on data-oriented decision making?

Respondent #3

Well, you need to use risk. So I work in marketing so I can maybe give you an example. In your country, you can launch a TV campaign, but then it actually takes more effort to set up your TV campaign in a way that is also measurable, so we always want to measure the impact of what we're doing right? So to give the example of the TV campaign, maybe you launch TV campaign and the idea is that you want to be able to say "this TV campaign resulted in XYZ". And this is how XYZ is contributing to our objective as a company.

What makes it difficult is working together, probably. There's somebody from the data team working together with a person from marketing, and even before we launched the TV campaign, they need to think together about "how can we set this up in a way that is measurable?". So what is difficult in that is how do we work together? And sometimes it's hard to measure it right because a typical thing we do is doing one week off one week on one week off, and then we can kind of build a model that measures that. But this is more complex and time consuming than just launching a TV campaign for three weeks. So you need additional resources, additional spending TV to make sure that there is enough spin so that you can measure it. Yeah, so a lot of what I do is to work with experimentation and set up experiments for both digital and offline channels and marketing to make sure that we can measure the impact of what we're doing. But this is always more effort than launching campaign, right? Because in a way you always want to set up an experiment anyway that you can measure it. Sometimes we can just do a simple AB test, but of course it's harder to randomise your population and only expose half of your population to it and making sure that it's actually randomised and that you use proper statistics to do it. Yeah, so yeah, it's more complex, I would say.

Durnez, Marc

It's super interesting, but then the dependent variable would be the impact of the campaign? Or would it be the fluctuation in the clients or the people that are interested in the product? Because you told me that you are doing experiments, so are you doing one week off, one week on and trying to see the impact on the amount of people that are joining or?

Respondent #3

I mean it really depends on what you want to achieve, right? Probably with a TV campaign it could be because you want to increase your customer base, but it could also be because you

just want to have brand awareness. Maybe you don't have to explain what you're doing because people are really very familiar with the concept. So what we want to do is that people know our name. It's not that every marketing campaign is optimising towards new customers. Some will be of course, like typically on digital channels, but it really depends on what your goal and this is also one of the difficulties right? Once you know what your goal is with certain computer or certain initiatives, how do we make sure that we can measuring it. So if your goal is brand awareness, it's hard to measure, but there are ways right? And then you have to be creative and work together with a marketing person, a data person, maybe an engineering, set up tracking to make sure it's measurable and that it also makes sense.

Durnez, Marc

So my next question would be more about the use of data for marketing purposes. So you already explained to me that you are essentially using data to measure the effect of campaigns, but can you tell me a bit more about the process of how you do that and also other use of data for marketing purposes?

Respondent #3

Yeah, I mean so as a data person, I'm not the one that sets up the strategy. I think that there is always a vision coming from the business of “what we want to achieve”. And then this is kind of translated to a marketing vision. From this vision and the strategy that we have for the next year or the next half year, how can we make sure that we have data to confirm that this is the right vision? It's not the reverse that we gather data first. So yeah, I think that this may be the main part. There is a vision and then you want to use data to support this vision.

Then what are other use cases then? Sometimes it's also very tactical, right? Like it's all about optimization as well, does it make sense for us to give the same discount to everybody or does it make sense to segment based on the interest of people? And then again, this is something that we can test.

Of course, we also have the classical monitoring of our business? Like everyday we want to know what's happening. Like ok, we need to adjust something. So you start kind of from high level and then and then you dive a bit deeper. If you see that something's happening then you dive deeper and you try to explain lower level things. What I'm trying to say that we're trying to use data on very simple decisions as well as very big ones, and the way that you measure it is not exactly the same, but you always try to measure impact, whether it's very small or very big questions.

Durnez, Marc

It's super interesting because from so far what I've heard was that marketing, was using data more so to help sales people to have dashboards that would tell them how to segment people. But what you are telling me here is more about ok, but another side of marketing is measuring the impact of what you're doing.

Respondent #3

This is always the ultimate thing you're trying to do. I mean, of course we have dashboards and we need to monitor our things and we're trying to automate. So of course everyday we look at how many sign ups, how is it different per country? So of course we monitor a lot of things. This monitoring I'm really trying to make it self-service for the marketing teams. And automated so that I make time and space for ad hoc questions. We're launching a new market, what should we do, what channel should we start with? Should we do the same as in France, where we launched recently? Or maybe the same as in Spain where we launched a few months ago? So yeah. It's all about impact, yeah? Or trying to measure the impact.

Durnez, Marc

And which tools do you use then to measure it?

Respondent #3

Yeah, we have several tools. I think a crucial one to be able to communicate between data and marketing is to have a strong dashboarding tool. I think it's they're always a couple of new dashboarding tools that pop up and this is for dashboarding. And then a big part of what we have is also the data warehouse. So this is where we store data. Then we have another tool that we use for modeling. We try to use open source in general. Yeah, i think these are the main tools. Yes, I'm using Python. Some other people use R. This is used to make models, make predictions, use statistical packages to run these experiments that I was talking to you about.

The only thing I want to say about the experiments, is that I made it sound as if we're doing all in house. It's not the case. Most of the time, we actually cannot randomise our user base and we're very dependent on third party advertisers. So it doesn't let you run your experiments, but they have great tools and great engineering tool teams that do that so we need to trust them. There are a lot of tools in Facebook that let you run tests and it's their methodology. So it's not that we run all of these experiments in house anyway.

For a lot of the channels we are reliant on them because they don't give you access to their user base.. Most of the online channels like Facebook, Instagram, the whole Google, everything, Google. So yeah, then we rely on them. But then there are of course offline channels such as TV or when you want to test the channel mix. For example, we might want to measure the impact of running Facebook and Google simultaneously versus only Google? How are they cannibalizing each other?

So in terms of tools we also use the advertisers themselves a lot. And we try to build relationships with them as well.

Durnez, Marc

Ok, but then I think I have a lot of information. Ok, thank you for the for the insight of measuring the impact, because it's not something that was highlighted in the previous meetings, so it's exciting.

Respondent #3

Yeah also about the culture part and what we do about it. We're really trying to be cross functional teams, so. And this is not just here, but also in the other companies that I've worked for. In the beginning, when you company small, you have a couple of people doing data because everybody's working on infrastructure and setting things up. So then it makes sense that you know you're together and you support each other. But as your team grows and as you have infrastructure and you have the time and space to move towards measurements. The way of having a culture where it is possible, somebody from the data needs to be on board early on. So what we do about that is that now we have cross functional teams. So I have context about what the marketing teams are thinking about, what are their problems? What are their questions. And they also know from my side that I will do a better job if I understand the problem.

Durnez, Marc

Ok, thank you so much for the explanation, it was really interesting. So it was very interesting for me as well on a more personal point of view. And if you're interested, I can also maybe send you the final document.

Respondent #3

Yes, I am, I would love to.

Durnez, Marc

Alright, thank you so much and have a great rest of your day and week. Goodbye, thank you so much, bye.

7.1.4. Respondent #4

Durnez, Marc

So the questions I have are in a funnel. So first they are high level then it's going to be deeper and deeper and more precise. So my first question would be what is your organization's relation to big data analytics.

Respondent #4

I would just like to ask you what do you consider with big data because we have a lot of different data. So we gather for example, we have sellout reports. So that's what we use for tracking our sellout results and our market shares. So we have this kind of data. And then on the other side, we have some marketing related data when we do some market research with external agencies. So let's just distinguish what you consider with the with the big data.

Durnez, Marc

So big data is a global term, but what I really mean is data in general. So every time that you are using data to then take decisions based on that data.

Respondent #4

OK, so maybe I can focus now on this. This first type of data that me and my team use on a daily level is part of contract with our customers, our resellers. We always put reports in the contract agreements, so that we receive data regarding the sellout. Sellout is what it has been sold to the final consumer by the reseller. For big clients we import that kind of data in our system on a daily level. For smaller clients we do it on a monthly level. Sometimes we generate the reports by ourselves, we use Power BI as a global tool for importing data and then for generating the reports. So throughout time it has been moved from a pure manual work using Excel to more let's say « smart » applications and panels. So we have team who works on that, they imports the data, makes the specific reports that are user friendly, and then each person can adjust those reports to his or her needs. So for example, me and my team, we do analysis based on sellout and we see whether our launches, media campaigns, promo, worked or didn't work. We also see what is competition doing, what the market trends look like and then based on that data, we can take action steps and change our plans for the next period. So that is the main purpose of data. Data is also used to make reports for upper management and also for the headquarters. Depending on which position you currently hold you either write reports or get the report done from your team. Those reports can be really detailed so we can also use them

for seeing how our top products are performing. But then on the other side, we can also see some changes in market shifts. And then since we have a huge portfolio, we can also change focuses according to the data we receive. OK, so that is what we do on basically on a daily level and the Power BI tool it's really good because we also use that to track prices. So we can also track prices and that's also valuable for decision making and then that is more related to let's say business and sales part.

Durnez, Marc

OK.

Respondent #4

And then on the other side, we pay external agencies to do focus groups and to do market research on a specific category. So for example, nowadays a certain category is booming and it's really the most dynamic category worldwide and also in Serbia for the past couple of years. So we would pay an external agency to conduct a survey. Let's say based on 1000 consumers, we would get a really detailed survey with 100 PowerPoint slides on specific questions. Then we would internally decide on those questions. So what influences the most the decision when buying products offline online? Now also ecommerce is really becoming more and more popular, so we use, then maybe specific questions regarding ecommerce.

And we have a consumer market intelligence department which conducts that surveys and then they present to management and also to people working on brands and then we make some decisions based on that. We can also use those kinds of reports to talk to our customers.

So in the company, whichever position you are, from trainee to country manager, I think that data usage and like running reports is something we invest a lot of time on. To interpret path actions, and increasingly to make decisions for the periods to come. So not just for understanding, what has happened, but more for making maybe smarter decisions and bolder choices.

Durnez, Marc

OK. So you separated the two different types of data, can we say that it's basically also internal versus external, so all of the internal reports on the sellout that are proper to the brand and external when you are working with outside agencies to conduct reports to see the market trends?

Respondent #4

Yes, we can. But anyhow, even those that you now call internal are coming from our clients, so it's still their data because we don't have our own stores. So for example, a more luxury brand has specific stores, so they can know their sell out on their own. So they also use that kind of data. But we do not have our own stores, so that's why we need to use third party data. So overall, yes, we can say that the company has internal and external data.

Durnez, Marc

Thank you so much. Can you tell me a bit more about for how long this data focus has been implemented?

Respondent #4

It was here seven years ago, even for some some clients it was there to a greater extent. We received even more data but now there is a law in the European Union that says resellers cannot share data. For example, competitors data. So we do not receive competitors data at this point since 2020, but seven years ago we did receive that. So in that sense, we even had more data. But when it comes to tools, as I mentioned earlier, we did not have power BI. We didn't have one specific location with all our data for everybody to use, so it was more, you know Excel tables and then you were crunching data on your own and it took forever. So that has changed. But we received even more data before because law enabled us to receive it.

Durnez, Marc

OK. Thank you. My next question would be about the big data analytics focus within the company. What are the resources and the competencies that you think are necessary for that to happen? So you already mentioned the tool, Power BI. But can you think of other resources that are necessary to implement big data?

Respondent #4

First of all you need to have IT and not just IT, but also some employees who understand the the needs of the business and understand data as well. One of my colleagues is like the star of our division and he's a perfect example of how one company needs to have not just someone to make power BI report but to see the global input from other departments and what they would need. What would they like this report to look like? Is it presentation friendly or not? External research requires a lot of money as well. So since our market is not that big and we do not have an endless budget, we need to decide which area we want to focus on. You know

it's always limited. So I would say that we need resources like know how, as well as money and then also good equipment to crunch the data and good systems information systems to support these reports, and finally a good network within the company to run it quickly. We see now as we work more from home that running reports from home takes much more time. So it's also up to internet speed and connections you have, so those are not that important things, but at the end of the day they make a difference.

Durnez, Marc

Thank you. And regarding the culture and the focus of top management on big data and accepting to take strategic decisions based on data ? Can you tell me a bit more about that maybe?

Respondent #4

Yes. Big meetings or presentations to our top management are always based on data. So for example me and my team every six weeks we present to our general manager, action plans, as well as next steps, so we do not have one meeting without some kind of report.

Durnez, Marc

OK, it is in the culture. You believe that there's no resistance from upper management ?

Respondent #4

No, here it's completely part of the culture.

Durnez, Marc

OK, great. Thank you so much. The next question that I would have would be about the difficulties and the limitations that you face when you are trying to have this big data paradigm within the company.

Respondent #4

OK, so uh difficulties. I would say that like. The time needed to crunch some data is maybe the most important thing because sometimes you need the whole day to do some analysis and then it's time consuming. Also the lack of people because we would always need, you know, more and more trainees.

And then you also need to have well-educated employees because you need to educate them how to use sell out, how to use panels, how to interpret them, how to make decisions. So it also requires a lot of time. The investment of time from middle manager to juniors to train them. So that's the first thing one of the first things you learn when you come to the company because without that in the long run you cannot survive.

Durnez, Marc

Umm, so you mentioned already the change in the law, but what about GDPR? Did that impact you as well?

Respondent #4

I cannot say a lot about that because me and my team do not face this kind of issues. Maybe some other departments, but for example when we do some product testing with the like real consumer, then we need to have the GDPR signed and we do pay a lot of attention to GDPR. We even have a GDPR officer in the company for the past couple of years so we are quite careful when it comes to laws and regulations. But I cannot tell you more about it.

