



Luxury in the digital age: A multi-actor service encounter perspective[☆]

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ABSTRACT

Luxury brands have been reluctant to adopt technology-enhanced multi-actor interactions at the customer interface. This article synthesizes research on luxury and multi-actor interactions in non-luxury contexts to explore how luxury brands can adopt digitally enabled multi-actor service encounters. The literature is further supplemented by interviews with managers in luxury firms. Our findings caution against simply adopting approaches from non-luxury contexts as they risk undermining the luxury service experience. Rather, we develop a set of propositions at the intersections of the physical, digital, and social realms on how luxury brands can adapt the use of digital multi-actor interactions to augment rather than imperil their brand image. Specifically, our propositions help luxury managers to enhance the customer experience through hedonic escapism, strengthen their brand communities, and use digitization to simultaneously provide conspicuous customers with greater visibility and discreet customers with social exclusivity.

1. Introduction

The role of digital technology in service encounters has evolved considerably in recent years (Larivière et al., 2017), leading to an emerging understanding of service encounters as multi-faceted interactions involving multiple actors (Alexander, Jaakkola, & Hollebeek, 2018). While more and more businesses realize the importance of multidimensional interactions and are eager to embrace digitization (Breidbach, Antons, & Salge, 2016), the field of luxury has been slow to adopt both digitization and a multi-actor view. This is understandable as luxury brands thrive on their heritage (Kapferer & Bastien, 2012) and often remain cautious about change. Many luxury brands successfully use social media for brand building (Godey et al., 2016; Stephen, 2020), yet they remain reluctant to enable digital interactions with customers. As a case in point, Chanel still refuses to sell luxury fashion online, with its Fashion President Bruno Pavlovsky stating that Chanel wants to bring emotions to its customers through the in-store interaction and that the ‘spirit of the Maison’ is found in its boutiques (France Inter, 2019).

The specific nature of luxury explains this reluctance. Luxury differs from many other fields of business (Kapferer & Bastien, 2009; Ko,

Costello, & Taylor, 2019; Wirtz, Holmqvist, & Fritze, 2020) and adapting luxury to a multi-actor service encounter poses particular intricacies. Practices that make sense in other fields can backfire in the luxury context (Kapferer & Bastien, 2009; 2012). Luxury research recognizes that luxury brands need to offer personalized service corresponding to their brand image (Kapferer & Bastien, 2009) and emphasizes the need for luxury brands to control the service encounter through its frontline employees (Dion & Borraz, 2017). This dyadic service encounter approach (Surprenant & Solomon, 1987), in which customers remain largely passive and the use of digital tools is limited, has remained the norm as luxury brands are reluctant to loosen control of the service encounter (Tynan, Mckenchie, & Chhuon, 2010).

In contrast to this traditional view, this article extends previous research and argues that luxury brands can benefit from opening up their service encounters to digitally-enabled multi-actor interactions between the customer, employees, technology, and other customers. We show how these added interactions can enhance the customer experience if implemented with care. For example, luxury has the potential for numerous multi-actor touchpoints as luxury shopping often takes place in a social context (see Verhoef et al., 2009) and many luxury goods are purchased to satisfy social needs (Amaldoss & Jain,

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2005; Belk, 1988). Customers frequently view visits to luxury boutiques as social experiences with friends (Schweiger, Grewal, Roggeveen, & Beitelbacher, 2020). Thus, a multi-actor perspective represents an opportunity for luxury brands to engage its customers more. However, as shown in our article, the intricacies of managing luxury service encounters (see Dion & Borraz, 2017) mean that multi-actor interactions need to be carefully adapted to fit the luxury context.

Responding to calls for more research on how digitization allows luxury brands to engage customers (Dubois, 2020; Schweiger et al., 2020), we explore the potential role of technology in luxury service encounters. As luxury is a social construct (Roper, Caruana, Medway, & Murphy, 2013) and “intimately tied to the dynamics of living together” (Kapferer, 2010, p. 42), we draw on the specifics of luxury services (Wirtz et al., 2020) to argue that understanding and enhancing the multiple interactions and the infusion of technology are vital for luxury brands to align their service encounters with evolving customer needs.

Conceptual articles can be developed both through literature reviews and through empirical insights (Lindgreen, Di Benedetto, Brodie, & Jaakkola, 2020). To develop our propositions we first conducted a horizontal literature review as recommended for multi-actor research (Holmqvist & Diaz Ruiz, 2017), drawing on both the extant literature on multi-actor service encounters and the luxury literature. In line with previous conceptual research advancing theory through managerial insights (Payne, Storbacka, & Frow, 2008), we next approached managers representing different luxury brands, primarily top luxury fashion brands. Given the focus of our study, most of our informants were either digital managers at brand head offices or managers responsible for customer service at flagship boutiques. We used the insights gained from the interviews throughout our article to supplement the literature and triangulate our propositions as is recommended for interpretative research (Silverman, 2015; Spiggle, 1994). Consistent with Payne et al. (2008), we do not quote managers or provide demographic details to protect their anonymity¹.

In sum, this article makes the contribution of developing ten propositions for technology-supported multi-actor interactions adapted for the luxury context by considering the intersection of the physical, digital, and social realms. These propositions together with the discussion outline how luxury brands can embrace digital multi-actor interactions in ways that enhance their service encounters and strengthen rather than threaten their brand image.

2. Adapting multi-actor interactions to luxury

Adapting a multi-actor approach to luxury, we build on Bolton et al. (2018) who argue that research needs to focus on the intersections of the physical, digital and social realms of the customer experience rather than just study these realms in isolation. Extant luxury research often focused on either the social realm of luxury consumption (for a review see Dubois, 2020) or the physical realm of elaborate luxury boutiques (Dion & Borraz, 2015). We extend previous research by integrating the digital realm to study how customers simultaneously interact with the luxury brands' employees and boutiques (physical realm), different digital tools (digital realm) and other customers (social realm). Building on Bolton et al. (2018), our multi-actor approach further advances research by studying the interactions at the intersections of these realms.

