

Analysis of Luxury Market and Research on Marketing Strategy Based on Brand Effect

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Abstract. The national image plays an extremely important role in international trade, and many consumers are more inclined to purchase products from a certain country, especially luxury brands. At the same time, the loyalty and reputation of luxury brands rely more on public relations methods to promote word-of-mouth communication and increase sales. Brand consumption is its concentrated manifestation. This article analyzes the luxury goods market and marketing strategies based on brand effects. Different brands of luxury goods reflect different tastes and creativity; Every luxury brand can openly say 'I am who I am' and will never deliberately emphasize 'I have one advantage or another compared to a certain brand', because this comparison is exactly what the brand aims to express in terms of value positioning. Injecting vitality into the development of the brand with advanced marketing concepts and market-oriented operations, maintaining the existing product style while tailoring updated value combinations for customers, conveying brand connotation and product value to consumers.

Keywords: Brand effect, luxury goods, market analysis, marketing strategy.

1. Introduction

In recent years, China's economy has developed rapidly, and people's living standards and consumption levels have improved significantly. At the same time, China has become one of the countries with the largest luxury consumption and the fastest growth in the world. The most important symbols of the evolution from luxury goods to luxury brands are: extending from store names to product or company brands, expanding from regional influence to international influence, and expanding from emphasizing high-end products to synonyms of elegance, taste, and identity. Because of the misunderstanding of the concepts of "luxury goods" and "luxury brand", the representative enterprises of these traditional handicrafts failed to build their products into "luxury brands" successfully, and the brand effect of luxury goods was almost nonexistent. Their display depended more on public museums than the flagship stores of enterprises, so the survival situation of China local luxury goods industry was generally not optimistic [1]. Among the types of luxury goods, there are both tangible products and intangible products. In modern society, intangible luxury goods have a growing trend. In view of this, this paper analyzes the luxury market and marketing strategy based on the brand effect [2]. These products contain spiritual and cultural things, which can give people very spiritual and cultural enjoyment. It may be manifested in some behavioral processes, such as high-level transnational tourism to space tourism, high-level art performances or competitions [3]. Market segmentation is an effort to increase the accuracy of a company's goals. Due to the fact that luxury goods are products with unique qualities, they can be discussed at four levels: segmentation, filling gaps, localization, and individualization. Drawing lessons from the experience of the West, luxury goods manufacturers can also consider using movie stars who are deeply loved and admired by China people for advertising when marketing luxury goods in China. They can even seize various opportunities to highlight their relationship with leaders of relevant countries and highlight their symbolic significance, thus stimulating consumers' desire to buy luxury goods and promoting their purchase. From the whole luxury market, medium-sized luxury consumption is the real mainstream. In the general consumer goods market, the sales strategy of each independent brand is centered on the "special case and independent consumption proposition". With the deepening of brand effect, luxury goods are increasingly penetrating people's lives, and the rise of the next generation in China,

including young people in their teens to twenties, people's attitudes towards luxury goods are gradually changing, and the demand for foreign brands or imported goods is also gradually increasing. Every brand, big or small, must clearly tell the difference between its own brand positioning and that of its competitors. Different brands of luxury goods reflect different tastes and different creativity; Every luxury brand can say "I am me" unabashedly, and it will never deliberately emphasize "I have such advantages compared with a certain brand", because this comparison is exactly what the brand wants to express in its value positioning [4-5].

2. Analysis of luxury goods market based on brand effect

2.1. The Current Situation of China's Luxury Consumption Market

The Chinese luxury goods industry market is breeding huge business opportunities, with a considerable market capacity. With the enhancement of Chinese consumers' consumption ability and awareness, the demand for luxury goods is constantly increasing, and China is becoming a major luxury goods consumer country. Luxury goods are high-end means of living that, with the development of the economy and society, exceed the average social consumption within a certain time and space range [6]. This type of means of living has high value, scarcity, quality, nobility, symbolism, spatiotemporal and incomplete substitutability [7]. In China's luxury market, high-end personal luxury consumer goods such as fashion, watches, perfume, high-end bags and cars will dominate for a long time, which is determined by China's economic development and social and cultural concepts. The most important symbols of the evolution from luxury goods to luxury brands are: extending from store names to product or company brands, expanding from regional influence to international influence, and expanding from emphasizing high-end products to synonyms of elegance, taste, and identity [8]. The basic measures to achieve this evolution are inheritance and innovation. For example, the brand spirit, exquisite pursuit, and manual customization mode of Louis Vuitton have not changed, but with the changes brought about by transportation, updated high-end products are constantly being introduced, such as the arched suitcase in the era of carriage, the flat top suitcase in the era of car, and the suitcase introduced in the era of airplane [9-10].