Durnez, Marc

Ok thank you! A question that is not on my questionnaire but that I am very curious about is that you mentioned a lot about data crunching and using Power BI, but essentially what I understand from your explanation is that you would gather data from sell out, but do you also have systems that are more about machine learning and really doing predictions and not only descriptive analysis of what is currently happening. Do you have also things that are more predictive ?

Respondent #4

No. Maybe in some other countries. But here we do not have such tools. Maybe for logistics, but I do not use them. For example, you can maybe see a trend for the forecast. So if you see you know how one product is going from month to month, then the system automatically puts some quantities for the next month and then our colleagues from logistic can modify that or not. But that kind of predictions, yes. But regarding market trends and sell out we don't have it. We do it manually you know, we see evolutions in some period and then we forecast growth or market trend and then we do some rough estimations, but it's just estimation. So it's done manually.

Durnez, Marc

OK, great. So we talked about big data in general earlier, but you also mentioned marketing reports. The next question I have would be about specifically using big data for marketing purposes. So do you know anything about the current processes that use big data for marketing purposes?

Respondent #4

That kind of report that I mentioned for example about consumer trends, consumer habit, they can also influence some decisions for the marketing. I believe that the switch in media investment between TV and digital in different countries can be based on that kind of data and also we get the reports after every marketing campaigns, so based on that, we can also decide for the next next month whether we should maybe change the channel or target different age groups or something like that.

Durnez, Marc

Yes. And in these campaign reports, what are the typical KPIs and typical indicators that you're looking at?

Respondent #4

Reach for both, online and TV, so advertising reach and frequency, and then for some online campaigns we can also see click through rates so when we have a connection between campaign and sell out then we can also see how something performed in comparison to something else.

Durnez, Marc

OK. But again, there is no predictive type of analysis that is made ?

Respondent #4

That is something that marketing agencies are proposing. So yeah, media agencies provide us the report and suggestions for different types of campaigns.

Durnez, Marc

OK. And do you think that some of the different ways to use big data and analytics are specific to luxury? Do you think that there are some ways that you are using it that are purely for luxury or that could you could be also transferred to other industries?

Respondent #4

I think that they can be transferred to other industries as well. Previously I've been working with a company that is involved in telemarketing, so they had their own channels of retail stores and their own web shops. So they had their own type of data and they used pretty much the same systems. Yeah, they would use the same data, but build different reports. So yeah, it was completely different industries.

Durnez, Marc

OK. And my last question would be about the future. Do you think that there are future big data enabled marketing processes that are going to be implemented in the company?

Respondent #4

Well, you know, the company is a trend setter in all different areas, not just with product innovation, but also when it comes to processes. So I do believe that we will. So I don't know what's coming, but I'm I'm sure that we will use it. So for us, it's also good you know that you can use the one type of tool worldwide, you know and just spread it. So let's see what comes next.

Durnez, Marc

OK. And with that then that was it for all of my questions. Thank you so much for answering. I'm just going to close the transcript then if.

Respondent #4

OK.

7.1.5. Respondent #5

Durnez, Marc

Yeah, OK, so I can maybe start with the questions. It's really in a funnel format so it's going to be more general questions and there is two halves of the interview, more or less. So the first one is about really understanding how the company is using data currently to make decisions. And then the second half is more focused on marketing. So the first question is “what is your organization relation to data analytics?”.

Respondent #5

OK, so for my job position specifically there are different sources of information. First of all, the main one that we use each month are the sellout results. We have an external partner that analyzes all the results from the resellers. So that's the first one and the main one because we use that for the market share calculations. So that's how we measure marketing objectives. We also have information regarding the marketing campaigns investments. So for example there's a report regarding television for the different segments. So we use that also to see how much the competition is investing in marketing campaigns. So you have different factors in that analysis. You see for one side, brand awareness, social and influencer. But that basically is to analyze how the consumer is looking at the brand, how well they know and these different factors.

Durnez, Marc

OK, and when you tell me about the information regarding the marketing campaigns, is that from the company or is it external?

Respondent #5

So we work with a media agency. And that's something that the headquarters determines, all of the countries work with the same agency and they are the ones who send out this information about the other campaigns. So they do the whole analysis.

Durnez, Marc

OK. And is that information presented in one specific tool, a dashboard with everything presented? Or how is it available to you?

Respondent #5

For example, yes dashboards and you can log in anytime and you can play with filters. You can look up specific things so it's very adapted in the way you can see it, but for example, the ones about the competition in TV is an Excel file.

Durnez, Marc

OK, and so you told me now about two streams essentially of data that you use, but can you tell me what kind of decisions you make based on this data?

Respondent #5

Uh, so strategic decisions and objectives, especially when we analyze the sellout. So when we're given the information about the sellout of the month, we really go deep in the analysis and we see if the brand is growing, through which channel, through which product. So those strategies, I mean that information really help us see how we're doing, and what the competition is doing. We get a sense of how much they are investing and which should be our objective in TRP's for example.

Durnez, Marc

Sorry, what is a TRP?

Respondent #5

Target rating points. TRP's should measure exactly your target and your product. So yeah, and so those decisions of the strategy, for example, the objective of which ranking we want to achieve. If we say we want to be #6 in the market, then we can see in the analysis how we are doing, and how we should compete. And also how much money were lacking to get there. So all that strategy, for example, marketing is very commercial as well. So I think that is essential for US strategy wise, because the brand index, for example, it's something that's very nice to have, and it's also helpful for the strategy. In the long haul, it's not something that we're going to do now, we're going to see results the next month. So it's really something to be aware of.

Durnez, Marc

OK, and so correct me if I'm wrong, but then what I understood is that essentially you are going to look at what the competition is doing in terms of spending for advertising. And then you're going to try to see “if we want to surpass this competitor, we have to spend more”, is that the way that you are using that data?

Respondent #5

Yes, but you also have your own budget, so you have to be super realistic. OK, it's more about how we can optimize our campaign budget. Being super aware about what the competition is doing.

Durnez, Marc

And do you have any automated tool to do that to help you, or is it 100% manual?

Respondent #5

So we brief the media agency and they give us back the plan. But but then for the split of the budget, we have our personal opinions about how to distribute, especially for digital campaigns. So then we really zoom in and really split the budget.

Durnez, Marc

OK. Now I have a question that is a bit more specific. Can you tell me about what you think are the resources and competencies that are necessary to use big data? I mean to use data within the company, are there any specific resources that you need?

Respondent #5

That I already have?

Durnez, Marc

Or that you would like to have.

Respondent #5

Uhm, resources, but that those resources regarding data. Or tools?

Durnez, Marc

Both, it can be anything. It can be the data itself. It can be what you need to interpret the data.

Respondent #5

OK, so you have to have human skills first of course, you have to be very analytic. Sometimes the information can be overwhelming, especially working in this market, the number of SKUs is huge, so you really have to know what you're looking for and how to get it. And regarding the resources, sell out information is the most important one. The market is very competitive and the main objectives in marketing are always about your market share. So that's your main source of information. And also with the whole digital transformations that we're having today. I feel it's very important to have more digital data. It's hard for me specifically because we

don't have our own website for the brand, but if you do, I think it's very important to analyze the amount of clicks, the items that were discarded from the cart, etc.

Durnez, Marc

And do you have that information currently?

Respondent #5

Ah no, because I don't have my own website for the brand, but sometimes we do different campaigns with retailers, and then we have a campaign report when it ends.

Durnez, Marc

OK. And then going back on something that you told me earlier about the fact that a lot of the campaign information was not automated. Is there any automation at all? Is there any time when really you have a model that is going to take in data about the consumers and then give you insights? Or is that not at all implemented?

Respondent #5

Not at all. I mean we have a dashboard regarding the results. So we have Power BI with the sales results and that's very handy and you can filter information very quick.

Durnez, Marc

And were you using Power BI all the way, or when did it start being used?

Respondent #5

Uh, so I entered in July last year and it was already created, but it was from beginning last year, so it's pretty new. And they are creating also different dashboards and creating more automated information.

Durnez, Marc

And how often would you check that information and when? Which decision would you make based on these dashboards?

Respondent #5

It is very helpful in different situations. For example, we can see how our campaign and objectives are performing during the month. Because we can see how campaigns are performing daily on these dashboards and if we notice sales are super slow, we can adjust things in real time. You can also see this split by channel. So for example, if I have an objective

of having 20% by the end of the year on the Internet and I see that this index is super slow, I can focus more on that channel. So there are different things that you can play with and also something very important here is that you can check the stock of the stores.

Durnez, Marc

And how do you make forecasts?

Respondent #5

Uh, I do it. Regarding sell-in, this is based on the tendency of the market growth.

Durnez, Marc

OK, so based on the trends in the sell-in and sell-out for all your different SKUs, you're going to say "OK, well, next month I expect it to go that way, so I'm going to order that amount"?

Respondent #5

Yeah, and also we have the marketing campaigns so you know if I'm going to launch a new product, I know I should increase the units we have on hand based on when we will promote it.

Durnez, Marc

OK, great, thank you so much for telling me about Power BI. Do you think that there are any limitation or difficulties right now at the company to use data to make decisions?

Respondent #5

I wouldn't say we have limitations; I feel with everything that we have sometimes there's so much data that you don't even have the time to really analyze everything. So sometimes you have to take fast and smart decisions. You don't have the time to do a very deep analysis of the whole information that you have and sometimes some information is not that helpful, specifically when looking at the big strategies of the brand. Uh, so I don't think there are any limitations right now, but it's very funny when you see, for example, people are so happy to have it. You don't know how much you need something until you have it.

Durnez, Marc

And what would be the difference between the analysis that you would do in sell-in in versus sell-out?

Respondent #5

Well sometimes you can have a very good sell-in, but the sell-out is not at the same rhythm. So you really have to adjust your forecast regarding that.

Durnez, Marc

Now I have a question that is a bit of a higher level, I would say. So you already told me about the different marketing uses, so essentially you are using the data to have the different monitoring of the campaigns and see that everything is on track, but is there other ways that you're using information for marketing specifically?

Respondent #5

I don't really know.

Durnez, Marc

Ok and do you think that some are not implemented right now, but would be very specific only to the luxury industry and not to other industries?

Respondent #5

No, because I mean, I mean the market is different, of course, but the essence of the business is still the same. The business base would be the same.

Durnez, Marc

For example, when I talked with someone else from luxury in another company, something that was highlighted was that for luxury, the understanding of the sales points and the distribution channel was essential, so for example, you would really try to see what is the store that has the best localization. I mean I know you don't have stores, so that's difficult. So I think I have all the information that I need for my thesis, thank you so much.

Respondent #5

OK, now you're welcome.

Durnez, Marc

But then I will let you have a good day as it is 11:20 where you are. I could send you the final report when it is written if you want, I don't know if you would find that interesting.

Respondent #5

Yeah, of course that would be very interesting. Thank you, good luck.

7.1.6. Respondent #6

Durnez, Marc

So my first question would be quite general. It's what is your company's relation to data analytics. So how often you use data and for how long have you used it?

Respondent #6

OK, which kind of data are we talking about? Any kind of data?

Durnez, Marc

Yes, it's very wide.

Respondent #6

OK. So, let me think. So I will talk mainly about the brand I am working for, I mean there are different brands. The more you go into luxury fashion, the least you usually use data, but if you're the retailer you rely on them a lot. For now we are a wholesale player, for the moment, maybe the future is not going to retail, but for the moment it's wholesale, meaning we sell to retailers that have their own boutiques. So the data we can rely are mainly sell-in data, so our data when we sell to the retailers, we use them for forecasting, for planning, for assortment, analysis and so forth. And sellout data when it is provided by the clients. So this is pretty commercial, slightly marketing, it is all the data we rely on for all our analysis. So for example, marketing needs to design new products, of course it is driven by the fashion house and the new codes of the collections, but also from some business intelligence on competition and on our own models styles to see what's selling well, what is not, what are the trends in the different markets, in order to address the future needs of the consumers.

I would say that for luxury brands they have the part of sell-in wholesale, but it's probably minimal, so in particular for the most luxury brands that are trying to go back controlling more and more the brands, so reducing the wholesale and focusing on direct to consumer, mainly through retail footprint or e-commerce. So these two I believe are the two main sources of data. And big projects have been made recently around the ecommerce part where you can analyze not only sellout/sellin data as is the case for retail, but also you can analyze many other data such as conversion rates or how to attract customers to the marketing funnel. But also marketing strategies online that are different than those offline.

Durnez, Marc

The behavioral aspect of clients. OK, great and so you told me about these two sources of data, can you tell me how did the data driven efforts begin at your company?

Respondent #6

I don't know because I mean every brand started whenever they decided or they thought it was just it's useful. If data is available they are used, the point is that it's not always available. If you have your E commerce and you have your retail, you have data by definition. If you are relying on a wholesale business model, then you have your own data, sell-in, but the sell-out data must be provided by retailers and not all retailers give them. Sometimes you need to pay for them, sometimes they give them for free. Sometimes they decide not to give them, sometimes they give them only for your brands. Sometimes they give them also for competition, then for other channels. There are also third parties that provide data about a sample of a market of a region, and they estimate what is the full picture in terms of market share growth.

Durnez, Marc

Total market yeah.

Respondent #6

So as soon as you have data you use them and any company has been using them for forever anywhere as soon as possible and it's still developed in development since the adventure started.

Durnez, Marc

And what do you think are the resources that the company needs to be able to use data within the company?

