The Impact of Luxury Brands' Marketing Strategies on Brand Awareness and Consumer Decision Making

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Abstract. As consumer purchasing power increases, the luxury market is gradually expanding, and competition among luxury brands is becoming increasingly fierce. Different brands have designed innovative marketing methods based on long-term market research and combined with brand concepts. According to the research, This study uses case studies to illustrate how event marketing and scarcity marketing can leverage consumer psychology to increase sales and improve brand awareness and product value. Moreover, This article also provides specific optimization methods for these marketing strategies to reduce their negative externalities and increase sales and revenue. In the event marketing strategy, businesses usually use consumers' empathy to reach a consensus with them to attract them. In scarcity marketing strategy, merchants use consumers' loss aversion and the scarcity of goods to stimulate consumers' desire to buy. The research significance of this article is to analyze the existing marketing strategies of the luxury market and combine them with modern social media to provide more effective ways of luxury marketing and optimize the luxury market. This article mainly proposes marketing strategies for brands by optimizing consumer decisions and increasing sales of luxury brands. Consumers should also consume rationally and pay attention to distinguishing the pros and cons of brand marketing methods.

Keywords: Luxury goods, Marketing strategy, Event marketing, Scarcity marketing.

1. Introduction

Marketing is not the responsibility of one department, but a company-wide undertaking. Marketing is a collaborative effort between all departments in the company to find the right marketing tools by studying consumer psychology. Marketing drives the company's purpose, mission and strategic planning. Marketing can only succeed when all departments work together to achieve the goal: engineering designs the right product, finance provides the right funds, procurement buys the right materials, production produces the right product in the right time frame, and accounting measures profitability in the right way [1]. In the current fierce market competition and information explosion era, consumers are exposed to thousands of advertisements every day, and people often have aesthetic fatigue. Especially in the luxury industry, each brand in the high-end product market has different creative concepts and product styles. Many consumers regard luxury goods as a symbol of wealth and status and pay close attention to the social value of luxury goods. The aims of individuals purchasing luxury goods are always to show off and demonstrate their social status [2]. Luxury brands are famous for their excellent product quality and elegant design, and their consumers usually pursue unique products and ultimate lifestyles without being restricted by price [3]. At present, people pursue higher quality and higher grades in their choices among many luxury brands. The marketing strategy of merchants plays an extremely important role in increasing brand awareness and sales. Unique and creative marketing strategies may use innovative value propositions, new pricing models, customer-driven supply networks or expansion methods to attract customers to meet their specific preferences and interests and enhance consumer loyalty to the brand [4]. Based on the existing marketing strategies today, luxury brands can diversify the way luxury goods are disseminated through event marketing, scarcity marketing and today's social media, no longer limited to offline stores, thereby forming innovative marketing methods and expanding the luxury brand market. These rich dissemination methods not only cater to the personalized needs of different users but also provide luxury brands with a multi-dimensional and three-dimensional brand creative expression space [3]. The purpose of the research is to help companies have better long-term goal planning. With the development of the times, companies can attract more customers through innovative strategies, such as promoting new products on social media to increase brand awareness and connect with the contemporary market. Thereby increasing the company's sales and helping to achieve its corporate goals. At the same time, it gives consumers more choices and lets enterprises better understand the needs of contemporary customers and gives customers a better product experience. Furthermore, companies can use marketing methods that suit them, highlight the characteristics of their products, and attract more potential consumers through innovative marketing methods.

2. Dior's event marketing

2.1. Case Description

At the 2013 Oscars, Jennifer Lawrence accidentally fell while walking up the stairs to receive her award in a white dress, which unexpectedly became the focus of the world. Dior found the right time and praised Lawrence's "authenticity and elegance" through an official statement, taking this opportunity to emphasize their design concept "the design of the dress is originally to show women's confidence and calmness". Dior quickly turned this mistake into a manifestation of brand values and therefore added a new slogan to the billboard: "If you fall, fall in Dior." Calling it its own brand has a natural sense of reality that moves consumers and resonates with consumers. Since then, Dior has transformed this negative event into a good opportunity for positive marketing and strengthened the core belief of "elegance and authenticity coexist". In subsequent advertisements, Dior incorporated the fall incident into the brand story, highlighting its "Imperfect Perfection" concept, reaching a consensus with consumers and establishing an emotional connection. In the 2013 autumn and winter series conference, Dior took "elegant rebirth" as the theme, which implicitly matched the tenacity and confidence conveyed by the incident. Dior has been working with Lawrence for a long time. Her "girl next door" image contrasts with the brand's high-end positioning, enhancing the sense of authenticity. After the fall, Dior further consolidated her spokesperson status and shaped her into a symbol of "authentic elegance". Due to the widespread dissemination of this incident on the Internet, people are no longer unfamiliar with Dior, a luxury brand, but have strengthened their trust in the authenticity of the brand, which is consistent with the anti-perfectionism in the hearts of consumers. This also allowed Dior to gain consumption from many potential customers.

