

Luxury Marketing in the Age of Network Traffic

-- Taking Louis Vuitton as an Example

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Abstract: As the world's largest luxury brand, Louis Vuitton enjoys a high reputation in the eyes of consumers. Its success depends not only on its experience in producing leather products, but also on its marketing strategy. Taking Sina Weibo (Chinese Twitter) fan economic marketing as the starting point, this paper combs and summarizes previous studies on fan economy, and combines the principle of social interaction to study whether the interaction of brand, spokesperson and fan economy will affect the willingness of consumers to interact with the brand and the satisfaction of endorsement activities. And hope to have a significant positive impact on the brand products and the brand blog release dynamics. Finally, some suggestions will be given from the perspective of Louis Vuitton's future development to increase the sustainability and rationality of investment.

Keywords: Louis Vuitton, Brand, Marketing strategy.

1. Introduction

The author had the honor to do an internship in Shanghai Louis Vuitton company. During his work, he did research on the online channel analysis of Lv's competitors Prada and Burberry, and also analyzed the online and offline channels of Louis Vuitton's main competitors Dior and Gucci, and issued some analysis reports. In this paper, LV's marketing strategy and online new media marketing strategy are briefly discussed.

2. Market analysis of Louis Vuitton

2.1. Gucci and Hermes are the Main Competitors of Louis Vuitton

With the development of the world economy and globalization, people's demand for luxury goods continues to increase, which leads to fierce competition among luxury brands around the world. According to the top 100 global brand values released by Forbes in 2020, the top three brands in the luxury category are Louis Vuitton, with a brand value of US \$47.2 billion; Gucci, brand value 226 dollars; Hermes, brand value of 216 US dollars. Therefore, Gucci and Hermes can be regarded as the main competitors of Louis Vuitton. Two important dimensions to measure luxury brands are price and product uniqueness. Compared with its main competitor Gucci, Louis Vuitton's products have more unique selling points, while compared with Hermes, although the product is slightly less unique than Hermes, it has a more reasonable price.

2.2. Market Segments and Target Groups of Louis Vuitton

Louis Vuitton's success is closely related to its precise market segmentation. Kotler believes that market segmentation has four main bases: demographics, geography, behavior and psychology. In terms of the most basic population segmentation, Louis Vuitton's consumer group is broader than the other two brands, including men and women aged 18-54, and more extensive than Hermès and Gucci.

Hermes focuses on women of all ages, while Gucci focuses more on women aged 20 to 54. Compared with the other two luxury brands, the broader target population has also helped Louis Vuitton's success. The population segmentation of the brand not only covers the high-income group, but also includes the middle class, because there may also be customers who cannot afford Louis Vuitton but pursue user experience and vanity. The population segmentation strategy helps LV succeed in the competition with other luxury brands and makes LV one of the most valuable brands in the world. Louis Vuitton has always focused on making classic products, pursuing elegant style, focusing on Inheritance and innovation, rather than developing a large number of new products that may damage the impression of loyal customers. Its specific market segments can save time and budget for expanding product coverage, and help Louis Vuitton adhere to the origin and original intention of its brand. However, its specific market segment and focus on making classic products also lead to the lack of children's market and cosmetics products, which may reduce the competitiveness of Louis Vuitton, Chanel, Dior and other luxury goods.

3. Analysis of Success Factors of Louis Vuitton

3.1. Long and Profound Brand Culture

Louis Vuitton initially made Royal bags for the French court, and opened the luxury jewelry market by making bags for the court aristocrats. In 1854, Louis Vuitton opened a shop in Paris to sell suitcases to the elite. In 1896, Louis Vuitton opened stores in the United States and Britain, and launched suitcases with the classic "Lv" letter combination pattern. At present, Louis Vuitton is popular in more than 50 countries and has become one of the most well-known luxury brands. Brand inheritance can improve the credibility of consumers. In the past 167 years, Louis Vuitton has been telling its own story and history, and establishing emotional connection with consumers through a long brand story. At the same time, let brand designers inherit their family's unique technology to create better contemporary products. In 167 years of

development, Louis Vuitton has established a strong brand position. Louis Vuitton's core value is "affordable luxury", that is, to produce luxury, high-quality and high-value products. The leather selected for luggage must be carefully selected French or German leather. The product quality inspection is also very strict. Consumers can experience the brand culture through wearing Louis Vuitton products and show others their fashion taste and economic strength. This core value of success leads their products to a wider range of customers. Louis Vuitton's tradition and core values may enhance the authenticity of the brand, establish an emotional connection with consumers, thereby promoting consumer relations and creating competitive strength. In recent years, Louis Vuitton has also carried out various marketing activities to interact with customers to meet the consumer experience and improve the relevance of its brand tradition and core values.

