

The Transformation of Luxury Brands' Marketing Strategies in Social Media

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Abstract: The luxury industry is currently undergoing a significant transformation driven by digitalization. Consumer shopping behaviors are increasingly shifting towards online channels, while social media emerges as a key platform for interaction between luxury brands and consumers. The rise of emerging markets and the growing young consumer demographic are driving the trend of digital consumption. Luxury brands are actively expanding into the digital sphere, employing celebrity endorsements and social media marketing strategies. This paper utilizes a literature review and case analysis methodology. It finds that combining celebrity endorsements with social media marketing effectively enhances brand awareness and sales, creating a unique brand image and attracting more consumers. This trend has become a crucial transformation path for the luxury industry, albeit brands need to carefully consider celebrity selection and risk management. Future research could further explore best practices in celebrity endorsements and social media marketing, as well as their long-term impact on consumer behavior and brand benefits.

Keywords: luxury industry, digitalization, celebrity endorsements, social media marketing, brand awareness.

1. Introduction

The modern economy is causing consumer shopping habits to become more digital, with a rising number of people choosing to make their purchases online. Concurrently, social media's steady ascent has made it an essential conduit for communication and interaction between consumers and premium firms. The younger generation, who are more accustomed to internet consumption, is gradually becoming the majority of luxury buyers as new markets arise. Given this, luxury businesses are steadily entering the digital space, and data-driven marketing is playing a big role in this transformation [1].

The purpose of this essay is to investigate the history, rationale, and outcomes of luxury firms' use of social media and celebrity endorsements in digital marketing. The study focuses on examining how social media marketing and celebrity endorsements work together to affect sales, brand awareness, and brand image remodelling. Case analyses and literature reviews are part of the methodology used. A thorough examination of pertinent literature provides insights into the history and current trends of luxury firms that choose digital marketing [2]. In addition, case studies of luxury brands that

successfully integrate social media marketing with celebrity endorsements are looked at in order to assess the influence of these strategies on luxury brands.

According to the study, social media marketing in conjunction with celebrity endorsements by premium firms, can effectively enhance brand recognition and attractiveness, increase brand visibility, create more exposure opportunities, and generate unique brand stories and interactive content, shaping a profound brand impression, increasing interaction with consumers, attracting more consumers, and increasing consumer spending and market share. In the digital age, luxury brands choosing to use celebrity endorsements and social media for digital marketing have become a trend. Through collaborations with celebrities and integration with social media marketing, luxury brands can better enhance brand awareness, sales, and brand image. However, brands need to carefully consider the match between celebrity image and brand positioning when choosing celebrity endorsements, while also paying attention to the risks and challenges they may face in social media marketing. Through this research, it is hoped that suitable operating methods for integrating celebrities and social media between luxury brands can be explored, bringing about long-term stable positive effects.

2. Transformation of the Luxury Industry

2.1. Brand Reshaping

The modern economy is causing consumer shopping habits to become more digital, with a rising number of people choosing to make their purchases online. Concurrently, social media's steady ascent has made it an essential conduit for communication and interaction between consumers and premium firms. The younger generation, who are more accustomed to internet consumption, is gradually becoming the majority of luxury buyers as new markets arise. Given this, luxury businesses are steadily entering the digital space, and data-driven marketing is playing a big role in this transformation [3].

The purpose of this essay is to investigate the history, rationale, and outcomes of luxury firms' use of social media and celebrity endorsements in digital marketing.

The research focuses on analyzing the combined impact of celebrity endorsements and social media marketing on brand awareness, sales, and brand image reshaping. The methodology employed includes literature reviews and case analyses. Through comprehensive analysis of relevant literature, insights into the background and trends of luxury brands choosing digital marketing are obtained. Furthermore, through case analysis, successful practices of luxury brands combining celebrity endorsements and social media marketing are examined, aiming to analyze the impact of celebrity endorsements and social media marketing on luxury brands.

The research reveals that luxury brands collaborating with celebrities for endorsements, combined with social media marketing, can effectively enhance brand recognition and attractiveness, increase brand visibility, create more exposure opportunities, and generate unique brand stories and interactive content, shaping a profound brand impression, increasing interaction with consumers, attracting more consumers, and increasing consumer spending and market share. In the digital age, luxury brands choosing to use celebrity endorsements and social media for digital marketing have become a trend. Luxury brands can better enhance brand awareness, sales, and brand image through collaborations with celebrities and integration with social media marketing. However, brands need to carefully consider the match between celebrity image and brand positioning when choosing celebrity endorsements, while also paying attention to the risks and challenges they may face in social media marketing. Through this research, it is hoped that suitable operating methods for integrating celebrities and social media between luxury brands can be explored, bringing about long-term stable positive effects [4].

