

Crafting Luxury Marketing Strategy: Strategic Integration of Sustainability and Market Leadership of Hermes

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Abstract: This study delves into Hermes' strategic operations in the luxury goods market, focusing on its brand management, brand marketing, and their profound impact on corporate sustainability. Anchored in its rich history and exceptional craftsmanship, Hermes has strategically positioned itself as a leader in the global luxury market through market segmentation and innovative marketing strategies. Particularly amidst ethical controversies and increasing consumer concerns about ecological issues, Hermes has enhanced its market competitiveness through initiatives such as ethical sourcing and environmental advocacy, establishing itself as a benchmark in corporate social responsibility (CSR). Additionally, starting from the definition of luxury goods, the study analyzes Hermes' current brand development status, emphasizing brand management and marketing. Sustainable development as a core value continues to influence luxury brands' marketing strategies, targeting specific middle and upper social classes to ensure brand image alignment with the identity and status of target consumers. Through an analysis of Hermes' marketing strategies, this study provides insights into luxury consumers' psychological needs and behavioral habits.

Keywords: Luxury Goods Market, Corporate Social Responsibility, Sustainable Development, Hermes

1. Introduction

Hermes was founded by Thierry Hermes in 1837 in Paris, France, initially as a harness shop. However, it wasn't until 1880 that Charles Hermes inherited the company and relocated it to the famous Rue de Faubourg in Paris that it began to flourish. Over time, Hermes has constantly adapted its production and management methods to changing trends, developing into a global icon of luxury goods. Today, Hermes operates in the nearly \$300 billion luxury market worldwide, offering products in 17 categories, including handbags, scarves and ties, men's and women's clothing, and lifestyle items. This remarkable growth can be attributed to the brand's skillful strategic marketing and ability to resonate with different market segments. Hermes' products seamlessly integrate into the lifestyle and quality aspirations of its target consumers, especially affluent young people and professionals, making it a highly anticipated global brand [1, 2].

Commitment to craftsmanship, quality and sustainability Hermes' deep-rooted values focus on traditional craftsmanship and unwavering quality [3]. Its Sustainable sourcing and environmental management program demonstrates this commitment, positioning it as a brand that values ethical behavior and transparency [4]. In today's era of accountability and fairness, Hermes goes beyond

compliance standards to integrate sustainability into every aspect of its operations, which aligns with what customers expect from a responsible brand.

Amid intense competition and changing consumer tastes, Hermes has maintained its leadership position in the luxury industry by strategically blending marketing elements [5]. Hermes solidifies its market dominance through a carefully designed marketing mix of products, prices, locations and promotions. It offers a wide range of high-quality products, selected store locations, and Spaces designed like art museums or studios, meeting consumer expectations for quality and positioning itself as a symbol of culture and art. This unique approach enhances the brand's uniqueness and reflects Hermes' respect for traditional craftsmanship, luxury sector innovation, and sustainability commitment [6, 7]. By reducing its environmental impact and promoting fair trade, Hermes sets industry standards in line with society's growing concerns about ethical consumerism, reflecting its broad corporate social responsibility vision.

2. The 4P Analysis of Hermes

Hermes' profound understanding of market segmentation and marketing mix has enabled it to resonate deeply with diverse customers globally [8]. It analyzes regional, cultural, and psychological factors and focuses on affluent, discerning consumers seeking high-end crafts. To expand its customer base, Hermes targets young, wealthy consumers, aligning its offerings with their lifestyle and fostering loyalty through unique brand experiences.

Hermes' marketing strategy encompasses product innovation, pricing strategies, strategic positioning, and engaging promotion techniques [9]. It expands its product offering to cater to diverse customer preferences, including high-end leather goods, fashion apparel, jewelry, and homewares. The brand is renowned for its product innovation, introducing limited editions and special collections that cater to high-end consumers' desires for exclusive, personalized luxury items. This inclusive strategy resonates with a broad customer base, ensuring everyone can find a Hermes product that matches their unique taste.

Hermes' premium pricing strategy sets the brand apart as a leader in luxury, catering to discerning customers seeking superior quality and exceptional design. By strategically placing stores in key cities globally, Hermes ensures its presence in prestigious shopping districts, enhancing visibility and accessibility to its exclusive offerings. This strategic approach reinforces Hermes' stature as a top luxury brand and broadens its market reach, attracting a wider audience of affluent consumers who appreciate its reputation for excellence.

