

# Celebrity Endorsement and Co-branding A Review on Luxury Brand Reconstruction Strategy

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## ABSTRACT

Luxury brands have always had relatively fixed traditional marketing methods. However, the development of new media technology has created a new and more intense and dynamic marketing environment for luxury brand marketing. This forces luxury brands to change their traditional marketing methods, so as to maintain their brand status, market influence and market share. This paper mainly discusses two kinds of luxury brand reconstruction strategies from the perspectives of marketing and communication, which are mainly summarized as celebrity endorsement and cooperation with non luxury brands. This paper holds that the attraction and credibility of celebrities and the matching between luxury brands will help to improve the brand benefits of luxury brands and obtain more consumers in the new media environment. At the same time, brand awareness and consumer perception are still very important in the cooperation strategy with non luxury brands. The limited edition characteristics of cooperative products usually affect consumers' perception, but improper cooperation may also damage consumers' loyalty and the image of luxury brands. The combing and summary of previous studies in this paper will help to provide reference for luxury marketing research and luxury brand marketing.

**Keywords:** *Luxury brands, Celebrity endorsement, Co-branding*

## 1. INTRODUCTION

Luxury brands have a long history of being the representation of prestigious, excludable, and classical. Luxury brands have been using traditional marketing methods like fashion magazines and word-of-mouth to approach and communicate with their established consumer group throughout history [1]. Their consumers are usually wealthy and have high social status. Luxury brands are often used by consumers to express self-attitude and social status. However, globalization and the development of technology bring more fierce competition and a more dynamic marketing environment. This pressures luxury brands to adopt more creative methods and change marketing trends to maintain their status [2].

Moreover, the influence of younger consumers in the luxury market has continued to increase rapidly. In 2025, it is estimated that Millennials and Generation Z will represent 55% of the luxury market [3]. These consumers are born between 1990 and 2005, which shows a market trend of younger consumers. Hence, attracting this new and future dominant consumers group can be a useful method to help luxury brands

further survive and develop. To appeal to this new target group, luxury brands must adopt new ways to communicate with them. Hence rebranding themselves by renewing their strategies and image is needed [1].

Luxury brands' long-term association with prestigious and classy and their old loyal consumers' preference all make it difficult for luxury brands to change their strategies and image. Hence, adopting which rebranding strategies is crucial for luxury brands. In this article, two popular rebranding strategies, celebrity endorsement and collaboration with non-luxury brands, will be discussed from marketing and communication perspectives.

## 2. STUDIES

### 2.1. Three luxury brands cases

Three luxury brands will be discussed in the case studies, Gucci, Balmain, and Louis Vuitton.

Gucci. It is an Italian luxury fashion house founded in 1921 and based in Florence, Italy. It has almost 20,000 employees with billions of sales now. Gucci

sells various products including handbags, accessories, fragrance, and ready-to-wear. It always emphasizes products' detail and quality, representing the "pinnacle of Italian craftsmanship" [1]. Gucci is famous for its double G logo, and it mainly uses Italian flag color in motifs [4].

Balmain. Balmain was founded in 1945 in Paris. It currently operates 16 mono-brand stores while its products can be purchased all around the world. Balmain is originally famous for using bold ways to dress women in a way "way of embracing women's form and charm with their signature styles" [1].

Louis Vuitton. Louis Vuitton was founded in 1852 by Louis Vuitton in Paris. It has been named as the world's most valuable luxury brand from 2006 to 2012, and Louis Vuitton operates in 50 countries. Its various product lines range from ready-to-wear to jewelry. Louis Vuitton is famous for its "adventure spirit as a core value followed by innovation and ingenuity, by the boldness of its creations and the demand for design perfection" [1].

