

Analysis of Changes in Luxury Consumption and Marketing Strategies

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Abstract. The most parts of people normal life are occupied by the Luxury goods, because people are pay more attention for the outfit and the beauty of people. The luxury consumption is also a important part of global economic. It can help people to know the consumption of luxury goods are increase year by year. Then it can allow people shop wisely. The main content of this article is introduce the consumption of luxury goods and Marketing Strategies after the epidemic of Covid-19. At the same time, it also analysis the strategies of some famous brands. It means the most brands will move towards this strategy and direction. The Luxury consumption are increase than the last few years and are become better than before. After that, the strategies of many brands are tend to become fresh and these strategies are become variety. Like use the special ways to propagandize products and brand. These strategies purpose is increase the consumption of Luxury products.

Keywords: Luxury Brand; case study; marketing strategies; changes in consumption; analysis of brands.

1. Introduction

Luxury is defined that the things have the quality of extraordinary, infrequent and unique. In the economic, the luxury goods means the products with the highest value to quality ratio. In the other hand, it refers the products with the highest ratio of intangible value to tangible value. Everyone have different opinion in the luxury goods. Some of the people think the luxury is the things that the things used to satisfy some people's vanity. Some people think it is a symbol of status and power. These people's opinion is originated by the ancient nobility, the luxury products is produce for the nobility at first. The main feature of the Luxury goods are very expensive, good look, special area, historical and time. The Luxury goods categories are divide into jewelry, watch, clothing, handbags, wine, luxury yacht, premium car and cosmetics. The theme of this article is clothing and handbags. Luxury goods are becoming more and more popular. It is based on the people's quality of life are higher than before. Since twenty-first century, China's luxury market capacity continues to increase, becoming the main growth of the world's luxury. Following the development of internet, more and more people becoming focus on the outfit and decoration.

2. Changes in Luxury Consumption

2.1. Influence of the Covid-19 Epidemic.

Due to the impact of the epidemic in the recent years, the development of all walks of life has been stagnant to a certain extent. The influence in the economic is that the world economy has slumped. In this way, the luxury consumption is also decrease with the economic. The market size figures illustrate the impact of the pandemic on the luxury sector, the Bain company, a consultancy, predicts that the global luxury market will fall by a quarter in 2020 from a year earlier [1]. To be more specific, the some of the luxury brands like the Burberry Dior, Louis Vuitton, Gucci, Channel and so on. Even though the one of the most famous luxury brand also be affected in nowadays. This Burberry, the British luxury goods group, also reported on March 19 the impact of the coronavirus on its performance: in the six weeks from January 24, Burberry's same-store sales had fallen 40-50 percent compared with the same period last year [2]. That is because the people need to stay at home and they

can not go to the street or mall to purchase luxury goods. Then it will cause the consumption of luxury is decreased.

In 2022, the global luxury market will further recover than 2021. It achieved a rapid growth of 17 percents year-on-year, and the market size reached 2,545 billion yuan [3]. This data absolutely shows that the luxury market has completely recovered from the gloom of epidemic. The global luxury market size is certainly increase than before. The luxury consumption in China is increase a lot than before. According to the research of Vogue Business and the Barclays research, the second quarter of this year in outfit is more than the first quarter. For the luxury goods, the 87 percents of luxury brands attracted more visits from Chinese consumers in the second quarter. In terms of luxury spending, 73 percents of respondents actually spent more in the second quarter than they expected at the end of the first quarter [4].