Hermes' marketing strategy extends beyond traditional advertising to cultivate a loyal community. The brand fosters meaningful customer relationships through brand storytelling, social media engagement, and high-end events. Hermes creates a rich brand culture that resonates with its target audience by exhibiting its history, collaborations with artists, and curating exhibitions. Its robust online presence and ethical-focused public relations campaign enhance its sales performance and establish lasting customer bonds. Through a well-executed combination of the 4P marketing mix - product, price, place, and promotion - Hermes solidifies its position as a leading global luxury brand, attracting a diverse customer base and Projecting an image of excellence, uniqueness, and cultural identity.

Hermes' market segmentation strategy centers around lifestyle, values, and attitudes, emphasizing sustainability and social responsibility. Using sustainable materials, waste reduction, and promoting eco-friendly products, Hermes connects with consumers who prioritize environmental and social consciousness, fostering allegiance to the brand. By actively working to minimize its ecological footprint, Hermes aims to fortify its market presence. This is exemplified through the adoption of renewable materials and the advocacy for sustainable practices, establishing a profound bond with ethically-minded consumers who seek to align with brands that share their values.

Hermes stores transcend mere retail spaces, functioning as hubs of culture and art that foster social connections and celebrate the brand's legacy of skilled artistry and superiority. Hermes caters to the elite clientele through exclusive offerings and luxurious shopping experiences while reinforcing its distinctiveness and cultural ethos. Despite fierce market competition and shifting consumer tastes, Hermes' dedication to innovation and sustainability paves the way for novel market segmentation and product advancement, creating fresh prospects for growth and differentiation in the ever-evolving luxury landscape.

Hermes has embraced the significance of digital interaction in its marketing strategy, emphasizing engaging with a global audience through social media channels and virtual events to enrich the customer journey [10]. Demonstrating its forward-looking stance, the brand utilizes technology to offer enhanced customer service, like online customization and personalized suggestions. Beyond elevating its brand image, Hermes champions sustainability efforts and community involvement, aligning with customer values to cultivate stronger bonds and loyalty. This strategic blend of digital innovation and commitment to social responsibility amplifies Hermes' appeal and solidifies its position as a brand that resonates with its clientele on a deeper level.

Incorporating key strategic components like product, pricing, positioning, and promotion into Hermes' marketing strategy is an ongoing, dynamic process that demands continual assessment and adjustment. As consumer inclinations steer towards sustainable and ethical consumption, Hermes has demonstrated proactive leadership by championing corporate responsibility alongside profitability. This commitment has solidified its premier status in the global luxury sphere, positioning Hermes as the frontrunner in aligning business success with ethical values and sustainable practices.

3. Social and Ethical Practices

Hermes handbags have won the hearts of consumers worldwide with their superior quality and unique designs, and its critical raw material, leather, plays a vital role in the manufacturing process. This physical and chemical treatment of animal skin gives Hermes handbags unparalleled texture and beauty. However, while pursuing excellence, Hermes also faces ethical and environmental issues, such as the use of wild animal fur. These issues affect its supply chain and challenge its brand image and marketing strategy. As a leading global luxury brand, Hermes must actively respond to these challenges and achieve sustainable development while maintaining its unique charm.

3.1. Ethical Sourcing and Supply Chain Management

The ethical sourcing and supply chain management challenges Hermes faces must be addressed. Despite its reputation for craftsmanship and high-quality materials, the moral and environmental controversies caused by using materials such as wild animal fur put the brand's image at risk. To address this issue, Hermes should actively adjust its supply chain management strategy to ensure that the procurement of materials meets ethical and sustainable standards. This is not only related to the brand image but also affects the trust and loyalty of customers. Only through these means can Hermes consolidate its market position and secure the long-term favor of consumers.

Hermes can further enhance its brand's positive image when planning its marketing strategy by highlighting its strong commitment to ethical sourcing. For example, the company can use its advertising and promotional materials to promote its sustainable sourcing and environmental protection efforts. Open and transparent supply chain management processes vividly demonstrate the company's strong commitment to social responsibility. This well-thought-out strategy will help Hermes attract customers who value ethical consumption while creating a shining environmental leader and ethical model image for Hermes in a highly competitive market environment.