Respondent #6

Let me think. So people of course. I don't know, then it depends again on how much data you have and how deep you want to go and how important it is for the company. And according to that you decide to structure a certain business model. In most analytical companies you have a team dedicated only to that from yeah, with statistical analysis and so on so forth. But the majority of the time, the analysis required can be done by somebody that has an economics engineering background, it's not rocket fires. Also, because you can analyze everything until the very end. But it's kind of an unethical approach, so you don't need to spend one month to

get the last 10% of potential uplift today. Doesn't happen when you could use those resources and that time to do something that is probably more useful. So things that are needed are people with those kind of hard and soft skills that allow analysis of data but also an organization that enables people with data and insights to be able to influence the marketing and the commercial and whatever other departments. And I'm talking about everything towards the final customer, then of course finance and accounting they have data they use, algorithm and stuff but then we go into technicalities.

Durnez, Marc

So, but is this culture of using data for getting strategic insight in place at the company?

Respondent #6

Yes, and no, so let's talk a fast-moving goods company in the mass market, compared to fashion pure fashion. Fashion compared to more pragmatic products, many times doesn't need data because they don't rely on historical figures to drive the future sales. Fashion tells you what you need to buy, it is not about replicating previous products. So historical data in a fashion environment are used but not for everything. The creative director, the one deciding on the collection, will not analyze any data. Then of course there's going to be a merchandising director that is going to direct him towards styles that maybe have more potential in the marketplace. But there is a tension between the two, that if driven and a channel properly can create great results. If one or the other prevails, it may be tricky because maybe the merchandiser prevails and you see short term results very high, but then in the long term you're just replicating, you're not innovating. On the other side if you let only the creative take action, you say innovate too much in the wrong direction, maybe and unless you are like a really literal genius that is, changing the rules of the game, you're probably going to lose a lot of sales. For FMCG groups however, data is very important because you analyze customer behavior, analyze customer needs, competition, price, positioning, analyze P&L and SKUs, etc. So that analysis is much more important, because it relies less heavily on a creative part.

Durnez, Marc

Yeah I understand but that is super interesting because I can really underline this contrast and this tension between the need for innovation and the use of data analytics, which usually relies on historic data. So that is super interesting. And another question that is not directly linked

but is coming back to the question about the resources. I imagine that you have one integrated platform on which you can find all of your data. Or is it not that structured?

Respondent #6

No, there is a platform where you can get the data, but the data needs to come from somewhere, and if it's for example sellin data, it's everything automatic because it's integrated from planning to production to logistics. When you talk about sell-out, if you have the retail or the ecommerce it should be integrated but when you rely on third parties you receive data that then you elaborate internally uploading your systems and then you can download it in a more user-friendly manner. Yeah, everything is supposed to be quite integrated.

Durnez, Marc

And what do you use this data for exactly? So let's say that you have this sell-in for a brand, what is this going to be used for? Are you going to display it in a dashboard that is going to then help salespeople? Or typically how is it transformed?

Respondent #6

Well you can do many things with data but let's group them in two sections. Dashboards and very high level things that is maybe to get a glimpse of what's happening and is maybe more important for the senior management that mainly look at the big picture and see the trends. Or maybe it's useful for you to get a first idea of where the company or channel is going. On the other side when you really need to use data and use them towards a specific objective, then you need to download the raw data and analyze them on your own with Excel.

Durnez, Marc

Yeah, and is that something that happens often or not at all?

Respondent #6

No, it happens every day. So the dashboards exist but are not that common, and they give you maybe some high level insights, but then if you want to make things happen at a market level with clients or with the product launches, you have to analyze the raw data. The format is usually ready and you update them every week every month. I mean, whenever you have the data available and sometimes there is a team dedicated to that, sometimes you need to do it.

Also every team has a specific need, so it's difficult to create dashboards for everybody, or it's difficult to find platforms that are so flexible and so user friendly because another problem is that platforms are usually very slow. Having one that allows everybody to use it and get the science and analysis they expect from it it's very rare, and it's even rarer to find them in fashion or other similar companies.

Marc Durnez

Right, and so maybe a bit more precise now my next question would be if you can identify specific marketing ways of using that data? How is that data used for marketing purposes, if at all?

Respondent #6

So again, we already talked about the sellin/sellout data. Data can also be qualitative, so when there is a new product launch or a market study, we would mix qualitative and quantitative analysis. Quantitative, it's numbers, like sellin/sellout, market share, trend, growth, but also surveys to understand customer behavior. You do qualitative, you do focus groups, you do one on one with customers, you do client shadowing in the point of sale. You maybe visit a potential client and you see how they use a product. So it's a mix of quantitative and qualitative, and it's very important for every action, from a new product launch to an assortment revision, so that's when you need to discontinue existing products to launch new ones. You need to analyze the potential of the new products, and all of this is done through data analysis, for example. This for marketing.

For marketing it's also for communication. Maybe you can analyze the ROI of every activity you do, some are difficult to analyze, ATL in particular. So marketing is ATL or BTL, "above the line" or "below the line". ATL is what is addressed to everybody like a billboard, or a TV commercial. That is difficult to analyze the ROI, but for example if you do a TV commercial you can analyse how many people watched it, how much did you spend for it? Was the benchmark?

If you are BTL, online, you have much more data. And then you have a more precise answer to how good your investment was. BTL wise it's again linked with sellin/sellout. So for store activity you can see more or less the uplift happening or not happening, or to which degree it happens on that month.

Durnez, Marc

Thank you. OK, and regarding the distribution, is there attention on having data on each touchpoint with the customers, so making sure that each location where products are sold have a rating. So there are the best stores, the flagship stores where we're going to have more salespeople go there or how is it on that front?

Respondent #6

Yeah, absolutely. It's the same and from the distribution perspective it is linked to how detailed the data are because you can have aggregated data, or at store level, and if it is at store level, you have visibility on the potential of each store. So it's important to know your distribution and know where you want to go, in particular for fashion brands because you don't want to be distributed everywhere. Many brands have either a selective or a controlled distribution. While for other brands, it's just a matter of volume and size. If you have data on the point of sales, 80:20, you're not going to invest the same amount of money, or you're not going to invest in all the touch points. But you're going to focus on those that are most productive, it also makes more sense in terms of ROI.

Durnez, Marc

OK, and would you call that almost "scarcity management"?

Respondent #6

Scarcity management. I love it. OK.

Durnez, Marc

That idea that luxury companies cannot be everywhere at once. It cannot be in every store, but it also shouldn't be available in too large amounts, you need rarity to have value. But do you agree with that?

Respondent #6

I mean, this is the trend right now, but I think it's something that is embedded deep in our DNA or in our society, when there is scarcity, people want that. And that's what many brands are doing. For example, there is the very famous example of the Birkin bag, that you can never find in store, even though they might have it. So unless you're a VIP client. The same thing is happening with the watches. So if you want a specific model, you need to wait a few years.

Same thing with Ferrari, they were aiming not to produce more than 10,000 cars per year and they overcome this like 3-4 years ago. Also to get a Ferrari, usually you should already own a Ferrari. If you don't, you need to show that you are someone, but also you cannot have it immediately. You are booking a Ferrari in two years from now. So this is scarcity and it allows companies to manage the price as they want and maximize the profit out of each single item, not only the brand reputation, because they increase the willingness to pay. They manipulate and increase the willingness to pay with this strategy. It is also a matter of a demand and offer. If 100 people want that and you offer 100 or you offer 20, then those 20 people are willing to pay the most so the price increase. Yeah, and so it's a matter also of brand reputation.

Durnez, Marc

OK great super interesting, can you think about another marketing use of data that is unique to to luxury industry? And that would not be transferable to other industries.

Respondent #6

So thinking out loud. So something that fashion luxury brands have and many others brands don't.

One thing could be related to the supply chain. Uh, you know luxury fashion textiles, problems for the environment, now there is the Triple B Corporation.

But the first thing that came to my mind is second hand and returns. So there is not a shampoo second hand for example, but for fashion there are companies that specialize in reselling fashion pieces. So data somehow related to that you may not find in other industries.

Durnez, Marc

Ok thank you so much. So now I would like we talked about the different ways to use data and the different specificities of luxury houses. Can you identify the difficulties and the limitations to use data within your company? If there are any?

Respondent #6

So there are no limitations to data, data are the most wonderful thing because they are there and you can use them as much as you want as well as you want. The main problem for companies is usually how to organize the company in a way that you can actually have good data analysis and actually influence decisions. Oftentimes, 90% of the time, these analyses

don't go anywhere. It's like consulting project with McKinsey, BCG and then they apply 10 percent, 20% of what they say. And there are a few reasons for that, first maybe they're not close that close to their market and so they don't understand the dynamics. The other part is nobody cares about your analysis, for example, you give recommendation to the commercial team to do some actions. But interests may not be aligned in the same direction, for example, the commercial team could have more short-term objectives because they are evaluated on monthly sales semesters and maybe recommendations are more long term and you should suffer a bit in the short term in order to see the results in the long term. So in that case there is a misalignment of objectives within the company. In that case, most of the times, data analysis and insights are not useful because they're not easily implemented. So I think it's mainly a matter of the organization, the amount of priority they give to data and how they think they are important and what's the result afterwards.

Durnez, Marc

But that's super interesting. I didn't think about it that way, making sure that there's no friction between the objectives and the perspective of different departments. So thank you for that comment and I have one last question. Can you think about the data enabled marketing processes that the company is planning to implement in the future, but has not implemented yet? Is there anything that comes to your mind and that is in the works?

Respondent #6

I mean yeah, there's always a project and you use it. You always use data to start something, any kind of data. If you want to build a house, you need the P&L and the NPV. So anything you start from the data with our quality again or quantity so any project.

Our main project is E commerce and E commerce seems like an easy thing, website, order, and then ship. But actually you need to think about the integration of E commerce with the retail and everything that comes backwards and forwards so the supply chain, the inventory, the logistics, the minimum stock level, the replenishment orders. Many things from the supply chain side, and forward, so from the website on, it's all the management of the shipments, the management of the website, etc. And then all the returns, returns are a cost. How can you minimize that? So that's the project that we are currently working on.

Durnez, Marc

Alright, thank you so much, but then I think I have all of my questions. I'm going to stop the recording.

7.1.7. Respondent #7

Durnez, Marc

I could I could the first question if you wanted. It's a very broad question to start the interview.

Respondent #7

Yeah, yeah, of course.

Durnez, Marc

So the first question would be “what is the relationship your company has with big data and data analytics in general?

Respondent #7

So either we can go down the big data route or down the data analytics route because big data will be slightly more technical. So which would be more more interesting for you? I assume the second one because big data is more on the engineering side.

Durnez, Marc

Yeah, OK.

Respondent #7

So, what was the relationship. So I would say that there were many, many products which were essentially built on analytics. Then maybe let's talk about some product specifically. So I was working with two kinds of products, so credit cards and loans and then in general there are two areas if you if you were to look at the analytics team in a typical bank, you would see that there are two things that they're doing, there will be two teams that you'll always find. So one of them will be doing the existing customer management and then another team would be doing customer acquisition. So then in the customer acquisition, you would use analytics to try to optimize the acquisition process. So then there is a so called channel and this is what you will find in most industries that deal with clients specifically, you have a certain acquisition funnel and in in case of bank it started either at the website if the customer or with some kind of mailing that we would send out to customers. But then the customer would go through certain through stages and at each stage some customers would drop off. And so they they might drop off, either because the the website is too confusing, or they might drop off because they were not approved by the by the credit scoring.

Durnez, Marc

OK.

Respondent #7

And finally, they might drop off because they were approved, but they simply did not open their account. And then I mean there was a formalized account opening process and they need some documents and they just couldn't be bothered to send them. And so then the role of the analytics team is to try to look at this funnel at each stage and figure out first of all why the customer started dropping off and then second, what they can do to reduce the number of customers that do not go through the process. Obviously then at the end of this funnel there is a certain product and with a certain income that is expected to be generated by that customer. Then typically you would look at the cohort of customers because it's a game of numbers. And you need to look and see how their actions with respect to the funnel impact the product panel. Because for example you might accept more, but this means that you will let in customers who are likely to churn. And then this will might make your entire product go underwater.

Another example would be that you might try to send out more mailing, but then of course every mailing is costs, a couple of cents or like a euro or something and then you have to balance the cost to acquire a customer versus the income that will be generated by the product. So then the role of the analytics team is to try to optimize the funnel. So this is how we would work with the acquisition process with the existing customer management. What you would do typically is look at the portfolio of customers that already have one of your products and then you would either try to cross sell them a different product or you will try to make them to buy more of the same product. So then I think that this is also something that's not really unique to to banking.

And one big part of all those processes is testing. So we would do a lot of AB tests. And so we would change the prices offer to certain segments of customers, but only to a portion of customers within the same segment. So we would always withhold a certain control group and then after the test was done, we would see if there was a statistically significant uplift driven by your change the pricing strategy. And yeah, this is definitely a big part of the marketing analytics workflow.

Durnez, Marc

Ok thank you so much. So you've outlined three major areas so far that I wrote down. So the existing customer and the customer acquisition in banking and then right now you explained AB testing and the importance of testing. Now I have more specific question: what were the resources and the competencies that the company needed to put those analytics in place?

Respondent #7

Umm. So in terms of resources, we can talk about human resources, but there were also the tools. So I could say that there were three components and then there was the data tools and people. So in terms of data you have some preexisting relationships with customers. We have to have something to base your assumptions on, so then the data. This is like something you must start with and and probably for a long time it was a source of competitive advantage for banks because you simply have so much data you were able to build a good credit scoring model. So you were able to learn from that and try to avoid specific segment of customers who were generating losses for you. So for a long time it was a big source of advantage for banks.

Then the tools so here it was, something to work with the data. And in my case, it was a matter of how you're doing your exploratory analysis and then maybe some some modeling there, it was a bit of old school because, well, right now many banks are still using SAS, but it's a bit of a monolith. It's really expensive, and then then you have to do everything the SAS way. Nowadays, I think a lot of companies are moving towards open-source tools. So for example, right now I'm working with Python and R.

