Nguyen Le

BRAND MANAGEMENT IN LUXURY MARKETING

ABSTRACT

Centria University of Applied Sciences	Date March 2020	Author Nguyen Le
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Supervisor Katarina Broman		

The purpose of this research was to provide the general view of brand management through the aspects of customer segmentation, millennial and young generation, luxury marketing with the new entrance of internet marketing as well as to recommend some notable cases of luxury brands to take advantage of each aspects and to analyze the risks and opportunities of the modern ongoing luxury industry. In order to achieve the result, this report analyzed the case of well-known luxury brand names from clothing and accessories, car, mobile phone and wine industry. The topic was examined through a case analysis of the company and compared to theory. The research successfully showed that the emerging market with a new segment, together with the younger generation, the art of luxury marketing and the new entrance of internet marketing take crucial parts in term of brand management and in the business revenue, profit and reputation as a whole.

Key words
Brand management, Luxury Industry, Online Marketing

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1   INTRODUCTION

The luxury goods market is growing rapidly in term of value and number of participants. Based on the recent report provided by Bain & Company, the luxury market increased 5% in 2018, which is estimated €1.2 trillion, with growth in most divisions including luxury cars, personal luxury goods, high-end hospitality, fine wines and spirits, gourmet food and fine dining, fine art, high-end furniture and housewares, private jets, yachts and luxury cruises. With the trending shift in consumer market from common and traditional European and American with old generation to young and dynamic generation Asian emerging countries, competitive pressure and market demand alteration become a big challenge for luxury companies. In order to retain the reputation built in decades as well as to catch up with new expectations and emerging interests, the brand manager should consider and redefine their objectives, examine the current resources to adapt with the ongoing changes in demands of the high - end customers.

Luxury marketing is regarded to be the marketing of luxury goods which are charged with high prices and sometimes not considered necessary to the consumer. Luxury good buyers often make exclusive purchases that the majority of consumers cannot afford. (Top Marketing Schools, 2019.) In recognition of the economic development, there is a considerable increase in the number of people with desire and ability to purchase luxury goods. As a result, the high-end industry has been growing dramatically, attracting more players. Understanding customer behaviors is a must for any businesses to survive and grow in this intensive competition. It becomes more vital when the customer behavior of luxury buyers tends to be more complicated than the ordinary ones.

This research is going to analyze and classify different types of consumers based on their behaviours, find out the relationship between the understanding of customer behavior and brand management in luxury business. Based on that, some recommendations can be proposed for corporates to attract more consumers.

Aiming at the understanding of consumer behavior in luxury marketing and how to apply internet marketing in brand management, the research aims to tackle the following questions: What are the customer segments in luxury marketing? What are the behaviors of millennials – the future main purchasing forces? How can businesses in luxury industry utilize the internet to promote products, but not losing its standards?

In addition to introduction and conclusion, the research is divided into five main parts. Chapter 2 describes different customer segmentation in luxury marketing. Following that, the author provides insights of target customers – millennials including their behaviours and how to attract them. Chapters 4 to 6 discuss the influence of Internet over luxury marketing, brand management as well as risks and opportunities facing the modern luxury industry and offer some recommendations along the way.

2   CUSTOMER SEGMENTATION

This chapter describes different dimension of customer segmentation, dividing by their knowledge of luxury and their motivation to purchase luxury goods and services.

2.1   Customer knowledge of luxury

Based on their affordability and their crave for status, there are four group of consumers, namely patricians, parvenus, poseurs, and proletarians.

TABLE 1. Customer segmentation based on need for status and affordability (Han, Nunes & Dreze 2010)

		Need for status	
		High	Low
Affordability	High	Parvenu	Patrician
	Low	Poseur	Proletarian

The ones who have high financial means but show little interest in displaying their wealth are called as Patricians. In fact, they would like to use subtle signals to get connected to other fellow patricians. They are willing to pay a premium price to purchase items which only patricians can understand the values. Therefore, the luxury goods which can attract this customer segment should not be something too noticeable with a huge logo but with the exclusive brand, less loudness is better (Han et al. 2010).

Affluent as well, the parvenus yearn for expressing their status and would like to purchase items who can show their wealth in the most noticeable way. It does not mean that they cannot afford something subtle as the patricians. However, the factor they concern first when purchasing is whether it can support them to dissociate themselves from the ones who cannot afford and associate themselves with other who can. For example, Parvenus love the handbag with visible Channel logo because it proves that the handbag is unaffordable to those below them, more loudness is better.

PICTURE 1. People queuing in front of Louis Vuitton store on Champs-Élysées in Paris

Like Parvenus, the poseurs would like to purchase for the sake of their status display. They prefer to be recognized as the affluent ones in the society and differentiated from the lower class. However, the difference between these two kinds of consumers is that the poseurs lack the wealth of parvenus. In fact, their financial status does not allow them to possess these premium goods. To rub their shoulder with the high class, they often choose to purchase counterfeit luxury goods. It is not surprising that the market for counterfeit has lasted for a long time to serve this class in the society.

The final group is the proletarians, who do not have the financial means and not need to signal their status by consuming the products. They simply cannot or will not buy products to express their status. Often, this customer segment considers purchasing goods because they need the practical values these products bring.

2.2 Consumer needs and motivations for purchasing luxury items

Another way to divide luxury buyers into customer segments is researching for their needs and motivation for purchasing high-end products or services.

2.2.1 Self realization segment

According to Abraham Maslow's Hierarchy of Needs (Lester, Hvezda, Sullivan & Ploude 2010), it was represented with a pyramid with a three-part hierarchy: "basic needs" at the bottom, "social needs" in the middle, and "self-actualization" at the top. The "basic needs" literally means things like food, water, shelter and everything necessary for immediate survival. This kind of need places on the base of the pyramid with the widest portion by area, meaning that it occupies the largest time, energy and resources than the rest. In the middle of the pyramid is the place of "social needs." They refer to things like connectedness, love, respect, intimacy, attention. This accounts for the second largest market. And at the top of the pyramid, Maslow placed a set of needs called as "self-actualization" needs. The definition of this need is our ability to make an impact, experience new things, live up to our full potential. The reason why they come last in the pyramid is that humans cannot take them into consideration until the other needs are met. Self-actualization is definitely what the wealthy consumer would like to gain when purchasing luxury products. The reason behind this is that they have met other needs like basic needs and social needs from other products with their high affordability.

Fortunately, the demand for fulling this top need is about to become the largest market in the future thanks to the economic development in the global scale. It is widely known that the problems of poverty, food security will soon be solved. The global will shift their needs from meeting their basic to the pursuit of self-actualization. The marketer in the luxury marketing should take a close at the trend and use it to shape the future.

2.2.2 Elite customers segment

The segment of elite customers refers to those who have a great financial situation and usually purchase luxury products. They also have a comprehensive knowledge of luxury brands and luxury products. This client group represents the loyal customers of luxury brands, those include movie stars, musicians, athletes or people having achieved financial success at a relatively young age. What attracts these clients is the strong needs of recognition and power. As a result, they affluent consumers who have the money to spend on prestigious products with an image of exclusivity.

2.2.3   Accesible luxury segment

Nowadays, the definition of luxury is believed to become less scarce, and more superficial. Today's luxury is more accessible. The luxury products are no longer something hard to obtain but something creating more enjoyment. It is reflected on the unique design, amazing ideas or creative forms. With these open definition of luxury products, marketers can level up their common products to the luxury ones by leveraging these qualities. Therefore, the affluent consumers who can afford to purchase luxury goods can be referred to the ones who save up a long time to a new BMW or a new Channel bag. This customer segment should receive the greatest care from the marketer for luxury brands.

2.2.4   New rich segment

The new rich segment in luxury marketing refers to a group of customers who have a certain level of income allowing them to purchase luxury goods in some selected areas. Their key feature is that they cannot afford to have premium consumption in all aspects of their lives. However, with their modern lifestyle, they are willing to trade off, spend disproportionately their income for what they love. They tend to be young, single, in their career path and have the freedom to use their money suitable for their personal lifestyle. The noticeable point is that this segment often becomes the trend setter in the market. As a result, this segment also deserves the attention of marketer for the future of luxury brands.

2.3   Paradoxes in customer behavior

The customer segmentation will never be able to cover all kinds of customer. There are still remain some paradoxes that the company should keep in mind in order to make an appropriate marketing plan.

2.3.1   Snob effect:

The snob effect is a phenomenon in microeconomics, referring to the inverse demand for a certain good between the individuals of higher and the lower income level (Uzgoren & Guney2012). Unlike the lower level, the high class often pay a great deal for a product with low practical value due to their great desire

to possess unusual or unique goods. Often, these goods are related to some superficial factors like celebrity representation and brand prestige.

The key factors of a product which can attract the snob customer is that it should be in a limited supply. In other words, the lesser available an item is, the higher its snob value is. The typical examples are rare works of art, designer clothing, and sports cars. Some researches, such as Verhallen (1996), Snyder (1992) or Wagner (2018), have proven the inverse relation between the product supply and the customer choices. It means that while the goods with limited supply are regarded to be of higher values, the goods which can be easily purchased are less desirable in the snob effect. This finding has been once again emphasized in the study of Aguirre-Rodriguez (2013), when the most significant criteria to see a product as expensive is product scarcity. It is easily understood that the products with limited supply should be charged with a such a high price which not everyone can afford it. In the study of Mason (1995), he examined the demand curve of the snob consumer and found that his/her purchasing behavior would be in relation to the increase in luxury goods prices.

Other one in luxury marketing which often is compared to the snob effect is the Veblen. Both of these effects place the importance on the high price of luxury goods. However, the difference is that the Veblen does not emphasize the fact of being one of the limited owner of the goods as the Snob effect. To put in more details, consumers in Veblen effect do not find it as a problem when other individuals can own the high-priced goods they has purchased. However, the demand of the individual to high priced goods in the snob effect tends to decrease when the number of those who can possess these products increase. The snob effect has been widely understood and applied in some business such as night clubs, luxury clothes and accessories. To keep their fashionableness, restricted entrance is essential. Therefore, entering these night clubs has been appeared to be a social status symbol among young generations. Therefore, increasing the current supply reduces the demand in the future. Thanks to the Snob effect, a monopoly firm in luxury good industry may increase its marginal profit by making price discrimination. When releasing a new product to a new market, the monopoly firm should know to make an appropriate pricing strategy due to inelastic structure of the snob consumer demand.

