Farfetch 2013 holiday campaign: It's a wonderful store

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1.   Introduction

In today's globalised and technologically advanced age, a new method of conducting business which involves the digital economy has emerged. In particular, e-business and e-commerce have grown rapidly as an alternative to the traditional way of doing business, in response to the growth in online trading tools and techniques (Gunasekaran et al., 2002). E-commerce has become a significant instrument enabling an organisation to gain a competitive advantage within the industry, with various companies adopting a wide spectrum of business models ranging from "pure play" retailers who only operate online to clicks-and-mortars which engage in both traditional stores and internet sales (Grewal et al., 2004). In particular, fashion e-tailers are booming in the 21st century, with high street retailers such as Asos establishing e-commerce platforms to market their products. Designer fashion has however been slow to enter this expanding online fashion industry, with major luxury chains being resistant to the online concept and independent boutique stores not having adequate financial backing to establish an online presence.

This gap in online luxury brands has been filled by Farfetch, an online platform for the world's top boutiques, revolutionising the way in which luxury fashion is purchased. Bringing together more than 290 independent designer boutiques of international acclaim from Paris, Milan, Bucharest, New York, Honolulu and Helsinki, Farfetch provides its customers with an opportunity to browse a variety of products across a diverse range of labels from the comfort of one's home. Founded in 2009 by Jose Neves, a Portuguese entrepreneur, Farfetch functions as a "pure play" retailer promoting and distributing the products of independent brick and mortar boutiques worldwide. Farfetch's acumen and selective taste in fashion is evident in its stocking of designer products from renowned boutiques such as Browns in London, L'Eclaireur in Paris, H. Lorenzo in Los Angeles, Fivestory in New York and Smets in Luxembourg. As a pioneer e-tailer which has since been joined by Moda Operandi and Rent the Runway, Farfetch aims to network independent boutiques and provide them with an e-commerce presence, conducting $130 million of annual net sales which is slated to grow 150% a year (Sherman, 2013).

With no physical presence, Farfetch is solely dependent on online advertising and promotions to widen its customer base and retain its loyal customers. Its latest advertising campaign is the 2013 holiday campaign, it's a wonderful store, which takes on the theme of the 1964 Frank

Capra film it's a wonderful life. The campaign features five weeks of Christmas shopping with international guest curators of food, art, film, fashion and music, inspiration from the boutiques of Farfetch, detailed gift catalogues showcasing products from stocking-fillers to luxury treats (Farfetch, 2013). This report aims to analyse the effectiveness of the advertising campaign in relation to its targeting, advertising, media and creative strategy so as to provide recommendations.

2.   Campaign rationale

This section discusses Farfetch's 2013 holiday campaign in detail and uses a SWOT analysis (conducted in relation to a PEST analysis in Appendix 1) of the micro-environmental factors influencing the firm success of Farfetch to elaborate on the campaign rationale.

2.1   Campaign

In the 2013 holiday campaign, Farfetch partners talented individuals from a diversity of societies and industries to curate the campaign. Engaging renown photographer, art director and fashion blogger Hanneli Mastaparta; hip hop artist and producer Swiss Beatz; animator, director and illustrator Quentin Jones; contemporary food artists Bompas and Parr; and actress Zoë Kravitz as brand ambassadors, Farfetch launches a star-studded campaign (Farfetch, 2013). Across the five week campaign, each of the celebrities will take over Farfetch's site for a week and contribute advertising input towards it which includes fashion recommendations, modelling and interviews (Garced, 2013). In addition, Farfetch also promotes engagement in its campaign through its Facebook app to win a daily prize which include luxury products such as Lanvin's 'Help' necklace, a Givenchy Nightingale Tote and an Alexander McQueen skull scarf from our its international partner boutiques (Farfetch, 2013). This is further supported by offline promotion in London and New York done in collaboration with taxi companies whereby spotting and flagging down a white cab earns one greater opportunities to win prizes and a complimentary trip to any Farfetch boutique in the key shopping districts within the city.

2.2   Micro-environment: SWOT

Strengths encountered by Farfetch include its boundary-less nature, the absence of time constraints, and its ability to save time and transportation costs and lower operating cost. In addition, it facilitates price and product comparisons, eases product search, improves customer interactions through social networking sites and enables simple exchange of information

among customers and retailers. By conducting an online holiday campaign, Farfetch seeks to maximise the strengths afforded by social media platforms to expand their consumer base and maximise global sales during the festive period.

Weaknesses include security, fake websites, long delivery timing, lack of physical knowledge of product, lack of personal services and the incurrence of delivery charges. Its campaign seeks to tackle these weaknesses by establishing its genuineness and credibility through increased recognition, so as to instil consumer confidence in its services.