## **2.2. Celebrity Endorsement**

Celebrity endorsers are individuals who enjoy high public and social recognition [5]. Based on Morimoto's research in 2017, not only actors and singers, but the definition of celebrity endorsers has also been extended to reality show stars. Celebrity endorsement is a popular marketing strategy to improve advertisements effectiveness [6]. It has been used since the 19th century, and its usage has increased rapidly through the decades. Celebrity endorsers' recognition and influence are usually used by marketers to promote their products since celebrity endorsement has a positive relationship with purchase intention and more attention to products [2]. Hence, endorsed products are usually perceived as more alluring and desirable [7]. Not only celebrity endorsement helps to increase sales, but it also acts as a medium to help luxury brands to communicate their values like rarity and artisanship "without being betraying the allure luxury mandate" to their consumers [2].

Prior studies have focused a lot on its effectiveness and what makes it successful. Though it is a popular marketing strategy, it is still difficult for firms to succeed and choose the right celebrity endorser. There is no sureness that this strategy will lead to final success, and hiring celebrities is a huge expenditure [8]. To research this issue and find the right celebrity endorsers, there are a lot of modern research and models focused on the attributes of celebrity endorsers. Generally, based on Martin Roll's influential model presented in 2006, they all mainly focus on three aspects: Attractiveness, Credibility, and meaning transferred between endorsers and brands.

### *2.2.1. Endorsers' credibility*

Generally, credibility is assessed by trustworthiness and expertise. Trustworthiness is a "general guideline to a person you trust upon is a source to easily convince you to have confidence in inconspicuous thing, that individual is more believable than some other in community." [9]. It is fundamental to affect consumers' attitude towards products. It can be related to endorsers' honesty and believability [10]. Expertise is "categorized as the degree to which a communicator is seen to be a source of valid assertion" [9], and it can be assessed through factors like authoritative and knowledge. The consumers' acceptance and the degree of persuasion will usually increase if celebrity endorsers are more credible [11].

### *2.2.2. Endorsers' attractiveness and matchup with brands/products*

According to Ofori-okyere and other scholars' research, attractiveness refers to physical attributes, like beauty and similarity. However, based on Erdogan's view, attractiveness also includes endorsers' lifestyles and personalities.

Attractiveness can effectively enhance brands' images and purchase intention. According to Erin-Erdogmus' research, attractiveness can bring more consumers' involvement to products when consumers consider attributes like physical appearance and intelligence altogether. It can also increase consumers' attention towards products. Hence, a higher degree of persuasion and purchase intention can be achieved. According to Abidin's research, previous researchers prove that "a brand perception image can be significantly enhanced by the endorser's attractiveness", especially physical attributes. It can positively affect consumers' attitudes towards products and increase purchase intention. Abidin also indicates the effectiveness can be greatly enhanced if celebrity endorsers' attractiveness is appropriately utilized in the advertisements and match-up with promoted brands and products.

This further links with research about the matchup between celebrity endorsers and promoted brands and products. From Erdogan's research, the degree of fitness between brands/ products and celebrity endorsers determines the success of matchups. "The fit between product and the celebrity defined as the similarity or consistency between the celebrity and the product" [6]. Hence, when celebrity endorsers work more harmoniously with brands or products, and brands have utilized celebrity endorsers' attributes well to fit with their promoted products, a higher degree of matchups between brands/ products and celebrity endorsers is achieved. This further leads to a higher degree of purchase intention and advertisement effectiveness [6].

### *2.2.3. Meaning transferred between endorsers and the brand*

It happens when “customers encounter any kind of celebrity-endorsed product, they immediately correlate some definite meaning with the endorser and ultimately transmit it to the product” [7]. Hence, consumers can transfer their perceived celebrity endorsers’ individual and definite messages, like public view and iconic aesthetic and lifestyles’ value, to products and brands. Therefore, it is essential for brands to select the right celebrity endorsers that are compatible with brands’ images and can convey the needed information to consumers. The right celebrity endorsers may enhance brands’ images and purchase intention.

To conclude, choosing the right celebrity endorsers who are attractive, credible, and fit with brands can bring more celebrity endorsement and benefits like gaining more consumers’ attention, increasing consumers’ purchase intention, and transferring information to consumers.