3.2. Have A Large Number of Loyal Customers

In the consumer society, luxury goods are not only a commodity that meets the needs of life, but also can meet the spiritual needs of consumers. The two key factors to improve the motivation of luxury purchase are their own pleasure and the symbol of success. Therefore, for the luxury industry, brand symbol is one of the most important elements to be considered. Since 1854, Louis Vuitton has established a brand image with a long history and profound cultural heritage. At the same time, Louis Vuitton has always paid attention to product quality and followed the fashion trend. Louis Vuitton, while constructing its own brand symbol, actually completed the identity construction of consumers. The brand symbol establishes a connection with consumers, which originates from the identity symbol of the brand and the emotional resonance with consumers. Louis Vuitton's absolute quality makes the brand recognized by consumers and has a large number of loyal customers. In fact, stronger brand equity helps to improve brand preference, willingness to pay premium and customer loyalty. The success of luxury brands depends on the balance between the two. Louis Vuitton's brand awareness and brand loyalty are high, so many customers are willing to buy it.

3.3. Successful Combination of Art and Marketing

Another factor in Louis Vuitton's success is the successful combination of art and marketing. First of all, Louis Vuitton tries its best to use gorgeous decoration and elegant environment in its stores, and its products are displayed in conspicuous positions. All these make customers feel that the store is more

Like galleries or exhibitions, not just stores. No matter whether consumers buy products or not, they can feel the charm of art when they walk into the store. The window culture with artistic sense can attract more potential customers and help Louis Vuitton establish a good Brand image. In addition, Louis Vuitton cooperated with many artists to revitalize the brand's youth and attract younger consumer groups. For example, since 2003, Louis Vuitton has cooperated with the world-famous Japanese artist Takashi Murakami for more than 10 years, including the 33 color series and the limited edition eye love Monogram series. The products boldly connect elite culture with mass culture, animation and luxury bags, and build a bridge between East and west cultures. In addition, through Murakami's popularity,

the brand launched a new product series to bring celebrity effect and better attention, and reshape the brand's young and lively image.

4. Louis Vuitton's New Media Marketing

In the era of rapid development of new media, how to attract more traffic has become an important way of marketing. The major luxury goods companies are also familiar with this, and they use the influence of stars to absorb a large amount of traffic brought by fans for themselves to make profits. The consumption power of these fanatical fans can not be underestimated. In today's booming Internet marketing, the luxury industry can not ignore the fans who bring a lot of network traffic to Weibo. How to let as many fans know and buy the products of cooperation? Sina Weibo, Tiktok, xiaohongshu and other fashionable new media have played an important role. For example, the cooperation between Gucci and Lu Han, the official publicity Weibo released by Gucci on September 25, 2020, has reached more than one million. Fans also posted their order screenshots in the comment area of Gucci, and the number of comments reached 24000. On October 10, 2020, Louis Vuitton's blog of cooperation with Deli Reba also reached 210000 forwarding, which is just a warm-up blog for the spring and summer women's wear show. These cooperation tell us that in the Chinese market, making good use of the fan economy is a powerful means of luxury marketing, and Sina Weibo is very suitable as a carrier for the luxury industry to use star fans for marketing due to its influence. The so-called "fan economy" refers to a kind of business operation that takes advantage of the fanatical pursuit of specific people or things by fan groups to reap benefits through various marketing means. That is, "taking emotional capital as the core and fan community as the marketing means to increase the value of emotional capital is a social capital platform and business operation behavior based on the trust relationship of the brand community in which fans participate".

However, while the fan economy brings benefits, it also brings risks, such as the well-known fan backlash. Wang Xiaoyu (2020) proposed that there are three main points in the fan economy's counteracting the brand: first, although the brand can use the "fan economy" to achieve excess profits in a short time, with the decline of popularity, it is difficult for the brand to maintain the same profit level for a long time. Secondly, due to the characteristics of the "fan economy" itself, it is highly dependent on fans and public opinion. Therefore, when a star produces negative news, the "fan economy" will directly reduce the sales volume of the brand. Finally, in order to obtain the heat and flow, the brand side blindly maliciously hypes, which brings adverse effects to the society and thus affects the reputation and reputation of the brand itself. The counterattack of fan economy was well demonstrated in January 2021. On January 22, 2021, finance and economics of Sina published an article "Mengniu Dairy industry has evaporated more than 10 billion yuan in two days" and just announced Xiao Zhan (famous Chinese actor) as the brand spokesperson. It is written in the article that in the following 48 hours after the official announcement on the evening of January 20, 2021 that Xiao Zhan (a famous Chinese star) was hired as the brand spokesperson, Mengniu Dairy (a Chinese dairy giant) fell for two consecutive days. Today, it fell by nearly 3% again, and the market value of the two days

