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Abstract

**Marketing Communications of Luxury Brands: a Case
Study of LVMH**

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Summary

The aim of the given diploma thesis is to determine specific features of marketing communications in luxury industry and find reasons for changes in the process of consumers buying decision-making. The study examines effects of cross-cultural influence on luxury brands consumers regarding their perceptions of luxury brands, factors affecting purchase decision and choice of the most attractive marketing communication channels. The study was conducted in the form of surveys between Russian, French and Chinese consumers thus providing comparative information about consumers from different cultural groups. Using SPSS statistics gathered data from surveys was processed and transformed into specific findings allowing answering raised research questions. On the basis of the study findings set of recommendations was given to the selected company in order to create and develop effective and successful international marketing strategy.

Key Words

Luxury brands, communication channels, consumers' behavior, LVMH, cross-cultural, purchase intention, perceptions.

Introduction

Luxury is a subjective concept that is why the ideas of luxury brands vary in different consumers markets. Moreover, cultural differences and social stereotypes play a significant role in the perception of luxury brands as well as in the formation of intentions to purchase.

The given thesis is composed of two main parts. The first part is intended to investigate main issues of luxury brands marketing and dissimilarities from traditional marketing that are presented in the scientific literature along with examination of cultural environment impacts on consumers of luxury goods. Further research exploring deeply the topic of luxury brands marketing with an emphasis on the practical part on selected company's consumers cross cultural differences in Chinese, Russian, and French markets, the influence of differences on shaping buying behavioral patterns, perceptions, and the choice of preferential communication channels.

Aims

The aim of the thesis is to determine specific features of marketing communications in luxury industry and find reasons for changes in the process of buying decision-making. The research aims at developing a package of marketing communication programs focused on increasing the efficiency of market activities and forming a new way of relationships with consumers.

According to the main purpose of this research the following **objectives** were determined:

- To analyze cross-cultural perceptions of luxury brands and consumers' intentions to make luxury purchase
- To examine consumers' attitude towards different marketing communication channels as a part of luxury brands' marketing complex, using LVMH as a sample company;
- To study consumers' attitude towards digital activities, using LVMH as a sample company;
- To provide recommendations for improvement of marketing communications system in a selected company on the basis of comparison of theoretical and statistical data with own research results.

The given study was undertaken in order to answer the following research questions:

RQ 1. What are the main differences in cross-cultural perceptions of luxury brands?

RQ 2. What are differences in cross-cultural intentions to purchase LV's products?

RQ 3. What are the most effective LV's marketing communication channels on three markets?

RQ 4. How do the cultural differences of LVMH's consumers influence on the preferences of marketing communication channels?

RQ 5. What are consumers' cross-cultural attitudes towards LV's Internet presence?

Methodology

The following methodological tools were applied in the study:

1. Marketing research

The research will be held in form of surveys with the main purpose to address research issues. Questionnaires were composed of 22 questions and placed on online survey software kwiksurveys.com as well as will be distributed in written form between Russian consumers.

2. Data processing and analyses

Acquired data was processed through SPSS program out of necessity to conduct gender, age, and country of origin cross-tabulation.

3. BCG matrix construction

The construction of the matrix was held on the basis of financial reports due to the necessity to educe strategically important product groups of LVMH's portfolio and analyze consumers and their communication preferences of the chosen group.

Study Findings

The study findings confirm that cross-cultural differences of consumers significantly influence on the perceptions of luxury brands along with intentions to buy luxury products and preferences in communication channels. Study results sustain the theory of luxury consumers' behavior explaining that differences are based on individualistic or collectivistic nature of the consumers. Furthermore, differences between consumers of luxury products are observed not only between consumers of different cultural environments, but also inside represented culture.

Conducted studies of Louis Vuitton consumers of French, Russian, and Chinese markets show that along with similarities found between consumers behavior based on internationalization of Louis Vuitton marketing campaigns strong differences were also found.

Russian and Chinese consumers of Louis Vuitton goods in accordance with their collectivistic culture tend to purchase brand products with the purpose of social status and high level of prosperity demonstration. This is precisely why surrounding environment has become the most important source of information on the brand in given markets. In comparison, French consumers as representatives of individualistic culture presupposing independence and desire of standing out, tend to buy Louis Vuitton products because of their uniqueness, rarity, and exceptional quality. The study findings also showed the influence of cross-cultural differences affecting the choice in favor of Louis Vuitton communication channels. French consumers building their preferences upon the heritage of the brand and its history prefer traditional communication channels. In contrast, Chinese consumers give their preferences to modern and advanced communication channels. Remarkable findings showed Russian consumers who are at an intermediate stage composing their preferences from the mix of traditional and modern Louis Vuitton communication channels.

The most ambiguous results were obtained in reference to Louis Vuitton digital strategy. In this regard preferences for this type of communication channel are influenced not only by cultural differences, but also by belonging to a certain age group of consumers and sexual identity (in the case of the Russian market). The study showed Chinese consumers are the most active users of the virtual space using it not only as a means of communication, but also as a way for purchasing Louis Vuitton products. Russian consumers do not demonstrate such activity using digital space; likewise, the attitude of

French consumers towards Louis Vuitton digital presence can be described as negative. Another significant study finding that unifies Russian and French consumers of Louis Vuitton products was the preference of in-store multisensory experience as a tool of products purchase.

Proceeding from the foregoing findings we can jump to conclusion that wishing of getting success Louis Vuitton management has to take into consideration consumers cross-cultural differences in perceptions and intentions to purchase. Adoption of communication channels for specific cultural characteristics should not crop up only in the three countries under present analysis, but also for specific cultural features of each market where the brand is represented.

Limitations

The major limitation of present study stems from its narrow nature and absence of tested relationships with other variables. The conducted study focuses mainly on the influence of such factor as country of origin on consumer perceptions of luxury brands, intentions to purchase, and preferences towards communication channels. Further studies can deepen the scope of researches and test the influence of such factors as age, level of income, and education on consumer cross-cultural differences in perceptions, intentions, and choice of preferential communication channels. The second limitation of this study is based on size of the sample, which should be increased in future.

Selected Sources

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