Both service and luxury research have tended to view the service encounter as a dyadic interaction between the customer and the frontline employee (Surprenant & Solomon, 1987). While luxury research still focuses on the customer interaction with the employee (Dion & Borraz, 2017), service research has seen a rapid development in the understanding of multi-actor service encounters (Alexander et al.,

2018; Breidbach et al., 2016; Wirtz, So, Mody, Liu, & Chun, 2019). Key to this new understanding is a reevaluation of the service encounter in an economy driven by digitization, and a focus on how technology changes traditional service encounters (Larivière et al., 2017) and can offer improved service quality, enhanced convenience, and better productivity all at the same time (Wirtz & Zeithaml, 2018; Wirtz et al., 2018).

Larivière et al. (2017) posit that technology can help frontline employees and facilitate their interactions with customers. However, technology can also replace frontline employees when interactions with customers become entirely digitalized (Froehle & Roth, 2004; Wirtz et al., 2018). Outlining these technological changes, Larivière et al. (2017) draw on Bowen (2016) to ascribe four distinct roles for service employees in the service encounter. *Enablers* who help customers in the encounter and facilitate interactions between customers and technology. *Innovators* who propose technology-enhanced improvements based on their experiences of interacting with customers (Ye, Marinova, & Singh, 2012). *Coordinators* who coordinate the interactions between the different actors involved in a service encounters (cf. Ostrom, Parasuraman, Bowen, Patrício, & Voss, 2015). In (online) brand communities, engaged customers rather than companies may bring together resources and other customers (Larivière et al., 2017; Wirtz et al., 2013). *Differentiators* refer to how employees and their attitudes and skills can be difficult for competitors to copy (Wirtz & Jerger, 2016), making the firm's people and service culture a differentiating factor (Bowen, 2016; Larivière et al., 2017).

Digitization changes consumer behavior as digital consumption increasingly becomes part of consumers' everyday lives in many domains (e.g., Bardhi & Eckhardt, 2017; Belk, 2013; Fritze, Marchand, Eisingerich, & Benkenstein, 2020). The increased role of digital consumption has led to the growth of multi-actor interactions rather than traditional, dyadic service encounters (Alexander et al., 2018; Breidbach & Brodie, 2017) whereby multiple other actors interact at the same time (Dessart, Veloutsou & Morgan-Thomas, 2015, 2016). Here, digitization not only facilitates the service encounter (Larivière et al., 2017) but also enables interactions between multiple actors (Breidbach & Brodie, 2017), including facilitating interactions between customers (Breidbach et al., 2016; Breidbach & Maglio, 2016; Rangaswami et al., 2020; Wirtz et al., 2019).

This understanding of multi-actor interactions rests on the assumption that customers want to take a more active role in the service encounter and are positively disposed to interacting with technology and with other customers. While these assumptions seem appropriate for many contexts (cf. Dessart, 2017), they may often not be well suited for luxury contexts and can even backfire. In order to explain why this may be the case, we next review the literature on the specificities of luxury.

3. Why luxury is different

The notion that luxury is different from other business contexts is a cornerstone of luxury research (Kapferer & Bastien, 2009; Ko et al., 2019; Wirtz et al., 2020). Veblen (1899) classic example is the inverted price-demand curve whereby for luxury goods, unlike for ordinary goods, demand increases when the price goes up (see Wood, 1993) as a high price signals prestige (Parguel, Delécolle, & Valette-Florence, 2016).

Much of this uniqueness is rooted in luxury being exclusive (Kapferer & Bastien, 2009; Ko et al., 2019; Wirtz et al., 2020), prestigious (Han, Nunes, & Drèze, 2010), hedonic (Atwal & Williams, 2009) and even escapist (Holmqvist, Diaz Ruiz, & Peñaloza, 2020). Luxury consumption sends out signals about the consumer's status (Grossman & Shapiro, 1988; Han et al., 2010) and these signals lose their meaning if a luxury good becomes widely available (Kapferer & Bastien, 2012). Hence, many luxury brands go to great lengths to remain scarce and exclusive (Ko et al., 2019).

¹ Several managers spoke on the condition of anonymity. The managerial teams of top luxury brands are often small and form close circles in which already the brand name and the position might identify a respondent.

Remaining exclusive and retaining an aura of exclusivity can be a challenge for luxury brands in the digital age (Blasco-Arcas, Holmqvist, & Vignolles, 2016; Baker, Ashill, Amer, & Diab, 2018), explaining why some brands such as Chanel did not sell luxury fashion online by 2020. These brands want both to preserve their exclusivity and retain the unique experiences in their boutiques as illustrated by Chanel's Fashion President stating that nothing can replace the experience in the boutique (France Inter, 2019). At the same time, virtually all main luxury brands do have a digital presence with their brand web pages and social media accounts, often using them actively for building brand equity (Stephen, 2020). Luxury brands are thus keenly aware of the importance of digitization while remaining careful about it encroaching on in-store customer interactions.

We recognize that luxury differs from other marketing contexts in many ways (Ko et al., 2019), and that retaining the brand's prestige is an important part of managing luxury service encounters and boutiques (Dion & Borraz, 2015, 2017; Dion & Arnould, 2011). Underlining this thinking, Kapferer and Bastien (2012) devote one anti-law of luxury to discouraging indiscriminately selling luxury online, and another to urge luxury brands to "protect" customers from interactions with non-customers. The emphasis on luxury remaining exclusive explains why luxury brands go to such lengths not only to avoid digitization but also to keep the service encounter dyadic so as to keep it under the brand's control (cf. Dion & Borraz, 2017).

Entering a luxury boutique should be an experience (Atwal & Williams, 2009) and luxury is strongly connected to hedonism (Ko et al., 2019). Therefore, luxury boutiques tend to be sumptuous (Dion & Arnould, 2011) with stimulating interiors to appeal to hedonic customers (Holmqvist & Lunardo, 2015; Kaltcheva & Weitz, 2006). In their quest to enhance brand image, luxury firms design heritage store interiors that can even reach 'sacral' levels (Dion & Borraz, 2015).