2.2. Changes in Customer Structure

The growth of the luxury is not the only feature. One of the main features of Chinese consumption is the consumption structure is relatively low, people like buying clothing, perfume, watches and other lower-grade personal items. They just focus on the appearance [5]. There is a biggest change, the main consumers of the luxury goods are become to the young, the people that born in post-2000s generation become the main consumers of the luxury. Even the rich are spending more conservatively. Investment in luxury goods, particularly leather goods, jewellery and watches, is expected to surge as an alternative asset class. Young people and consumers increasingly contribute to the growth of personal luxury consumption. During the epidemic of the Covid-19, the people was prevented to shop in the mall or other public place. Although, the internet promote the internet shopping, the problem of the epidemic is very serious. Then the all the way of people's life was stop. After that, with the spread of vaccination and the recovery of international travel, the people's life is become normal as the time that it is before the Covid-19. In this way, global luxury is expected to continue its solid growth. Moreover, the national enthusiasm for the luxury goods consumption provides a steady supply of second-hand luxury goods market. The current era's focus on environmentally friendly consumption has also allowed idle luxury goods to be recycled. Driven by increased demand and increased offers, the second-hand luxury market soared to 33 billion euros in 2021, up 65 percent since 2017, according to Bain & Company [6]. The market share of second-hand luxury goods has increased significantly. It means the normal luxury market can be affected and it will affect the new products of luxury brand sell. Government fiscal stimulus a rebounding stock market and rising household savings. Cause most company in order to decrease the loss in this epidemic, they turned most of trade or work to the internet. It means most of people can work in the house and get the salary on time. The Global luxury sales have fully recovered to pre-Covid-19 levels by 2020. The interfere of the global supply chain is decrease, but the problems of lack of the labors, Russia-Ukraine conflict and economic disruption caused by climate change are likely to persist.

As mentioned above in this article, there are some special features in these years and after epidemic of Covid-19. Especially the Millennials (born between 1980 and 1995, about 320 million people are the main force of luxury consumption on Tmall, accounting for more than 70% of the overall market share, Rising Generation Z (born after 1995, about 80 million of whom are 20 and older) saw the highest growth in consumption as their incomes rose. In these years, the development of internet and technology, people contact the numbers of information a day from the internet. They also can get the information from other countries. Some celebrities will wear a fancy clothing and so on. People will imitate them to make them become more cool. Then more and more people are pay attention to the outfit and decoration on themselves. Based on the background of Covid-19, all products are bought from the internet. After the Covid-19, all of the sales are become normal and diversification. The channels both have offline physical store and online. The young always purchase the luxury products from the internet, like the Tmall. While the proportion of middle-aged and elderly people buying luxury goods in offline stores remains high, they also start to buy something from the internet. These changes make the luxury brands have to modify their strategies to sell products. Although the online

sales are booming and results are perfect, these luxury brands also cannot ignore the offline sales and the store layout. Such as, they begin to set stores in some cities that the cities have reached a certain number in population. Though these cities are not have the force to meet the standards of first-tier cities. On this way, the luxury brand can maintain the direct contact with the customers, then the brand can achieve precise control over products, pricing and promotion strategies. The luxury brand also can use the online sales to improve the fame of this brand. These strategies' goal is attract more people and attention, then they will occupied the most part in the market.

3. Marketing Strategies of Luxury Brands

3.1. Dior

Dior, full name Christian Dior is a French fashion consumer brand owned by the Moët Hennessy Louis Vuitton group. In 1946, the first Dior fashion house is founded. At the same year, fashion designer Christian Dior met business tycoon Marcel Boussac by chance, and the two men hit it off in Paris's most elegant and noble Avenue Montaigne 30 officially created the first personal fashion store. After that, this brand gradually into the public eye. Dior's brand range includes bag collection, small leather goods, high-end ready-to-wear, footwear series, fashion jewelry, accessories series and so on.

In these years, Dior is good at using star endorsement to promote brand image and products. It also invited famous models Bella Hadid, Kendall Jenner and other stars to endorse its products, with their influence to expand brand awareness. In the 2018, Tmall announced on its Weibo account that pst-00s teen Jackson Yi has become the brand 's first spokesperson. Weibo retweets successfully exceeded 1 million times within an hour, and the micro-index of "Tmall" also surged to 3.347 million on the same day, and the ranking of "Tmall" App jumped from 94th place in the overall list (free) to 12th place on the day after the endorsement news was announced. The celebrities have much fame, then they can attract more people to purchase these products from Dior.