The snob effect also explains the efficiency of the rude attitude of some sellers in luxury goods market. The products which may be appealing to the snob individual should be emphasized on the personal characteristics that snobs have, the great desire for expressing their status. Comprehending this, a seller in this high priced good market may adopt a rude attitude to the extent that she/he judges the social status
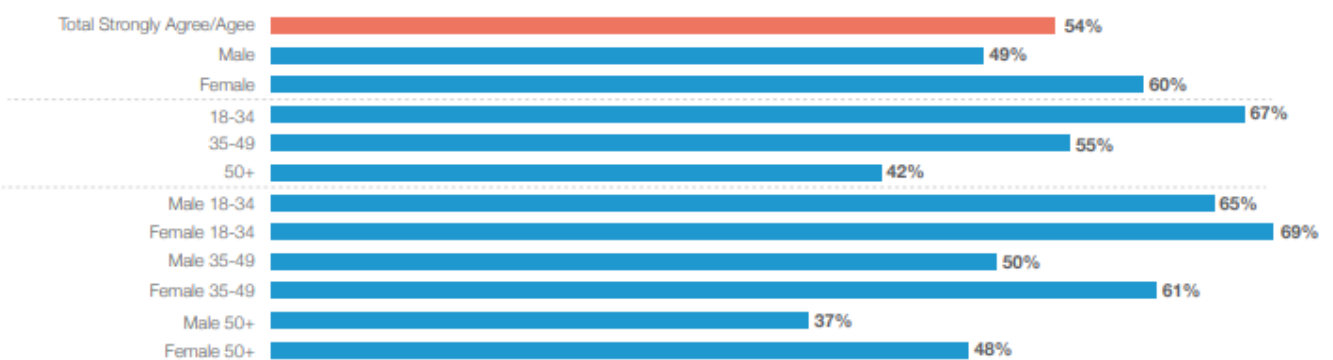
of an individual. In other words, the seller may politely reject the consumer with the reason of unafford-able price range. As a snob consumer, this one will pay a great deal to buy a product which her/ his financial situation may not allow to prove their social status. Because purchasing a hard-to-obtain goods has given self-actualization feeling in the eye of the snob customer, she or he accidentally make a purchase decision so as to prove his/ her identity and improve their social status. To conclude, a slight offence and polite rejects in selling attitude may work in luxury marketing rather than an excessive insistency to convince the customers.

2.3.2 Shame effect

A key element the marketer in luxury marketing should take into consideration is the mixed emotions of enjoyment and guilty among those purchasing luxury goods. Although affluent consumers absolutely afford to possess a high-priced product with amazing purchasing experience, a sense of guilt paired with the joy is inevitable.

Looking into gender breakdown, female consumers have the greater tendency to express their guilty than the male ones. According to Ipos (2019), 60% of affluent females feel guilty when purchasing a luxury product, compared to 49% of affluent males. Looking closely at the demographic breakdown, 67% of Millennials are reported to have this guilty feeling while the percentage among those aged 35-49 and those over the age of 50 is 55% of 42%, in turn. Due to this duality and guilt associated with luxury, the term "luxury" is not always regarded as positive. In fact, only 33% of wealthy consumers view it as positive and even 16% of them say that the term luxury is not at all positive.

Strongly Agree/agree: I Sometimes Feel Guilty Making A Luxury Purchase

Total Strongly Agree/Agee	54%
Male	49%
Female	60%
18-34	67%
35-49	55%
50+	42%
Male 18-34	65%
Female 18-34	69%
Male 35-49	50%
Female 35-49	61%
Male 50+	37%
Female 50+	48%

PICTURE 2. Survey of finding guilty when purchase luxury goods

Overcoming that guilt is a challenge and also a key of luxury marketing. What a marketer often do in this case is combining the joy of purchasing luxurious products with some concepts like empowerment, rewards and deservedness. By doing that, marketers can position their brand, bring the positivity in the minds of these consumers.

2.3.3 The Art of Luxury Marketing

According to Gilpin (2001), the great gross margin in luxury goods is undeniable with average around 60 percent, compared to 40 to 50 percent of mainstream brands. After expenses, the operating profits are around 18 to 20 percent of luxury goods companies compared to 9 to 12 percent of more mainstream brands. The good news for the luxury sector is that luxury is growing worldwide. However, it also creates a major dilemma. Luxury brands can become a victim of their own success when increasing the supply of luxury goods. Based on the snob effect mentioned above, the loss of objective rarity can lead to the decreasing desire for these desire goods. In other words, the art of luxury marketing lies on the balance of the growing penetration or sales and the limited supply of these products.

3 MILLENIALS AND YOUNG GENERATION SHIFT IN LUXURY INDUSTRY

This chapter provided a theoretical framework of behaviors of millennials, taking away from previous researches and studies. Moreover, the author conducted a survey as an empirical study to showcase how millennials act towards luxury brands.

3.1 The characteristics of Millenials

Aquent (2019) pointed out that Millennial and Generation Z are expected to the purchasing force of luxury brands by 2025 with 45% of the global personal luxury goods market. Therefore, the marketing planner need to change the game in order to serve these clients. While that presents great opportunities

for many brands, the challenges are also considerable because Millennials think and shop differently from previous generations.

The first characteristic of these customers is engaged in self - expression. Uniqueness and exclusivity are the main factor that millennials are looking for in a product since it is regarded as the statement to prove who they are, what they want and which they stand for. Therefore, luxury products with tailor-made items become particularly attractive. It can be varied from putting initials on designer bags to letting the customers personalize their own designs on the brand's jacket.

The second major difference in millennials' spending habits is that they typically value experiences more than older generations. In other words, this generation would prefer to spend their money on purchasing experiences rather than products and they ready to pay extra for VIP experiences. These activities can refer to high-end travels, exclusive events, gastronomy or automotive products. This new luxury concept crucially related to the first characteristic mentioned above since experiences are usually unforgettable and unique occasions, which display a much younger 'rich kid' profile. Combining with the growth of social media and lifestyle-focused platforms like Instagram, videos and photos from elite trips, concerts, services and food represents a way to build the personal brands and the desire of engagement. On the other hand, the experiences related to traditional luxury items such as customer service, packaging, ship-ping and payment method, etc. also need to be invested. These actions will help high-end brands to attract and maintain relationships with the millennials than only the products itself.

It partly leads to the third point: Internet matters more than ever to millennials. Even though, purchasing in-store remains the preference, young people would like to make the online interaction before actually buying the product. They will likely make a research about the brand, the products, read the related reviews as well as the similar items from other competitors. The survey at Group (2019) has provided the information that millennials use a mobile device to read user reviews and research products before making purchasing decision more often than non - millennials with 50 percent compared to 21 percent. 53 percent of millennials often explore brands on social network while only 37 percent non millennials do that. In addition, their purchasing decision may mainly be affected by the digital media as well. This generation tends to trust their friends rather than an expert. They prefer to take opinions from someone with firsthand experience and great credit rather than someone with professional or academic credentials. According to the research from Group (2019), millennials use social media platforms more than non-millennials with 79 percent and 59 percent respectively. Millennials also are reported to have larger network in social media with 46 percent having 200 or more friends on Facebook, compared with 19

percent non-millennials. Young generation is heavily influenced by their peers and have tendency to follow all their friends's social media in order not to miss out. As a result, purchasing a product based on the Instagram they followed (both friends and influencers) became a trend. The popularity of a product on these platforms can be an advantage of any brand to attract these clients. Paid partnership with models, fashion icons and KOLs (Key Opinion Leaders) or sponsored red carpet looks for movie stars like Oscar event, are a common PR move for luxury houses. Because word-of-moth marketing is still considered as one of the most effective strategy whether in traditional advertising or digital media.

Next point is that millennials not only care about the products but also the stories behind it. Unlike previous generation, the millennials do not just accept something because they have always been done a certain way. Instead, they are willing to know the cause or the purpose to do something and require changes if needed. A method to connect better with young people as well as the strategic move in brand management is that the companies need to share the stories behind its brands like history, vision, core value or newest trend 'sustainable development'.

Finally, millennials tend to appreciate a brand with innovative ideas. These people are creative and curious, they always demand for changes, a vision ahead of time, an up-to-date design or a new concept beyond the old, traditional luxury. Their personalities forced the high-end brands to move and sharpening a new luxury concept. The typical example is the luxury sneakers, a status symbol of young customers. Rich millennials ready to pay thousands of dollars for high-end sneakers from brands like Balenciaga or Gucci. Their require for comfort and athleisure set this trend and luxury brands take this as an opportunity to design and bring streetwear out of the underground. Not only running shoes but hoodies, sweaters and jeans - items has never been existed in old luxury world - became a young and trendy culture. Obviously, affluent millennials have helped rise up the price of these products and give them a foothold in fashion luxury industry. Same result happened with technology, which also gained a firm stand in luxury world in recent years. Technical product like mobile phone or supercars increase in demands thanks to tech-savvy tendency of millennials.

Today Gen-Z represents only about 4% of the true-luxury market because of their low-purchase rate. However, they will drive 8% of true-luxury spend by 2020. This group is expected to have a powerful influence in the market.

3.2 The survey into Millennials opinion about luxury

In order for the reader of this research to have a better picture and to imagine the current trends and opinions of young customers toward the luxury goods and services, the author has created a survey amongst young people.

3.2.1 Survey introduction

The "Young people opinions about luxury" survey was created in order to understand the internal drives and expectations behind the motivation of millennial and Generate Z to purchase the luxury good and to create a good recommendation for brands to quickly apply into the market (APPENDIX 1).

The survey carefully distributed between age group and focus on the female shopper, who can be easier to extract information of motives to analyze and persuade to purchase luxury products. The result showed 74% from 26 to 30 years old, 14% from 16 to 20 years old and the other 12% from 26 to 30 years old, in which 74% are female and 26% are male.

The survey was conducted by 50 respondents. They are all online users with access to the survey created by Google Form, whose age is between 16 and 30 years old. All of the responses are collected from 18th September 2019 to 08th October 2019.
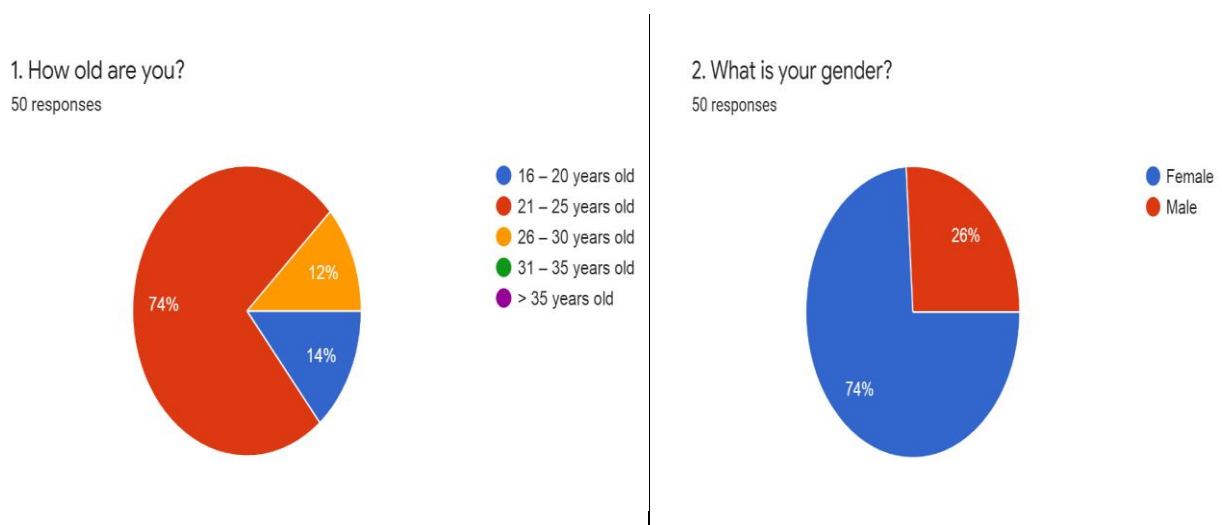
FIGURE 1. Age and gender group ratio of the "young people opinions about luxury"

Apart from two questions to indicate the age group and gender, the survey consists of ten questions which can be divided into three groups: Opinions toward luxury product, Product purchase behavior and Customer expectation.