2.2. Theoretical Analysis

Event marketing gives companies significant market advantages through creative and personalized strategies. It allows brands to stand out from the competition and distinguish themselves from competitors. This differentiation can help companies stand out in the fierce market competition, enhance brand competitiveness and increase product sales.

The Dior brand quickly responded to the negative event and transformed it into a positive discussion that was beneficial to its brand. It also wrote this event into the Dior brand narrative. This event marketing was known to people through social media and also spread the brand's unique design concept. The brand used event marketing on the Internet to attract more potential consumers through digital brand marketing management [5]. The brand also took advantage of the celebrity effect. By renewing the contract with the celebrity of the event, Dior showed its recognition and continuation of the new concept brought about by this event: "True elegance is never afraid of falling." The popularity of the celebrity also brought popularity to the brand. Through event marketing and emotional communication, Dior consolidated the brand's long-standing design concept and used consumers' empathy. The imperfections of consumers in life were consistent with the new concept of "imperfect perfection" brought about by this event, which resonated with consumers and made consumers believe that the luxury brand Dior was not out of reach. So after this incident, Dior's reputation improved and brought it extremely high sales.

2.3. Optimization Strategy

Dior carried out the unique concept of elegance and authenticity to the end, retain core customers, and attract more customers who value the brand concept of "consistency". In future marketing, the Dior brand can turn a series of events around the core concept into brand history, actively face negative and critical events, actively make modifications or dig deep into the events to make them Dior's iconic events to promote the concepts and connotations. Always integrate event marketing with the membership system, invite loyal customers to participate in the co-creation of new products, reflect the brand's loyalty and enthusiasm for customers, and establish consumers' brand loyalty to luxury goods. Brands can also focus on combining digital marketing with event marketing to allow events that have a positive impact on the brand to continue to spread on the Internet, combine the connotation of the event with the brand concept, and allow more potential consumers to have a deeper understanding of the brand. Brands that continue to be active on social media and actively interact with consumers can increase customer stickiness and dependence on the brand. Through digital marketing, brands can not only build momentum for new product launches, but also learn about the market feedback of new products in advance, so as to adjust their new product development and sales strategies in a timely manner, which plays a decisive role in sales growth. This is something that is difficult to accomplish in the era of traditional media and traditional marketing [6]. For consumers, they can choose their preferred brands with specific design concept according to their preferences and styles, but consumers need to make rational purchases and rationally distinguish the authenticity and rationality of event marketing before making decisions. In order to maintain the long-term value of the brand and retain users, the brand should continue to ferment the event with a positive brand image on social media, or the brand can continue to collect stories and activities related to the brand and retain customers for a long time and extend the life cycle.

3. Scarcity Marketing

3.1. Case Description

Scarcity marketing usually involves artificially controlling supply, such as purchase restrictions, using the scarcity of products to make customers feel that supply is insufficient to meet demand, and using the scarcity effect to stimulate people's desire to get products, thereby promoting the rapid promotion and sales of new products and increasing the value of products in the minds of consumers [7]. When people mention luxury brands, such as Hermès, people associate them with words such as "high price" and "scarcity", making luxury brands a source of pride for owners. "Added value" is the main reason why luxury brands become luxury brands. In Hermès' bag counters, the Birkin series of bags are always limited editions, and the selling price is extremely high, but a large number of people are scrambling to buy them. In a short period of time, people have to line up to buy them in offline stores, and usually they need to match them with accessories worth more than one million yuan to have the right to buy this bag. The reason is that Hermès's handmade production takes a long time (a Birkin bag takes 18-24 hours), and it is handmade. The brand greatly raises the value of this bag by taking advantage of the fine workmanship of the product and the scarcity of raw materials, making consumers feel that the value of the item itself has long exceeded its price tag. Hermès bags are a symbol of status and identity, hence the price in the second-hand market may even be higher than the original price. This stimulates consumers' desire to buy and the sense of pressure to buy, and the core purpose is to increase the product value and attention in a short period of time.