So then you would also try to store the data in a proper way in a very structured way and then you would mostly be just writing the code to extract the data with some kind of software like SAS.

And then finally there is people, you obviously need to have the right people in your team. At the company they would try to achieve the right balance between people with engineering background, maths background and business background so that they could all contribute. So each one of them had some strength in a certain area and they could complement each other.

Durnez, Marc

OK. Thank you so much. I have one question that that came to me. Early in the interview you mentioned that you are currently building a predictive model. Would you please develop it a bit and explain it a bit further. And also is this predictive model model for marketing purposes as well or is it not going to be used for that?

Respondent #7

Yeah. So, let's jump to what I'm doing right now. What I'm working on is a model that would help us acquire new customers. Because we have quite a lot of customers, but our resources in terms of people who can go and visit them are limited. So we have no hope of visiting visiting them all. What I'm trying to do is to try to identify customers who have a very high potential. And to forward them either to the marketing or sales team directly as potential leads.

Durnez, Marc

OK. Yeah.

Respondent #7

And we don't, we don't call them leads per say because it's not a hot lead, it's not that someone came to us. And so it's more like a cold lead. I don't know the proper term for that, but we are trying to identify customers with high potential and then we're gonna try to figure out what to do with them. But of course I'm concerned mostly with the potential part, so building a model that will try to predict that.

Durnez, Marc

I'm very curious about this, but what model is it? Is it linear regression or is it more complex with deep learning and decision trees?

Respondent #7

So right now, because I will be testing, so you know I'm working in stages. So now I'm at the feature engineering part, so I'm trying to identify as many features as I can, so I'm not at the model specification stage yet.

Durnez, Marc

Yeah.

Respondent #7

And the base model that you would start with would be a logistic regression indeed. So just to predict the probability that a customer will buy or not. But then of course I will try more advanced models like decision trees, so probably the most flexible model that I will try will be a gradient boost. But I would definitely not go for anything more complex like neural networks for example, because what's important is that the results of this model, they must be interpretable. The level of predictivity needs to be balanced with how well I'm able to convince the leadership team that I know what I'm doing and how well we are able to explain the predicted scores to the sales teams. And we don't have many people with data science experience in the sales team. You know, so we cannot expect them to understand how those models were created. And so I need to translate whatever score I'm getting into buckets and levels of leads.

Durnez, Marc

Yeah, that is a super interesting point that you mentioned, the challenge of interpretation. But at the company level, do you think that there is a good enough culture regarding data analytics that once you provide these data analytics insights they will be implemented in strategy decisions?

Respondent #7

Yes. So there's a big difference between banking and FMCG companies, because in the banking world, the analytics is so ingrained in the culture that no one really questions whether we need the credit scoring model or whether we need to do AB testing in e-mail campaigns. Or whether you need a control group when you're testing a change to either the marketing or pricing strategy. And no one is questioning that, so some things are simply obvious, also that test-and-learn cycle, this is very much ingrained in the banking culture.

Now in FMCG, I would say that there is no data driven culture, or the data driven decision making means something completely different. Here, because you're making many decisions very fast. You're making decisions daily or weekly, and most of the time you don't even have time to evaluate the impact of your decisions. So I was making these type of pricing decisions when I was part of revenue management team. But the test and learn cycle mostly is not there. Because there's just too many decision new decisions to be made, so a lot of the time you're basing your decisions off your intuition and experience and you're using data in very broad

strokes, because you don't have as much data and because the behavior pattern among consumers are not that easily captured and so sometimes you don't know whether why certain product sells as well, or doesn't. Sometimes you just feel like you're making this story up as you go because you see some data points and you're forced to extrapolate it into a trend. But you don't have a well-controlled environment like in banking. You also don't have the time to do a proper analysis and also sometimes there's simply not an option to have a control group like you cannot just pick up a certain location and not sell a certain product. So you don't have as many opportunities to do a proper test and learn and the data driven culture is not there.

So for what I am building, eventually what I want to do is to share the predictions of this model with the sales representatives. So I will essentially go in and tell them hey, you know, I know you've been doing your job for like the last 10 or 15 years. You know your territory well. You know all those class customers. But I've been at, I've been working on this model for the last half a year and I think that this model is better than your 10 years of experience. So then there is a high risk that they they might simply reject it and not use it. So yeah, it's gonna be a challenge and implementation of this model. It's I think that there's gonna be a lot of cultural barriers and also testing whether this model works or not, it's also gonna be a a challenging.

Durnez, Marc

Right. But thank you so much. I have so many notes, I think you you highlighted so many points that I saw in the literature, especially when you described your three tiered resource interpretation with the data, tools, and people, it exactly matches the literature. So it's super valuable for me. So thank you so much. And also it's it's very interesting to see the differences between FMCG companies and banking companies. So thank you again for this contrast. Umm, I think I have all of my questions. I I didn't really follow the typical structure of my questionnaire, but I think it it was nicer to your experience and and see which way you wanted to go and to to gather the data that way.

Respondent #7

Great, I just hope that it was useful for you. And this is super, super, super interesting. And also you know, because I think this topic is highly interesting for me and you know since you are taking this more academic approach and but you are also contrasting this with let's say case studies interviews. So I think there will be a lot I could take away from this. So yeah, when you're done it would be cool to to see that.

Durnez, Marc.

Thank you so much. And yes, I will keep you updated for for when I finished the the the thesis, I still have a a lot of work to do, but it will be in the next month probably. So it should be OK.

Respondent #7

Alright, good luck with the thesis.

Durnez, Marc

Thank you so much.

7.1.8. Respondent #8

Durnez, Marc

Ok so I think the recording has started.

Respondent #8

Ok, so how would you define luxury? Umm. I think it depends because in my section, I see different behaviors in the premium segment for instance designer brands. So I think the purchase drivers, they will differ, the drivers might be slightly different there. Then when you sell the product in the supermarket or when you sell a product in a more like a premium store. You will have different price sensitivity and you will have different levels of engagement with the product.

Durnez, Marc

Yeah, totally. But then if that's fine for you, we could really underline that difference during different questions, that is exactly what I'm trying to underline, seeing what are the differences. So the first question is very broad, how are analytics part of your day to day in your position and how often do you rely on it?

Respondent #8

OK, Umm, I think that in this company we are on a journey. So we're definitely increasing our reliance on data and we're trying to move more towards data-based decision making. Uh, which I think we still have a way to go.

Durnez, Marc

OK.

Respondent #8

But I can maybe outline to you what type of data we use if that makes sense. Just so you understand. Umm, so day-to-day we definitely use sales data and we differentiate it between something we called sell-in and sell-out. Then based on sellout and distribution data you can also build like rotation numbers. We use prices data, we look at observed pricing price per unit price. I think these are the main things that we look at and then of course as a brand manager,

you would also look at consumer data and that would be like different behavioral indicators. So average spend, and then other qualitative information. And sometimes it's quantified.

Durnez, Marc

OK. And you are telling me that there is a shift towards an increase in data-based decision making. Can you tell me a bit more about what initiated this shift and how it is materialized?

Respondent #8

Yeah. So we are introducing new tools that allow us to have a lot of data in one place, so for example, we buy data from an external company. We used to have this external data either in a raw format or we would build our own reports. Now we are integrating that into one Power BI dashboard where we both have this external data and then we have different views from our own data.

So now we're starting to have this unique tool where we can go and like have different views and analyze evolution drivers, all kinds of things for reporting. Before we didn't have that, sometimes we had data in separate Excels, so if you wanted to check one retailer you just had to go into one excel and then into another excel which was tedious.

In addition, we are working on additional resource in the team, there is now a person in the team who has the data analyst title. We didn't have that before and that's also part of this transition. This is the person who created this tool for us and is also working on additional things like promo analysis like how different types of promo impact the sales and all of that.

Durnez, Marc

OK, but that is going to be implemented later on.

Respondent #8

Yes, that would be like the next step.

Durnez, Marc

OK, now I have a quite global and higher level question, what do you think are the resources and competencies that are necessary to use data analytics within the company?

Respondent #8

I think it would be nice if everybody had a little course in statistics or some sort of course on data analysis or just an understanding of types of data like absolute values, relative values, evolutions like those simple things. I think it would be nice to have it even as part of like a school. Second thing would be like tools and Excel training.

It's also a big difference if you are able to use Excel or not. However, I think that part can be compensated by having more user friendly interface that can do some work for you. Before we had the consolidated data tool, I did a lot of pivot tables and all of that in Excel, but some people who were not proficient in Excel, they wouldn't get the same level of analysis.

In terms of competences, I don't think it's like personality characteristics. It's more the ability to use and interpret data.

Durnez, Marc

OK. And in terms of more tangible technologies, do you think there's a need for data warehouses or what is currently being built?

Respondent #8

Yeah, I think the more the data is integrated in one place where you can look at different parameters, the better. And I think if this tool also provides not just like absolute values and evolutions, but some sort of ratios, it is great. And so it's easy to read and interpret like in a matrix form or whatever.

Durnez, Marc

But it needs to be easily interpretable.

Respondent #8

For sure for sure, because I don't think we can rely on everybody getting a good data education. I think visualization of data is actually very important.

Durnez, Marc

And what about predictive tools, do you have some tools that help you predict future trends or results?

Respondent #8

We predict a lot of things for new launches and novelties. So we predict the distribution that we expect to get and that's usually based on how high in the priority this launch will be against other launches.

So we approximately predict products to be in this many stores, which I think this whole distribution point is very important for generic products, because we don't own the space in the supermarkets, the retailers own the space. So we need to fight for space. I don't know how it is in luxury. I think it depends on whether it is your own store or not. If you do then you don't need to predict anything but if it's a retailer then I think you need to do the same exercise. Predict which we will sell and I don't think we're very accurate on that. It's usually based on some consumer insights, and we say based "oh probably this new product will sell 70% of this other product", so it's really a guessing game.

Durnez, Marc

OK, so there's no use of real machine learning tools or anything.

Respondent #8

No, not for that, no, because I think it's also hard to predict performance when you launch something. It's not only the product performance that determines how popular it's gonna be. It's the whole activation of it, it's the campaigns, it's the price point. There are many things that can influence that, and we don't have a good simulation tool that include all these elements and for instance, tells us how sales would change if we altered the price point. So there definitely could be an improvement. And then we somehow estimate like your monthly sales, but that's a bit based on like rotation, distribution, and market share.

Durnez, Marc

What exactly do you mean by rotation?

Respondent #8

By rotation I mean how many units or value of this product we sell per one distribution point.

Durnez, Marc

OK.

Respondent #8

And so usually it's better to work with the weighted distribution, but we don't have weighted distribution data.

I mentioned rotation so much because a lot of times the decisions are made on absolute values and the size of the category or product. And we say this product is our #3 in value, but maybe it is present in many more stores, and another product which is sold in 10 stores versus 100, actually sells much more per store. So then we need to base our assortment optimization on that.

And regarding the prediction, I think there are many implications when you over forecast or under forecast. It can be huge losses and even like environmental impact, you're right. But I don't have a good comparative in terms of like how other companies work. So when I say, I feel like it's not very data-based.

Durnez, Marc

Yeah.

Respondent #8

But I feel like everybody analyzes, like, telling us about market share, I don't know.

Durnez, Marc

OK. The next question is also quite high level. Could you identify the difficulties and the limitations your company faces regarding this data paradigm?

Respondent #8

How? How could you elaborate a bit?

Durnez, Marc

Yes, so having this idea of relying on data to make strategic insights happen, do you think that there are things that are hindering that transition?

Respondent #8

I think, this focus on analytics is not enough of a priority. We want to be the company that is data driven, but it's not really in our DNA. Sometimes it's quite chaotic and I think it's this culture that partially prevents the transition because the executives, they make decisions that are based on their gut feeling. Also we have a quite political model, and when you have a lot of politics and when you have a lot of hierarchy and like power of the upper management, they are not the ones who will sit with the data, right? So the people who sit with data are usually people at more mid or entry level jobs and so first of all, there needs to be an adequate information flow so that all these findings actually reach the upper management.

And and as you said, competences earlier, not everybody is as comfortable working with data and if it is not something that we test in the recruitment process, then we hire people who don't know how to make pivot tables for instance. Then of course you end up having a lot of workforce that's not very comfortable with data. So I think the recruitment process should somehow also highlight that if that's the direction which the company wants to take.

Durnez, Marc

OK. The next part of the question is more about the marketing use of data. So the first question is also quite simple, how is data used concretely for marketing purposes?

Respondent #8

And by marketing you mean? The 4Ps?

Durnez, Marc

Everything, the diffusion, the advertising, the price setting. The 4Ps. Yes, exactly.

Respondent #8

For pricing, that's directly my responsibility. We use descriptive data, like we use observed prices, we build some price charts, the S curves and all of that. Ideally, that's what we do. I don't know if everybody does it, but that's the intention and then we compare within our portfolio and then we kind of recommend a price because we are not setting the prices ourselves, retailers set the prices. And sometimes we don't have that data available right away so we order like a report on price elasticity.

But that's not something that's readily available for us. So when we estimate like a price of a new product, we don't have like a simulation of different prices. So it's very much about looking at the current status. And then for promotions, there are negotiation with the retailer and then they say, OK, we're gonna do a campaign minus 20% or 30%. I don't know how much that goes into that.

For launching the products we sometimes use consumer insights. So we say "OK I know 1/5 of Nordic women have a certain characteristic". Therefore we have a market for this specific product. And so we launch it. But again, it's quite intuitive, there is not a lot of simulation happening there.

Durnez, Marc

I mean, it's difficult. It's it's really difficult to predict things.