Given the strong emphasis on luxury as exclusive, extant luxury research has discouraged both opening up the service encounter (Kapferer & Bastien, 2012) and digitization (Baker et al., 2018; Blasco-Arcas et al., 2016). In line with this literature, implementing digital multi-actor interactions following the practices of ordinary brands risks undermining the exclusivity of a luxury brand. As a consequence, the complexity of the luxury brands' decision continuum reaches ranges from a full-scale adoption of practices from other sectors to a complete refusal to move towards technology infused multi-actor encounters. We next outline how the luxury field can balance these considerations and adapt multi-actor interactions and digitization to enhance the luxury service experience.

4. Multi-actor interactions in luxury settings

We discuss the key interactions in luxury service encounters and advance propositions for each type of interaction on how multi-actor interactions and technology infusion can be adapted to the luxury context (see Fig. 1 for an overview).

4.1. Frontline employee–customer interactions

The direct dyadic interaction between frontline employees and customers (Surprenant & Solomon, 1987) has not changed significantly in the luxury industry, even with the growth of digitization. While service employees are important for face-to-face interactions in most service encounters (for a review see Wirtz & Jerger, 2016), employees take on additional roles in luxury settings. Dion and Borraz (2017) showed how employees enact social hierarchies in service encounters in luxury boutiques and are trained to adjust their behaviors both to fit the brand's target customer and to discourage apparent non-customers. This balancing act between encouraging target customers and discouraging non-customers (Dion & Borraz, 2017) renders the employee–customer interaction more complex and also explains why luxury brands want their employees to remain in control.

The dyadic interaction in the boutique in which frontline employees interact directly with customers is the one interaction that extant luxury research recognizes (Dion & Borraz, 2017). Furthermore, it also corresponds to the classical understanding of the dyadic service encounter (Surprenant & Solomon, 1987) and allows the luxury brand to control the interaction through the service employee. However, in contrast to many other service contexts in which the customer drives the interaction (Grönroos & Voima, 2013), in luxury contexts the service employee acts as a differentiator by adapting the encounter to suit the customers' social status as well as the luxury brand's image (Dion & Borraz, 2017). Building on this research we propose:

P1. In traditional luxury service encounters, value unfolds in dyadic interactions between the customers and employees with the latter controlling the interaction.

4.2. Employee–digital–customer interactions

Having outlined the dominant employee–customer interaction, we next extend on this classic interaction by developing how it changes with increasing digitization. With the focus on personalized service in luxury boutiques, the traditional dyadic interaction between employees and customers has remained relatively unaffected by the digital transformation that has driven change in other service contexts (Bolton et al., 2018; Bowen, 2016; Larivière et al., 2017). However, changes in consumer wants and behaviors make it important to understand how digitization may change interactions in luxury encounters.

Service research recognizes that technology can play an important role in facilitating the interaction between customers and employees (Breibach & Maglio, 2016; Wirtz et al., 2018). While interacting with the customer, frontline employees may also interact directly with technology to enable the interaction (Larivière et al., 2017). Even though little research has examined the role of digitization in luxury, the use of digital support to facilitate service employees' interactions has become common in luxury boutiques in recent years.

For example, during our visits to flagship stores of Céline, Dior, Hermès, Prada and Saint Laurent in Paris, we observed a similar use of technology whereby employees were equipped with tablets that served two key purposes. The first is to quickly identify, propose and locate different luxury items during interactions with customers, and the second is to let customers register their details for customer engagement purposes. In discussions with luxury managers about the use of these digital tools, we learned that employees also may connect the purchase information with the customer's data to be used at subsequent visits to customize the interaction and make targeted recommendations to the customer.

While practical, this use of digitization is largely limited to functionality. It helps the employee navigate the boutique easier, connecting the physical and digital realms (cf. Bolton et al., 2018). These tablets help the employee become a better enabler of the encounter (cf. Bowen, 2016; Larivière et al., 2017), but neither the customer's role nor the experience change in significant ways. In many other types of service encounters, digitization is used to expedite the service, make it more convenient, enhance information provision (e.g., availability of sizes and stock), and provide better quality consultation (cf. Wirtz et al., 2018). In luxury settings, however, customers often prefer to take their time and enjoy the experience. While increased speed may not always diminish the experience, it does not enhance it, at least not its hedonic quality (cf. Holmqvist et al., 2020). Hence, we propose:

P2. Digitization can improve the *utilitarian* aspects of dyadic interactions between employees and customers in luxury boutiques.

4.3. Customer–digital interactions

This far, we have addressed interactions in which the frontline

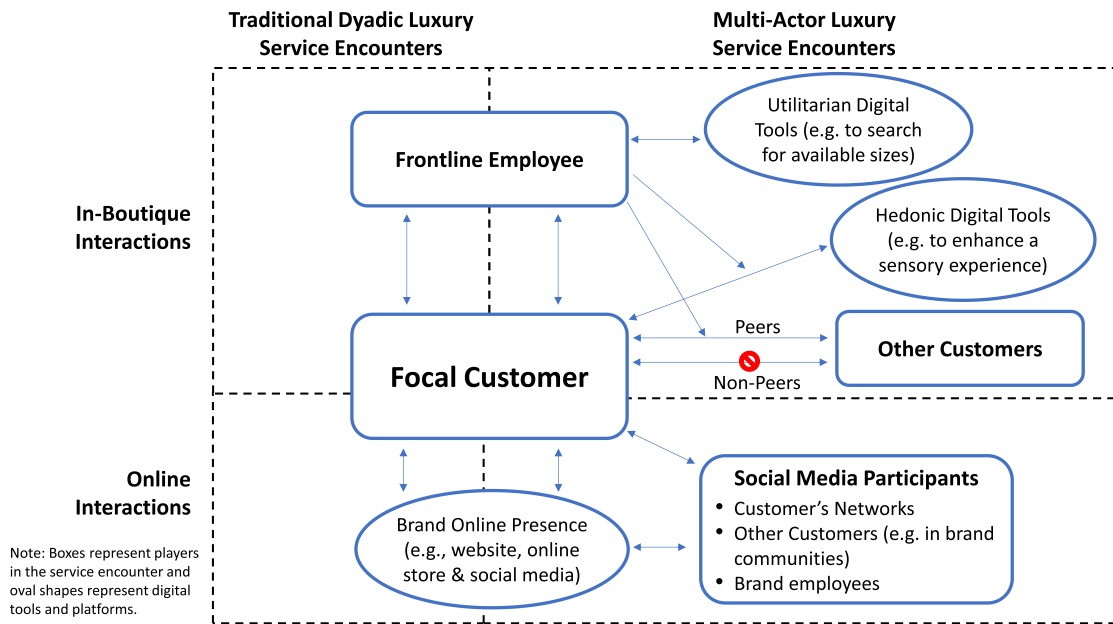


Fig. 1. Multi-actor interactions in luxury service encounters.