With the Options toward luxury product group, the questions asked are:

- In your opinion, what is the most important element defining luxury?
- What is your opinion about 'accessible luxury'?

With the Product purchase behavior, the questions asked are:

- Which types of luxury items are you interested most?
- How do you feel seeing people wearing/ using luxury items or services?
- How do you engage with luxury brands through digital channels?
- What store style do you prefer to make order?
- Why you invest in luxury products or experiences?
- How often do you purchase a luxury product or experience?
- What is your opinion about brand preference while purchasing luxury products/ experiences?

With the Customer expectation, the survey asks about "What do you expect from a luxury brand?"

3.2.2 Survey evaluation

Based on the above question marks, the following paragraph will summarize and analyze the customer thought, behavior and expectation respectively:

3. In your opinion, what is the most important element defining luxury?
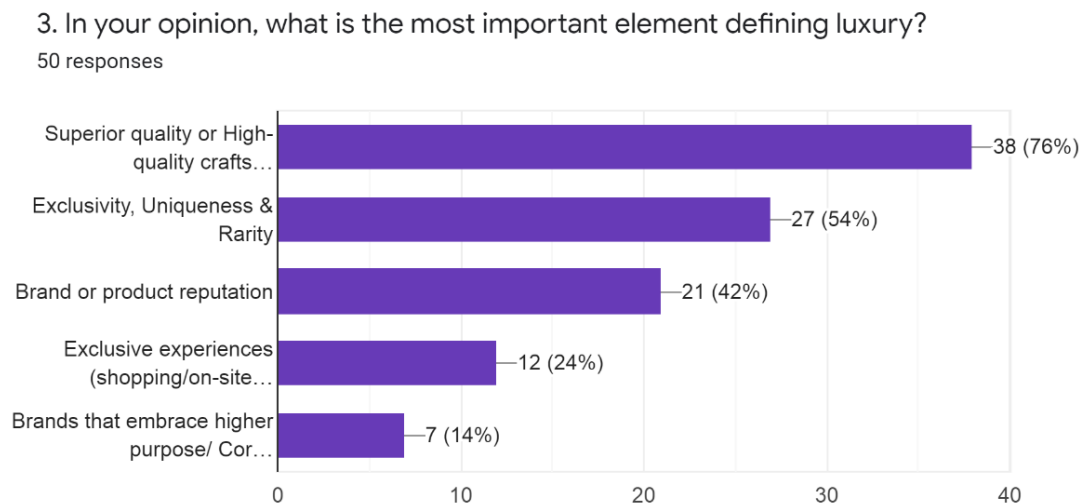50 responses

FIGURE 2. Most important elements defining luxury

With options toward luxury product, when asked about the most important element defining luxury, more than three-quarters of respondents agrees with "Superior quality or High quality craftsman ship & Artistry elements" when more than half of respondents agrees with "Exclusive, Uniqueness & Rarity", with more than 40% surveyees define luxury by Brand or product reputation. These answers affirm that craftsmanship and the highest quality standard remain the bold statement of luxury definition of luxury regardless of time and generation. Luxury brands should never forget this crucial rule in their production and services. It explains why the oldest luxury houses like Hermès or Louis Vuitton still going strong through almost 200 years thanks to their finest creations.

9. What is your opinion about 'accessible luxury'?
50 responses

- Support this idea. You usually look for affordable luxuries
- Somewhat agree. You do both traditional luxury and accessible luxury
- You do not agree that it should be called 'luxury'

60%   12%   28%
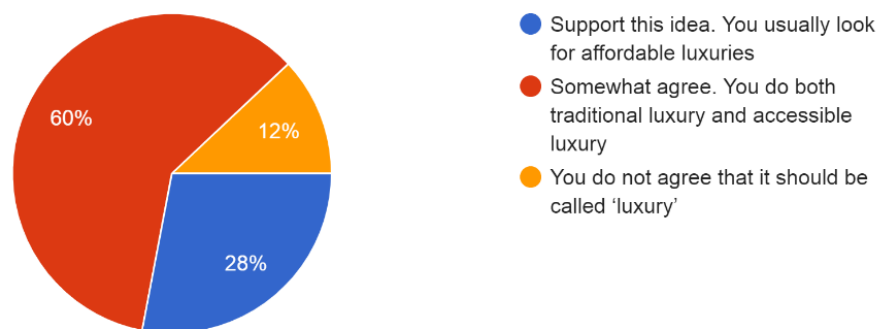
FIGURE 3. Options about accessible luxury

In the past, luxuries usually costed a fortune and represent a certain level of scarcity and these features defined as the must in luxury business, but the tables have turned and the term 'accessible luxury' appeared. Many people argue that 'accessible luxury' is an oxymoron and can devalue the true 'luxury'. On the other hand, more and more customers welcome this new concept, especially millennials. When asked about the opinion toward "accessible luxury", 60% of answers somewhat agree with the co-existence of traditional and accessible luxury while 28% support the idea and only 12% claim that the accessible items should not be called luxury. In order to serve this growing demand, luxury brands approach this trend and develop new line of product with is more mainstream and affordable for users. The typical example is this case is cosmetic industry with the entrances of several big names from Chanel, Dior to Givenchy or Yves Saint Laurent. The practice will maximize the firm revenue with diversifying SKU method discussed in chapter 5.

7. Which types of luxury items are you interested most?
50 responses

FIGURE 4. Products line interested by user
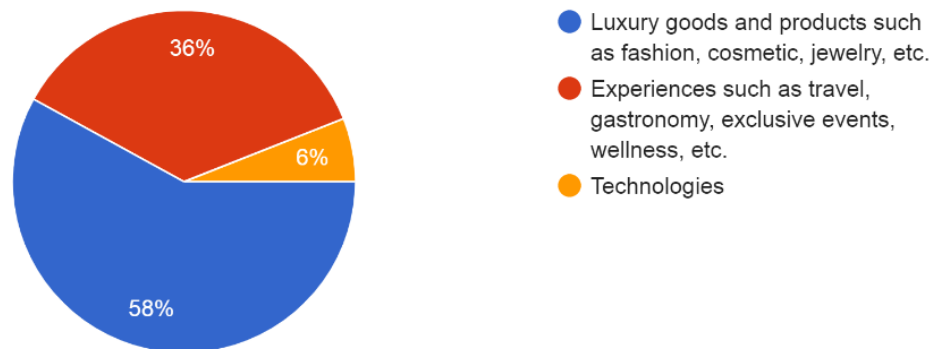
As the most focused part with the product purchase motivation, the survey indicated that 58% of respondents interested in luxury goods and products such as fashion, cosmetic, jewelry...; followed by 36% of respondents interested in travel experience, gastronomy, exclusive event and wellness such as ultra-luxury trip or 5-star resort; and technology preference came last with 6%. This news opens the wide door for both tangible and virtual luxury products since the users nowadays show more interest in non-tangible products compared to the past. The result came as no surprise since expensive traditional product group has existed for years while deluxe service business just appeared around 50 years ago and high-end technology is the new creation of this century. This is good news for luxury clothes and accessories houses with high product loyalty and an opportunity for tourism and experience-oriented firm, as famous Marriot International entered into lavish yachting cruise market or InterContinental Hotel Group acquired wellness Six Sense Resorts & Spas and legendary Regent International Hotels. However, it is still land for Technologies company in luxury market thanks to the rising interest of millennials in exclusive digital experiences. Innovation is one of the hardest challenge for tech company to come through, especially with the problem of China replication method that can easy duplicate the new technologies and most of the company already have the mainstream line of product, for instance, the iPhone model of 24K carat gold has the exact feature as the aluminum iPhone.

When asked about their feelings towards people wearing or using high-end items or services, 42% of answerers said that they regarded these people as Successful, followed by Fashionable and Trendy as well as Privileged. The brands can take advantage of high traffic on social media platforms to make

already customers feel unique and proud when sharing their own purchases. With roughly 70% expressing positive reaction towards luxury users, it partly proved the desire of high-end products or experiences in the community. Therefore, visual content marketing can be a good tool to increase the potential clients' motivations for buying. Partnerships with celebrities and KOLs on Instagram or Facebook are encouraged. The online marketing strategy became more persuading after getting the results from surveyees of which 68% said they engaged the brand through social media when half of them found connection from channels of celebrities and influencers, followed by 46% made research through brands' websites.

10. How do you engage with luxury brands through digital channels?
50 responses
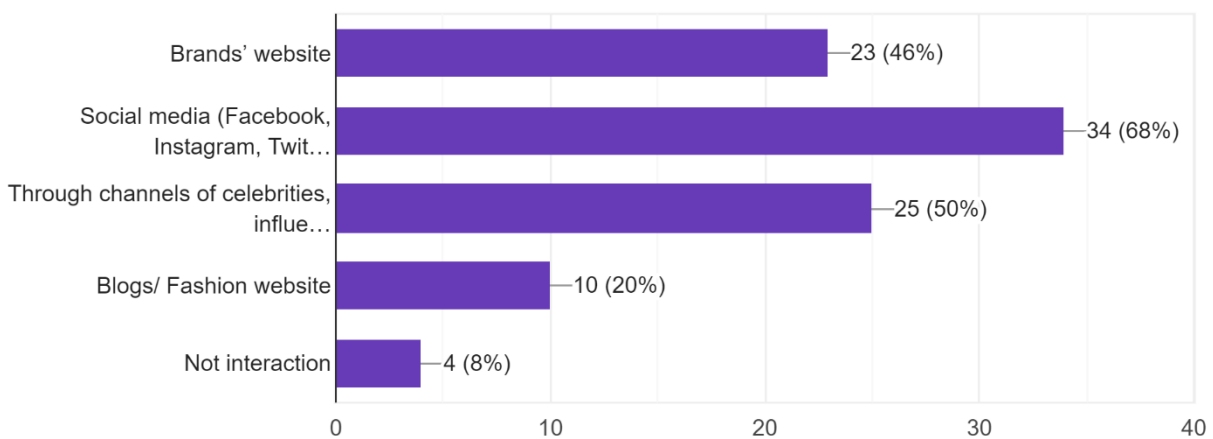
FIGURE 5. Interaction with luxury brands on digital platforms

As predicted, offline shopping remained a preferred option when it came to luxury products no matter how tech-savvy the millennials are.