Respondent #8

For distribution, I think we use what I mentioned earlier, like rotation and sales of some products. We make assortment optimization. Looking at what sells, what doesn't sell, we change priority of our assortment and priority dictates how deep into distribution this should go.

Durnez, Marc

And I mean, as we discussed in the beginning, luxury and mass products are different, but do you think there are different marketing codes for luxury, can you maybe highlight a bit the differences?

Respondent #8

Well, I haven't worked that much in luxury. I actually haven't at all. Yeah, but I think definitely there will be different price elasticities there. There will be different pricing studies. So for mass market it's a very competitive environment. You have many brands, we are competing a lot of times on price. While in luxury, I don't think you compete on price itself because the consumer has a willingness to spend, you know. It's much more luxurious, more aspirational. It's more about the image is more about the brand. The products themselves are sometimes not that much more advanced like the products themselves, a lot of times they're not, they are

maybe slightly better, but they're not 10 times better as they are 10 times more expensive. Then there is another value which is in the branding and this perceived value.

Durnez, Marc

But do you think we could say that? I mean one is competing on price versus the other is competing on image?

Respondent #8

I wouldn't make that bold of a claim, but I would say that definitely within the mass market, the price will be a higher purchase driver. It's also different you know, you will have slightly different factors based on the different product categories.

Durnez, Marc

Yes, I think the purchase drivers is really the the main difference then.

Respondent #8

Yeah. And then in luxury, it probably will be the brand and some sort of maybe sensorial experience in the image. And then maybe some claims or whatever, but I think price will be lower.

Durnez, Marc

OK. And I have one more question, we already discussed a bit about this. My last question is if there are data enabled marketing processes that are going to be implemented later on that you know about.

Respondent #8

Yeah. So this promo tool. I don't know how it's gonna be exactly implemented. But that should come. And I think that will influence the way we do campaigns and then we'll probably look at how discounts impact the increase in purchases and then we'll optimize to find the optimal spot where we get the most uplift based on the discount. So I think that's what we are aiming towards and now we just launched a new tool with the distribution. We didn't have it before because, we launched this new tool where we have now the distribution per country per client. How many stores each product is in. So it's quite detailed level and we will use that to then optimize our distribution and our assortment.

Durnez, Marc

Yeah.

Respondent #8

But so far we for example, don't have anything planned for estimating our launches better like the quantities and the performance of the future launches.

Durnez, Marc

OK, great. So I have all the questions for my thesis

Respondent #8

Yeah. Good luck with finishing everything

Durnez, Marc

Yeah, I will. Thank you so much.

Respondent #8

Yeah, happy Friday and have a productive weekend.

Durnez, Marc

Uh, you have a relaxing weekend.

Respondent #8

Thank you. Bye bye.

Durnez, Marc

Bye. Thanks again.

7.1.9. Respondent #9

Durnez, Marc

So, the recording has started. So the interview is going to be in two parts, I have a first half that addresses in a general way the place that data occupies in your company and then the second part focuses more specifically on marketing.

Respondent #9

Okay, that works.

Durnez, Marc

OKAY. So the first question is where does Big Data fit in the organization and how much do you use Big Data in your day to day job?

Respondent #9

So I'm going to be a bit picky, are you talking about Big data in the sense of Big data, so really a colossal volume for which we use more specific tools, like Hadoop, like Spark. And so this fraction, in this case, is very rare, now if we talk about data in general, then it is 100% of my time in one way or another.

Durnez, Marc

Let's say data in a more general way in this case.

Respondent #9

Data, 100%. That's what the team is all about, so it's absolutely everything we do. Every project we touch. Right now I'm on an assignment that's pretty strategic. It's really 100% organization-wide, but it's pretty lean in the sense that the data analytics team is only a minority of the employee volume.

Durnez, Marc

Right? And do you know how long the company has been using a lot of data to make more strategic decisions or how long this effort has been going on?

Respondent #9

I think it's been about ten years, something like that, that we've been providing analytics, data services.

Durnez, Marc

Okay? And what are the resources that are required for the company to have that focus on data?

Respondent #9

The main resource is people, it's having a human capital that is composed of people who have a background in computer engineering. Since everyone in our company is required to manipulate data at some point, whether it's more advanced like data scientists, or at different levels on the data aspects, quality governance, everyone touches it, so it's really essential.

Durnez, Marc

OK and in terms of the company culture, is it a culture that has always relied on data to make strategic decisions?

Respondent #9

I think so, because the driving force in the consulting world is numbers by default.

You look at your margin, you look at your number of clients, you look at your ROI, so I think the essence of consulting has data in it.

If I look at that risk again because the Carmel Group client aspect, so where I where they're investing in data, it's of it's become strategic. And that data analytics aspect has really grown, to the point where they now have dedicated teams and even positions in the executive committee responsible for that aspect. I think that's probably the clearest signal. In many companies now, there is a Chief Data Officer, a CDO, who sits on the management committee. And this is a signal of the strategic aspect that data has taken compared to previous years.

Durnez, Marc

OK. And from a marketing point of view, is there a lot of data being used for these marketing purposes?

Respondent #9

I guess so, but I can't tell you exactly if I'm looking at marketing. There is a layer of data obviously, because there are cycles that are done. There's analytics, I think, to track campaigns, especially LinkedIn campaigns, recruitment campaigns.

The data is there, but I can't say more about the level of complexity of the analysis behind it.

Durnez, Marc

But then, in terms of the rest of your experience, can you tell me about your experience in this link between marketing and data?

Respondent #9

Well, the marketing aspects, that's one of the first projects that used data because the return on investment is the most important, it contributes directly to sales efforts. There are really several aspects, so the first aspect is the visualization aspect. So the measurement of the effectiveness of the information and therefore the use of dashboards, tables that allow us to look at the rate of opening of emails, the rate of clicks on pages, etc. And so we can now measure the effectiveness of the information. And so we can now measure very precisely what the customer's path was on a web page, and see what content can be more relevant, less relevant. The second aspect was all the models, so there are algorithms that have been developed for everything that is propensity to buy, which are models that allow us to say how likely a customer is to buy a product. Models that allow us to do this will also feed our commercial efforts: rather than sending the same communication to everyone, we will target them.

There's also a lot of data on the allocation of marketing budgets between different channels. So there are now models that allow you to optimize sales or visibility.

There are also techniques that allow us to evaluate the power of one communication compared to another and at many levels. So we will expose 2 brands, with the same message, one via web and the other with a billboard or a TV spot. Then we will see which of the 2 generated an action. We can also do AB testing, where we will expose a message with a certain tone to certain users and the same communication with a different tone to other users, and again we will be able to measure what would work better.

All of this will allow us to optimize, and use the data to define exactly what is the optimal combination of messages and channels to have a minimal total marketing cost and increase as much as possible the return on investment. So that's really in terms of marketing. There are a lot of things that can be done with data, because it's an extremely powerful tool, which really allows you to pilot and prioritize actions.

Durnez, Marc

Okay. With regard to this distinction that we were discussing at the beginning of the interview, we're talking about data and not Big Data in general for marketing.

Respondent #9

It really depends on the company's organization. That is, if the company decides to build a colossal data architecture, to collect a lot of data, it's possible. Some companies have advanced in an iterative way, little by little. So it's not so much the use of the data that will define whether we're talking about Big Data, it's rather the organizational choices. And a certain degree of maturity, because before you can start Big data, the assumption is that you collect a lot of data, you need a lot of data.

If we imagine a company, for example a bank. A bank is going to have data on transactions. If you imagine that all the customers of all the banks, we record all their transactions, that's billions and billions of points per day. A company that sells products will essentially have sales figures, some stock figures, so the volume of data will be much less, so it's more the company that will define whether it's big data or not.

Durnez, Marc

Okay, great. That's very clear, could you give me a little bit more detail about your experience in marketing, were you in charge of doing all those different things you talked about, the visualization, the different channel attribution, the testing, etc.?

Respondent #9

So some of it I did, some of it I contributed to.

Typically I've done appetite models, so seeing what the percentage chance is that you're going to buy. All the segmentation, so trying to determine different profiles, that's also models that I've done. Yes, and also conversion analysis, that too.

Durnez, Marc

OK. The next question is quite considerable. As I said at the beginning of the interview, in this brief I talk about the differences between industries, all types of industries and the luxury industry. My goal is to see what different things are possible in marketing through data in all industries versus luxury. Is there anything that comes to mind to contrast these two industries?

Respondent #9

So as we discussed, the use of data assumes that you have a certain volume, so a certain volume of individuals. I guess that volume is less in the luxury industry, which is mainly based on personalization, contact and exclusivity, and therefore by default addresses a number that is limited. So I think the big difference is that the volumes will probably not always be sufficient to justify the use of data from a marketing point of view compared to other techniques.

So that's the first point. The other point is in relation to data collection. I don't see the luxury industry as a big consumer of data, nor as an industry where there is a lot of selling of data or data that can be picked up left and right.

The personalization aspect is key, and often, the use of data is motivated by a desire to reduce costs. For example chatbots and this kind of things, the idea is to be able to save costs and synergies at some point because we can automate a large part of it. In the luxury industry, personalization and contact are very important, and cost considerations are less important. So this is already a first contradictory factor. I think in the luxury industry, you're not going to have call centers that are overwhelmed with calls or that kind of thing, it's going to be simpler and more privileged contacts. I think that some aspects of the efforts, of having very optimized industries, those are not necessarily concerns of the luxury industry. Where a model is going to be used, it would be for example to determine the ideal location of the different brokers agencies to have as few as possible and to serve all the clients. In the luxury industry, you're going to want to go to the Champs-Élysées, because it's the Champs-Élysées. You're not going to move your store down a street just because it's cheaper.

So I think that the paradigms that justify the use of data in certain industries, which are efficiency, cost, etc., are not the same for luxury. Then there are other aspects of data outside of marketing that could make sense for the luxury industry. For example, there is a lot of work

being done on optimization, for example of investments, everything related to supply chain, everything related to portfolio strategy, etc. For all of this, there is data, but it's a little bit different from marketing.

Durnez, Marc

Something that comes to mind and that appeared in a previous interview is the importance of distribution in luxury goods. In this case, the data will be used to have a kind of scarcity management, so that instead of putting the products in all the stores, we will have a score that will be given to the stores and according to which is the most prestigious store, we will put the products in front. So in this case, data will be used in the luxury industry. But in fact, Big data is very rare in the industry.

Respondent #9

Yes, Big data in the luxury industry, that would surprise me. You're going to find Big data in people who are managing data by the minute, transactional data, payment data, travel data. And the luxury transaction, you don't have it by the second. So that's what's a bit complicated. Indeed, the scarcity management aspect is one thing, the desired aspect in my opinion. Data can also help in the luxury industry. Sometimes you can also use it in other aspects, like sponsoring, etc. It also allows you to find prospects, to find the best way to sell your products. It also allows you to find prospects, in human resources management too, an area where you have quite a lot of data now.

But actually Big data, real Big data in the luxury industry, I would be surprised to find a lot of it. I may be wrong, it also depends on how you define luxury. If you take, for example, Belgian chocolate makers, you might start to have a little more volume.

Durnez, Marc

Okay, well thank you very much. I think I've covered a lot of things. I didn't follow my questionnaire to the letter but it gave me a lot of information.

Respondent #9

Don't worry if there are any other questions, don't hesitate.

Durnez, Marc

Thank you very much, that's very kind!

Respondent #9

Well then, I'll leave you to your thesis writing, good luck and then let me know how it goes at the end.

Durnez, Marc

I will! Have a good evening and a good weekend.

Respondent #9

Thank you too.

7.1.10. Respondent #10

Durnez, Marc

So the first question is quite broad, what is your organization's relation to big data? So in your day to day, how much do you rely on data?

Respondent #10

Oh yeah, I think for us it's our core business, right? Because it is essential to our products. The company has a lot more to offer, I'm in the sales department. So we have data about the customers of our clients that we can use to sell our products but also to help them grow in certain areas. So I think our main advantage is the data we have.

Durnez, Marc

Yes, and can you tell me maybe about the resources that you believe are necessary to be able to use this big data paradigm within the company?

Respondent #10

I think the most important part is the people within your team. So people that can actually use the data, that know how to cluster it, that know how to classify the data points, that know how to handle them, etc. But then also on the client side, I would say you also need people that know how to do data driven marketing. So I think the most important resource is the people on both sides. So within our company, but also on the other side. So you can actually have this data driven conversation, and actually make decisions based on that.

Durnez, Marc

And in terms of more more tangible resources?

Respondent #10

Yeah, storage is always the most important thing then, having the right classification systems, and then have a very user-friendly interface.

Durnez, Marc

OK, and I mean in your context I assume that clients are essentially coming to you because they want to have insights from their data. So in that situation there is no friction from upper

management that doesn't want to actually implement those insights into their strategy? Or is there friction still?

Respondent #10

Yeah, I think it's something that we can do with our data, we can always show a bit of where the industry is going and like the trends that we are seeing in the industry. And very often we can tell upper management something new, we can challenge them, and their views and we can actually show them where the industry is heading up. But we have to make sure that they believe us, right? And sometimes it's not that easy. You would think that if you have the data points, they would believe you, but it's not always the case. So I mean you still have the people on the other side that we still have to convince, like from the data points. Because we have a lot of people sitting there in these more traditional companies, for example that are working in the industry for like 30-40 years. So they think the industry knowledge is enough, but if you are working in an industry that's currently transforming itself, it's hard to convince them that the industry is changing. So you do have that friction definitely, and showing data points always help, but if you have people that rather rely on intuition and experience, it's very hard actually.

Durnez, Marc

But I assume that there are less of these people when they are coming to you to have the insights?