employee plays a leading role as enabler, coordinator and differentiator of the service encounter (cf. Bowen, 2016; Larivière et al., 2017). In addition to the interaction between the customer and employees, customers can also interact directly with technology. This represents a challenge in the luxury industry's focus on employees managing the service encounter (Dion & Borraz, 2017). Digitization changes service encounters and gives rise to dynamic and interdependent roles for technology, frontline employees and customers, allowing customers to take on a more active role (Larivière et al., 2017). We thus argue for the need to go beyond common current practices and develop a more active customer-digital interaction also for the luxury service encounter.

Industry reports show the world of luxury is about to face profound changes with the new luxury customers being millennials who have grown up in a digital world. A Deloitte (2017) industry report found that social media represents by far the most important source of information for millennial luxury customers, followed by other digital sources. Forbes (2019) estimated that millennials' and younger digital native cohorts already account for one-third of luxury customers and expected to exceed 50 per cent by 2024, radically changing luxury markets. Building on these developments, we argue that luxury brands cannot continue to resist the advance of digitization but instead must find ways to adapt to it. We therefore propose:

P3. Luxury brands need to leverage digitization when serving younger customer segments. As millennials become the largest segment of luxury customers, luxury purchases will increasingly be driven by digital multi-actor interactions.

While much of the current luxury digitization keeps customers rather passive without an active role to play, we argue that there are potential benefits to more active digital interactions for customers. We draw on recent research that argues that a key part of luxury experiences is allowing customers temporary escapism by doing something different to break the routine (Holmqvist et al., 2020).

This view is consistent with the extant luxury literature that has tended to view visiting a luxury store as escapism in itself (cf. Atwal & Williams, 2009). As we could see during our observations in luxury stores, experiences in boutiques are designed to be special and to be aligned with both product quality and the luxury's brand image (see Dion & Borraz, 2015). At Chanel, Dior, Givenchy, Hermès, Prada, and Saint-Laurent, we could observe how employees interact with customers by attending to them, inviting them to be seated and offering

champagne. Customers also interact directly with the servicescape. For example, biographies of the founder Christian Dior are available on coffee tables for customers to read while sipping their champagne at Dior's new flagship boutique in Paris. These interactions in the servicescape create a sense of hedonic escapism to allow customers a brief break from the ordinary, strengthening the luxury experience (cf. Holmqvist et al., 2020).

For luxury, the opulent servicescape and attentive customer service in the boutique (cf. Kapferer & Bastien, 2009) create this escapism that sets luxury apart from ordinary shopping. In a digital setting, this presents a challenge for luxury brands. For example, the interactive escapism in store makes buying shoes from Prada a very different experience to buying shoes in an ordinary shoe store – yet buying Prada shoes online is an almost identical transaction to other online shopping. This interactive escapist service encounter is difficult to replicate in a digital setting, explaining why brands such as Chanel do not sell online. We propose:

P4. The luxury service encounter (whether face-to-face or digital) should entail a sense of interactive escapism.

While cautioning against an overly utilitarian approach to the interaction between customer and technology as it could threaten the escapist nature of the luxury service encounter, an appropriate use of digital tools can enhance the interaction and increase rather than decrease escapism. A recent overture into in-store digital experiences took place in November 2019 as the French luxury fragrance brand Guerlain launched an ambitious attempt at digital customer experiences by introducing Mindscent. In this interaction, customers try on a neuron-mask to experience different olfactory backgrounds to pick the fragrances they like best among 110 options. This customer-digital interaction aligns with recent research conceptualizing luxury as hyper-personalization (Rosenbaum, Ramirez, Campbell, & Klaus, 2019) and shows that innovative digital solutions are possible for luxury brands aspiring to open up the customer interaction. While this type of service encounter relies on the interaction between customer and technology, employees can still play an important enabling and coordinating role (cf. Bowen, 2016; Larivière et al., 2017) by helping and instructing customers on how to use Mindscent and how to interpret the results.

In another example of how digitization may strengthen the luxury experience, managers at Chanel revealed a new technology-enhanced multi-actor interaction that not only preserves but enhances the

exclusivity and escapism of luxury. Together with an employee as fashion adviser, prominent customers may enter a secluded area in one of Chanel's Parisian boutiques at the top floor to which only a select few of Chanel's elite customers have exclusive access. At this floor, there is a 'smart' virtual mirror that can recognize the fashion item a customer considers buying and shows the customer what the item looks like at the cat-walk and also helps to identify accessories that suit the item, and it allows Chanel employees to make personalized recommendations.

As the examples from Guerlain and Chanel show, it is possible to implement digitally-enhanced multi-actor interactions that respect the luxury codes (cf. Kapferer & Bastien, 2012) and add to a consumer's escapist experience (Holmqvist et al., 2020). We therefore advance:

P5. Customer interactions with digital tools should support luxury escapism by enhancing the in-store experience.

Until recently, few luxury brands used digital interactions for customers in their boutiques, which is in contrast to many other businesses where technology has already transformed service interactions (Rangaswami et al., 2020; Wirtz et al., 2018). However, this is beginning to change and our discussions with luxury managers revealed that a number of luxury brands have started to implement customer-digital interactions in which technology allows customers to become the enablers of their own service encounters. For example, Parisian luxury department store Galeries Lafayette introduced digital coat-racks; if a fashion item on the rack is not available in the right size, the customer only needs to indicate the desired size on the digital rack's display and a service employee will deliver it. Going further in enabling customer-digital interactions, Chanel placed QR-codes next to some fashion items in its boutiques to allow customers to scan and watch a short video describing the product. Through this technology Chanel facilitates value-enhancing customer-digital interactions in which the customer plays an active role. Service employees do not need to be involved as customers interact directly with this technology. Here, the customer-digital interaction does not supplement or replace an employee-customer interaction but instead introduces new interactions with the customer using digital tools to gain knowledge and product impressions.