8. What do you prefer?

50 responses

- 🔵 Buying in flagship store/ shopping mall (brick-and-mortal retails)
- 🔴 Online shopping
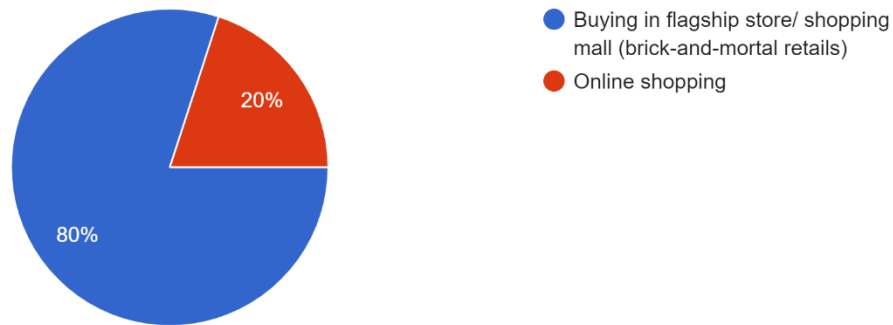
FIGURE 6. Purchasing methods

Even when 80% of purchase is made at flagship store to experience the product on their hand, the customer of luxury goods still research about the brand before coming to the brick-and-mortal retailers to make order. With the trending of omni-channel marketing that Burberry has mastered, the line between offline experience and online experience continues to be thinner. This trend of internet marketing and behavior when purchasing luxury of customer will be discussed more in chapter 4 to chapter 6 of this research.

4. Why you invest in luxury products or experiences?

50 responses
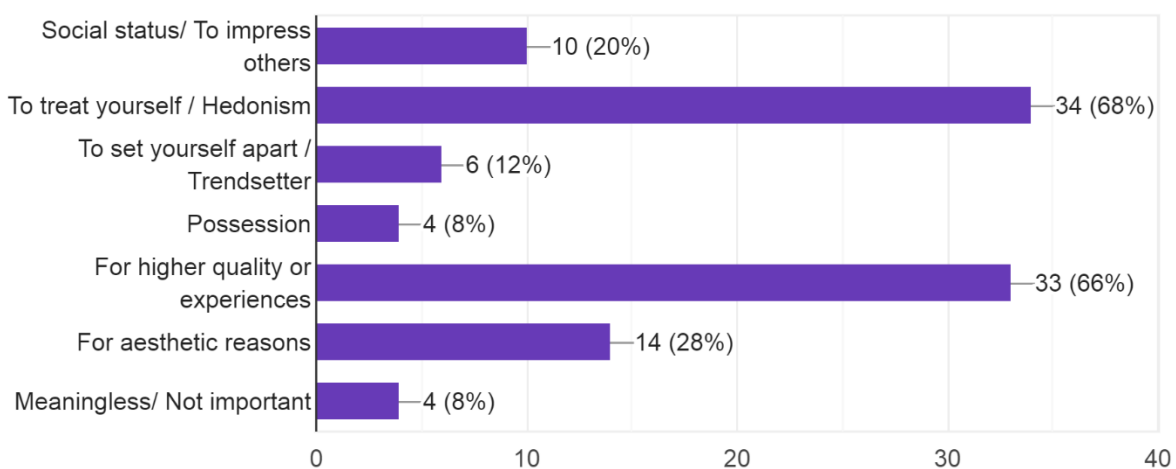
FIGURE 7. Motivation before order making decision

Opposite to the social thought of show status which only 20% agrees with, to treat yourself is the most popular motivation pushing customers making the purchase of the luxury goods (68%), followed by the higher quality or experience at 66% and came in third is for aesthetic reasons. The response prove that more and more clients focus and take care of themselves, thus desire for a better life standard by obtaining higher quality or experience of product with more beautiful features.

5. How often do you purchase a luxury product or experience?
50 responses
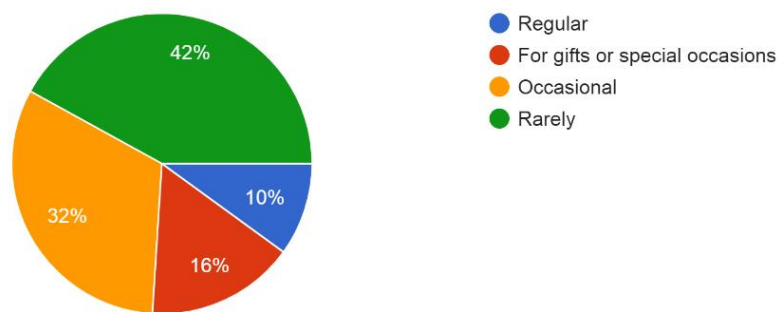
Regular
For gifts or special occasions
Occasional
Rarely

42%

32%

10%

16%

11. What is your opinion about brand preference while purchasing luxury products/experiences?
50 responses

Buying regardless of the brand
Considering from a wide range of brands
Narrowing from few preferred brands
Brand loyalty / Purchasing from only one brand

30%

10%

16%

44%
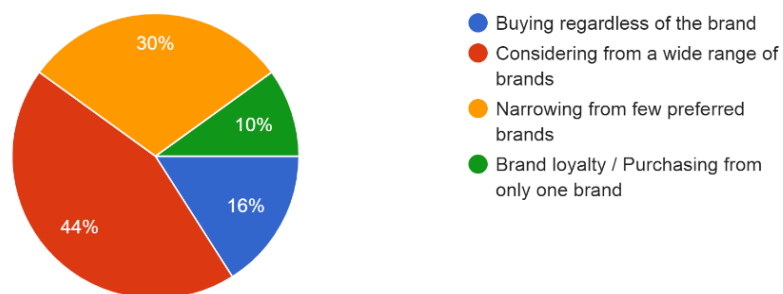
FIGURE 8. Buying frequency and brand loyalty of luxury customer

In the last two questions of the Product Purchase Behavior, most of respondents rarely or occasional purchased the luxury product, which is 74% combined while only 10% purchased it regulars. This fact is quite understandable since most millennials are only at the start of their career with quite basic income, which is not sufficient for their spending on luxury goods. On the other hand, young people show less

interest in high-end segment than the previous generation, therefore, in order to increase the revenue, it is advisable for the firms to adopt the mainstream line of product, such as Versace and Gucci. In addition, the consumers also consider from a wide range of brands to purchase thanks to the evolution of research with Internet at 44%, while 30% of customer interested in a few preferred brands. This insight leads to the need of developing the loyalty program and product uniqueness that can attract and maintain customers.

What do you expect from a luxury brand?
50 responses

Category	Value
High-quality materials or production	46 (92%)
Authenticity	31 (62%)
A story or message behind the brand	19 (38%)
Attractive advertisements or Internet p…	4 (8%)
Access to the purchase	3 (6%)
Excellent customer services and after-s…	23 (46%)
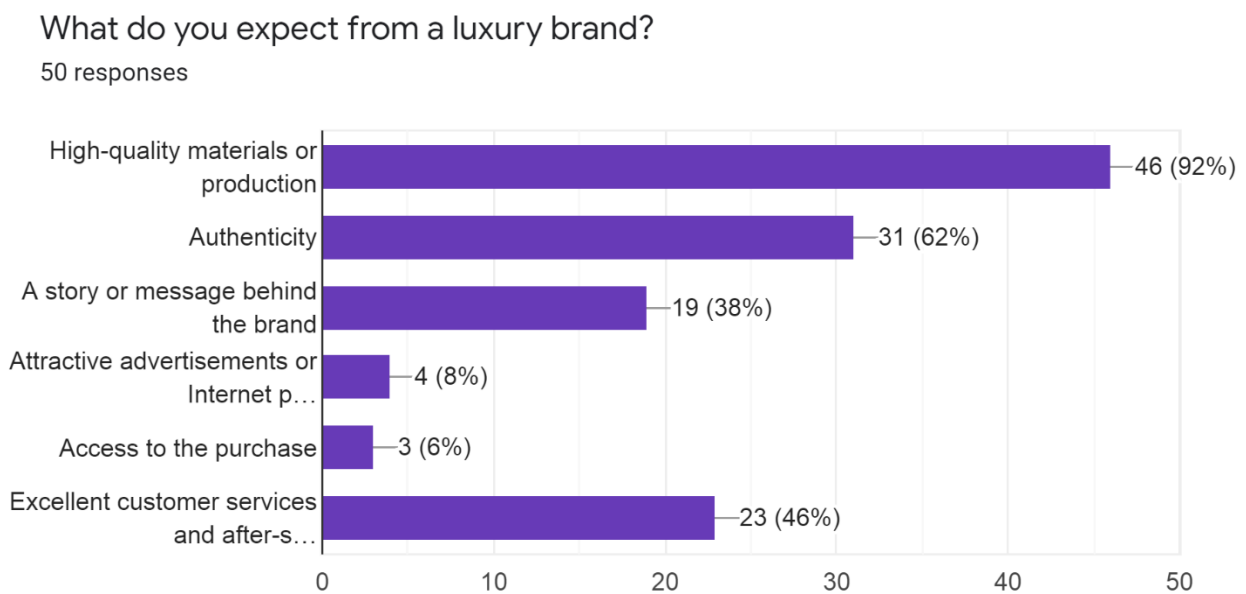
FIGURE 9. Customer expectation toward the luxury purchase

In equivalent with the purchase effort of luxury brands, the customer does have much expectation toward the luxury brands with 92% of respondent expects to have high-quality materials or production in constrant with the price they paid for, the second most expected characteristic is authenticity with the signature brand at 62% as well as excellent customer services and after-sales service at 46%. These expectations are true and very practical since all of the luxury products come with the really high price.

3.3   Recommendation for the brands to attract millennials

The first and foremost is focusing on social media. Companies should invest smartly to create attractive contents and creative concepts on digital platforms. Someone may argue that being active on social would make luxury houses appear less exclusive. However, the mass use of social media has persuaded

marketer of high-end brands the power of social media to do branding towards customers. The social contents do not stop at the quality and the benefits of products but about storytelling as well. It can be a secret or fun fact behind their brands and messages they would like to convey to clients through their products. Christian Louboutin is a successful case when working effectively on Instagram with nearly 13 million followers on this platform. They have found out creative ways to say about their brands in this channel well-suited to showcasing luxury items and bringing a brand's personalities and messages of unique red sole, fantasy and playfulness. The company also reach and connect their clients through social media with campaign #LouboutinWorld: Any pictures posted by fans on Facebook, Twitter and Instagram with the hashtag #LouboutinWorld have the chance to make appearance on the brand's digital flagship. The success of this social media campaign helped Christian Louboutin to win" Footwear News' Marketer of the Year" in 2015. The attempt to join social media market required the agility and sensation towards updated trends, the luxury brands not only need to be the trend followers but also the trend setters. However, it is crucial for high-end companies to be wise and selective in order not to downgrade their own brands and reputations as a common manufacturer.

