Comparison of Marketing Methods and Strategies of Luxury Brands-Take Balenciaga and Louis Vuitton as Examples

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Abstract. Nowadays, luxury has gradually become popular and become a part of people's life. Especially after the COVID-19 pandemic, the marketing model and strategy of luxury are particularly important. A brand's marketing mode represents its brand characteristics, so each brand's marketing methods are different. Nowadays, the marketing model and strategy of Balenciaga and Louis Vuitton have been studied and analyzed in depth, but how to make the sales of these brands further? How to attract more customers with existing brand features? These problems can be studied in more depth. This paper analyzes the marketing models and strategies of Louis Vuitton and Balenciaga based on the research on Luxury in the recent two years by Bain Company Luxury Study. This paper will analyze these two brands and show how they should promote the brand reputation and increase brand value.

Keywords: Marketing method · marketing strategy · luxury brand

1 Introduction

The luxury goods market has experienced a significant blow in the past few years. In 2020, global luxury goods sales will drop by 23% to 217 billion euros compared with 2019. The global personal luxury goods market shrank for the first time since 2009, returning to 2014 levels; the overall global luxury market (which includes consumption of luxury experiences in addition to personal luxury goods) is shrinking at a similar rate and is currently estimated to be worth around €1 trillion [1]. Since the sudden outbreak of the new crown epidemic in 2019, the economic conditions around the world have fallen into a downturn, especially in the big consumer country-China, which has also restricted tourism and import and export. In 2023, when the global epidemic recovers, China unblocks, and tourism in various places is gradually liberalized, the luxury jewelry consumer market has also recovered and recovered well. In the face of the epidemic and the recovery from the epidemic, each brand has made different responses. This paper takes Balenciaga and Louis Vuitton as examples to compare their marketing methods and strategies.

Balenciaga is a famous French luxury brand founded in 1917 by Cristóbal Balenciaga. Now their products include but are not limited to men's and women's ready-to-wear,

leather goods, shoes, fragrances, and accessories. Balenciaga is famous worldwide for its avant-garde design and unique innovation. Its innovative designs often become the focus of the fashion circle, such as the renowned triangle bag and platform sneakers "Triple S" [2].

Louis Vuitton, one of the most outstanding leather goods designers in French and world history, opened the first luggage shop named after himself in Paris in 1854, which became an essential item symbolizing the upper class. Today, Louis Vuitton has not only designed and sold high-end leather goods and bags, but has set foot in fashion, accessories, leather shoes, bags, jewelry, watches, media, famous wines and other giant trend indicators. LV products usually use the brand's classic patterns, such as LV Monograms. Because its predecessor was to make bags and leather goods for the upper class, the consistent style of LV is traditional stability and nobility [3].

Both Balenciaga and Louis Vuitton are world-renowned luxury brands, but they have some differences in marketing methods and strategies. Their publicity content and style, choice of advertising media, choice of brand spokesperson, or advertising creativity and design are all different, while the publicity and advertising strategies and forms of LV and Balenciaga reflect the style and characteristics of the brand to a large extent. The two brands emphasize tradition, stability, and nobility as well as avant-garde, fashion, and innovation, respectively, to attract different consumer groups. Therefore, the purpose of this study is to explore the characteristic marketing methods and strategies of Balenciaga and Louis Vuitton, so as to analyze the causes of the gap between the two brands in the market.

2 Background Information

Balenciaga's Brand DNA can be summarized as complex, avant-garde, high-quality, fashionable, and the fusion of tradition and modernity. The design style of this brand is usually different, and he uses a lot of contrasting colors, black, symmetrical tailoring, and surreal elements. Balenciaga pays great attention to innovation and will launch various new designs every year, but it will also retain brand characteristics such as the name of "Balenciaga" itself, the "double B" logo, and its innovative design. Brand code is simple, modern, capable, unique, and high-quality. The brand has always maintained a fashionable, avant-garde, high-quality, unique image in design and marketing.