As these examples show, luxury brands can enable customer-digital interactions to enhance the service experience. On this point, however, several managers emphasized that customer-digital interactions can be useful to make the experience more escapist (cf. Holmqvist et al., 2020) and more exclusive (Dion & Borraz, 2017), but care is needed. For many luxury customers, a strong personal connection with the service employee is a crucial part of their loyalty to the brand and benefits both customers and employees. Rosenbaum, Russell-Bennett, and Drennan (2015) termed this 'commercial friendships'. We combine this research with the clear indications from luxury managers to suggest that customers' interactions with digital tools in luxury settings should complement but not supplement the human interaction. Thus, we advance:

P6. Customer-digital interactions should not replace human interactions in luxury contexts but rather stimulate additional value-enhancing interactions.

4.4. Customer–customers interactions

Interactions between customers are a key aspect of the multi-actor service encounter (Alexander et al., 2018; McColl-Kennedy, Cheung, & Ferrier, 2015) yet are almost completely missing from the luxury literature. Luxury brands tend to be cautious about customers interacting with each other in their boutiques (Dion & Borraz, 2017). However, previous research points to the benefits of shared hedonism in luxury (Holmqvist et al., 2020) and shared joy in customer-customer interactions (Ludwig, Barnes, & Gouthier, 2017) and suggest that facilitating customer-customer interactions could enhance the experience. In

making this argument, we build on research in non-luxury contexts showing that the presence of other customers in a servicescape and interacting with them not only influences perceptions (Bitner, 1992; Patrício, Fisk, & Falcão e Cunha, J., & Constantine, L., 2011) and shapes the service experience (Grove & Fisk, 1997; Martin, 1996; Tombs & McColl-Kennedy, 2003), but that customers can also come together to co-create their service experiences (Carù & Cova, 2015). Interacting with peers can be a positive part of a luxury experience (Holmqvist et al., 2020; Wirtz et al., 2020), thus allowing other customers to become potential differentiators of the service encounter.

As an example of positive customer-customer interactions in luxury service encounters, we frequently observed customers in Dior, Prada, and Saint Laurent stores strike up conversations with other customers while trying on products, asking for opinions and complementing each other. These observations align with Han et al. (2010) who found that some luxury customers actively want to associate with their peers.

At the same time caution is needed. Luxury customers are different, with some consuming luxury either to stand out or to blend in (Dubois, 2020; Kastanakis & Balanakis, 2012; 2014), and still others are interested in interacting with peers only (Berger & Ward, 2010; Han et al., 2010). For the latter category, similar to what Wirtz et al. (2020) termed 'social exclusivity', interacting with non-peers could have a detrimental impact (cf. Dion & Borraz, 2017). Unlike many other service settings, some luxury customers prefer not to interact with others or to only interact with others of similar or higher status. We thus recognize that there is a fine balance to find between facilitating customer-customer interactions for those customers looking for a collective luxury experience (Holmqvist et al., 2020) or wanting to associate with their peers (Han et al., 2010) versus those whose service experience would suffer from interacting with others (Dion & Borraz, 2017). Currently, though, we argue that many luxury brands do not pay sufficient attention to either of these possibilities.

When observing interactions in luxury boutiques, we found that customer-customer interactions frequently took place when frontline employees were absent, having gone to fetch an item or serve champagne. Rather than being facilitated by the brand, these interactions happened spontaneously. These observations lead us to postulate that at least some luxury customers would be eager to interact in a hedonic mood with other customers (cf. Holmqvist et al., 2020), at least if they perceive them as peers (Han et al., 2010). Hence, we advance that luxury brands could benefit from proactively facilitating such interactions while at the same time not making such interactions unavoidable given that some luxury customers actively do not wish to have such interactions (Dion & Borraz, 2017). Such facilitation already happens in some luxury boutiques where elite customers are given access to floors not accessible to most others. Summarizing this discussion, we propose:

P7. For customers interested in collective luxury experiences, interactions with other customers enhance the service encounter. However, customers not interested in interactions need to have the option not to interact.

4.5. Customer–digital–customer interactions

Having outlined the potential benefits of customer-customer interactions in the luxury service encounter, we proceed to argue that digitization can facilitate and further enhance these interactions. In particular, customer-digital-customer interactions can be even more important in luxury contexts, as many luxury customers enjoy displaying their status to others; both to those with whom they wish to associate and even to those from whom they actively wish to disassociate (Han et al., 2010).

Furthermore, prior research recognizes that one of the reasons customers buy luxury is for the prestige it can bring (Han et al., 2010). Some customers even want to be seen consuming luxury to signal to potential partners (Sundie et al., 2011). This possibility to 'show off

remains a motivation for some luxury customers (Kapferer & Bastien, 2009) and the development of digital tools makes this kind of conspicuous consumption easier than ever. Taylor and Strutton (2016) discuss the role of social media in conspicuous consumption and show how customers eager for self-promotion engage in posting on social media to showcase their consumption.

Consistent with Bolton et al. (2018), we combine the digital and social realms of the customer experience to develop how digitization facilitates conspicuousness in peer-to-peer interactions. As luxury is a social construct (Roper et al., 2013), an important part of luxury consumption is its use in social contexts and social hierarchies (for a review see Dubois & Ordabayeva, 2016). Customers interested in showing others that they buy luxury and wear luxury brands can integrate the social realm of luxury consumption with the digital realm through the use of Instagram and other social media platforms to reach a wide audience. This development is at the heart of many influencers who regularly use Instagram and other digital platforms to post pictures of their luxury consumption to their followers, who in turn can interact by liking and commenting. Thus, we advance the following:

P8. For conspicuous customers, digital tools can increase opportunities to interact with other customers, and even non-customers, to help make the customers' luxury consumption more visible.