3.2. Theoretical Analysis

In the luxury goods market, people demand for goods increases rather than decreases as prices rise. The same principle applies to the luxury goods market, where the increase in demand is even more serious than in the general market. First, at the price setting level, because consumers perceive that the product or service is scarce, they will believe that scarce products are more noble and unique, so merchants can use this exclusive feature to set a price higher than the industry average, which not only helps to consolidate brand positioning, but also can gain greater benefits from it [8]. The average price increase of luxury brands such as LV is 2.5 times the market inflation rate. In the second half of 2022, Hermès raised prices globally, with prices of some products rising by nearly 30%. This is because after the price increase of luxury goods, their value and status in the minds of consumers have increased [9]. Luxury brands use the scarcity of raw materials to create the preciousness of products for consumers, stimulate consumers “fear of missing out” psychology, and increase their impulse to buy. Creating product scarcity is to strengthen the symbolic value of products and build consumers’ belief in their irreplaceability. Merchants use the allocation mechanism to increase the purchase threshold of goods, increase the added value of products, and further strengthen the scarcity of products. In the luxury goods market, people often pursue design, uniqueness and high-end products. For example, if a Hermès bag is limited to only 100 pieces worldwide, people are willing to invest in it for its value preservation and high-end status. In the second-hand market of luxury goods, there may be a problem of commodity premium. Because of the scarcity of product resources, the second-hand market has become the main circulation channel for scarce resources, and the imbalance between supply and demand has pushed up prices. However, excessive scarcity may cause customer dissatisfaction and lead to consumer loss. Therefore, scarcity marketing is not suitable for all commodities at all times. It is useful to use scarcity marketing for some works that use scarce raw materials or are designed by famous designers. There is no need to set limits or queue up for more common commodities, which also retains a large number of consumers.

3.3. Optimization Strategy

On the basis of scarcity marketing and limited design, brands also need to pay attention to the reputation of goods. Consumers influence their potential consumption decisions through word-of-mouth communication. First of all, products must ensure good quality, follow the trend of the times, and have innovation and development significance in order to attract consumers. Luxury brands adhere to the principle of "scarcity makes things valuable" and design not only goods but also pre-sales and after-sales services, so that people can truly feel satisfied, rely on products, and increase customers' secondary repurchase rate. Luxury brands can avoid the resale premium in the second-hand market that affects the brand reputation. They can set personal purchase limits and use real-name system for each person to purchase. Finally, consumers' awareness of environmental protection is gradually increasing nowadays, and their demand for green products is also growing [10]. Luxury brands can replace raw materials with environmentally friendly and green scarce resources, follow the current market mainstream, and both ensure the scarcity of commodity resources and increase consumers' willingness to buy. It can also enhance sustainable development of luxury market and economies. Brands can take advantage of consumers' loss aversion, make them feel afraid of missing out on luxury goods and give consumers a sense of urgency, and reduce the time it takes them to consider and make decisions. Brands can also sell products in specific locations by taking advantage of the scarcity of geographical locations, such as selling products that combine design with regional characteristics near tourist attractions or famous scenic spots. Giving consumers limited time and space to make decisions can increase the scarcity of products and stimulate consumers' desire to buy. Additionally, brands can also sell seasonal products at specific times, giving consumers a small amount of time to think and make decisions, increasing the added value of the products. Consumers should avoid over-purchasing when purchasing goods, which leads to waste of scarce products and resources.

4. Conclusion

Following the research, the marketing strategies of luxury merchants make an extremely crucial impact on consumers' purchasing decisions. This study mainly analyzes two typical marketing cases. The first is the emergency handling of the Dior brand for an emergency, which transforms the incident into a brand narrative. The small mistakes are linked to the imperfect events that people encounter in life, reflecting the brand's intimacy rather than being out of reach, deepening the brand's concept of "Imperfect Perfection" and resonating with consumers. By spreading this event through social media which has rapid development in recent times, the positive evaluation and influence of the brand brought by this event were widely spread, making the Dior brand from "out of reach" to "real intimacy" in the minds of consumers. After this, the Dior brand also attracted the attention of many potential customers, and sales volume also increased significantly. Hermès uses scarcity marketing to increase the added value of products. Using the appropriate supply and demand quantity, a scene with a tight number of purchaseable products is created to enhance the value and status of the products in the minds of consumers. It makes customers experience the satisfaction of purchasing privileges and status symbols, which also indirectly enhances the overall value of the brand. From the two marketing methods of event marketing and scarcity marketing, it can be seen that the core of marketing is to grasp the psychology of consumers, and to make consumers identify with the brand is the core of marketing. This can increase the sales volume and brand awareness of the brand and promote the development of luxury brands in the future. Research has also proved that a suitable marketing method has a very important impact on the development of the brand. Luxury merchants should focus on studying the psychology of the brand audience and adopt appropriate marketing methods. With the rapid development of the Internet and social media, luxury merchants should use the rapid and wide dissemination of the Internet in the future to amplify the characteristics of the brand's products and show them to the public. The brand should integrate the concept of continuous inheritance with the spirit pursued by contemporary society, keep up with the pace of development of the times, but not lose its own brand characteristics.

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