Opportunities can be found in the changing trends with regards to luxury consumption and internet use, the proliferation of new technologies and the possibilities afforded for global expansion. The campaign capitalises on the opportunities of a potentially large online consumer base to market its sophisticated designs and differentiate itself from high street fashion and chain luxury stores. In addition, the campaign also features niche items to cater to the exotic tastes of contemporary luxury consumers.

Threats include competition from big luxury chains, changes in social trends as well as online laws and regulations, customers increasing demand for innovative products, risk of fraud and privacy issues and the lack of personal interaction between customers and retailers. R=Tremendous costs and efforts invested in the holiday campaign has addressed these threats by re-establishing Farfetch's unique quality and positioning it as an exclusive service providing niche, internationally sourced products to its client. In addition, the campaign seeks to demonstrate the diversity of its products which gives Farfetch a competitive advantage against major luxury chains.

3.   Campaign Evaluation

3.1   Targeting strategy

Segmentation of luxury consumers occurs across three main categories in relation to wealth and age group, namely the consumers of accessible super-premium, old luxury brand extensions and mastige brands (Silverstein and Fiske, 2003). Further, consumers may also be segmented in relation to their other high society interests such as art and design, music, dance, food and wine and gender orientation. The holiday campaign seem to acknowledge the

diversity in its luxury consumers, using a diverse mix of celebrities as an exemplary demonstration of how best to live the high life by pursuing one's interests.

From its choice of ambassadors, it is evident that the campaign is successfully **targeting** identified segments, with Swiss Beatz appealing to the young male music fans, Hanneli Mastaparta connecting to the elegant social media user, Quentin Jones speaking to the eccentric art lover, Bompas and Parr appealing to homosexual male food lovers, and Zoë Kravitz relating to the lover of performing arts and vintage collections. The choice of these endorsements works on the source attractiveness theory since these celebrities are familiar and likeable figures whom the targeted consumers can identify with. In addition, the fashion picks by these celebrities also bridges across luxury brands in the accessible super-premium, old luxury brand extensions and mastige brands, thereby catering to consumers with different budgets.

Farfetch's holiday campaign **positions** it as a unique carrier of globally sourced niche products which cater to a wide range of audience, thereby differentiating it from the major luxury brands which stock a limited range of products. Moreover, engaging celebrities in the campaign creates the image of prestige and glamour and positions Farfetch as a business which cater to the young, hype and affluent crowd. From this perspective, Farfetch's holiday campaign is a success as it not only accurately identifies its market segment, but also creatively targets them which strengthen Farfetch competitive position in the luxury fashion e-commerce industry.

3.2   Advertising strategy

DAGMAR is a model which allows for an evaluation of advertising effectiveness across four levels of understanding from awareness to action (Belch and Belch, 2009, p 220). Social trends discussed earlier lead to a high level of **awareness** of Farfetch which increases the effectiveness of the campaign by only requiring it to further provoke interest to stimulate higher involvement. By using celebrity to curate a particular style on offer, such as Swiss Beatz modelling on-trend and practical pieces from Saint Laurent, Balmain, KRISVANASSCHE, Dolce & Gabbana and other luxury labels (see Figure 1-3) (The Fashionisto, 2013), Farfetch increases the knowledge, brand attitude and **comprehension** of its products. Furthermore, in featuring fashion blogger Hanneli Mastaparta through photography with a blogged interview elaborating on her style and the benefits of adopting such a fashion choice, Farfetch is able to establish a sense of **conviction** among consumers (see Figure 4), further internalised by Hanneli Mastaparta's identity as a

fashion critique which boosts the credibility and trustworthiness of her recommendations. **Action** is achieved through easy purchase involving the click of a mouse or through the white cab promotion which encourages consumers to make a physical trip to its partner boutiques.

Figure 1: Swizz Beatz wears hooded jacket Balmain, sunglasses Kuboraum and speckled shirt Mugler.
Source: The Fashionista (2013)

Figure 2: Swizz Beatz wears blazer Issey Miyake, trainers Saint Laurent, trousers Paul Smith and 'Roettinger' t-shirt Saint Laurent.

Source: The Fashionista (2013)

Figure 3: Swizz Beatz wears collared shirt Valentino and coat KRISVANASSCHE.