2.2. Psychological analysis of luxury consumption

The remarkable difference between luxury brands and other categories of commodity brands lies in its performance: the high added value generated by the application of laudable high-quality and scarce materials, the extremely luxurious appearance, the logo designed by famous artists, the lifestyle endorsed or expressed by celebrities in politics and business, and the luxurious and extremely comfortable shopping environment embodied by high-end specialty stores all reflect the distance between luxury goods and ordinary consumers, and also show some self-evident wealth, status and identity [11-12]. China has a large population and the mobility between classes is complex and changeable. It is of great significance to subdivide the luxury market carefully. However, for the luxury market, we should not adopt the method of dispersing marketing efforts, but focus our marketing efforts on the buyers who have the greatest interest in buying. Under the guidance of relationship marketing, our marketing efforts should focus on the groups with class characteristics. Target marketing steps are shown in Figure 1.

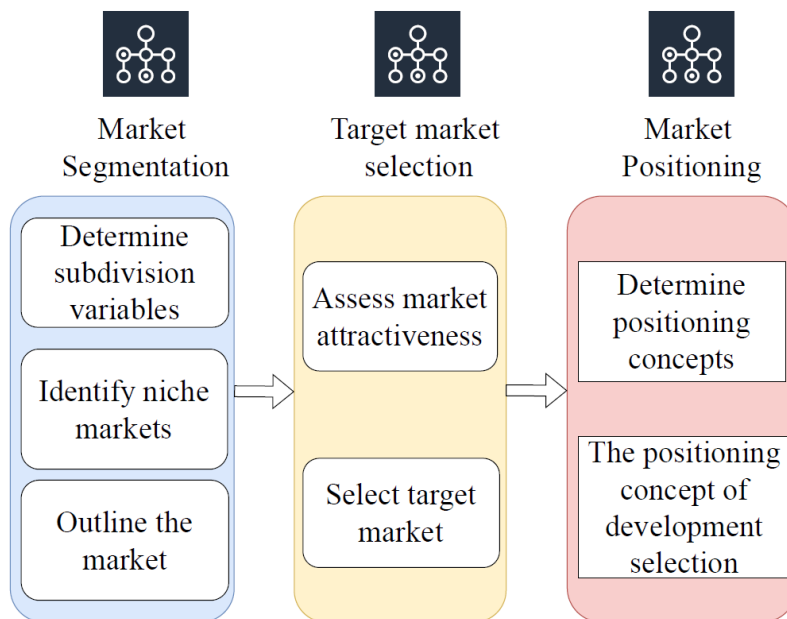


Figure 1. Target Marketing Steps

Market segmentation is an effort to increase the accuracy of a company's goals. Due to the fact that luxury goods are products with unique qualities, they can be discussed at four levels: segmentation, filling gaps, localization, and individualization. With the deepening of brand effect, luxury goods are increasingly penetrating people's lives, and the rise of the next generation in China, including young people in their teens to twenties, people's attitudes towards luxury goods are gradually changing, and the demand for foreign brands or imported goods is also gradually increasing [13]. However, because they are not profitable, there cannot be many of these products; Traveling trunks or customized products are high-end traditional iconic products of Louis Vuitton, with high unit value but small purchasing base, making it difficult to achieve large-scale development. However, these products may become classic products and serve as a symbol of brand image.

3. Research on Luxury Marketing Strategy Based on Brand Effect

3.1. Brand marketing strategy

Brand development is mainly to provide differentiated products to occupy the market. First, highlight the appreciation and collection of luxury goods, strengthen and show their own taste and unique vision; The second is to show personality, show unique personality and guide the needs of fashion. Luxury marketing based on brand effect can not only improve the convenience of product purchase, but also properly control the sales of products. From the whole luxury market, medium-sized luxury consumption is the real mainstream. In the general consumer goods market, the sales strategy of each independent brand is centered on the "special case and independent consumption proposition". Every brand, big or small, must clearly tell the difference between its own brand positioning and that of its competitors. Through conscious quantity control, consumers are stimulated to have a stronger desire to buy. At the same time, the loyalty and reputation of luxury brands depend more on public relations, which can promote word-of-mouth communication and increase sales. Brand consumption is its concentrated expression. Different brands have different positions in consumers' minds because of their different added value. In other words, as a commodity, the difference between brands may not be very big, but as a symbol, brands have different values, and the difference is even very wide. Just like making their products, they are well-crafted in brand building, injecting vitality into brand development with advanced marketing concepts and market-oriented operation, not only maintaining the existing product style, but also tailoring an updated value combination for customers and conveying brand connotation and product value to consumers.