Extending this intersection of the digital and social realms of the customer experience (Bolton et al., 2018) to an even wider multi-actor interaction, we highlight that some luxury consumers use social media to show their luxury purchases while tagging the boutiques they have visited. These customers thus use digital tools to interact directly with other potential customers as well as with the luxury brand. A review of Instagram posts tagged to the flagship boutiques of Chanel, Dior, Louis Vuitton, and Prada confirms this as many customers post enthusiastically about having visited a particular boutique, conspicuously holding up their bags with the brand logo visible. A digital manager based in Paris told us that part of her job involves going through all Instagram posts tagging the brand, showing that luxury brands are well aware of the importance of these customer-digital-customer interactions for supporting their brand.

Furthermore, these customer posts correspond to how Larivière et al. (2017) discuss technology that makes customers enablers of the service encounter through posting on social media, echoing research on how technology lets engaged customers take the lead in dedicated brand communities (Dessart, 2017; Dessart, Veloutsou, & Morgan-Thomas, 2016; Wirtz et al., 2013). Engaging with other customers to talk about the luxury brand is likely to reinforce customer feelings of psychological brand ownership (cf. Fritze et al., 2020; Wirtz et al., 2020).

We propose that luxury brands could benefit from playing a more active role in these digital peer-to-peer interactions, especially as customers clearly want and already enact them. Drawing upon the important role of platforms in enhancing peer-to-peer interactions (Breidbach, Kolb, & Srinivasan, 2013; Breidbach & Maglio, 2016; Rangaswami et al., 2020; Wirtz et al., 2019) luxury brands need to consider how to facilitate online interactions between customers. We recognize that many luxury brands are wary to surrender some of their control over the interactions, but these interactions will continue regardless and luxury brands need to get on board.

We believe exclusivity can be maintained while facilitating customer-technology-customer interactions. As a rare example of actively maintaining exclusivity in a digital setting, Armani's most exclusive sub-brand, Armani Privé, has a website requiring an invitation in order for customers to access it. Such exclusive websites could be further developed to offer a platform to allow interaction with other elite customers on it. Likewise, exclusive access to apps and other virtual environments (e.g., by providing only selected or 'qualified' customers with an activation code) could be used to preserve exclusivity while allowing customers to interact with each other and the brand, and

enable access for other customers (cf. McFerran & Argo, 2014) in a multi-actor network.

The possibility to engage with like-minded customers in a 'protected' and exclusive brand community can increase customer value (Schau, Muñiz, & Arnould, 2009). Hence, luxury brands are likely to benefit from facilitating interactions between customers through digital platforms in which engaged customers can become both coordinators and differentiators in a brand community. This discussion is summarized in the following propositions:

P9. Exclusive digital platforms allow customers to engage with a luxury brand through digital interactions to co-produce their experiences, and become coordinators and even differentiators of other customers' experiences with the brand.

P10. Facilitating digital interactions in exclusive online brand communities can increase a sense of psychological ownership of the luxury brand and enhance customer engagement with it.

5. Discussion

This article develops a set of propositions at the intersections of the physical, digital, and social realms on how luxury brands can adapt the use of digital multi-actor interactions to augment rather than risk their brand image. Our propositions, their contrasts to the extant literature and managerial implications are summarized in Table 1.

5.1. Implications for theory

Digital transformation in recent years has challenged researchers and managers alike to reconsider established paradigms and question common business practices (Reinartz, Wiegand, & Imschloss, 2019). Current luxury research on service encounters focuses predominantly on the individual customer perspective and the interactions between the frontline employee and the customer (Dion & Borraz, 2017), with virtually no focus on digital and multi-actor interactions. We argue that this focus is too limited and extend the luxury literature to these neglected interactions by studying the multi-actor interactions in the physical, digital and social realms of luxury.

The wider service research literature shows that customers are influenced not only by the store environment (Bitner, 1992; Mattila & Wirtz, 2001; Wirtz, Mattila, & Tan, 2000) and by interactions with service employees (Bitner, 1992; Surprenant & Solomon, 1987), but also the presence of other customers (Patrício et al., 2011) and the use of technology (Larivière et al., 2017; Wirtz et al., 2018). Previous luxury research has predominantly focused on the individual (see Holmqvist et al., 2020 for an exception) which is problematic as service experiences may be collective (Carù & Cova, 2015), customers can cocreate their experiences (McColl-Kennedy, Vargo, Dagger, Sweeney, & Kasteren, 2012), and technology changes how consumers engage with a brand and each other (Dessart, Veloutsou, & Morgan-Thomas, 2015; Wirtz et al., 2013).

Our article contributes to an understanding of how these multi-actor interactions can be adapted to the luxury context. The importance of multi-actor interactions has received considerable attention in recent years (Breidbach et al., 2016; Harmeling, Moffett, Arnold, & Carlson, 2017), yet extant multi-actor research focused on contexts in which it is in everybody's interest to interact. Through our review of the luxury literature we show that this is often not the case in luxury service encounters. While there are customers who are interested in interacting with peers (Berger & Ward, 2010; Han et al., 2010), some want privacy and disassociate from others (Dion & Borraz, 2017; Han et al., 2010). To further complicate the situation, many luxury brands want to control the interactions (cf. Dion & Borraz, 2017).

In order to disentangle these conflicting interests, our propositions outline an overview of how multi-actor interactions can be

Table 1
Propositions for multi-actor interactions in luxury service encounters.