Source: The Fashionista (2013)

'For the holidays, I like to keep it nice and simple and wear winter white'

Figure 4: Hanneli Mastaparta on her favourite winter piece: The Viktor & Rolf dress

Source: Von Arzu am Freitag (2013)

3.3   Media strategy

In using social media platform (Facebook), online blog entries and visual photography for its campaign, Farfetch has engaged an appropriate media space to capture its targeted audience. In particular, it is riding on the bandwagon of technological advances to increase communication with existing and potential consumers and capturing the emerging market of middle class, technologically savvy luxury consumers identified in the social dimension of the PEST analysis (see Appendix 1).

Launching the campaign over Christmas with a holiday theme, Farfetch has caught onto a season of giving and a time whereby consumer buying power is at its highest. Furthermore, it plays with the association of Christmas with the winter season and launches some of its winter collections. However, Farfetch is aware of its global appeal and the different seasons across borders, and hence has been strategic in introducing picks for different seasons in its campaign.

3.4   Creative strategy

The campaign is effective in being able to connect to its stipulated audience, establishing an **ad-consumer relevance** by drawing reference to the Christmas fantasy comedy drama 'it's a wonderful life' to posit consumers in the festive mood of consumption. Furthermore, this film has been established as a traditional viewing during Christmas season which most people can identify with. A **brand-consumer relevance** has also been created through using ambassadors to pick and model goods across different seasons, styles and functionalities that are familiar with its targeted audience, demonstrating that Farfetch's diverse range of products can satisfy consumers under any circumstances.

Apart from relevance, the campaign also appeals to audience through divergence (Torrance, 1987). In particular, it engages the **richness and colourfulness of imagery**, with a combination of artistic black and white shots to draw reference to the themed film as well as strikingly bright coloured shots to convey the artistry and trendiness of its products (see Figure 5) In using these high quality images of celebrity models, the campaign successfully creates a **fantasy** world which appeals to the audience and invokes **emotions** of ego, social and sensory within Taylor's (1999) **six segment strategy wheel**. In addition, the campaign is also **original** in its use of white cabs, an idea which has been extended to the most recent February 2014 campaign, demonstrating a **resistance to premature closure** as effective ideas continue to take

shape and expand itself. The relevance and divergence of the campaign thereby contributes towards its being an effective creative strategy.

Figure 5: Visual imagery to convey trendiness and artistry

Source: Geoghegan (2013)

4.   Recommendations

Despite using social media, Farfetch has not fully exploited its potential especially since its engagement with Facebook as the only social network excludes the emerging major Chinese market. A key recommendation will be to use a multitude of social media, especially Weibo and QQ which reach out to the Chinese market. Secondly, there appears to be a lack of communication between consumers and designers as brand ambassadors are chosen to be the mouthpiece. More limelight can be given to designers to help consumers develop brand attachment, especially since independent boutiques tend to be niche, smaller scale and less known. More interactive media such as runway videos may also be used to further engage consumers and entice them to purchase. Finally, there seems to be little relationship drawn between the campaign contents and the film apart from the title, and more could be done to play on the concept of giving established by the movie.

5.   Conclusion

In conclusion, Farfetch's holiday campaign is an effective one in terms of its being able to segment the market and target its intended consumers to establish their position as a global online retailer of niche, international collections from independent boutiques. In addition, through its choice of brand ambassadors, it effectively creates awareness, establishes a sense of comprehension and conviction and pushes consumers towards action. Using social media as a platform contributes to its success by capitalising on the strengths and opportunities as afforded by the internet to respond to social trends of increasing internet use and luxury consumption among the middle class. Lastly, the creative strategy engaged uses both relevance and divergence to effectively reach out to its audience.

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Appendix 1: PEST analysis of Macro-environmental factors

Political factors include cheaper access to the internet, faster and better internet and rapid expansion into new international and domestic markets through acquisition. The adoption of e-commerce is also bolstered by intellectual property protection online which allow businesses to protect their new vision, market analysis and product design. Further, the underdevelopment of a taxation system also favours the e-commerce market whereby transactions may be treated as private auctions to evade tax contributions. The provision of legal protections similar to those in the traditional market such as the Sales Act and regulations to assure quality, public liability and warranty, security and privacy also increases consumer confidence in online retailing.

Economic factors influencing the success of e-commerce include the high cost of creating and maintaining an e-commerce website with questions persisting to its return of initial investment. Secondly, access to high speed internet and the establishment of a telecommunication infrastructure also act as significant drawbacks. The availability and financial ability of e-commerce firms to hire technologically literate and knowledgeable developers and content providers for the online media also determines the uptake of e-commerce.