Another feature a high-end brand should not miss is catching the trend of influencer marketing. According to the Group (2019) report, the two top sources of information for purchasing luxury goods are social media and influencers. To utilize influencer marketing in the best way, brand teams need to understand deeply about their customers, find the segment of influencers suitable for their consumers and understand how to measure the performance of influencer marketing. Unfortunately, influencers sometimes acquire fake followers to boost their credibility. In order to avoid this, brand team should dig deep to understand the quality and the expected outcomes from potential influencers they choose.

The final is mobile first, due to the number of people using mobile frequently is enormous and continue to increase compared to PC users. eCommerce and brick-and-mortar stores used to be at odds but with mobile marketing solutions, which reach customers at every touchpoint, luxury houses can bridge this gap. While mobile is a touchstone in customer journey of luxury shopping, a successful adaptation to the limitations and capabilities of mobile marketing platform can become a big selling point. Having a mobile-friendly presence is an opportunity to attract young customers but also a challenge for the marketers since wealthy shoppers demand higher-quality features. In return, responsive design, creative content, easy search engine, tailor-made interaction or app experiences are few of many expectations that a high-end brand need to meet.

4 LUXURY MARKETING AND INTERNET

This chapter distinguishes the traditional marketing platform and digital marketing in order to figure out the pros and cons of marketing on the Internet compared to traditional channels. Then the author applies it into luxury marketing to give some recommendations.

4.1 Difference between traditional marketing and internet marketing

According to School (2019), traditional marketing incorporates many forms of advertising and marketing, including one of four categories: print, broadcast, direct mail, and telephone, while internet marketing is the way to do marketing on online platforms. According to Dictionary (2019), this type of marketing uses various online advertisements to drive traffic to an advertiser's website. Banner advertisements, pay per click (PPC), and targeted email lists are usual methods used in Internet marketing to bring the most value for the companies. Internet marketing is a growing business mainly because more and more people use the Internet daily.

As a result, there is a tremendous number of clients making purchase decisions through the Internet. It is even applied to the individuals who still purchase offline but frequently search information, reviews in the Internet before and after choosing luxury products. Using traditional marketing tools such as television, radio or direct mail, the response rate is between 0.5% and 2% on outbound messages. In other words, if we get that message out to 1000 people, we can expect between 5 and 20 people to respond.

The 4 Ps concepts provide clear information about the difference between traditional marketing and internet marketing. The first P is Product. While consumers can see and touch products physically in the case of conventional, customary and traditional marketing, it is impossible for consumers to do that in internet marketing. Regarding the fact that consumers always prefer seeing a product physically before purchasing something, this feature of internet marketing can be a barrier to consumers. They may be worry about the real appearance and quality of products. However, online marketing with websites, Facebook, Instagram can offer a wider range of goods and services with full information compared to physical stores.

The second point is Place. With physical stores, any creative ideas about decoration, concept are applied in order to create a specific atmosphere attracting more consumers over competitors. In luxury world, the flagship store is regarded as a temple. Beside ideal location in big cities, architecture is an important factor these elite brands take into account carefully. Many luxury brands even team-up with renowned architects to design the stores and offer a new level of shopping experience. These boutiques are not only the house of the brand, designers and the sophisticated products but also the example of premium store design with the flawless customer service, sometimes it even might be the symbol of the city. Louis Vuitton's Island Maison in Singapore, Guerlain House on 68 Champs-Elysees or Bottega Veneta store in Tokyo are few examples. Moreover, the atmosphere inside these stores is very important for sales of the goods and services. An organized shop with creative design, catching color, light music and employees' standard outfit are the main differences between high-end brands and common outlets filled up with racks of clothes and pop music. It is the reason why famous brands like Channel, Gucci invest much on their flagship stores in order to bring the most comfortable feelings as well as exclusive and luxurious experiences to their customers. Although internet marketing does not have the attraction of create a real sensation to consumers, it can still attract target consumer by online materials like photos, videos, PR campaigns, website and social media. Especially with the birth of Instagram, catching images has become the key factor of well- known online businesses. In return, internet marketing has a great benefit that no one can deny: Internet has supported businesses to be accessible at any time, regardless of openings hours. At the same time, a website could be reached more widely compared to a brick-and-mortal concept. Consumers can research about the products and make an order at anytime from anywhere. Internet has saved much time for consumers, especially in the modern society where a large group of consumer' priorities are speed and ease.

PICTURE 3. Bottega Veneta flagship store on the famous Ginza road in Tokyo

The third P is Price. The pricing of a product can be calculated on the cost of the process of getting the product to the market. It is expected that internet marketing can save great cost for businesses. It is true when coming to the cost of renting a physical store, storing products and using free mode of communication like email. However, with the development of internet, most of brands appear to make every effort in the Internet. Businesses have invested more on labor cost, advertising to compete with their competitors.

The final one is Promotions. With the development of the Internet, the information about promotion, any messages from brands could be rapidly spreading just in a few seconds. This is a very important factor in the competitive world of business with information can be easily updated from anywhere, anytime. In addition to the speed, information via online marketing can be more detailed and long lasting than via traditional marketing. The message in traditional marketing like advertisements aired on TV or

in newspapers and pamphlets would receive attention during a limited amount of time. On the other hand, the message on the business's website can exist for longer duration and easily reached to the consumers 24/7. Furthermore, the complexity of wide range of information cannot be easily fitted into a magazine or TV commercial. On the other hand, different facets of the business which they would like to bring to customers can be shown in a website. The main platform of any online marketing strategy is the company's website since it is likely to be the first place the customer accessing while researching and it is essential to invest and develop this tool. A good website is defined to provide clear information on contacts, delivery and refund policies. Moreover, a good website should offer an efficient and effective search engine.

It concludes that both traditional and internet marketing has its own advantages and disadvantages. For traditional marketing, consumers can see, touch and feel products physically, but it is quite difficult for a business to make a global effect while Internet Marketing is regarded to be more economical and faster way for the business to go popular.

4.2   Recommendation for luxury companies

To bring the very best result to a business, luxury brands should do their marketing in omni channel – the combination of internet and traditional marketing. Luxury brands should not utilize Internet Marketing or Traditional Marketing solely, while the two factors are closely related to each other.

High-end houses should take advantage of internet marketing for their branding activities because of its speediness, convenience and the global effect. Nowadays, people do not just shop in the store even when they are actually inside a store. While it is undeniable that most luxury purchase still take place in physical stores, digital platform plays an important role as an effective research tool in the customers' purchasing decisions, especially with young clients. Most shoppers may remain reluctant to purchase expensive or custom products online; they prefer to see, touch and feel or smell the products first, but many will compare product features and prices online before settling on one to buy and choosing a retailer. The full process tends to be going online to read information and reviews about products first. After that, they pay a visit to a store to see with their own eyes or to reconfirm what they have searched in the internet before making their final decision.

At the same time, luxury brands should continue opening physical stores in targeted markets. It is undeniable that consumers still want to purchase products in person. The report on Forbes News (2019) has said that the top two reasons of consumers' purchasing luxury products is sampling the products and seeing the range of store offerings. About this, Jayme Pretzloff, Wixon's director of marketing has said that "I think it's a mistake to completely shut out traditional forms of media in lieu of all digital marketing, and vice versa." It is also the additional chance for high-end brands provide exceptional luxurious services and experiences. Furthermore, the research of McKinsey (2014) indicates that since there are more and more luxury shoppers are looking for product-oriented sources of information, they now target to buy their luxury goods from multi-brand and department stores, where it's easier to compare brands, products and of course, price. This trend ultimately leads to the needs of uniqueness, experiences and services of the physical stores.

According to a recent research by the International Council of Shopping Centers (2018), the interaction between online and offline channels, called 'The Halo Effect', lay a tremendous connection within the omni-channel marketing ways, in which indicate that the brick-and-mortar stores serves as the hub of a brand, accreting the rest of the online channels including online sales. In the 2018, averagely, every time a new physical store is opened, it brand's website increases by 37% and vice versa. In the luxury market, the decision journey is much longer and research takes a very important part of it, whether it happens from traditional marketing or digital marketing.

In order to provide the full solution for the luxury brands to utilize the advantage of Internet marketing but not lose its luxurious and exclusiveness, this research will provide some of most popular and emerging solution to develop omni-channel marketing

4.2.1 Visual social network

Visual content is such an important part of digital marketing, especially in luxury fashion industry. When marketing luxury products, photographs are one of the most efficient factor to evoke the wants and motivation as well as the aspirational emotions connecting clients to wear an authentic leather designer jackets or experience an exclusive night at a 5-star hotel.

As such, visual social networks like Pinterest and the emerging Instagram represent a huge opportunity for luxury brands to raise brand awareness and advocacy. In reality, take Chanel as an example, the

house are one of the most "pinned" brand on the Pinterest, with over 1,000 pins of its product per days even when you consider the brand do not even have an account on Pinterest and all of the images is driven by their advocative user.

Channel's story with its own Instagram team is one of the good examples of utilize the advantage of Internet marketing, which spread the news on the mainstream market better than taking a cover of a well-known magazine. The visual social network raise awareness of your mainstream market who mostly do not have the money to buy it, hence increase the value of the product in the eyes of the ones who can buy it and indirectly increase the wants of future customer.

However, different visual social platforms aim at different target groups and cultivate different client relationships. Tailoring these pictures or videos can give the companies more control over the brand image and unique characteristics. For example, Snapchat attracts younger clients with its spontaneities, which work best with backstage stories while Instagram is more personal and suitable to express the lifestyle or reach out to customers.

In the mass of available social networks with many competitors, the differentiation is the best offer. Most of the brands like Versace or Bottega Veneta chose to focus on their products while Hermès Instagram strategy is less product-driven but focus on brand stories instead. Dior draw the attention to the house's engagement with its famous clients, brand ambassadors or partnership with celebrities' profile. Some other brands posted its pictures in unique styles.

Even though each brand has its own recipes to success, the visual social media marketing remains one golden rule: This is not the main selling platform. None of them connect its social account to the official e-shops, the visual content mainly serves as a tool to present the brands and the products, to tell the stories of the companies, to inspire and connect audiences.

4.2.2   Investment in brand website development

In general, luxury brand websites are very stylish and catchy, yet perform poorly in user experience and functionality. The website of luxury brand is like a library with lengthen stories behind the product which is a good feature that we will disclose in the next solution but the picture inside is coming with long time to load the page fully.

Nowadays, luxury buyers considers their time as one of the best valuable assets, there are lots of them who will bounce out of the website if the page itself took so long to load their full feature as well as the ways to reach the purchase option is not straight-forward.

Taking the iconic brand of luxury champagne – Dom Perignon as a good example, after waiting for at least 20 second to the max of 50 seconds to load the page, instead of going straight to the choices of products and where will place an order, the user will have to see the first 3 page feature as the face and creative director of the company, Lenny Kravitz (Dom Perignon 2019). Then to order the vintages wines, the user must press next correctly to avoid seeing the video of Lenny to the fourth page and fill a form which indicate their age and location. A key mistake is a form that provides access to a part of website content. The general information about the champagne is available without the age confirmation, and unlikely after learning about their desired products, the users is taken back to the main page to fill the mandatory to purchase the products. This immensely messed up the user path, making the Dom Perignon website ones of the worst designed website in the overall world websites in several ranking until now.