Propositions on interactions in the service encounter	Extant research	Managerial implications
Frontline employee–customer		
P1: In traditional luxury service encounters, value unfolds in dyadic interactions between customers and employees with the latter controlling the interaction.	Traditional service encounters are dyadic (Surprenant & Solomon, 1987). In luxury service encounters the frontline employee controls the social hierarchy of the interaction (Dion & Borraz, 2017).	The dyadic employee–customer interaction has remained the norm in luxury boutiques. Managers in luxury need to understand that, though important, this interaction can no longer represent the entire luxury field in a digital age.
Employee–digital–customer		
P2: Digitization can improve the <i>utilitarian</i> aspects of dyadic interactions between employees and customers in luxury boutiques.	Digital tools may facilitate the interactions between customer and employees (Breidbach & Maglio, 2016; Wirtz et al., 2018) and allows employees to become enablers and coordinators of the service encounter (Bowen, 2016; Larivière et al., 2017),	The use of digital tools in interactions in luxury boutiques can make the interaction easier to handle for frontline employees as they can check for available products and register customer preferences faster and more easily.
Customer–digital		
P3: Luxury brands need to leverage digitization when serving younger customer segments. As millennials become the largest segment of luxury customers, luxury purchases will increasingly be driven by digital multi-actor interactions.	Millennials and younger consumer mainly use social media to interact with luxury brands (Deloitte, 2017). These consumers, who are used to interacting with technology, represented one third of all luxury customers in 2019 (Forbes, 2019) and will represent more than half in 2024.	Traditional luxury customers who mostly purchase in dyadic interactions in luxury boutiques are fast being replaced by new luxury customers who expect to also interact digitally with luxury brands.
P4: The luxury service encounter (whether face-to-face or digital) should entail a sense of interactive escapism.	Escapism is one of the key aspects of the luxury experience (Holmqvist et al., 2020) and interactions in luxury boutiques should offer an extraordinary, escapist encounter (Atwal & Williams, 2009; Dion & Arnaud, 2011).	Purely digital interactions are risky for luxury brands as evidenced by Chanel's decision not to sell luxury fashion online. Buying luxury is not just about acquiring the product, it is also about the unique interaction in the boutique that enables customer escapism.
P5: Customer interactions with digital tools should support luxury escapism by enhancing the in-store experience.	Technology can transform the in-store interaction so that employees become coordinators of the service encounter (Larivière et al., 2017) and can enhance customer escapism.	Digital interactions do not have to always reduce escapism. Managers need to consider how to develop digital interactions to increase rather than decrease the sense of escapism in the service encounter.
P6: Customer-digital interactions should not replace human interactions in luxury contexts but rather stimulate additional value-enhancing interactions.	Luxury brands need to offer outstanding customer service, matching their brand image (Kapferer & Bastien, 2009). Digital support may transform the interaction in ways not previously possible (Wirtz et al., 2018).	Luxury managers should not seek to replace existing interactions to keep the exceptional service quality required in luxury service encounters. Rather, managers should develop digital interactions that go beyond current interactions and add further value.
Customer–customers		
P7: For customers interested in collective luxury experiences, interactions with other customers enhance the service encounter. However, customers not interested in interactions need to have the option not to interact.	Luxury customers are often interested in peer approval (Han et al., 2010) and use signals perceived and understood by their peers (Berger & Ward, 2010). Interactions with other customers in the service encounter can strengthen the hedonism in the experience (Holmqvist et al., 2020), yet some customers explicitly do not want to interact with others (Dion & Borraz, 2017).	Luxury managers can facilitate peer-to-peer interactions by providing opportunities to interact with other customers already in the luxury boutique rather than insisting on employees being in charge of all interactions. At the same time, they need to be careful not to impose customer–customer interactions on those customers who do not desire them.
Customer–digital–customer		
P8: For conspicuous customers, digital tools can increase opportunities to interact with other customers, and even non-customers, to help make the customers' luxury consumption more visible.	Many luxury customers want to use luxury to signal their social standing (Han et al., 2010). Some even signal both to potential partners and to perceived rivals (Wang & Griskevicius, 2013).	Managers can enable conspicuous consumption by facilitating interactions with digital tools (e.g., a brand's social media) to let customers interact with peers in order to display how they interact with the luxury brand.
P9: Exclusive digital platforms allow customers to engage with a luxury brand through digital interactions to co-produce their experiences, and become coordinators and even differentiators of other customers' experiences with the brand.	Digitization allows engaged customers to interact with other customers in online brand communities (Dessart, 2017; Dessart et al., 2016). Furthermore, customers can become enablers of the service encounter by interacting with other customer on social media (Larivière et al., 2017).	Luxury managers can enhance customers' engagement with the brand through online platforms to enable customer–customer interactions. As engaged customers interact with each other brand equity can be enhanced.
P10: Facilitating digital interactions in online brand communities can increase a sense of psychological ownership of the luxury brand and enhance customer engagement.	Interacting with other customers in brand communities increases customer value (Schau et al., 2009) and also enhances the sense of psychological ownership that is key to some luxury service perceptions (Wirtz et al., 2020)	When customers interact with others customers about a brand, their feelings for the brand and psychological ownership increase. Luxury brands can benefit from facilitating such interactions among their customers.

implemented in ways that respect the specificities of luxury (Kapferer & Bastien, 2012). In doing so, we recognize that some of our propositions are likely to be more suited for certain types of customers. For example, some customers indulge in luxury for the hedonic escapism it allows (Holmqvist et al., 2020; Wirtz et al., 2020). Termed patricians by Han et al. (2010), these discreet luxury customers are not interested in conspicuous consumption. Rather, they are likely to prefer the hedonic escapist dimension underpinning our propositions P4 and P5, providing hedonic and social exclusivity (Wirtz et al., 2020). For example, Chanel's exclusive floor with its smart virtual mirror is only available for elite customers, and only one at a time. This highly exclusive luxury is

not visible to others, and the interactions with the refined setting (physical realm) and digital tools (digital realm) become almost private 'moments of luxury' (cf. Holmqvist et al., 2020; Thomsen, Holmqvist, von Wallpach, Hemetsberger, & Belk, 2020; von Wallpach, Hemetsberger, Thomsen, & Belk, 2020)

In contrast, conspicuous luxury customers who want to flaunt their wealth and use luxury consumption as a social signifier, termed 'parvenus' (Han et al., 2010), are more likely to be interested in the customer–digital–customer interactions outlined in P8. Through engaging in these digitally enabled multi-actor interactions they can use luxury consumption as a social signifier to large audiences (cf. Kapferer &

Bastien, 2012).

This article thus adds to extant research by introducing a digital luxury perspective and outlines how technology-enabled multi-actor interactions can be adapted to fit the luxury context. Extending research on the intersection of the physical, social and digital realms of customer experiences (Bolton et al., 2018), our article contributes to an understanding of how the digital luxury realm intersects with previous luxury research on the physical realm (Atwal & Williams, 2009; Dion & Borraz, 2015) and the social realm (Dubois, 2020; Dubois & Ordabayeva, 2016; Kstanakis & Balabanis, 2014). The development of our propositions and the examples we provide show that it is possible to implement multi-actor interactions in a way that respects the specificities of the luxury context (see Table 1).