Respondent #10

I think very often they actually ask for it, but then if you show them something that is not in line with what they wanted to see, it's another story. So they are data driven, but then if you actually want them to really make decisions based on the data itself. So because then you people to change something, and sometimes you have the feeling they're working with you, but then if you actually ask them to make a change and it's different, they won't implement it.

But they come to us a lot and they are very happy about the data we share with them, but I think there's still a lot of yeah transformation friction for more traditional companies.

Durnez, Marc

Yeah, it's something that has come up quite a lot for me that the culture, both internal and external, is often a difficult obstacle. So you've mentioned quite a few times now marketing

analytics, which is the most important part of my thesis. So could you tell me a bit more about the different concrete possibilities that are enabled by data in marketing?

Respondent #10

Yes, so one of the major things is simply measurement, because you can measure everything and you can optimize it in order to be much more profitable, because you can make your campaigns and everything very more efficient and automated, and all these kind of things are based on data.

I think it allows you to develop a more customized marketing and because you can focus, you can then use the data to actually investigate your client portfolio and where you should actually target. I also think that you can use this data to identify trends when they're still in the upcoming phase. So if you actually listen to the data, you can be a front runner.

Durnez, Marc

OK. And so typically for the clients that come to you and are asking you for insights, how do you do you proceed? Do you show them dashboards with exactly what they ask for, or is it more predictive? What is the percentage between descriptive and predictive right now?

Respondent #10

I mean, it depends on what you're looking at, of course, we're doing budget recommendation, we're doing trends, and we clients “this is what we believe is going to happen”, and we're doing forecasting not these kinds of things. But it's always based on what we have seen in the past, it's always based on historic values. Oftentimes we are showing clients what has happened in the last 12 months and what we believe is going to happen in the next 12 months, for example? But especially with the world we're living in right now, it's has become very, very hard to make any predictions about what is actually going to happen in the industry. The world we're living in is making it very hard to make any forecasts, because of the Covid crisis, because of the situation in Ukraine. We have people not wanting to make any financial purchase, because the last two years were so crazy. It's very, very hard to make predictions, so now it's more like about what is happening right now and how we can support our clients with what we're seeing right now in the data. Also as a company we don't really want to make a lot of predictions because we don't want to be sued if those predictions don't materialize.

Durnez, Marc

So it's mostly descriptive then the what you provide.

Respondent #10

Yes, looking at the data and seeing, interpreting what we are seeing in the data and then making implications for the future. But using historic data, most of the time yeah. At least in the sales area where I am, the rest of the company does crazy things like predictive analytics, but this is not for the sales department.

Durnez, Marc

OK. My next question is going to focus a bit more on luxury, so as I said in the beginning, I'm trying to identify the marketing possibilities that are enabled by big data, and if these marketing possibilities are the same in luxury and non-luxury industries. So, I know you are working a lot with some luxury players. Can you tell me if the insights that you generate for marketing purposes are different, or if you can highlight differences in the marketing possibilities?

Respondent #10

Well first of all, if it is less of a luxury brand, it's always a bit more performance focused, you're way more focused on volume, you want to sell as much as possible. So then the goal is to be efficient, to have a good ROI, to be profitable, to sell as much as possible with the least cost as possible. For more high class and luxury brands, it's a lot more about branding and looking at how you can position the company. It's less about efficiency, it's more about "where are we as a brand", "how do we position ourselves as a brand"? And then these are just different data points you look at right? Because then it's less about efficiency, but it's more about the whole branding. And what the data says about our brands, about clients and these kinds of things, I think this is like the main difference.

Durnez, Marc

But for the first category you mentioned, so the less premium companies, it is really easy for me to identify the maybe the relevant KPIs, so if you're trying to maximize volume and reduce price, it's very easy to assess that. But what type of KPIs do you measure for luxury companies that are asking you about branding and image?

Respondent #10

Well we can look at how often people search for their brand, what are the additional terms that people are searching for with their company. Because if you type something into the search bar, we can analyze what are people searching with your company's name, to see what topics they're interested in. We can also look at marketing metrics like click through rates and all these kind of things. We also look at brand measurements, brand lifts based on the campaigns they're running, etc. This is what we would investigate then.

Durnez, Marc

OK, and so are these KPIs, very different? The ones used for more luxury brands or not at all?

Respondent #10

No, they're not unique. It's more like they are more focused on them. I mean, you would still talk to a luxury brand about efficiency and volume, it's just the focus that may be different.

Durnez, Marc

OK, so for these companies that are a bit more luxury, you would provide insights and do you know how these insights are going to be applied concretely in the companies, or do you not have oversight about that?

Respondent #10

It always depends a bit on how open they are, but in the best case scenario, we wouldn't only talk to the marketing department, we would talk to a lot of people in the company responsible for different things because then it's not only about the marketing campaigns they're running, it's also about the information they have on the website. So, we are really adopting a holistic point of view, on how the company can sell its product.

And then it's way more than just the marketing campaigns they're doing, you also have to look at the UX teams. So we check if the website has a good UX, so we actually then help them along the whole process.

Durnez, Marc

OK, and how do you measure the quality of the UX? What KPIs do you use and how do you measure if user interfaces are performant or not?

Respondent #10

So there are some basics like website speed, we look at the quality of the solutions they provide, we look at whether they have VR implemented.

Durnez, Marc

And maybe I know we already discussed about this quite a bit, but can you identify other specific things that are only done for luxury clients and that are different from the more regular clients?

Respondent #10

I think also like the dashboards we design for them are different, we focus on different metrics. Of course we look at different trends, different campaigns we think they could implement, on which platform, etc. We support them with the creative assets, and this is a completely different measurement in the back end as well.

Durnez, Marc

So different dashboards, different metrics, different trends. But it must be super difficult because how do you quantify brand image?

Respondent #10

It's always about the brand, right? Like how well known is the brand in comparison with other luxury brands? What are the people that want to buy a premium brand? Are you high in their consideration set or not? I think it's very important because in most luxury sectors buyers are very loyal. And so this is what we're looking, because if you're in a volume segment, people can switch more easily because it's less pricey, so it's easier for you to just switch it if it's not good. If it's in the premium segment, you're much more loyal to the brand. And these are the things we look at. Also how the customers differ, how they are compared to other brands and what image they have in the industry. And we can use our data a lot to get these insights.

Durnez, Marc

Yeah, OK. That is super interesting, it must be so difficult to measure the price sensibility of different customers?

Respondent #10

Yes, we do that as well. Even now with the price increase, rich people stay rich. So this is again less of a concern for the luxury segment, you don't have to look at this price sensitivity aspect as much as in the volume segment.

Durnez, Marc

OK, great, but then thank you so much. I think you outlined something super important that I didn't really have in the previous interviews about the different KPI's and the different metrics that would be used. So thank you so much. I have a lot of notes.

Respondent #10

Yeah, I don't know if everything was clear or if there's something you would like to add? I hope I could help with this.

Durnez, Marc

No, thank you so much. I really enjoyed speaking with people from different backgrounds and meeting you. I think it's always very interesting to see the journeys of different people. But yeah, I will let you have a good evening then.

Respondent #10

Thank you, thank you as well.

Durnez, Marc

OK, have a great day.

Respondent #10

OK, you too bye.

7.1.11. Respondent #11

Durnez, Marc

I usually have other questions that I would ask first, but since you already mentioned the difference between luxury products and generic ones, can you tell me why you think that luxury products are not relying on data as much as regular ones?

Respondent #11

I think the main cause of this is the difference in data availability. For my position, we have two main retailer partners, and the issue is that our external data partner cannot do reports for us if there are only two big players, because then we can deduct the numbers of the competitor by subtracting our own.

Durnez, Marc

Yeah.

Respondent #11

Now there needs to be at least three players to be able to get the report from a legal point of view, and that's why we still don't have them.

Durnez, Marc

OK, but if you had data, do you think you would rely on it either way or do you think if you had the same access to data, it wouldn't be used in the same way?

Respondent #11

No, I don't think so. I think maybe when it comes to luxury, data can be used at a higher level for brand management, I think yes that would be useful, and I think it would be very much used. But regarding other data, for example, data about like campaigns effectiveness, I think we wouldn't really rely on it. Because we don't always focus on error, our priority is brand awareness, magic moments, etc. And I know that even if we analyze data, oftentimes we don't really make our decisions based on the data. So for example, if we know that a project will not bring us a high sellout, we still do it. So even if we have data, we don't really stick to it so much.

Durnez, Marc

But why? What is the reason?

Respondent #11

I don't really know. I'm the kind of new generation, and I would love it to be more data driven. But it's difficult, because the data is very fractioned. For example, my main responsibility is activations on websites, so like banners, newsletters, etc. I try to track the results of each campaign obviously. But even though I make an effort to create like tracking links, let websites owners know that there will be such campaign, it still happens that they tell me "oh we cannot share the data, I don't know, it disappeared". I'm asking for it for two months and then you know it's not relevant anymore. So I would say it's the culture of data not being the most important part, especially the fact that the data that gives us information about our effectiveness is not really considered.

Durnez, Marc

So it's less about measuring the impact of actions, you measure less in luxury?

Respondent #11

Yes, we don't measure that much. I talked about it with a friend recently, she works in another company and she told me that whenever they have an idea for marketing campaign, when they pitch it to their managers, they have to present how they're going to measure the impact of it. And if there is a campaign that is not measurable, like a billboard for example, they do not invest in it. For us, it doesn't really matter if we can measure it, the money doesn't really matter it's more about the image. i

Durnez, Marc

But do you think it's because the organization doesn't have the appropriate culture in place, or is it because the structure of the company makes it so that it's difficult to have access to the data?

Respondent #11

Yes, I think that it's the structure of the company. Definitely it doesn't make it easy. I would say that the data part of the organization is limited, there are very few employees that do data analysis, currently there's only one person responsible for all the data analyses in my country, and it's not a small market. And I think because our business has been doing very well with a

very good growth, I think our top management, like our general manager, doesn't really need to change things. Like she doesn't have motivation to track performance and to measure it, because we're doing good anyways. Maybe if there were some troubles, maybe if profitability started to fall then it would be like an incentive for upper management to start implementing data initiatives, but for now it's not the case.

Durnez, Marc

Yeah. OK, thank you. I have some more specific questions that I need to ask you. First, what do you think are the resources and competencies that are necessary to use big data analytics within the company?

Respondent #11

OK, so yeah resources I think would be having a data analysis team, an actual team. That gives the structure to do data analysis, so there should be people who push for the measurement of activities, so they ask the brand managers, that for sure. And second thing I think would be the unification of data because currently we receive data in different forms from each of the retailers. So for example, one of the retailers just sends the files, the other retailer has an online platform. So I think the issue is that it's not united, it's really hard to effectively analyze data.

Durnez, Marc

OK, and what do you think are the difficulties and limitations faced regarding the big data paradigm. So this shift that could happen which has happened in other companies and in other industries, what do you think prevents it from happening in your company?

Respondent #11

It's very hard for me to answer that question. I don't really know the source of the problem. I know that they are creating new roles to focus more on measurement, revenue growth manager or something like that. And this is the person that is supposed to control all the like spendings and also control returns.

So there is change happening, however, it's not a priority and I think there are many more priorities that the company has and data is not the main one. Of course they say that we should be data driven, but in reality they don't really execute it.

Durnez, Marc

OK. Thank you, and so you are working in the luxury industry, do you know if some marketing decisions rely on data?

Respondent #11

No, of course there is some reliance on data. I also work with influencers on influencer campaigns and when I decide which influencer to invest in, I always analyze the data on their profile, their effectiveness and engagement. The cost per engagement, or per video view, things like that, are all driven by data. However, there can a situation where my boss tells me “OK, this person has really bad metrics, according to the data we shouldn't work with that person, maybe she's also very expensive, but it would be great for the image of the brand”. So we take that person anyway.

Durnez, Marc

OK.

Respondent #11

And yes, of course we try to base our decisions on data, but then it's the second level I would say. Intuition still comes first. And when it comes to a big decisions such as investments, I know that our controlling department tries to push analysis, to provide some data on how effective this investment is, so yes, there is some data. Also, of course, when we do for example, I don't know forecasts or things like that, we base our decisions on past. So it is there, but it's limited.

Durnez, Marc

Yeah. I like that you talked about forecasting because it's something that came up a lot in my previous interviews. But I I'm really curious about how it happens in your company, because usually, it's not like you are putting the data in a model that is going to tell you, “OK based on the previous historical growth, this is what's going to happen in the future”. But what I heard from a lot of people is that none of these tools are in place and that it is mostly gut feeling again and thinking “OK we can see that the trend is looking like this, so we're going to manually fill in those numbers”.

Respondent #11

Yes, it is like this. I remember that two years ago when I was on my internship, I remember that there was a plan to hire a person, a demand planner that would create models to forecast demand, but this position was in the end never created. So even for important decisions, like how much products we order for the first three months after a launch, the forecast will be done by brand managers and it will be based on the sales of the similar products and not on thorough calculations.

Durnez, Marc

Mm-hmm. Exactly. But do you think it would be even possible in your opinion to shift to something more advanced for predictions? Or do you think there's something in the way?

Respondent #11

No, I think it would be possible. However, it's really hard for me to tell how it would work with that kind of tools? But I know there are necessary and I was very surprised when my boss would tell me "oh, the growth is too low in comparison with the forecast, let's decrease the growth in March and April and increase the growth in May". So that is crazy, right, it's not backed up by data.

Durnez,

Marc

Yes, but I really wonder why.

Respondent #11

Also what I thought about, because we had digital workshops yesterday for the whole company and what people were saying a lot is that we have too many data sources and people are lost with which data source to use. So for example, just to measure the influencers and social listening, we have at least three platforms. And the issue is that it's not clear which of the platforms should be the benchmark. So I think that the clarification of the data sources and the prioritization of them is key.