This strategy is suitable for the luxury sector. Celebrity endorsement can positively bring more consumers’ brand awareness and increase brands’ value based on Cuomo’s research on luxury sectors. This strategy is also effective towards younger consumers. Celebrity endorsers are usually perceived as idols and role models for young people, and young people are usually willing to follow their lead. Hence, celebrity endorsement may be an effective strategy for luxury brands to achieve rebranding and targeting to younger consumers.

In the case studies, celebrities’ attractiveness is mainly focused on due to its prominent effect on attracting attention and enhancing brands’ images. Louis Vuitton (LV) has chosen BTS to be its Global Brand Ambassador. BTS, Bangtan Boys, is a South Korean K-pop boy band formed in 2010 and debuted in 2013. There are seven members, Jin, Suga, J-Hope, RM, Jimin, V, and Jungkook. Their music themes include mental health and social commentary. From the first Korean-language album, *Dark&Wild*, to the newest English song, *Butter*, BTS has shown great music talent and achievements. Their song, *Dynamite*, is also nominated by Grammy, and they hold records as South Korea’s best-selling album artists. Except for their musical achievement, they also play an important role to bring K-pop to the US and the global market. The average number of followers of each member is over 20 million on Instagram. Hence, they are relatively familiar to the public. BTS members are physically attractive to the public. Jungkook was the winner of “The Most Handsome Face of 2019” created by TC candler. They also have musical talent. Hence, their endorsed products are always sold out. Gucci invited Lee Jung-jae as its new Global Brand Ambassador. Lee Jung-jae just took

part in the famous South Korean survival drama show, *Squid Game*, streaming on Netflix. The show has gained more than 1.65 billion view hours during its first four weeks after releasing and has been top-viewed programs in 94 countries. With the help from the show, Lee Jung-jae has received more than 3 million followers on Instagram. Hence, he is also relatively familiar for the public. Celebrity endorsement strategy can be combined with collaboration with celebrities. Balmain has collaboration projects with Kylie Jenner and Beyoncé. Kylie Jenner, a reality show star, has almost 300 million followers on Instagram while Beyoncé is famous for her extremely high musical achievement. They are familiar to the public as well.

All case studies businesses have worked with celebrity endorsers who are familiar to the general public due to high recognition. Analysis in luxury sectors indicates celebrity familiarity can bring more celebrity endorsement [2]. Hence, these celebrities bring luxury brands in case studies more celebrity endorsement effect. Moreover, these celebrities’ attributes like high musical achievements further enlarge the celebrity endorsement effect. Cuomo also indicates celebrity endorsement has a positive effect on purchase intention, luxury brand value, and brand awareness. Moreover, these celebrities are especially followed by millennials and Gen Z due to their close relationship with the Internet, trending, and social media. Hence, working with popular celebrities can help Gucci, LV, and Balmain to gain more sales from their targeted younger consumers and to convey the rebranding message more effectively.

### *2.3. Collaboration with non-luxury brands*

With the increased portion of younger consumers in the luxury market, a famous luxury brand name is no longer enough for luxury brands’ development and future sales. “What makes something Luxury to the Gen Z and Millennial consumer is not about the cost but rather about the quality of something and that thing adding value above the rest of the market” [12]. Younger consumers’ emphasis on quality, adding value, and uniqueness pushes luxury brands to adopt other strategies. At this moment, collaboration with non-luxury brands seems to be a popular strategy to attract more brand awareness and promote future success.

Here, collaboration with other brands may also be regarded as co-branding. Co-branding is “a strategy in which two existing brands are paired together to create a single product offering” [13]. It may also be known as brand alliance [14]. There are various forms of co-branding, but the joint venture form will be the main focus of this article. Joint venture co-branding is “a form of collaboration whereby two or more manufacturers collaborate and release their products under both brand names” [15].

Prior studies have focused a lot on the effect of co-branding strategy from both consumer and business perspectives. Overall, there is some positive influence co-branding strategy can bring to the business, like more brand awareness and extending the market. However, businesses images and sales may also be damaged if factors like insufficient fit between collaboration brands [16].