Social factors have a major influence over the fashion e-commerce industry. First, an increasing move towards consumerism as a way of life among the growing middle class has created new markets and consumer trends for luxury retailers to tap on. According to Verdict Research (2013), the global luxury product market is slated to exceed €300bn for the first time in 2013 with its constant growth of over €100bn in six years. Furthermore, Verdict Research has reported that "companies that want to reap rewards will have to get to grips with providing a luxury e-commerce experience for their customers". The global democratisation of luxury is driven by a growing aspirational consumer segment which constitutes a popular form of new luxury focusing on human experience, emotional attachment, self-expression and recognition from peers (Silverstein and Fiske, 2003).

Apart from a growth in luxury consumption, especially so among the Chinese middle class which account for approximately 60 percent of the growth among luxury buyers (Lannes and Han, 2010), the population that uses the internet has also expanded rapidly in recent years with

a growth of 566.4% between 2000-2012 (See Figure 6) (Internet World Stats, 2012),. This implies that more people will be inclined to engage in online shopping, contributing towards a bigger market in e-commerce. A geographical segmentation of usage also demonstrates Asia to be on the top with 44.8% users, followed by Europe with 21.5% and North America with 11.4% (see Figure 7) (Internet World Stats, 2012), suggesting that e-commerce may offer an opportunity to capture the booming luxury market in Asia which has caught onto the internet trend.

WORLD INTERNET USAGE AND POPULATION STATISTICS June 30, 2012						
World Regions	Population (2012 Est.)	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Growth 2000-2012	Users % of Table
Africa	1,073,380,925	4,514,400	167,335,676	15.6 %	3,606.7 %	7.0 %
Asia	3,922,066,987	114,304,000	1,076,681,059	27.5 %	841.9 %	44.8 %
Europe	820,918,446	105,096,093	518,512,109	63.2 %	393.4 %	21.5 %
Middle East	223,608,203	3,284,800	90,000,455	40.2 %	2,639.9 %	3.7 %
North America	348,280,154	108,096,800	273,785,413	78.6 %	153.3 %	11.4 %
Latin America / Caribbean	593,688,638	18,068,919	254,915,745	42.9 %	1,310.8 %	10.6 %
Oceania / Australia	35,903,569	7,620,480	24,287,919	67.6 %	218.7 %	1.0 %
WORLD TOTAL	7,017,846,922	360,985,492	2,405,518,376	34.3 %	566.4 %	100.0 %

Figure 6: World internet usage 2000-2012

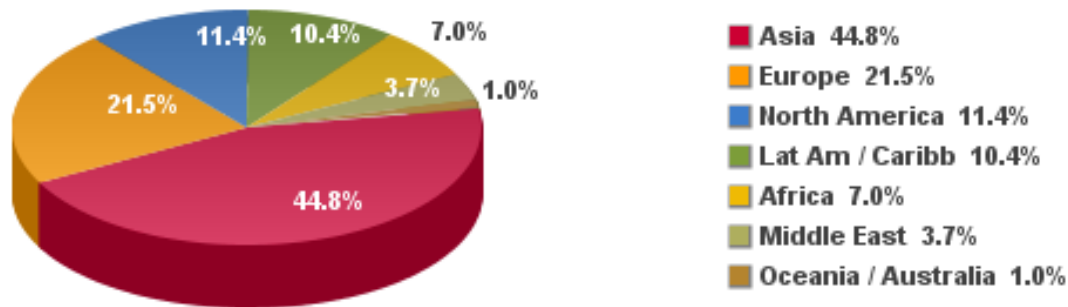Source: Internet World Stats (2012)

Figure 7: Internet world users distribution by world regions 2012 Q2

Source: Internet World Stats (2012)

Technology also plays a significant role in e-commerce as having a reliable platform, network and system is essential in not only facilitating communication between suppliers, manufacturers and end-customers but also in reassuring customers concerned with exposure to security risks when conducting online purchases. In addition, technology also increases the