Durnez, Marc

Yes, I understand. And the thing is that whenever you use data for predictive purposes or for whichever purpose, it's always going to be historical data. It's always going to be something in the past. But if you're in the art department, you're trying to create something new that does not rely or does not reference.

And so I mean, of course for product development, of course you can base this off on what worked in the past, but ultimately you want to create something new. So it's also this tension, uh, I think that is the reason why luxury is at at this point not that reliant on data.

Respondent #11

Yeah, I did my business project for another luxury company, and I I would say that they are the ultimate, the true luxury company. I would say that my company lacks the size of business, the number of pieces that we sell and also the mechanisms that we use. I would say it's premium rather than luxury, because more and more, we are trying to be everywhere and we really want to advertise to everyone.

But yes, with my experience from this other brand, we were all very much surprised by how little data they have on anything during the business project.

I know that the product development teams are trying to innovate with like some tools like totally innovative products. So yes then it's really hard to forecast the sales if it's something totally new. But for most situations, it's not that new, it's just an iteration.

Durnez, Marc

Yeah. OK. Well I think I have every information that I need. Thank you so much for your inputs and for your insights. I hope this is OK for you.

Respondent #11

Yeah, sure. I hope, I hope this helps and I wish you good luck with your master thesis.

Durnez, Marc

Thank you so much. Have a great afternoon and yeah, I will send you a message to share the finished master thesis if that's interesting to you. Have a great evening. Bye.

7.1.12. Respondent #12

Durnez, Marc

So my thesis is focused on luxury, on marketing in luxury and on data analytics. My goal is to identify the marketing possibilities made possible by data analytics and I would like to know which marketing possibilities are specific to the luxury industry.

And so, could you explain to me how data is used in your company, for product development or for all the other parts of marketing?

Respondent #12

So if we're talking about development, you can actually break that down into several parts. First, it's the concept, based on consumer insight. Then there's the product development itself, so more on the lab side. There is also the packaging, the more industrial side, the sustainability and sustainable development data which are very important.

However, in general, there is not a lot of data, and this is something that should be improved in the future. One of the main reasons is that it is a lot of qualitative, comparison with other brands. Anyway, if we talk about the first phase of development and consumer insights, we actually have marketing insights teams, which are tasked with condensing everything that's going on in the industry. And these teams look at what's going on for each product category and also from a geographical point of view, what's going on in other countries, what are the new COVID and post COVID dynamics. All these things, all these macro and human movements, consumer needs, there is data and research that is done. Are we using them enough? No. In the sense that intuition will always be the most important aspect, and we'll stay on the basic consumer insights and not go any further. We're going to use this data more to justify something than to create. In the luxury industry, the first thing is the brand. So, what is the next product, what is the animation, what is the thing that is in line with the brand image and will bring continuity to the catalog. There will be a preparation of a 2-3 year plan that we will share.

We look for ideas in consumer insights, and really macro trends. The danger is that everyone is doing the same thing, everyone is doing the same collection, the same activation, that's the danger. Everyone in the company has access to the same data, and especially competitors have access to the same data. So the difference is going to be made by appropriating the development to each brand, that's the real difference of luxury compared to more basic products, it's this work done with the brand, the values of the brand.

The perfect example is perfume. This is where there are a lot of studies, with focus groups, with archetypes, with personas. Each brand identifies which target to address. And the

difference between these brands is the magic, the territories. And so this is brand data that is somewhat implicit, everything is created to respect the values of the brands aesthetically to be able to reflect in a consumer the fact that he is buying a luxury item.

Durnez, Marc

OK. And so if I understand correctly, there is data on which product development is based? But these are customer insights that are qualitative, that are used by all luxury brands for a certain product category?

Respondent #12

There are also deep dives in relation to categories. But it's basically shared data, qualitative and quantitative as well.

Durnez, Marc

Okay, and what form does that take? Is it just a PDF report? Is it a platform where you have these customer insights? How often is that?

Respondent #12

The company has created a global platform, which we don't use often enough, honestly. The reports are not up to date enough. It's a mix of qualitative and quantitative. These are macro things that help us align our development with the brand goals.

Durnez, Marc

But so I understand that there's still, maybe not an incredible amount of data but it's still going to assist product development, but how do you think it could be ideally implemented? If we could really rely on data in a more complete way?

Respondent #12

I wish there were more filters, more personalization. If there was a possibility to actually filter this information according to the needs of each brand, according to the needs of each consumer, it would be much easier. In reality, we have a guideline that does not change. And the risk is that we adopt a passive attitude based on intuition, taking an inadequate benchmark. If there was a filter, a possibility to deconstruct the data and adapt it by category and by brand, it would be incredible.

Durnez, Marc

And are the insights needed in the luxury industry the same as in other industries?

Respondent #12

I think from a consumer perspective, some of the indicators are really basic. At the end of the day there are certain characteristics that are desirable to all consumers. On the other hand, all the insights that are specific to the lifestyle that the brand reflects, the object that I'm buying, are specific to luxury. This is also where the interesting thing is the cross cultural. A perception of luxury in France is not the same in China, whether it is a product, a type of service, etc.

Durnez, Marc

OK. I'm asking this question because in my previous interviews, one of the main points I noticed is that one of the difficulties when you go to the more luxurious brands is to combine creation and data analysis. Because when you're relying on historical data to have insight reports and so on, you actually risk just repeating instead of innovating and creating something new. Would you agree with that, or do you think we could still use data analysis to innovate?

Respondent #12

Actually, in this creation stage, the number and volume are forgotten indeed, but the product has to be the best, and without data to support it, we don't do it. Without data, characteristics and perfect targeting, we are not innovative. And this is where lab and packaging data is studied by specific teams. These are things that are done in 5-6 year cycles and they are prepared upfront. They test things that are very prospective for 2030 already.

All this data that comes from the R&D teams are things that I, as a marketing designer, can't know. But these are things that I have to integrate into my work in order to bring about innovation.

To come back to what was said earlier, in fact, luxury is intangible, it's a concept that is fundamentally abstract and therefore difficult to quantify with a lot of data. The huge difference is that a more standard product, its design can be very concrete, we will start from a consumer insight, and we will have an explanation and a logical reasoning to justify the reason of purchase of this product. For example, it's the most efficient, the most powerful device, etc. So

the real innovation is the efficiency that is going to be given, the problem that this product is going to relieve. When we talk about the luxury industry, we forget all these logical steps to justify the purchase. There are degrees. The first degree of sale is the credibility of the brand, and the global aesthetics of what we are going to buy, with the storytelling that goes with it. If I buy a piece from this brand, from this universe, I am already won over. After that, I need the basic features to be there of course, but it's not actually the first thing I'm going to put forward. If I put this thing forward, it doesn't make you dream, it lacks that magic part. It's like going to a restaurant where they are going to cook you a perfect dish from a nutritional point of view, but the service, the perfume, the atmosphere are not thought through. Your eyes won't sparkle. Basically, it's not going to give you a luxurious experience, it's going to make you eat a perfectly healthy dish, but in fact you're not going to leave saying to yourself that you had a special experience.

Whereas if you were in a restaurant where all of these points were taken into account, you would say to yourself that you had an incredible time, that every bite was a dream. It's an experience.

That's why data is going to be used in the first stage of development, but after that, we're going to move very quickly into abstract concepts that are difficult to reflect in data.

That's why it's very difficult for new luxury brands to establish themselves, because the universes of the big houses like Channel, Saint Laurent, etc. propose a piece of their houses.

And in luxury, there is a difference by category. The data is used in a very different way. Perfume is the most qualitative, perfume is a dream, we sell a magic, a part of the brand. Paradoxically, the perfume teams spend a lot of time with qualitative data from focus groups, to see how consumers react to a particular packaging or juice. There is a lot of time invested in this. In fact, it can't fail, it's something that will carry the brand's image. All this has to be tested. What is the thing that makes my target vibrate, does it make sense with the brand? Then all parts of the marketing mix are tested: the product, the content, the name, the advertising, the images, everything. So we spend a lot of time with qualitative data.

Other industries will spend more time with quantitative data, because in luxury, the cost is high but you need legitimacy. The legitimacy is given by all the studies, the efficiency, etc. So these

data are actually indispensable, not for the sale, but for the legitimacy. Because the thing that becomes more important in luxury is the universe, the experience. The product must be of good quality. The client already arrives believing that the product is of good quality, but this must be confirmed.

Durnez, Marc

OK, so if I understand correctly, one of the reasons why there is not a huge amount of data used in the luxury sector in general is because luxury is based enormously on a qualitative aspect and it is difficult to quantify this qualitative aspect and to put numbers behind it. It's difficult to quantify this qualitative aspect and to put numbers behind it. And therefore, it's more difficult to do more advanced analyses in Excel and this is one of the reasons why you rely much more on instinct, on something more human than on numbers.

Respondent #12

Yes, there is no accuracy, it's also vision, intuition. There is no Excel in luxury. The data used in Excel are business data, so the data you use, neither in development nor in creation, are these data, all the quantitative business data. The price, the forecast, the sales data.

Durnez, Marc

OK, but that's not at all what innovation is going to be created on.

Respondent #12

No, but it's clear that we're not going to invest in an innovation that looks good to the creative teams but that won't have sufficient business justification.

The creative teams anticipate the needs of consumers, but the sales teams who know the current needs will say "ok, but people don't need it". And that's the limit of the data, because there are risks to take in this prospective data.

Durnez, Marc

Great, it's very clear, I have a lot of information that I didn't have before. Thank you very much.

Respondent #12

No worries, I gave you my perception.

Durnez, Marc

But it's very interesting. I'll cut the recording.

7.1.13. Respondent #13

Durnez, Marc

So, you have already told me that you don't have access to much data. But can you tell me why you think that is the case?

Respondent #13

So in general, the problem is that you obviously have access to your own data as a company, but you do not have access to the same data from the competitors. For example, you don't know how many people think you have a better product, so it's difficult to compare. Obviously you can buy data from different external companies. But you won't have access to the specific data of your competitors.

Durnez, Marc

Ok, yes, that is something that I have heard in other interviews, that you have the sell-in, but not necessarily the sell-out.

Respondent #13

Actually, I would disagree. This data you do not have access to it, but you can estimate it, because you can monitor it online and offline, it is costly but there are softwares. Then you can see what is the average discount per SKU on all your products. So I can estimate quite accurately the sell-out. You purchase the license, you put in the retailer and based on the discounts, you can see what is the sellout.

When you are working with a retailer, they can sell your product at whatever price they want, they are not contractually obliged to respect your price recommendation. But you can negotiate that they provide you with data. In exchange you might give them an exclusive product or a specific merchandising, etc.

Durnez, Marc

Although I assume that sales is the easiest data to access, it's maybe not the most important? Because would you agree that for luxury, what matters most is the brand image, whereas for other brands it's more about maximizing volume and spread. Which indicators do you use to assess this brand image?

Respondent #13

So there are no KPIs that directly reflect brand image that I know of. What you can estimate is client satisfaction, or how clients interact with your stores. Are the store hosts and hostesses nice for instance, you can measure KPIs about the client experience, that reflect what luxury is. Also luxury is a very complex concept, saying “you’re 80% luxury” could mean very different things: does it mean that you’re highly personalized, that it’s readily available? You could think that standardization is something outside of the luxury industry, but if you take Cartier, they sell standardized products. So you cannot distill the idea of luxury into a single indicator. You have to think about what you want to be as a brand, and that is possible. Client service and social media studies allow you to gather data on that.

Durnez, Marc

But would it be possible to get that data in a quantitative way? Or would it be mostly quantitative data from focus groups for instance?

Respondent #13

Not only focus groups, also data from actual customers. For instance you set up an automatic emails that customers receive asking them to rate their in-store experience. There are also third party companies that can create reports and sell you that data. But nobody has a luxury KPI, that does not exist.

But you could look at the return rate for instance. For hospitals, the KPI for efficiency would be the lowest readmission rate. In a luxury store, it would be the highest return rate of a customer. So you really have to invest time to find out what kind of data first your business model.

Durnez, Marc

Something that was mentioned in previous interviews is the fact that luxury is very much linked with art, and that it can be difficult to link art with data, which is why some luxury companies rely less on data. But would you agree with that?

Respondent #13

Absolutely not, I strongly disagree. The studios are constantly receiving data. The KPIs are given to the studios, then they are key learnings that they take and implement in everything

they do. For instance, maybe we realize if there is a border around an online banner, it works better. Then all banners from that point forward will be adapted. Maybe we see that on social media, having the logo at the beginning and at the end of the ad will make the ad perform better. The best studios rely heavily on data and keep adjusting themselves based on this feedback loop.

Durnez, Marc

Ok, it is super interesting to have this perspective it contrasts well with other opinions I've received.

7.1.14. Respondent #14

Durnez, Marc

So, the goal of the thesis is to see what are the different marketing possibilities that are enabled by data. So whether that be data about the competition, about the customers, about the market trends, it's to see how this data is used to then enable marketing actions. I think that you have a very interesting position as product developer, so I look forward to receiving your insights. And the first question would be more global and about your organization, could you tell me how much data you have access to, and how much do you rely on it?

Respondent #14

So me personally I am in the consumer marketing intelligence team, so everything we do is just surrounded by data. We have nothing else than data, but I think that's also a specificity of my team.

But then in general, if you want to take the point of view of product development team, they also use a lot of data before they develop a product. You can get data from the market and from the consumers, to then develop your products. To really follow the sell out and sell in so this is more like data on sales of our products, but also of competitors for sure.

Durnez, Marc

Ok, I think that as I've spoken with a lot of people beforehand that do not have this creative aspect in their work, I would love to focus more about the type of data you use on the development side. So what kind of data is that? Could you develop a bit?