Moreover, Dior opens an official account on social media and update it constantly. For example, share photos of the latest styles, backstories and celebrity collaborations on Instagram and use their own application to provide the story of brand, purchase guide, online shopping and so on to make the customers contact it more convenient. To be more specific, in online marketing, luxury brands need to maintain their high-end image and convey their brand value and brand culture. At the same time, brands can also promote their brand image and values through videos and articles to win the recognition and trust of consumers. There are many examples, for the "Porsche sells kitchen knives", "Hermès sells bicycles", "LV sells table tennis", "Ferrari sells trench coats" and "Gucci selling umbrellas".

It focus on creating a good reputation, in product quality, service and other aspects of excellence. It also like to attract people's attention, such as launching limited edition products worldwide or releasing special collections on important holidays. Dior always keep maintained a keen sense of market trends and actively embraced new technologies and new channels to build brand image and increase sales through a variety of means.

3.2. Louis Vuitton

Louis Vuitton is a French luxury brand, part of the Moët Hennessy Louis Vuitton Group. In 1837, Louis Vuitton became a Laytie-Emballeur apprentice to the luggage maker Marechal, and the craftsmen who produced luggage at that time were collectively known as Laytie-Emballeur, In 1853, Louis Vuitton had been promoted to the boss's chief assistant, and at the same time became the most trusted luggage expert of the Empress Eugenie. Since becoming the royal palace, fashionable guests from the upper classes have flocked to the palace. Then Louis Vuitton began to flourish. Louis Vuitton's products includes; leather goods, accessories, shoes, watches, high-end fragrances and scented candles, fine jewelry and high-end ready made clothing. "Big show" has always been the most traditional way of luxury marketing, after all, it is the most direct display of clothing, so that the audience can perceive the luxury to convey the high-level sense.

In addition, the internet is the most important way for luxury brands to sell their products perfect, Luxury brands should create the theme of the corresponding information, give the consumers fantastic experience and give full play to the power of opinion leaders [7]. Hence, LV released LED screen advertisements and linked the synchronous live broadcast of multiple platforms such as Weibo and Wechat video number online, realizing the linkage communication between online and offline. With a deep understanding of consumers' minds and media communication, LV is using social media to create topic heat and expand the dissemination circle of luxury goods. Luxury goods because of the high tone, give consumers a natural sense of alienation, and the sports circle is also a process of branding again and again, so that the luxury goods on the high shed their fine clothes, into the various circles to go. However, faced with the various marketing strategies, consumers should think about the over consumption and how to manage the spend in luxury goods [8].

3.3. Prada

Prada is an Italian luxury brand founded in 1913 by Mario Prada in Milan, Italy. In 1978, Miuccia (the granddaughter of Mario Prada) entered into a commercial partnership with Patrizio Bertelli, who at the time had extensive experience in the production of luxury products. Prada has: jewelry, clothing accessories, perfume, watches, high heels, sunglasses, handbags and other products.

The use of unique marketing methods, because the Western character is like “adventure” and “looking for excitement” kind of, so the store takes advantage of this western character. Secondly, when people suddenly discover a new thing, people will have the desire to act. When people hold a kind of trying mentality to finish something, people like to take it out to share with friends, so that people circle will also produce curiosity, such advertising effect may be faster than the effect of other advertisements. This is called the curiosity effect. Taking an special way as an example, the Prada used the market that it is used to sell meet, vegetables and so on. to advertise. The cool luxury brand and the market can be seen that the Prada wants to gain popularity.

4. Summary

During these years, the strategies of these brands are operating. The result of take these strategies are recover as before the epidemic of Covid-19. According to the data of these brands' statements, it means these brands have achieved some goals. However, it is hard to make sure the strategy is the main element of the increase of economic. It can tell the most luxury brands from different countries, it is necessary to adjust the sales mode according to the national conditions of each country, innovating and even lowering the brands' statue to building brand image when necessary. There are many good strategies to help luxury brands to sell their products. Such as, curiosity effect, find the celebrities to represent the brands, using special ways to attract the consumers and more attention of people and introduce the story of the brand also can increase the interest of people who like this kind of story. China's luxury goods market capacity is very large, and it is increasing. For Chinese consumers, various marketing methods of brands can easily lead to impulsive consumption, so reasonable purchase is also very important.

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