On the other hands, a great example of building a website that combines style, user experience and functionality is Versace. The website are visually stunning, while very easy to use and navigate and high function with common feature like Add to shopping cart and Choosing size and color, leading to the house as the icon in designing luxury brand website which other brands can learn to push their image in the website. Last year, Channel website is considered the second worst luxury website design only to Dom Perignon with lengthen story about Karl Lagerfeld and hard to use navigator, now by learning Versace, the Channel has become more welcome and attractive to use, prove that even long history brand can adapt quickly in the growing market.

4.2.3   The story of the brand

Putting heritage here right after the criticism about Don Perignon may lead to a controversial argument with the whole research, however, only when using correctly and moderately, the brand heritage and history can be the endorsing and attractive feature in luxury marketing, where clients buying more than just a product or experiences. The elite houses also sell the history, the heritage, the lifestyle and most of all, they sell story and emotions behind that.

For most big brands, their history and imagery is so strong that only their name is enough. A rich history or an iconic heritage can be a milestone in the company's development and take the brand at the international level. One typical example is Tiffany&Co. with Hollywood classic" Breakfast at Tiffany's". It marked the debut of Tiffany brand into cinematic area and with the phenomenal success of the movie, the widespread fame of actress Audrey Hepburn plus the growing popularity of the company in the first half of 20th century brought Tiffany&Co. beyond the United States border. This legendary story became an inspiration and an excellent business opportunity when the brand opened its first Blue Box Coffee at New York flagship store in 2017, attracts millions of visitors.

So, that's the story of long-history brands, how younger brands survive in this competition? In the global bestseller book 'Start With Why', Simon Sinek explains how great marketing starts by explaining why they exist. Although, the majority of brands still market their products by explaining what they do.

Zuhair Murad has come a long way from an atelier in Beirut in 1997 to a phenomenon in luxury world. Beside the craftsmanship, aesthetic and exclusive quality, the brand chose to tell the story about the exclusivity and a luxury way of life. The designer chose to distribute his creatures through a retail network with only 150 multi-brand outlets, a small number compared to 540 stores of Gucci or 460 Louis Vuitton flagship stores. The brand is also very active on social media with four different platforms: Facebook, Instagram, Twitter and Pinterest. There are also where most stories were told like what happened inside the house or fashion shows. But the most important part which builds the luxury brand image is the way the company shared photos of A-list celebrities wearing Zuhair Murad's gowns. It not only increases the engagement but also express their target on super rich clients.

Communicating the story behind your products, and explaining the values that define a luxury brand, without saying too much about its brand face, in fundamental to a winning luxury marketing strategy.

4.2.4   The combination of Facebook Ads, Google SEO with aspirational content

Facebook Ads are one of the most effective forms of online advertising, thanks to its high level of segmentation and targeting through multi-level customer filter. For example, a new luxurious restaurant with anniversary campaign in banqueting could easily target ads specifically to 35 - 45-year-old married couples in Vietnam which frequent visit JW Marriot Hanoi Hotel, InterContinental Hanoi and El Gaucho

brand pages. The filter can bring the advertiser even go further by what college they attended, where they worked, what music they like and so much more.

As mentioned above, before the luxury customer physically reaches to the store, they are likely to have a good understanding of the product in the category, including features, prices and review through researching first, which leads to the most well-known and trusted search engines – Google. Google, through their search engines and vast subsidiary of products, is one of the most influential channels when it comes to find, learn and purchase the luxury product. Good search must be backed by good SEO, unfortunately, most of luxury brands brand website had the extremely bad SEO, making it difficult for their website to rank well in Google for search items. When the search for example" high quality handbag" happen, the luxurious brands name we know is in the bottom. One reason that brands should pay more attention to SEO is that people are likely to trust their own search than advertisement. Advertisement is surely important, but people know any company can pay to appear in the search results, therefore, websites which are organic SEO or naturally show up are more trusted. Besides, SEO is more saving and more long-term due to the fact the brands do not need to pay to run the SEO and by time. It has lasting effect, compared to the paid campaign that has to stop at one point. Findability and usability are the two key points in SEO development, since it is no good having a great, useable website if no one can find the online "store". After investing in brand website development, a SEO strategy can squeeze more benefits out of it.

One of the most effective ways we've found to generate traffic and engagement today is creating high visual and aspirational content that drives the action of the buyer. On the other hands, one of the main reasons why people talk about things and spread word-of-mouth is to display the traits that they want others to see in them. It plays as a primary motivation for buying luxury goods, which is to display status. Brands can take advantage of this by creating and publishing useful and aspirational content. There is nothing better than inspire a Parvenu to purchase a luxury product and encourage them to share with their connections about this aspirational message, which might make them look attractive and wanted.

4.2.5   Optimism of Omni-Channel

Omni-channel, the strategy of creating seamless experiences through multiple resources, is certainly the future of retail, and for several luxury brands it's already the present. It will be like talking about online and offline purchase experience like the benefits of our two legs, both are integral to the other.

In order to succeed in the Internet area with the digitalization but not to lose the luxury and exclusivity, brands are striving for the customization. Notable names in this are Tiffany and Co., Gucci and Burberry.

If the customers walk into Tiffany and Co.'s launched concept store last year in London's Covent Garden, they will be greeted with vending machines filled with Tiffany Blue fragrances, big neon signs and flat screens where customers can create their own jewelry designs. This shop not only expresses the creativity and playfulness but also brings digital experiences to offline store.

On the same page, Gucci debuted its "Gucci Hallucination" campaign with Spanish artist Ignasi Monreal as a launching pad for interactive window displays and digital illustrations. Visitors in designated Gucci stores were able to hop into Monreal's vision of Gucci, entering a dream-like world of fictional creatures and enchanting lights using virtual reality and online mass system. Each VR demonstrated 360-degree panoramas showing Monreal's campaign illustrations while the artist's works were projected on the big screen, giving the sense of being inside a gallery. At other stores, illustrations from the campaign can be scanned using the Gucci App to reveal the 3D pages. The brand has given customers a unique, fun and deep interactive experiences through the combination of art, fashion and technology.

Vice versa, using online marketing as a tool to push offline sales, Burberry wins a big success in running a new and exclusive quarterly brand-awareness campaign, driving luxury shoppers into their stores. Once those customers are in the stores, they're encouraged to take pictures, share content, watch live streams, and use in-store iPads to post about their experience, which earn the house much profit in 2018. The company is pursuing more intelligent social media campaigns, working on creating digital-first platform collaborations, and looking at tailoring communications to better engage with customers.

In such adaptive ways, nowadays, more and more luxury brands provide a seamless shopping experience whether it is in-store, on the web or anywhere customers choose to shop on their mobile devices to purchase.

It is important for brands to flexibly use and combine offline and online services. Even when we are living in a mobile internet era, a smart move of excluding digital feature can add value to the business. For example, a technology brand like Apple used this method to continuously promote the product online, but when the product is released, in the first few days, customer must purchase it offline to be

ones of the first, to create a competition. While most high-end automobile companies opt out of online market (BMW is the exception) due to safety and trust issues.

5   BRAND MANAGEMENT IN LUXURY MARKETING

The brand can be defined as a "name, term, sign symbol (or a combination of these) that identifies the maker or seller of the product" (Kotler & Keller 2018) while other can define brand as a "Marketing tool that allow consumer to recognize the maker of a product". A brand name helps an organization differentiate itself from its competitors. The brand management becomes more and more essential now, which analyze, plan and control on how a brand is perceived in the market and foresee the future of that market. In order to achieve the good management, developing a good relationship with the target market is essential, especial for the luxury market.

According to the International Art School institute of Paris, the primary focus of luxury brand management is to continue creating memorable experiences, since when it comes to luxury, money seems not to be considered as an important factor as in consumer market. However, currently, there is an ongoing debate between which factor should a luxury brand focus on: Profit or Reputation.
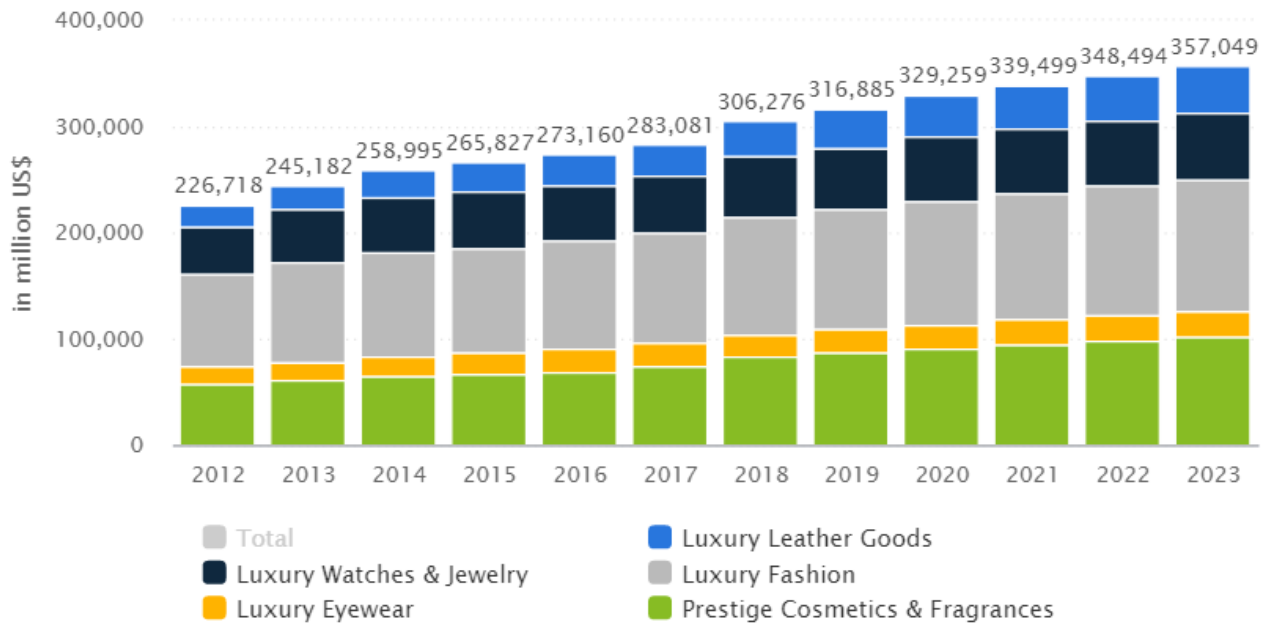
5.1   Argument between Profit and Reputation

One of the most fundamental objective of all companies around the globe is to avoid bankrupts and make profit, which equals to selling as much as possible or less but at a high price. However, the high-end corporates face another challenge when doing so, they need to be careful in maintaining decades or even hundred years of brand's history, reputation and image, which equals to maintaining the luxury goods definition itself: to be unique, rare and scarcity.