In the past, the luxury industry heavily relied on offline and travel retail. However, the sales volume was significantly impacted by the COVID-19 pandemic, prompting luxury brands to seek a more reliable sales strategy. In recent years, luxury brands have transformed by continuously integrating into the fields of new media and digitalization, redefining their brand image in conjunction with traditional models.

With the development of the market and the change in consumer mindset, brands aim to stand out in the market, leaving a rapid brand impression on the public. Major luxury brands are innovating continuously, particularly through visual innovation and social media marketing, which is currently an effective and rapid method to enter the public's view.

"Firstly, in terms of brand visual reshaping, it is a dynamic and continuous process critical to brand communication. A successful luxury brand visual symbol not only represents the brand's connotation and characteristics but also carries the cultural value and historical heritage of the brand. It not only has high recognition and artistic sense but also embodies the historical value of the brand. Brand visual reshaping should always meet the needs of brand competitive strategies, considering both the brand's own history and cultural background, maintaining brand consistency, and also considering the feelings of consumers with different cultural backgrounds and behaviors, making the brand more modern, fashionable, valuable, and dynamic, continually enhancing consumers' sense of brand identity and belonging" [1].

China is not a big producer of luxury goods, but a big consumer of luxury goods. According to the statistics of Bain Consulting Company, China's total luxury consumption has been growing year by year, the fastest growth rate in 2010, reaching 36.25%, the first three quarters of 2011, continued this growth momentum, but the growth rate slowed down in the fourth quarter, down to 13.33% in 2012. The reasons for the slowdown in luxury consumption are both political and economic. Economic: China's economic growth slowdown and European debt crisis; Political: On July 9, 2012, The State Council issued the Regulations on the Administration of Government Office Affairs, which clearly stipulates that the government cannot purchase luxury goods. The economic downturn has made consumer expectations less optimistic, and government policies have weakened the wind of luxury gifts, which has led to a lack of demand in the luxury market.

China Luxury Association also releases a luxury goods market consumption report every year, mainly studying China's domestic luxury goods consumption, which is divided into luxury goods according to the consumption level of our people, including: cosmetics, diamonds, luggage and clothing, alcohol, top-brand tea, high-end luxury real estate and so on. Many of these brands are not internationally recognized. In 2011, the total consumption of luxury goods in China was 1,392 billion yuan, and the growth rate was 1,836.5 billion yuan in 2012. There are many reasons for the rapid growth of the total consumption of luxury goods in China: the improvement of people's income level, the improvement of life quality, unhealthy consumer psychology... It is worth mentioning that the arrival of the era of generalized virtual economy has weakened the consumption of some luxury goods and increased the investment. For example, wine, jewelry, antiques, etc., many consumers buy not for consumption, but for investment and preservation, and the real economy turns to the virtual economy, which is also one of the reasons for the rapid growth of luxury consumption.

Chinese consumers are much more enthusiastic about buying luxury goods abroad than in China. From the beginning of February 2010 to the end of March 2011, the total consumption of China's luxury goods market has reached 10.7 billion US dollars (excluding private jets, yachts and luxury cars), while in almost the same period, the total consumption of Chinese luxury goods in the European market has reached nearly 50 billion US dollars, which is four times that of the domestic market. The peak of overseas consumption is mainly concentrated in Chinese holidays. From 2010 to 2012, the total amount and growth rate of Chinese people's overseas consumption during the Spring Festival continued to rise.

2.2. Exploring the Potential of the Chinese Market

Luxury brands have realized the enormous consumption potential of the Chinese market and have been continuously combining with traditional Chinese culture for long-term sustainable development. Digitalization has also been assisting luxury brands in further expanding into the Chinese market. In recent years, with the support of various factors, the luxury industry has gradually rebounded. For example, according to Burberry's preliminary performance data, the robust growth in the Chinese market has driven an 18% year-on-year increase in sales [2]. The characteristics of the Chinese luxury market lie in its large and diverse consumer groups. Heavy consumers remain the most stable backbone force, accounting for 40% of consumption with only 11% of consumer proportions. Additionally, the consumption momentum of young consumers under 30 and consumers from second-tier and below cities is strengthening, becoming emerging forces and future growth drivers in the luxury goods market. Among them, Chinese luxury consumers' buying habits formed during the epidemic are gradually stabilizing. Although epidemic prevention and control policies have been relaxed, the Chinese mainland market is expected to continue to account for over 80% of the overall market size.