Respondent #14

Yes, so it's essentially data on trends. So for instance, it can be so many types of data. So let's use an example that I took recently while developing a product. To understand how to produce and build this product, we tried to understand what type of conversations were happening on the Internet, and we did a social listening study. That we got data on what our consumers are talking about online for our target.

So there I had data, about for instance the most discussed components online. Based on this kind of insight, you will see and try to make decisions on product development. Based on this data that you get in social listening, so that's a specific example. But yeah, when we develop a product, of course we try to look at what we have in our portfolio, what is missing in our

portfolio, what competitors have in their portfolio, etc. We also look a lot at consumers trends to understand what the most talked-about topics and that is based on data.

We can also do that in a more qualitative way by meeting a consumer and discussing, but this one consumer is not defining the whole target, so we need to quantify always. So yeah, data is really key in our job.

Durnez, Marc

OK, and the goal of this thesis is to also look more in depth into luxury products.

I don't know if you have much insights, do you think that the indicators that luxury companies are looking at are different? Or are they the same?

Respondent #14

I think it might be different from more mass product companies, that focus on the mass and on the general. While in luxury, it's really to be more niche and really it's about targeting a specific part of consumers. So I don't think they use it in the same way, and maybe they have the same type of tools, but they don't look and they don't get the insights in the same way.

Durnez, Marc

But when you mentioned earlier, the fact that you are doing social listening study, so how would you restrict that to only identify one niche and not have the general mass market opinion?

Respondent #14

Usually it's come with filters, so when you do social listening, you have to decide on hashtags you can filter and then clean your data. Of course, when you get other things, you can decide on hashtags and on type of posts, type of influencers that you want or so on. But you can really narrow and clean your research. So that it gets to what you're looking for specifically.

Durnez, Marc

And typically, what are the indicators that you're looking at?

Respondent #14

It depends on the study we're doing, but for instance there is the share of a preference or everything that is concept creation. It's more about understanding what are the preferences of

consumers, it depends on the goal of the study. The indicators will depend and vary according to the study.

Durnez, Marc

OK, so my next question would be a bit higher level and it's about the different resources that you think are essential for the company to develop this big data analytics paradigm. So what do you think the company needs in order to develop this?

Respondent #14

For sure human capital, we do a lot of studies, there are quantitative studies and we end up with very complex set of data and sometimes they're very hard to read and it can be misunderstood if we don't have someone proficient. This human capital aspect is key because that can be very easily misunderstood.

Durnez, Marc

And do you think that the company is pushing data use enough? Or is it not a priority?

Respondent #14

There are more and more efforts, and I know they hired a whole team now to put all the resources that we have together and clean all the studies we've done at the company level so yes, they are really working to be more data-driven and I think at the same time, data is really in everything we do.

Durnez, Marc

Thank you. What do you think are the difficulties and the limitations that are faced regarding this big data paradigm?

Respondent #14

The limitations, I think is the human capital. As I said before, especially in companies like us, where we do have a lot of creative profiles, strategic profiles, to focus on the vision and so on. But it's not a company where we have a lot of data scientist profiles, but yet we're managing a lot of data, so I think this is one of the limitations. How do we take more people and get these people that are proficient in data to get integrated in our company. So I would say that is the one I have on top of my mind.

Durnez, Marc

OK thanks. So we discussed a lot about the product development, but I think there are other marketing purposes that may be more operational, but do you know how data is used for these other marketing purposes?

Respondent #14

I know that there's a whole team that works on market insights and everything this team does is based on sell out and sell in data so sales. With it they check the performance of the company as a whole and they check various KPIs, mainly the growth and the gains in market share compared to previous years and compared to competitors. Then they also monitor a lot to competitors and what they are doing, the new launches and their performances. So yes, it can also help you to make very strategic decisions. For instance: should we focus more on investments in a certain product category? Should we stop the production of a certain product? Again, we look at the data and come up with insights. So really, every strategic decision also at the company level is backed by data, both internal and competitor data.

Durnez, Marc

OK, great, thank you. Now I have two things that I want to discuss that are things that came up during my previous interviews. The first thing is called scarcity management, and it's linked with the fact that for luxury brands, usually you do not want to be everywhere, you don't want to put your products in every location, every type of distribution and you want to be exclusive as much as possible. Do you know if data is used to maintain this in your company?

Respondent #14

I know we have the same problem right now and the head of the division keeps telling us to not work with a specific retailer to not dilute our brand image. So the selection of distribution and the markets we get into is really important.

But also in my team we never look at specific stores, we don't go to such a granular level, for us it's higher level and development really. But definitely, even though we would technically sell more by working with a certain wholesaler, it would tarnish and dilute our image so we won't do it. So this is part of our strategic plan in the long term.

Durnez, Marc

Another thing that I identified was the fundamental link with art. Do you believe that it is difficult to merge data analysis and innovation. What do you think about this concept?

Respondent #14

I think that it is essential to have data in your mind all the time, and specifically for luxury. Yes, you are trying to innovate and to be more niche, but you can use data to see where the general trend is going and still innovate by answering the trend in a different way. This data is also a way to translate what consumers want, think and feel, but with numbers you can innovate. Is what they think feel like what they think in mind. So I think you can mix data and innovation for sure.

Durnez, Marc

And what kind of indicators do you think are able to be used to translate brand image? Because that's a concept that is particularly abstract.

Respondent #14

It's super abstract, so it depends. I think there are so many attributes that you could use for image. I think it depends on what type of market you are in. I think it would change when we look at another luxury brand, the attributes they look at would be different? Looking at "is this brand aspirational"? So I think it depends in what kind of market you're serving, then your attributes will change.

Durnez, Marc

And and finally, the last question is, what do you think will be the future of big data enabled marketing processes in your company?

Respondent #14

It's going to be even more focused on data, the more we have data access from different social medias, from different type of processes, an immense amount of the data will give us the opportunity to go even further, to target the solutions we're giving to our consumers. The more data you have, the more tailored the solution you offer, to the specific needs of the customers.

Durnez, Marc

And do you think that your company is ready for that transition?

Respondent #14

Well we try to be as technological and as digital and as data-driven as possible and I think there is really this transition in the making. Of course you can always do more.

Durnez, Marc

OK then I have all my questions. I'm going to stop the recording right now.

7.1.15. Respondent #15

Durnez, Marc

OK, great, so the first question is quite high level. It's about in general what is your organization relation to big data analytics? So how often do you rely on it? Do you know since when do you rely on it? And in general, how are these efforts promoted within the company?

Respondent #15

We have a lot of researchers that are like distributed along the company. From a distribution point of view, we do not sell directly to consumer. And of course this affects our industry and our relationship with big data. Because we have always a layer between us and the final consumers, which does not exist in the boutiques of our brands. What I can say is that of course in tailoring our campaign now, we rely a lot on big data and analytics so we are affected by them.

Durnez, Marc

OK, and do you know what are the type of resources and competencies necessary to support these data efforts?

Respondent #15

Well for sure you need talented people to do that. When it comes to luxury, I do think that you must be very good and all the data that you can tackle along the luxury industry, in my opinion, is still very qualitative, meaning that you need people that are particularly good in tackling them. Now most of the time we are mostly driven by data for things like, for example, a new layout of the store having a new layout of the website, so more practical things. So of course, that is super necessary and data is going to be used, but for my personal view on what I see my colleagues in the houses doing, there is still a lot of qualitative research and also you know just a talent of people to be able to do that. So I think that there are certain sensibilities in people that are necessary to go beyond the data. Even because the luxury industry is founded on vision, I think visualizing is the key department. For me there is no comparison to any other department in the company because they are the one that have the intuition and also give the direction of the collection. In fact, if you see the major people in the industry, they have all been working in merchandising before. So if you aim at working in luxury, be conscious that the data is of course necessary, but still a lot comes down to the person itself and our sensibilities and merchandising teams. Because of course you have plenty of data on the past collections and

their sell out, but still, you have to look forward and anticipate what customers are going to like and to do that, data is useful to a certain extent, but what's most important is the sensibility of the person.

Durnez, Marc

Ok. Everything that you just said is exactly in line with everything that I have been told during my previous interviews. The fact that in the luxury sector, we don't rely that much on data because we are not looking at the same desirability factors, we are not trying to do the same as a generic brand so instead of trying to maximize volume, you want to maximize the brand image and that is so abstract that you cannot really put numbers on brand image whereas for volume it's really easy to put concrete numbers and to check that. So I think that it makes total sense that at some point you rely on intuition because you cannot quantify those very esoteric concepts of brand and image. But where do you think that limit is? Because you told me, of course, we rely on some data to try to anticipate where the customer is and what the customer is going to want. Now we're going to innovate based on this data, but there is always going to be a line between using data and using your intuition. And where do you think that line is in your opinion?

Respondent #15

My gosh is a very tough question. You said it very, very well before because I totally agree with you. It's not a matter of volume, so you think about the brand image and maximize the brand image in everything you do. Indeed, our brands, for example, are super picky and what matters most to them is to stick to their value, to continue pursuing their values along the growth and along the development of the business. So I think that data can help, but if data goes against these principles and values, you cannot pursue it because you have to change your brand. So what I think is that you can rely on data to understand the direction of the world, but that always has to be compared with the brand values that you have. So I think that you first of all you have to stick to the brand values, which of course evolve overtime. So data is super important, especially in the operative decisions, for example, store layout or how to build up the website. Of course, these things are related to the brand image very strictly, but if you decide to put the knitwear before another category, it's not something that they can affect the brand itself when it comes to value perception. I think that data can be very good when it is put in perspective with the brand values and what the brand represent.

Another thing that you have to consider a lot is the customer experience. That is of course related to data, you have to look a lot at your customer, because as you said, it's not a matter of volume, because if you look at everyone in the market, you won't have the right answer to your question because the balance is not for everyone. You have a lot of customers that are faithful to your brand and you really want to nurture them because they are the one spending the most. You want to tackle this one and you want to make them more and more reliant on your brands and for that reason you cannot change your image completely just because the world is going in another direction, we have to evolve together with the world and so data can be important on that, but we always have to maintain our own soul. So what I think is that you always have to put the data in perspective with the brand image and you want the brand to respect its founding values.

Durnez, Marc

But it's so interesting and so difficult to understand where that line is right. So what you're saying is that there are those very operative choices, and for instance the social media, or the store layout for which you can rely a lot on data to ameliorate it. But when it comes to brand direction, it's difficult to solely rely on data to see the brand direction, because data is by nature something that is historical and you cannot only look at what you did in the past.

Respondent #15

Exactly, because if you look at the past, I mean you have to reinvent, this is something that everybody is doing particularly right now. You can reinvent something from the past with a contemporary twist, so there data is useful, but it's mostly related to the sensibility of the creative director. There is something so not concrete you now, you cannot really put it in data. You cannot really rely only on what the marketing is they saying. Because I know for a fact that it may sell well, it's fail safe, they just produce more for sure. But then in the long run, is it worth? Basically it is something that they have to think and ease in.

Durnez, Marc

And what do you think are the marketing processes in luxury that do rely on data? Because as we said, some of them, like the store layouts, for instance are really relying on data, but do you know what other types of marketing processes rely on data in comparison with the ones that are completely esoteric, like the brand image and the visuals which are very difficult to quantify?

Respondent #15

I'm not so much aware really, but what I can say is that it is always a matter for sure. They also consider data when they decide which kind of campaign to produce on every different platform. They make some researches in order to understand the perfect length of the ads online, the perfect sponsored message on Instagram or all the social media. So they rely on data in order to understand the formatting of the message, but not really the message itself.

Durnez, Marc

Ok, so this is where there is this difference, data is kind of more used in things that are more operational, things that are almost hidden, that the customer does not directly see.

Respondent #15

Yes. But you know, looking at the industry and the choices of some creative directors and also marketing director of the brands you can see that most of the brands tend to do that.

Durnez, Marc

Amazing I, I think I have all of the questions I did not really follow my guide because I thought it was very interesting to have this more of a discussion about what you think and also presenting you a bit of my results that I'm going to be presenting in my thesis. So thank you so much for this, I'm going to stop the recording.

Abstract:

The field of data analytics provides firms with new tools that allow them to develop a valuable competitive advantage. By gathering an ensemble of resources, firms are able to develop data-enabled initiatives that distinguish them from their competitors. One interesting theory that is emerging in the field is the theory of data analytics marketing affordances, which are marketing possibilities enabled by the use of data analytics. With new luxury paradigms emerging such as the rise of online distribution, it is now more relevant than ever for luxury brands to ensure that the customer experience they provide is as enticing online and offline. Data analytics provide an interesting new opportunity for luxury brands to achieve this and marketing affordances such as data-driven market ambidexterity and the fostering of exclusivity are already well developed in the luxury industries. On the contrary, other affordances such as the measurability of marketing actions and real-time market responsiveness appear to be less developed in the industry. To be able to acquire data-enabled marketing affordances in the first place, luxury companies first need to assess whether they are equipped with the right set of resources to develop a company-wide data analytics capability. Based on previous research and a series of in-depth interviews with industry specialists, the most critical resources are identified in this thesis. These include data access, human skills, and organizational culture. It appears that the development of all three of these resources is currently limited in the luxury industry due to contextual factors unique to the luxury environment, such as the complexity of the luxury distribution and the abstract nature of luxury communication. This thesis also provides managerial recommendations to overcome the barriers preventing luxury companies from developing a data analytics capability. These recommendations include the development of owned distribution channels, the aggregation of databases, and the identification of relevant indicators tailored to a brand's specific image. The conclusion of this work includes managerial implications, limitations, and the next steps research could undertake.

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