internet connectivity of consumers through mobile devices and their social networking opportunities through social media sites such as Facebook, Twitter, QQ, Renren, SinaWeibo etc. A study on Facebook use conducted by Internet World Stats (2012a) reported rapid growth in users between 2011Q1 and 2012Q2 (see Figure 8), with Europe and Asia having the most number of users (see Figure 9). Technology has thus offered a multitude of ways, transcending time and space, whereby luxury retailers may reach out to their potential consumers. Through technological tools such as email marketing, rich media advertisements and social network advertising, luxury fashion retailers are able to deliver their messages in more entertaining and interactive methods to boost the human experience of its brand and products.
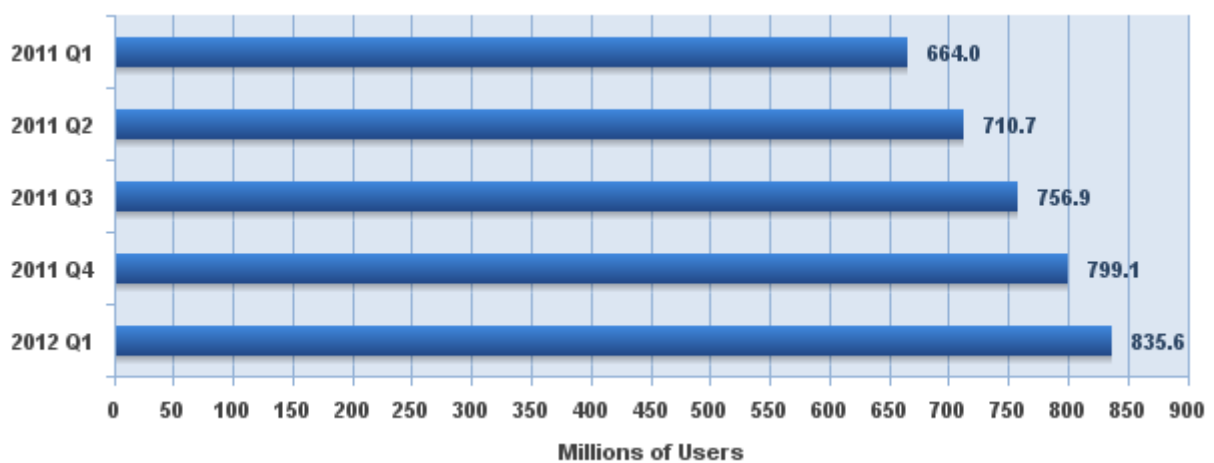

Figure 8: Facebook growth in the world between 2011 Q1 and 2012 Q1
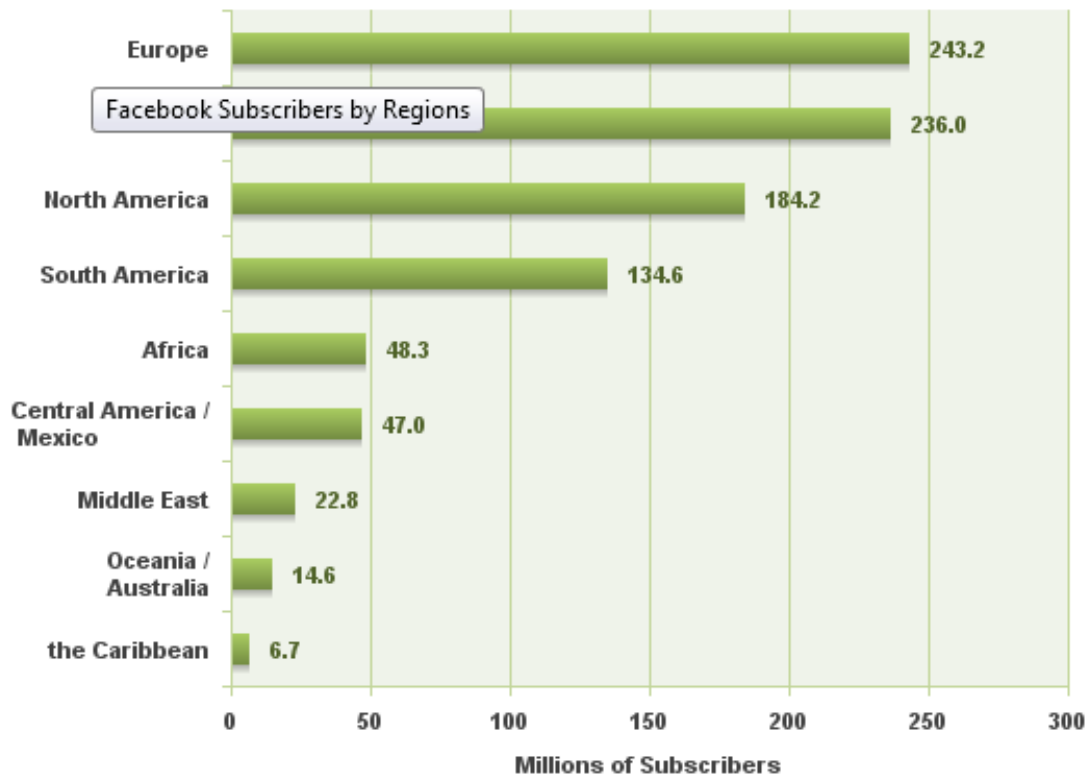
Source: Internet World Stats (2012a)

Figure 9: Facebook users in the world by regions September 2012

Source: Internet World Stats (2012a)