Both factors remain essential to the growth of a luxury brand name. The profit from selling the high-end products is used for many other operation needs. For example, the luxury fashion houses need to reinvest in research and development such as Haute Couture fashion house's bi-annual collection of at least new 35 set for day and night use, per requirement to keep the names of Le Chambre Syndicale de la Haute Couture, to reach every single step, a huge investment must be made to create every single little detail on the wearer body. They also need to invest in the resource and new technology to strengthen the supply chain and training of service staff, like we see the real marvel behind every launching of Macs and iPhone device from Apple. The profit could be used to make a tremendous effort of a single bet to help the companies out of bankruptcy and make success like many European house such as Chanel in 1954, Tommy Hilfiger in 1985, Calvin Klein in 2003, Christian Dior in 1995 (Gold, 2019).
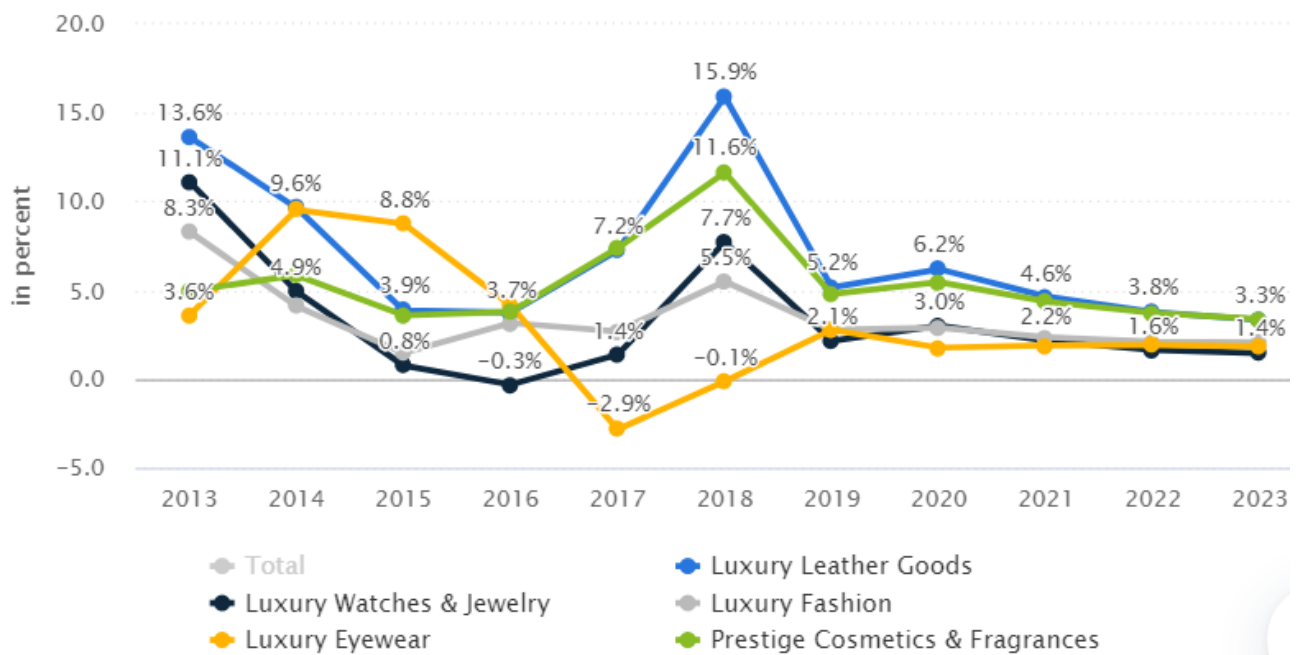
However, there has been many argumenta that if luxury brand focus on the profit, it can lead to the damaged and uncover reputation. In term of" selling as much as possible" method, the Chinese argues that" The brands bought are actually more important than the level of money earned", therefore the brands that become too accessible are less appealing to super rich clients. Louis Vuitton, for instance, is considered a" brand for secretaries" by many wealthy Chinese. On a talk between a billionaire woman and China Market Research Group managing director Shaun Rein in 2011, she said the once-limited luxury Louis Vuitton and Gucci had become too ordinary, everyone had it, they now want something more exclusive (Beaslay 2015). Even being looked down by the super-rich segment of Chinese, the revenue from China still contribute for 25% - 35% of each brand to serve the middle and new rich groups. But in the really high segment, it is extremely difficult for the brand to recover its reputation since these customers is now looking for the other ultimate luxury good, unique and bespoke European labels like Bottega Veneta or Maison Ullens. In term of "selling less but extremely expensive", the strategy some-times misused in several business decisions that makes the product seems like just for drawing attention but not really create any real purchases. This is the case of the mass customization Roll Royce Phantom special accessories that even the rich cannot afford it completely and resulted in the wasted budget for research and development stage. In the contrary, there are brands facing criticism in cutting cost strategy in order to maintain the high profit margin, such as Toyota's Lexus with IS sedans that lacked the high-end features and overall glitz of its signature models. (Chen 2013)

Nevertheless, the high growth in revenue and revenue growth of luxury brands worldwide is significant that some brand is willing to sacrifice their reputation for the increased. The 2018 revenue is nearly USD 306,3 billions with the growth of 15% in luxury leather goods and 11.6% in prestige cosmetics and fragrance. The overall industry is expected to grow 3% annually in 2019 to 2023 with the luxury fashion is the largest segment with a market volume of nearly US$ 113 billion in 2019. The most revenue is coming from US market with US$ 62,3 billion in 2019. Below are the real-time data of revenue and revenue growth of luxury brands worldwide (2012 – 2013). Noted that the reports is not included with Wine, Spirit, Food segment; Designer furniture; Hospitality & Tourism and Luxury automobiles. (Statisca 2019)

PICTURE 5. Actual and forecast revenue of luxury good worldwide from 2012 to 2023 (Statisca 2019)

PICTURE 6. Actual and forecast revenue growth of luxury good worldwide from 2012 to 2023 (Statisca 2019)

On the other side of the debate, the brand supporters argued that maintaining the upmarket image can be better for the business in achieving its long-term sustainability as well as creating the lifetime prestige that generate the income for luxury companies. This effort can be made by putting a cap on the quantity of each product or setting certain requirements for the buyer in order to purchase the limited products or enjoy special services, which need more than just money to acquire.

The legendary Hermès has been successful in protecting its fine reputation by using the technique of keeping the scarcity of some of its products and creations from the Haute Couture collections. In order to possess the famous Hermès Birkin bag, if the product is not available at the store, despite paying USD 15,000 for the price of the bag, the client also need to wait from 6 months to a year in the order queue. Furthermore, in order to have the name on the order list, besides the financial ability, relationships might be a vital factor which can give the client the priority. Due to each the bag is only sold in limited author-ized store as well as for each patch, there is only a limited number of products in random color, size and leather will be delivered. The customer is not aware of when they would have the product, or the new batch meets their requirements and preferences. In the Haute Couture world, not only the quantity is limited, the buyers are also carefully selected by the fashion house to maintain its reputation of scarcity and ultra-high-end feature. During the period of designing the tailormade costumes, if the wearer in-creased even a single kilogram, the fashion house can recall the product to adjust or decline the client.

The luxury brands, who want to keep the scarcity of the product or maintain the snob effect, may apply the strategy that allow only certain few stores to sell the special product or creating the destination profile which a product can only be found at one shop or one city. For example, the Birkin 42 cm leather bag with pink color can only be found in Japan in 2018 or only the Hermès store in Paris has white small bicycle for kids. Another method is not providing shipping services or pre-order, which leads to the fact that enthusiastic buyer would travel around the world to hunt for what they want. Even this approach raise some doubts, it accidentally creates a competition, which helps the image of the brand, strengthen the luxury position and putting the brand at a higher status quo. It is truly endorsed by the super-rich segment from China and United States.

5.2　Recommendation for the luxury brands

There are arguments about which is more important to the firm between Profit and Reputation that lead to the question of" How can a luxury firm keep their balance in generating its profit margin and revenue while maintaining its reputation and image?"

Apart from keep doing business in their own ultra-high segment, which is a smaller market but less competitive like Hermès, the answer for the above question can be answered by the luxurious brand whose products are similar but with the variation in the prices. Two of the most popular approaches are diversify stock keeping unit (SKU) in-store along with online shop and keeping brand accessible while launching limited edition with higher prices.

In the diversifying SKU method, the retailers use the code to keep track of their inventory and take a measure of how their sales are tracking to refill and reorder products to create the product mix on their sleeves. In order to ensure the brand management successful, the retailer maintains the ratio between mainstream product and high-end products to serve all types of customers. For the luxury brands, mainstream products are the way to penetrate the market of Poseur and newly Parvenue who are in needs for status, make it affordable to the middle to middle-high segments and create the brand awareness to the mainstream community. The mainstream product sold by these luxury brands will have a higher profit margin than the similar product in mainstream due to brand quality and reputation, but lower profit margin than the core product of high-end. However, the cost of making these products can be much cheaper. It depends on the firm to decide the quantity of mainstream they want to keep in store while maintains the high-end segment to balance the profit and keep the brand name from diluting. The mainstream products of these brand can be around USD 250. Also, in some of cases, the high-end product must be purchased in-store while the mainstream and cheaper product can be purchased online.

In the keeping brand accessible while launching limited edition with higher prices method, the notable names are Gucci, Channel and Versace. In 2018, these three luxury brands have deceased the price globally to make the affordability for many buyers, thus increasing sales and profit. In addition, the fashion house has been launching limited edition with much higher price. The practice is mostly inspired from the mainstream product company with premium and luxury line of business, like Toto bathroom company and their premium bathroom line of ceramic or luxurious washlet which is now a symbol of high-end Japanese restaurant in New York. The technique can be seen with the sport car industry with two following variants. The Toyota's Lexus, who is competing with middle-high to high-end automobile

market, has some special upgrade or customization for their user with higher price options, which ranges between premium and luxury standards. The offers of premium upgrades can slightly increase the price from 10 - 30%. In mobile phone industry, the variant of phone color can cause different pricing, such as Red iPhone or Purple Samsung Galaxy Note is set at around 10 – 20% higher prices and always stay rare.

In the more upmarket world, there is a trend of already luxurious brand who decides to launch some even rarer and more limited version of product, as we can see with special color of Hermès Birkin with white crocodile skin which can reach to the point of USD 50,000 compared to the USD 20,000 of normal Birkin bag. In car industry, often on the anniversary of luxury brands or national day, the limited edition will be launched with very small quantity like Lamborghini Veneno with only five cars around the globe, making it the super expensive and rare car. There is some adaption in mobile industry with iPhone X with 24k gold carat phone case with owner name on it, designed by Apple themselves. Not only the reputation of the product is growing, once the information is announced, the overall brand awareness receives more traffic and positive recognition, helps the brand remain its exclusivity.