evaporated more than HK \$10 billion. Fundamentally, the main reason for this impact is closely related to the negative impression of Xiao Zhan's "idol misconduct" (Wu Yixing, 2020) among ordinary consumers. Coincidentally, Xiao Zhan's endorsement of Olay in March 2020 led to a large number of returns and refunds from Xiao Zhan's fans after the Olay mall store was impacted by false sales. These two incidents have provided strong evidence for Wang Xiaoyu's viewpoint.

5. Conclusion

The development of foreign luxury brands in China has gone through ups and downs like a roller coaster ride. But even so, Louis Vuitton and other luxury brand industry giants can not give up the vast market in mainland China. Although we have complicated consumption motives, overseas purchasing agents with good and bad people, Shanzhai luxury goods that are constantly pruned and disordered, and the Internet economy that looks beautiful and tired to follow, it is undeniable that luxury brands and luxury consumers will always follow the myth created by the consumer society to jointly advance with the mainland market. Louis Vuitton is just a corner of many luxury brands that are constantly adjusting and trying to keep pace with the market. Perhaps every luxury brand faces different problems. However, the author believes that since Louis Vuitton's online marketing communication strategy is based on a positive starting point, it can always provide reference for our local luxury brands and other foreign luxury brands that are struggling.

Through the analysis of Louis Vuitton's communication modes in the official website, wechat, Weibo and application channels and the marketing mode of operating the online shopping platform, the author draws the following conclusions.

As the "Facade" for the audience to understand the brand, the official website needs to effectively integrate all contents related to the brand culture. In addition to ensuring the unity of visual symbols, it is also necessary to integrate all ongoing brand communication and marketing channels. That is to say, all the content transmitted on the Internet can finally be directed to the official website, so that the audience can have a comprehensive and in-depth understanding of the luxury brand from being interested in the brand to actively searching the official website; It can also find the most convenient channel for the audience to receive more information about the brand through the official website.

For luxury brands, if it is at the initial stage of brand establishment or when the brand needs to break through the transformation, the best and fastest way of network communication is to open wechat official account and official microblog at the same time, so as to obtain more attention from the audience and collect big data to find the most acceptable communication content for the audience. But avoid excessive duplication in message content. The viral marketing and star effect of Weibo can spread the information most widely in the shortest time and interact with the audience most easily. It is the best public relations and communication platform. However, due to the limitation of the number of words and the form, Weibo cannot carry out in-depth interpretation of brand information in the same text, and can only win by quantity. In this case, luxury brands can use wechat official account to deepen their brand image, and through the simultaneous use of video, moving pictures, pictures and text and other forms of communication, they can

be transformed into the brand's exclusive "online magazine" for in-depth promotion.

Since the development and operation of the application needs to bear a large cost, it is impossible to guarantee whether the brand image will be significantly shaped after the application is launched. Therefore, the local emerging luxury brands are not suitable for developing independent applications at present. For the traditional luxury brands that have established history, culture and reputation, only one fully functional app can be developed around the core products instead of multiple applications. For example, Louis Vuitton can develop travel apps around its core products, luggage and leather goods; Hermès can develop Equestrian Games and other applications that fit the brand culture around its core products such as harness and leather bag.

The best way for luxury brands to open online flagship stores for online shopping is to add value-added services such as "gifts" instead of completely changing marketing channels. The characteristics of luxury goods determine that online shopping has disadvantages of high risk and poor service experience. If an attempt is made to reduce the pressure of store rent and investment risk by setting up an online shopping platform, the ensuing problem may be the poor online shopping experience and the decline of customers' good impression on the brand.

At present, there are many online marketing communication channels that can be developed. However, compared with the well-developed platforms such as wechat and Weibo, many network technologies or platforms still need further analysis to determine whether they can be immediately put into the marketing communication of luxury brands. Such as various current applications and live broadcast platforms. Although it has a development prospect, it still needs to carry out relevant tests, and it cannot only be fast and comprehensive.

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