3.2. Price marketing strategy

Drawing lessons from the experience of the West, luxury goods manufacturers can also consider using movie stars who are deeply loved and admired by China people for advertising when marketing luxury goods in China. They can even seize various opportunities to highlight their relationship with leaders of relevant countries and highlight their symbolic significance, thus stimulating consumers' desire to buy luxury goods and promoting their purchase. Although high priced goods that exceed the needs of equal living consumption are collectively referred to as luxury goods, it should be noted that the different inherent characteristics of luxury goods determine that they cannot be equated. A type of luxury goods, such as global travel and green and environmentally friendly decorations, are designed to meet people's demands for a higher quality of life; And another type of luxury goods, such as diamonds, jewelry, and other alternative daily consumer goods, is mainly to meet people's ostentatious psychology. For this reason, we classify luxury goods into necessary categories, calling the former practical luxury goods and the latter ostentatious luxury goods. Another major factor determining the demand for luxury goods is consumer income. We can analyze using the income elasticity principle of demand in Western economics. The income elasticity of demand is the degree to which the demand for goods responds to changes in consumer income, and its magnitude can be measured by the percentage of change in demand and the percentage of change in income, which is the income elasticity coefficient of demand. Specific examples are shown in Table 1.

Table 1. Market Segmentation of Automotive Brands

Market segmentation	Automobile brand
Highest	Rolls-Royce
Luxury	Lingzhi
Specific needs	Rich people
Facilitate	Ford

The above segmentation indicates that the competition of products is not at these 7 positioning levels, but only within the same consumer group in each group. However, in terms of the price quality segmented market, competition still exists. A brand itself is a complex that combines art, culture, and business behavior. In addition to value for money, a brand's huge added value is the declaration and determination of the owner's social status. Different brands of luxury goods reflect different tastes and different creativity; Every luxury brand can say "I am me" unabashedly, and it will never deliberately emphasize "I have such advantages compared with a certain brand", because this comparison is exactly what the brand wants to express in its value positioning. For example, Rolex watches, Rolls Royce sedans, etc. are symbols of wealth, success, and nobility. Therefore, the brand itself, as a symbol, also has the function of social differentiation. For example, SK-II, originally an unknown small brand in Japan, entered the Chinese Mainland market with a pricing strategy 30% higher than other high-end daily chemical products, which not only shows the product quality, but also attracts the attention of consumers. The price itself is not the sales basis of luxury products, but is a positioning factor.

4. Conclusions

Modern luxury goods will give the global society more impetus for economic development and change the global society more strongly than mass products. When luxury becomes a fashion, representing individuality, identity and a symbol of life taste and culture, it will create wealth and affect the social and economic development of China to some extent. In China's luxury market, high-end personal luxury consumer goods such as fashion, watches, perfume, high-end bags and cars will dominate for a long time, which is determined by China's economic development and social and cultural concepts. Based on the brand effect, this paper analyzes the market analysis and marketing strategy of luxury goods, starting with the analysis of the behavior habits of competitors and

consumers, and draws a conclusion that we can grasp the current needs and future needs of the relevant markets. Then it is to consider the balance between the strength of the enterprise itself and the chance of successful entry into the target market, and choose the business field accurately. By holding various public relations activities, luxury manufacturers can distribute all kinds of publicity materials and even free samples to consumers to introduce luxury-related knowledge, including the history and story of luxury brands, the meaning and symbolic significance of luxury goods, the production place and manufacturing technology of luxury goods, and the art of luxury goods. In the choice of marketing strategy for luxury goods based on brand effect, because the consumer groups of products are concentrated at the top of the regular triangle, at the same time, according to marketing opportunities-marketing strategy-marketing scheme-terminal marketing, this hierarchical marketing also presents the regular triangle form. Maximize consumer groups and market volume, and form an optimal combination in marketing mix, which is located at the top of the inverted triangle in the model.

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