5.2. Managerial implications

Our findings are driven by conversations with luxury managers with the expressed aims of both identifying current practices and going further to develop propositions for future practices. Table 1 details key managerial implications that arise from our propositions.

For interactions in the boutique, we point out that current luxury practices focus mainly on the dyadic interaction between customer and employee. Based on our in-store observation of customers spontaneously interacting to comment and recommend each other's purchases, we posit that luxury brands could benefit from facilitating such interactions. Through our propositions we identify the potential for a multi-actor focus. At the same time, we recognize that not all customer want to interact with others, hence managers need to thread a fine line. That is, customers who want to interact with others should be able to do so, yet this should not be imposed.

Our propositions concern an important and growing topic that luxury brands have hitherto largely neglected: the use of digitization to improve customer interactions rather than just to sell online. Technological advances mean that customers in luxury boutiques can use digital tools both to enable and coordinate their own service encounters, as well as become enablers, coordinators and even differentiators of others customers' service encounters.

While writing this article, we discussed with managers at the Parisian headquarters of top luxury fashion brands and asked them about the roles of digitization. Without exception, their spontaneous response was that it is an important topic that they are starting to implement, and then proceeded to talk about introducing digital tools to help frontline employees in the luxury boutiques. These innovations largely correspond to the interactions that we outlined under frontline employees' interactions. Revealingly, our follow-up question about whether anything is done for the customers' digital experience generally resulted in surprise, and then an admission that they had not (much) considered this aspect. This was even more so when it came to customer-customer interactions. Both these interviews and our observations suggest that luxury brands lag behind in implementing multi-actor interactions: this is not sustainable in an increasingly connected, digital world.

Luxury brands will need to adapt to the changing service encounter, and the propositions we advance represent one way for luxury brands to do so without losing the specificities of luxury that define them. Too often, we find that luxury brands have mistaken digitization for just a retail channel, and use technology mainly as a way to advertise and operate an online store without paying sufficient attention to the multi-actor experience. This is a missed opportunity as it leaves customers passive instead of engaging them. The example of Chanel is noteworthy as the brand has chosen the opposite approach: refusing to sell its fashion online, but recently starting to implement technology to facilitate both experience-driven customer-digital interactions and even the recent customer-employee-technological interaction reserved for top customers who get to interact with the virtual mirror together with a fashion adviser.

Furthermore, customers as active co-creators of the service encounter (Pralhad & Ramaswamy, 2004) can support the luxury brand, particularly in their digital interactions with other customers and prospective customers, especially on social media by sharing relevant content. When used wisely, these digitized multi-actor interactions can help luxury brands strengthen their brand communities at the intersection of the digital and social realms of the customer experience (Bolton et al., 2018). Social media is an overarching network of other networks of multiple actors to "allow the creation and exchange of user generated content" (Kaplan & Haenlein, 2010, p. 61), hence they make it possible for engaged customers to take the lead in enabling interactions with and around the brand (Dessart, 2017).

Finally, an important managerial implication is that technology can help increase rather than reduce exclusivity. For example, facial recognition or the Internet of Things (IoT) can be integrated, with the customers' permission, in customers' loyalty cards and select luxury items (e.g., a handbag) and connected to a brand's loyalty program. The technology could immediately alert employees when an elite customer enters a boutique. This would heighten customers' exclusive treatment as they would be recognized in any of the brand's boutiques worldwide, rather than just the boutique they usually visit. Data collected by employees could be paired with the customer profiles, again with their permission and following corporate digital responsibility (CDR) guidelines (Lobschat et al., 2020). This practice would allow employees even in boutiques the customer never visited before to know if the customer prefers champagne, water or soda, what products the customer usually buys, if the customer happens to have a birthday, or even remind them that an anniversary or a loved one's birthday is coming up.

Together, these examples show that a multi-actor and digitization approach to luxury is possible and can enhance both the customer experience and the exclusivity of a brand. The several types of multi-actor interactions explored in this article represent avenues for luxury brands to implement a move away from the simple dyadic interactions towards a digital and multi-actor approach.

5.3. Future research

This article, though informed by managerial insights, is conceptual in nature with the aim of directing attention to an important area in need of further research. Our conceptualizations are built on discussions with several managers in the luxury field and thus present both an overview of existing practices (mainly on the frontline employee-side) and missing practices (mainly on the peer-to-peer side). There are several promising avenues for empirical research to test the different multi-actor interactions discussed in this article, both separately and as parts of a larger multi-actor approach. A good starting point would be our propositions for hypotheses development and empirical testing. Here, it would also be of interest to explore potential moderators (e.g., customer types such as parvenus vs. patricians and their motivations), types of products (e.g., luxury goods vs. services), and culture (e.g., individualistic vs. collectivist cultures).

Furthermore, we believe there are aspects relevant to both in-store and online multi-actor interactions that deserve more research focus. For example, at the intersection of the digital and social realms (cf. Bolton et al., 2018), how should luxury brands manage interactions on social media? Should French and Italian luxury brands use their heritage languages or English as a global lingua franca (Crystal, 2012)? Luxury brands whose heritage is rooted in French or Italian culture may undermine this image if only communicating in English as perceived authenticity derives from the language a company uses in interactions (Kraak & Holmqvist, 2017). Research shows that customers wanting to interact in the cultural language of a firm but answered in English react negatively (Holmqvist, Van Vaerenbergh, Lunardo, & Dahlén, 2019); future research could study the impact of multi-actor interactions in the digital realm in different languages. Another relevant question for future research in the digital and social realms concerns how customers

react to a luxury-brand platform enabling peer-to-peer interactions (cf. Rangaswami et al., 2020; Wirtz et al., 2019), all while maintaining the brand's exclusivity.

Additional interesting research questions can be found at the intersection of the physical and social realms. These potential research questions include how luxury employees can move from enablers in dyadic encounters to coordinators in multi-actor interactions, and how the customer-customer interaction is best managed to increase collective hedonism (cf. Holmqvist et al., 2020) and decrease feelings of disassociation (cf. Dion & Borraz, 2017).

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