2.3. Diversification of Channels

In practice, it can be observed that luxury brands currently employ marketing strategies tailored to brand characteristics and audience groups, conducting personalized and differentiated marketing, and combining online and offline models through integrated media for more accurate promotion modes. Online, platforms with significant traffic such as Weibo, Douyin, and Xiaohongshu are utilized for advertising and commercial promotion, quickly gaining traffic and increasing brand exposure. Collaboration with top bloggers and celebrities, utilizing their traffic and alignment with the brand's image, for cooperative marketing, can also rapidly gain traffic and reshape or enhance brand image. Traditional offline channels also require attention. For instance, physical stores, press conferences, brand banquets, fashion shows, and exhibitions provide emotional value to consumers, such as a sense of achievement, experience, joy, and social status symbolism, strengthening consumer identity and belonging [3].

3. The Uniqueness of Traditional Marketing Model

Using the upscale jewellery and watch company M as an example, their strategy for developing new goods is to introduce them once a year, with an emphasis on distinctive craftsmanship and ultra-thin movement production technology. In the jewellery business, M offers inventive and collectible jewellery with fresh features and distinctive designs, frequently fusing traditional Chinese culture, particularly during particular holiday seasons [5].

4. Opportunities Brought by the Digital Field to the Luxury Industry

4.1. Limitations of Traditional Marketing Models

The 4P framework (Product, Price, Promotion, Place) analysis of traditional marketing methods reveal some weaknesses. Using the upscale jewellery and watch company M as an example, their strategy for developing new goods is to introduce them once a year, with an emphasis on distinctive craftsmanship and ultra-thin movement production technology. In the jewelry segment, M introduces collectible and innovative jewelry with novel elements and unique designs, often incorporating traditional Chinese culture, especially during specific festive periods [6].

4.2. Diversity Brought by Digital Marketing Models

The advent of digital marketing has introduced a diverse range of approaches for luxury brands to engage with consumers. Unlike traditional marketing channels, digital platforms offer unparalleled opportunities for direct engagement and interaction with consumers. Luxury brands can utilize various digital marketing strategies such as influencer partnerships, content marketing, and targeted advertising to reach their desired audience segments. By leveraging data analytics and consumer insights, brands can tailor their marketing efforts to effectively resonate with their target demographics.

4.3. Impact of Network Symbolic Consumption

Network symbolic consumption, facilitated by digital platforms, has profoundly influenced consumer behaviour in the luxury industry. Social media platforms serve as a space for individuals to showcase their status, lifestyle, and identity through conspicuous consumption of luxury goods. The phenomenon of "Instagrammable" luxury experiences and products has led to increased demand for visually appealing and aspirational products [7]. Luxury brands must carefully navigate this landscape to ensure that their marketing efforts align with the values and aspirations of their target audience while maintaining authenticity and exclusivity.

5. Precision Marketing through Social Media

5.1. Marketing Models on Social Platforms

Social media platforms offer luxury brands a unique opportunity to engage with consumers in a more personalized and targeted manner. Through platforms such as Instagram, Facebook, and TikTok, brands can create tailored content that resonates with specific audience segments. Influencer marketing has emerged as a particularly effective strategy, allowing brands to leverage the influence and reach of social media personalities to promote their products to a broader audience. By partnering with influencers whose personal brand aligns with the values and aesthetics of the luxury brand, companies can enhance their brand image and reach new consumers[8].

5.2. Reinforcement and Diminishing of Segmentation

While social media allows luxury brands to reach a broader audience, it also presents challenges in maintaining exclusivity and segmentation. The democratization of luxury through social media platforms has led to a blurring of traditional boundaries between luxury and mass-market brands. Additionally, the rise of micro-influencers and user-generated content has further fragmented the market, making it increasingly difficult for brands to differentiate themselves. To address this challenge, luxury brands must carefully curate their online presence to maintain a sense of exclusivity and desirability while still engaging with a diverse range of consumers.

