

Three Main Tools for Luxury Brands to Strengthen Customers' Perception of the Brand

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Abstract: The paper is mainly focusing on examining strategies for firms in the luxury goods market to increase sales [1]. In this paper, the 3 strategies: why logos play an essential role in this industry, why traditional luxury brands began collaborating with fashionable brands and why luxury brands pay high fees to celebrities to engage them as spokespersons, are illustrated. After elaborating on these strategies along with an empirical research and screenshots, the results show that one of the reasons why people are fond of buying luxury products is that logos represent a sense of superiority and may show the owners' status; collaboration draws people' attention and increases purchase desire as a large number of people appreciate the combination of luxury and street fashion; star effect leads to many customers want to follow or imitate their idols so they are likely to purchase the clothes or items which their idols have worn [2].

Keywords: luxury brands, strategies, customers' thoughts, collaboration, star and celebrities, logos

1. Introduction

Today, luxury brands are marketing to a larger population because individuals' purchasing power is increasing globally.

Almost all the luxury brands are discovering ways to promote their products and attract young customers focusing on their products. In this paper, three potential ways are listed and discussed. This paper aims to examine why logos play an essential role in this industry, why traditional luxury brands began collaborating with fashionable brands and why luxury brands pay high fees to celebrities to engage them as spokespersons. After elaborating on these questions, brand marketers can delve deeper into trends and their customers' psychology. In other words, they can learn how to increase sales.

2. Literature review

In order to obtain uniqueness and reputation, some brands choose to collaborate with artist and other brands [3]. Collaboration marketing strategies are very efficient to upgrade brand image [4]. Celebrity endorsements can not only attract people to purchase but also can affect consumer product image [5].

Logo mania is a primary reason why a large amount of people rush to buy luxury goods even though they know hardly nothing about the brand. It is common that some customers consider purchasing luxury goods because of their symbolic value [6].

This type of customer cares a lot about the brand and its logos appearing on products and accessories such as handbags. They do not care necessarily about the quality, capacity, or design of the handbags. But they do care about showcasing a bag made by a luxury brand [7].

After conducting interviews and research, a couple of conclusive points were made that agree with the published research in the field.

1. Luxury brands represent a symbol of social status.
2. Luxury brands help people acquire confidence and a sense of superiority [8].
3. There is a specific type of customer who was really poor in the past and once they get wealthy, they will purchase luxury goods in order to show both themselves and their friends that their quality of life has increased significantly.
4. Some people who want to own luxury goods but refuse to pay the high price may choose to buy counterfeit goods even though they know the quality of counterfeits is not as well produced as those by luxury brands [9]. Generally speaking, people cannot distinguish if counterfeits are real or fake by sight only.

According to the statements above, logos attain significant importance for luxury buyers. Take for example the Louis Vuitton (LV) shirt as an example. The designer of the handbag put the special LV pattern or metal logo right on the center area of the shirt. When a person who wears a LV, shirt hangs out with friends, those friends will immediately assess the value of the LV shirt based on what they know about the brand: It must be expensive and precious. The wearer will be pleased with recognition of wealth by the collective, which satisfies their vanity.

Managers of luxury brands have realized that sales go up if the brand reinforces its logo and even create some special editions of products with exaggerated logos to attract more customers. Managers try their best to maximize the symbolic value of the products. Logos appear everywhere, on raincoats, glass bowls, packaging. Surprisingly, there are still customers willing to purchase this kind of inferior quality goods just because of the logo's impact on brand perception.

3. Experiment and Discussion

3.1. Description of the experiment

I bought two black shirts from the department store. Both of them are worth 30 dollars. I printed a Dior logo and stuck it onto one of the black shirts while I kept the other in its original condition. The black shirt with the logo is shirt A, the other is shirt B.

Then I asked 50 classmates to touch the shirts and choose which one they prefer to wear. (Those classmates have no idea that actually these two shirts are the same and they thought the shirt A is from Dior and the other one is just a normal black shirt.)