### *2.3.1. Brand awareness*

Collaboration can positively influence consumers' brand awareness towards luxury brands. Collaboration products offer a higher degree of market exposure during the launch since it often brings new, surprise products to consumers [14]. Hence, it may better attract consumers' attention and gain publicity towards collaboration products. As a result, "established partnership reinforces the visibility of the luxury brand at the launch of the collaboration" [14]. Not only visibility towards luxury brands in the niche market, the original luxury brands' targeted market, may increase, but more importantly, visibility and brand awareness in a bigger and mass market increases as well. Collaboration with non-luxury brands may lead to price reduction, which allows luxury brands to extend market and consumer base into other markets, like the mass market. Corresponding to Besharat's research in 2010, this can be achieved since luxury brands can get direct access to other brands' consumer base. Therefore, the partnership can create a higher degree of consumers' brand awareness towards luxury brands through attracting more consumer attention and extending the market.

### *2.3.2. Consumer perception*

Most of the collaboration products between luxury and non-luxury brands are limited edition. The limited-edition is a way to promote scarcity of products. Consumers usually prefer scarce products due to "an increased perceived exclusiveness of the product" and seek limited edition products more intensively [15]. Limited edition products can be perceived as high-quality products and high-value brands for consumers. Hence, luxury brands can use collaboration to further promote the uniqueness of collaboration products and brand status. This may also affect luxury brands' images positively.

However, collaboration with non-luxury brands may alter consumers' perception of luxury brands in a negative way as well. Luxury brands have been linked with classy, excludability, and superior quality for a long time. Nonetheless, when luxury brands collaborate and associate their names with fast-fashion brands like H&M or streetwear brands like Supreme (that will be mentioned later), these characteristics can't be sensed

by consumers [14]. Luxury brands and non-luxury brands have different target markets, pricing strategies, and product quality. Hence, for consumers, the overall association and perception towards collaboration brands are inconsistent [14]. Original loyal consumers may fail to find the usual connection they need with luxury brands in collaboration. As a result, the inconsistency and unfit between luxury brands and non-luxury brands may damage consumer perception about luxury brands, luxury brands' status, and consumer loyalty.

Also, collaboration products are usually sold at a lower price, compared to original luxury goods. The reasoning behind this may be the inconsistency with the price attributes. Luxury products are usually premium goods in a high price while non-luxury brands' products are usually sold "below a ceiling that brands within this designation cannot surpass" [17][18]. Hence, they have a differentiated price attribute. However, when the price decreases below the threshold level, luxury brands' consumers may stop buying luxury products and stop feeling the status and desire brought by a high price [19]. Hence, the decreasing price of collaboration goods may damage loyal consumers' perception towards luxury brands and lower consumer loyalty.

To conclude, collaboration product's limited-edition characteristic may positively affect consumers' perceptions while collaboration may also harm luxury brands' consumer loyalty and image. This strategy is suitable for luxury brands to attract much younger aspirational consumers who may still fail to afford luxury easily now but will be the main consumers in the next five years. Some successful case studies, including the collaborations between LV and Supreme, Balmain and H&M, and Gucci and Disney are used to further discuss the effect of collaboration between luxury brands and non-luxury brands.

## **3. CONCLUSION**

To combat the new challenge brought by fierce global competition and the dynamic market environment, rebranding strategies are needed for luxury companies for the future flourish. This article mainly discusses two important rebranding strategies, celebrity endorsement and collaboration between non-luxury brands. This article summarizes previous crucial research about these two strategies. In the celebrity endorsement section, the article mainly discusses how the celebrity's attractiveness, credibility, and matchup between luxury brands helps luxury brands to gain more consumer attention and increase purchase intention. The article also illustrates why this method is useful for luxury companies to attract younger consumers.

There is limited thorough research about luxury brands marketing strategies, especially how luxury brands respond to their new consumers and market

trend. However, this topic is important for both marketers, researchers, and luxury companies since it focuses on the crucial near future marketing trend. Hence, this paper will contribute to the scientific field and luxury companies by summarizing significant research that corresponds to the topic and discussing them with typical case studies.

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