5.3. Consumer Attitudes

Consumer attitudes towards luxury consumption have evolved in response to the digitalization of the industry. Millennials and Gen Z consumers, in particular, exhibit different purchasing behaviors and preferences compared to previous generations. These digital-native consumers place a high value on authenticity, sustainability, and social responsibility when making purchasing decisions. Luxury brands must adapt their marketing strategies to appeal to these changing consumer preferences, emphasizing transparency, ethical practices, and meaningful brand storytelling [9].

6. Issues with Digital Marketing

6.1. Risk Management in Marketing Content

One of the primary challenges faced by luxury brands in digital marketing is risk management in content creation and distribution. Social media platforms present opportunities for brands to engage with consumers in real time, but they also pose risks in terms of brand reputation and integrity. Missteps in content creation or influencer partnerships can quickly escalate into public relations crises, damaging brand credibility and trust. To mitigate these risks, luxury brands must establish clear guidelines and protocols for content creation and partner selection, ensuring that their marketing efforts align with their brand values and objectives.

6.2. Integration Management Issues between Platforms

Another significant challenge in digital marketing for luxury brands revolves around the integration of marketing efforts across numerous platforms. As consumers engage with brands through various digital touchpoints, including social media, e-commerce websites, and mobile apps, it becomes imperative for luxury brands to maintain consistency and coherence in their messaging and branding. To achieve this, luxury brands must adopt an omnichannel marketing approach, which involves seamlessly integrating their marketing efforts across platforms to offer consumers a unified and cohesive brand experience. This requires effective coordination and collaboration between marketing teams, as well as the implementation of robust analytics and tracking systems to monitor performance and optimize strategies [10].

6.3. Avoiding Over-Marketing and Overindulgence in Hedonism

In the digital era, luxury brands must delicately balance the maintenance of exclusivity and desirability with the avoidance of over-marketing and the perpetuation of hedonistic consumer behaviors. The incessant flood of marketing messages and promotions on social media can lead to consumer fatigue and cynicism, ultimately diminishing the perceived value of the brand. Therefore, luxury brands must adopt a more restrained and selective marketing approach, prioritizing quality over quantity and focusing on creating meaningful brand experiences rather than superficial indulgence. By cultivating a sense of scarcity and exclusivity, luxury brands can enhance their allure and appeal to discerning consumers who value craftsmanship, heritage, and authenticity. This approach not only preserves the integrity of the brand but also fosters deeper connections with its target audience.

6.4. Balancing Brand Value with Consumer Personalization

In the realm of digital marketing for luxury brands, a delicate balance must be struck between preserving brand value and catering to consumer personalization. As consumers increasingly demand customization and personalization, luxury brands are faced with the challenge of aligning these initiatives with their core brand identity and positioning. Mass customization strategies, while seemingly attractive in their potential to cater to individual preferences, can inadvertently dilute the exclusivity and prestige that are integral to the luxury brand experience. It is essential for luxury brands to delicately manoeuvre the customization space, ensuring that personalized experiences resonate with individual consumers while simultaneously upholding the aura of exclusivity and craftsmanship that defines the luxury segment.

6.5. Balancing Use Value and Symbolic Value

Furthermore, luxury brands must navigate the intricate tension between use value and symbolic value in their digital marketing endeavors. While luxury products inherently possess a certain level of functional utility, their appeal often transcends mere practicality, encompassing deeper symbolic and aspirational qualities. In the digital era, consumers are increasingly drawn to brands that offer experiences and narratives that go beyond the mere product. Therefore, luxury brands must harness the power of digital channels to effectively communicate their brand stories, emphasizing the emotional and symbolic significance of their products while consistently delivering superior quality and craftsmanship. This balanced approach will ensure that luxury brands maintain their esteemed position in the market, while also connecting deeply with their target audience.

7. Conclusion

In conclusion, a new era of marketing potential and difficulties has been brought about by the digitalization of the luxury sector. The way luxury businesses interact with customers has been completely transformed by the incorporation of digital technologies and social media platforms, which present previously unheard-of possibilities for customisation, interaction, and narrative. These chances do, however, come with hazards, such as dilution of the brand, weariness among consumers, and harm to reputation. Luxury businesses need to take a strategic and sophisticated approach to digital marketing in order to compete in the modern day. They need to strike a balance between the technological draw and the classic principles of authenticity, exclusivity, and fine craftsmanship.

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