After they saw and touched two shirts, 94% of the total amount of students chose to wear shirt A and claimed that shirt A felt softer and more comfortable than shirt B. 6% of students chose to wear shirt A as well, however, they could not find a difference when touching both shirts.

The result of this experiment showed that most people's perception about a brand or product will be affected by the presence of a logo on the product. The two shirts were actually the same. However, when they saw the Dior logo on shirt A, they were fooled into believing that this was a superior quality good. Even though the remaining 6% of the students claimed that the two shirts had no difference in the material, they chose to wear shirt A. In general, when the logo of a luxury brand exists, people will consider the product valuable and attractive. People care more about the brand instead of the quality or function of the products.

3.2. The “celebrity effect” benefits luxury brands

Luxury brands spend a lot of money looking for celebrities to be the ambassadors of their brands as this seems to be an attractive way to advertise [10].

For example, one day a famous actor dresses in Fendi shirt and trousers and goes to have dinner. The entertainment reporters take pictures of him and upload the photos on the internet. Then, the fans of this actor notice his clothing and finds that the shirt and pant are both made by Fendi. As a result, some fans drive to the Fendi store and buy exactly the same shirt and pant as the actor’s. Psychologically, these fans feel they become more handsome and confident after wearing the same clothing and even imagine they become that famous actor. Generally, the fans will feel like they generate a special bond or relationship with that actor. So, in order to maintain the bond, customers continuously buy the same products as their idol has.

Here is another interesting fact. Some secondary market trading platforms in China present catchy text about which celebrities have worn the items on sale. Obviously, these secondary selling companies know this tactic draws customers’ attention and offers them room to imagine. According to trading data (see figure 1) sales of goods with a celebrity provenance are much greater than the without it.

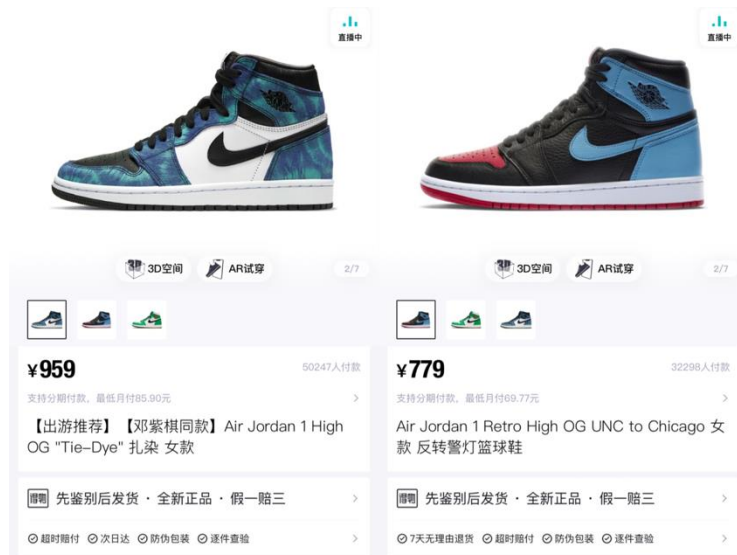


Figure 1. Comparison

3.3. Collaboration helps the luxury brands transform and gain acceptance from the young customers.

Traditional luxury brands have started doing collaborations with other fashionable or sports brands so that younger generations of consumers stop associating these brands with the past. Brands know that they need to keep evolving to attract young consumers.

In 2017, LV collaborated on a special edition of products with an American street fashion brand called Supreme. It was a huge success. For example, the price of a LV & Supreme wallet on the secondary market consistently increases although it has been on sale for four years. This is because the supply of this LV& Supreme collaboration is limited but the demand consists of millions of customers who want to buy it. This collaboration brought both LV and Supreme even more exposure in various tiers of the luxury market.