3.2. Environmental Sustainability

Hermes' efforts in environmental sustainability are commendable. The company is actively reducing the negative impact of production on the environment and adopting more environmentally friendly materials and processes. By improving its environmental management practices, Hermes meets the expectations of environmentally conscious consumers and becomes a model of sustainable development in the luxury industry. This forward-looking move protects precious natural resources and drives the entire industry toward a greener and more sustainable direction.

In terms of marketing strategy, Hermes has significantly enhanced its brand image through well-designed environmental campaigns. For example, launching a unique, limited-edition environmentally friendly product line and widely publicizing its environmental protection initiatives through social media and advertising. In addition, actively participating in and sponsoring various ecological protection projects can enhance the brand's visibility in ecological protection and enable it to occupy a favorable position in market competition. These strategies can attract consumers who deeply understand environmental protection and consolidate and enhance Hermes' market competitiveness.

3.3. Community Support and Fair Trade

Hermes' corporate social responsibility is not limited to environmental issues but includes areas such as community support and fair trade. The company is committed to supporting the development of communities in production areas to achieve the dual goals of economic and social sustainability. By implementing fair trade policies and community support programs, Hermes aims to improve the living standards of its producers while strengthening its position as an ethical brand in the market. Such strategic choices highlight the brand's social responsibility and set an example for the industry's sustainable development.

Hermes uses its community support and fair trade stories to deepen its emotional connection with consumers in marketing. Channels such as websites, social media, and advertising films can all become a stage to showcase the company's efforts to promote the development of producer communities. This will not only deepen customers' feelings for the Hermes brand but will also greatly enhance Hermes' image in terms of social responsibility and ethical standards. This move enhances the brand's appeal and injects vitality into the industry's sustainable development.

3.4. Challenges and Brand Image

While practicing corporate social responsibility, Hermes has put much effort into it but still faces various challenges. Among them, the use of wild animal fur has not only caused strong protests from environmental organizations but also reduced consumers' trust in the brand. Hermes must take transparent and responsible measures to meet these challenges when its corporate social responsibility commitments are effectively implemented. Hermes must adopt transparent and responsible measures to address these challenges, ensuring that its corporate social responsibility commitments are effectively implemented.

In terms of marketing strategy, in the face of controversial issues such as the use of wild animal fur, Hermes can take positive measures to maintain a positive brand image. Specifically, Hermes can make public statements, develop clear action plans to reduce or stop using wild animal fur and demonstrate its continued efforts in supply chain transparency and environmental practices. This transparent approach can not only effectively restore and maintain consumer trust but also highlight the integrity and reliability of the brand, thereby enhancing its market position.

4. Conclusion

Hermès' strategic operations demonstrate a solid commitment to CSR, integrating ethical sourcing, environmental sustainability, and community engagement into its core business model. This approach has established Hermès as a leader in the global luxury market, appealing to affluent young consumers and professionals through precise market segmentation and innovative marketing strategies. Despite its success, Hermès faces ethical controversies surrounding raw materials and increasing consumer concerns about environmental impact. Navigating these challenges requires continuous innovation in its supply chain and strengthened sustainability practices to maintain market leadership amid evolving consumer trends. This study provides a comprehensive analysis of Hermès' impact on the luxury market and consumer behavior, emphasizing the role of ethical practices in driving sustainability and social value creation.

Future studies can further explore Hermès' efforts in product development, innovation for environmental sustainability, and the promotion of ethical sourcing and community engagement worldwide. Especially with increasing ecological awareness, exploring how Hermès can integrate these initiatives into its business model and how they affect customer loyalty and brand perception is challenging. At the same time, a case study of Hermès' CSR practices in different cultural and regulatory environments reveals the unique challenges and valuable opportunities it faces. Overall, the study highlights the complexity and importance of integrating business strategy with ethical considerations at Hermès, demonstrating the brand's unique ability and forward-looking vision in facing the dual challenges of social responsibility and business interests. Hermès' relentless pursuit of quality, sustainability and community engagement provides examples of practice for other companies and new ideas and insights for researchers in the field of CSR, heralding a future in which business success is closely linked to social responsibility.

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