6   RISKS AND OPPORTUNITIES OF LUXURY BRAND MARKETING

The luxury industry has undergone a series of dynamic changes in the past 20 years. Economic trends, digital transformation and evolved consumer habits are slowly creating a new competitive landscape where traditional strategies will not be enough to maintain healthy growth and profitability. Selling a dream, representing a lifestyle and neglecting the power of digital media are no longer the keys to lead a successful luxury brand. To understand and harness these challenges facing the luxury industry, the research will target some of the ongoing risk as well as opportunities that any luxury brand manager should focus on.

6.1   Risk of luxury brand marketing in the modern world

Considering the current trends, (i.e. dampening Asian consumer enthusiasm due to an anti-corruption campaign, falling property prices in China, sanctions against wealthy Russians, overall geopolitical instability, etc.) it appears that the stellar growth that characterized the luxury industry for the past decade is unlikely to continue with the traditional market of old region with higher demographic age. If the marketers carry on with focusing to this old market, they will lose the chance to persuade the younger, more dynamic users as well as emerging market of China, Asia and Africa which overall is not affected by the campaign from their older generations. However, some of these emerging markets will continue to generate double digit growth. Increasingly spending by wealthier consumers in small southeast Asian and sub-Saharan African countries is forecasted to not enough to replace China's former vigor of older generation's purchasing power as China growth now is only at one digit.

One of the current situations affecting the overall luxury growth is that there are more and more new entrance company target the high-end market as well as mainstream and premium market companies want to share this fruitful market. Furthermore, the power of digital media and the increasing sophistication and diversification of consumer tastes has caused fragmentation of demand, adding yet another challenge to the luxury industry. The luxury market overall will see more and more competitors who can take the advantage of internet marketing, splitting the cake of old luxury brands with high reputation. The competitors are forecasted to be extremely fierce. It is essential that luxury brand management today

understand the dreams and values of Generation Y and Millennials− who are digital natives. Brand manager also needs to be comfortable and effective in managing diversity, due to markets and clients are diverse.

The new competition will put a lot of pressures on even strong brand names in the world as the buyers are now younger and looking for more and more substitutions, such as Millennial, Generation Z and Baby Boomer. Only few luxury brands left continue to reach the ultra-luxury segment, which has limited competitors like Hermès, W Motors or Regent hotel chain and stay the same way they used to be in the past. Some of the old firms are looking to expand in experiential categories of hotels, cruise and private trip, to have less completion. The rest of luxury brands whose majors are clothes and accessories retailer (Gucci, Channel, Versace, etc.), gourmet food (white truffle, Dom Perignon, El Gaucho...), luxury cars (Lexus, Mercedes...) and luxury hotel (Marriot International, InterContinental Group,...), must choose and adjust carefully between lower their price or increase quantity to attract more customer and profit while meaning the rarity, uniqueness, high price and reputation by making brand inaccessible and scarcity. The price calculation may need to change to adapt with the new trends and retain the customers since young competitors may take advantage of effective cost structure to lower their price, just like the high end hotel segmentation are struggling with calculate their prices due to that, now, there are much things to consider (Stone International, 2019).

With the increase of job coming from the newly created companies in the industry, many brands have experienced difficulties in sourcing and retaining local talent, especially in most emerging markets, like China and the Middle East. Several brands have introduced in-house training programs where they hired MBA and Masters graduates for various retail positions, with the possibility to evolve into more regional roles. Beside retaining employees, the luxury companies also need to maintain the relationship with the suppliers since the natural resources now is becoming rare and some ingredients become more reachable for middle – class clients as the agriculture and carting industry are able to grow more. For example, in the case of black garlic, even home students can plant and produce some. The product can be considered lessening price and the luxury brand loses their business.

6.2   Upcoming future opportunities for the next luxury brand marketing movement

In general, the luxury industry will keep on growing as the world wealth grows. Since people have access to more resources, they tend to aspire a better life, education, better environment, safer food, and better products and services. Once we try a better product, there is nearly no way back.

Overall, the luxury market grew 5% in 2018, to an estimated €1.2 trillion globally, with positive performance across most segments compared to 3% annual increase as Statica's report (2019) indicates. What is important is that growth in the luxury industry is a permanent trend and this situation is not popular in many industries. Today, 70% of luxury brands are from Europe and 70% of luxury clients are from outside Europe. In the future and as we are already seeing, new luxury brands will emerge in other markets beyond Europe. It will take time because building a luxury brand is a long process, but it can be fastened up by recruiting experienced employees in order to train the younger human resources who are more trendy and tech-savvy.

The personal luxury goods market has experienced worldwide growth across most regions, in which Europe continued to be the top region for sales, followed by America, Asia (including mainland China), Japan and the rest of the world. Chinese consumers led the positive growth trend, with a 33% share of global luxury spending (up from 32% in 2017). Between 2015 and 2018, purchases made by Chinese consumers in mainland China contributed twice as much growth in absolute value as their spending abroad, however in 2019, the growth was slowing down but still remained as a big growth compared to the other regions. (D'Arpizio, Levato, Prete, Fabbro & Montgolfier 2019)

Accessories is the largest and fastest-growing category, representing one-third of the total personal luxury goods market and gaining 4% in 2018. Shoes and jewelry were the top growth categories at 7% each, followed by handbags and beauty. Watches remained flat while apparel suffered, mainly due to lackluster sales in the menswear segment.

Generations Y and Z accounted for 47% of luxury consumers and 33% of luxury purchases in 2018. However, they contributed virtually all of the market's growth, compared with 85% in 2017. the luxury market is adapting to the preferences of younger consumers, evolving and innovating in terms of product offerings, communication, engagement strategies, and distribution channels. It is important for high-end house understand and cope with the future buying force - Gen Z. These consumers are even more difficult to predict and express few oxymorons. They prefer "individualist" feature (looking for products that convey their unique personality) but tend to be more logo-driven even though they exhibit little brand

loyalty. This generation is also more willing to shop in physical stores but still expect digitally enhanced experiences.

It is forecasted that younger generations will be the primary engine of growth in the coming years. Generations Y and Z will represent approximately 55% of the 2025 luxury market and will contribute 130% of market growth between now and then, offsetting a decline in spending by older consumers. (D'Arpizio et al. 2019)

Another good news is that technology and e-commerce can be disruptive and alter the status quo within an industry. The world has witnessed how Burberry took leadership in technology (virtual catwalks, 3D, art of the trench, Burberry bespoke, etc.) to reposition the brand as a reference for new generations. Consumers are spending increasingly greater portions of their day being online and connected with smart phones and tablets. The digital sphere has become essential in the discovery of brands and their road to purchase decision. E-commerce continues to be the fastest growing channel overall. Today, there are some luxury brands still reluctant to sell their products online but rely exclusively on their brick-and-mortar stores, which can be helpful to apply omnichannel marketing in these cases. E-commerce has to be managed carefully by luxury brands as it's not that easy to offer an experience and make the act of buying a ceremony. Only selected luxury product categories should be accessed easily to sell online.

The opportunities of social media has empowered consumers with a deeper discernment for luxury, it brought also an unintended consequence for luxury brands. Historically, the communication from the luxury brands to the consumers was provided through tightly controlled traditional media channels (e.g. print, TV) to influence the conversation of the few who had the means to purchase the luxury products. Social media has opened doors to give more consumers access to both information and products, which were previously unavailable to them. Social media is the key to support a conversation with customers and develop the brand story in a rich and interactive way like a story of Tiffany & Co. vending machine with the blue set or Gucci Hallucation.

7   CONCLUSION

The thesis has shown that the brand management plays a significant role in the luxury industry. By synthesizing theoretical frameworks and conducting empirical survey, the research can be concluded that the emerging market with new segment, together with the younger generation, the art of luxury marketing and the new entrance of internet marketing take crucial parts in term of brand management and in the business revenue, profit and reputation as a whole. As a result, brand managers who want to create a successful brand image while maintaining the immerse profit margin should pay attention to the current changes of the luxury industry as well as the shift of its customers and trends in order to meet the brand goal, hence creating the sustainable future for the firms.

Furthermore, the above recommendation from well-known cases of luxury marketing, attracting millennial, internet marketing and balancing between profit and reputation should provide the marketers a guide to attract more and more customer while create a success brand management factor. Therefore, companies can make better investments in the internet marketing and social needs analysis.

The research was implemented in short time; however, I hope that it will be a good reference and contribution to the progress of brand management of luxury marketing overall. I believe that the constant efforts of all stakeholders, brand management performance continues to lengthen and create more value to the business firms. Further researches could be done in a more specific empirical background such as focusing on a specific market or a specific industry to show how differently or similarly it functions compared to an overall research. Another approach that could be used is that the research reaches out for a larger sample size so as to prove the theoretical background statistically.

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Survey Question

1. How old are you?

a. 16 – 20 years old

b. 21 – 25 years old

c. 26 – 30 years old

d. 31 – 35 years old

e. > 35 years old

2. What is your gender?

a. Male

b. Female

c. Other

3. In your opinion, what is the most important element defining luxury?

a. Superior quality or High-quality craftsmanship & Artistry elements

b. Exclusivity, Uniqueness & Rarity

c. Brand or product reputation

d. Exclusive experiences (shopping/on-site experiences & after-sales services)

e. Brands that embrace higher purpose/ Corporate Social Responsibility (ethical and sustainability profile)

f. Others:

4. Why you invest in luxury products or experiences?

a. Social status/ To impress others

b. To treat yourself / Hedonism

c. To set yourself apart / Trendsetter

d. Possession

e. For higher quality or experiences

f. For aesthetic reasons

g. Meaningless/ Not important

5. How often do you purchase a luxury product or experience?

a. Regular

b. For gifts or special occasions

c. Occasional

d. Rarely

6. How do you feel seeing people wearing/ using luxury items or services?

a. Fashionable / Trendy

b. Successful

c. Privileged

d. Distinctive

e. Show-off

f. Do not care

7. Which types of luxury items are you interested most?

a. Luxury goods and products such as fashion, cosmetic, jewelry, etc.

b. Experiences such as travel, gastronomy, exclusive events, wellness, etc.

c. Technologies

8. What do you prefer?

a. Buying in flagship store/ shopping mall (brick-and-mortal retails)

b. Online shopping

9. What is your opinion about 'accessible luxury'?

a. Support this idea. You usually look for affordable luxuries.

b. Somewhat agree. You do both traditional luxury and accessible luxury.

c. You do not agree that it should be called 'luxury'.

10. How do you engage with luxury brands through digital channels?

a. Brands' website

b. Social media (Facebook, Instagram, Twitter, etc.)

c. Through channels of celebrities, influences, KOLs (Key Opinion Leader)

d. Blogs/ Fashion website

e. Not interaction

11. What is your opinion about brand preference while purchasing luxury products/ experiences?

a. Buying regardless of the brand

b. Considering from a wide range of brands

c. Narrowing from few preferred brands

d. Brand loyalty / Purchasing from only one brand

12. What do you expect from a luxury brand?

a. High-quality materials or production

b. Authenticity

c. A story or message behind the brand

d. Attractive advertisements or Internet popularity

e. Access to the purchase

f. Excellent customer services and after-sale services