LV hired Virgil Abloh, the founder and designer of Off-White, as its menswear designer in 2018. Off-White made a series of shoes with Nike in 2017 and young people all over the world fell in love

with the particular model. Consequently, young people were willing to pay a much higher price than the original price just for owning a pair of these shoes. Seemingly, LV learned something from this event. It is time for innovation. The brand wanted to change what young consumers perceived as a stereotype, namely that LV's main clients are "old money." Virgil created new patterns on both the clothing and shoe lines and used different pigments to create different styles. His goal was to help LV demonstrate that they were able to catch up with the latest trends and combine street fashion with luxury. According to the transaction data (see figure 2) of a secondary market trading platform, young people paid higher prices compared to the original selling price in order to purchase these LV items. Without a doubt, the demand was outweighing the supply. Which means, the decision of hiring Virgil was a huge success.

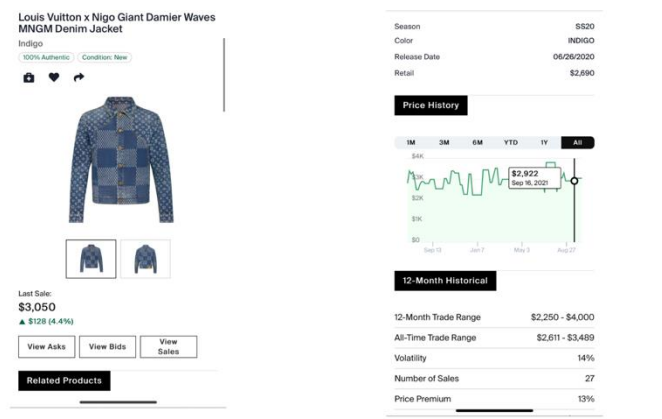


Figure 2. Transaction Data

In 2020, Dior collaborated with a sports brand, Air Jordan. Knowing that both LV and Dior are part of the same luxury conglomerate, LVMH, we can safely assume that Dior had a main takeaway from LV's strategy. Dior and Air Jordan designed the sneaker Air Jordan 1 together. Additionally, Dior limited the quantity of that sneaker to 8500 all over the world. Notably, Dior did a great job utilizing the strategy of "hunger marketing", which represents high demand along with low supply. After customers knew there was only a limited amount of product available globally, they were even more fixated on acquiring it. According to the secondary market trading platform (see figure 3), the original price is 2000 US dollars, but the current price is about 7500 US dollars. Dior performed well in sales with this collaboration and also established a new concept for the Dior customers. The brand started appearing younger and built close connections with the latest hype in fashion.

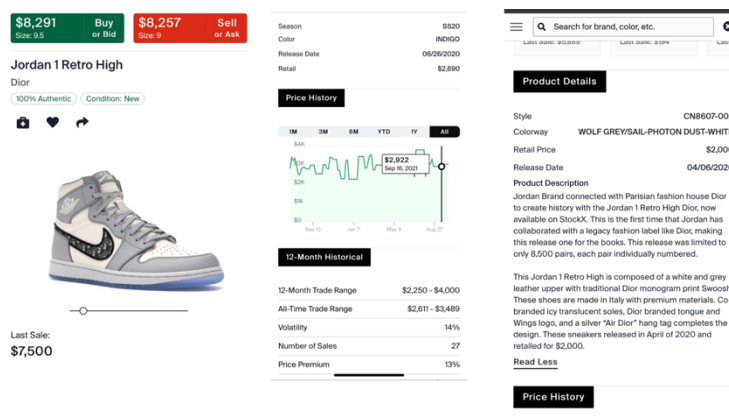


Figure 3. Marketing Data

4. Conclusion

Logos, collaboration, and star effect are three tools for a luxury brand to succeed. While conducting empirical research, I found out that, from the students' perspective, the symbolic value greatly exceeded the functional value. Therefore, some people who want to acquire "status" or increase their satisfaction will buy luxury goods with conspicuous logos. Moreover, collaboration creates the idea that luxury brands can perfectly represent not only conventional design but also the latest fashion. Successful brands know how to catch up with the trends and even create them so that customers of younger ages will also have the desire to participate in these luxury brands. Additionally, celebrities are top of mind for advertising luxury products because people like to follow their idols. This means that customers may not really focus on the brands but rather on which brands the celebrities wear. The brands care about both whether customers really love their products and what ways to attract customers and increase sales. As a result, a great number of luxury brands are adopting these three tools.

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