However, Louis Vuitton's customer base is mainly middle-aged and elderly adults. These customers pay attention to quality, tradition and stability. They are usually people who have already accumulated a certain wealth and social status. Therefore, the design of LV products emphasizes tradition, classics and high quality. Often use the brand's classic patterns and materials, such as leather and canvas. The history, tradition and handmade craftsmanship of the LV brand are all important factors in attracting these customers. The logo of the two letters "LV", the four-leaf clover flower, the four-pointed star, and the checkerboard pattern are the brand code of LV.

3   Comparative Analysis

3.1   Product Aspect

Both Balenciaga and Louis Vuitton are prestigious high-end luxury brands, but there are still some differences between them. The price range of LV is relatively higher because the brand history of LV is longer, and the brand reputation is higher. The price of LV products usually ranges from thousands of dollars to hundreds of thousands of dollars, while that of Balenciaga ranges from a few hundred dollars to thousands of dollars. Regarding category differences and SKU depth, LV's product line is more extensive, covering multiple categories such as handbags, shoes, clothing, and accessories. While Balenciaga mainly focuses on clothing, shoes and handbags. LV's SKU depth is also greater, meaning their product line is more subdivided, with more styles and colors to choose from. LV currently has 743 models of women's ready-to-wear on LV's official website, while Balenciaga has only half of his 497 models on sale. The comparison is even more evident in women's backpacks. LV has 520 models on sale, while Balenciaga has only 106 models.

In addition, LV's consumers are mainly high-end groups, including celebrities, rich and fashionable elites. They pay attention to the history and reputation of the brand, and pursue luxury and unique products. These two brands have their own top products. LV's classic styles include Speedy, Neverfull and Keepall. These products are usually worth more than the price due to the support of brand history and prestige. Balenciaga's top products include Triple S shoes and City handbags, which are also popular because of the brand's unique designs and high-quality materials. They also have their own high-end line customization. Although Balenciaga also has advanced customization lines, Louis Vuitton's advanced customization lines are more unique and top-notch. LV's advanced customization line includes Maison, where customers can customize their products according to their preferences and needs, and these products are usually of higher quality and uniqueness, and the price is also higher.

3.2   Marketing Strategy: Co-branding

In recent years, both Balenciaga and Louis Vuitton have cooperated with other brands many times. These co-branded collaborations not only help increase brand awareness but also appeal to a broader consumer base. However, LV's joint cooperation is more with artists such as Takashi Murakami and Hiroshi Fujiwara. The co-branded collaboration of these brands puts more emphasis on the brand's sense of high-end luxury, and is more in line with the positioning of the LV brand. For example, the cooperation series between LV and Yayoi Kusama will be launched in 2023, including handbags, accessories, clothing and so on. This series has received great attention and praise in the market. Consumers are delighted with its unique design and quality. Yayoi Kusama endowed LV with more artistry [4]. Regarding market feedback, LV's joint cooperation usually attracts a lot of attention due to its popularity and response, and its co-branded products are often regarded as representatives of luxury and high-end.

In comparison, Balenciaga's joint cooperation pays more attention to fashion and trends, and its joint products are usually more popular with the younger generation of

consumers. The cooperation series between Balenciaga and Adidas was launched in 2020, including shoes, clothing, accessories and so on. This series has also received great attention and praise in the market. This joint cooperation makes the high-ranking traditional luxury brand more in line with the fashion taste of young people. Therefore, the cross-border collective name of luxury brands has expanded the consumer market, which can be regarded as an effective market extension strategy [5].

In these joint cooperations, the value and image of the brand have been enhanced, and consumers' awareness and loyalty to the brand have also increased. At the same time, these joint collaborations have also brought more sales and market share to the brand. Through cross-border joint names with various industries, the products of luxury brands are no longer limited to clothing or bags. Commodity categories can be different according to the other fields of co-branded brands, and some innovations have diversified the types of commodities, significantly increased brand awareness and enhancing brand image [6].

All in all, according to market data, LV is one of the brands with the largest market share in the global luxury goods market, and its consumers are mainly concentrated in high-income groups between the ages of 30 and 50 [7]. And Balenciaga takes the younger generation as the primary consumer group, and its consumers pay more attention to fashion and personalization. The consumption data of the two brands are different, but they both show strong market competitiveness. Generally speaking, LV has a higher brand value and brand level, and its joint cooperation also pays more attention to quality and luxury, while Balenciaga pays more attention to fashion and trendiness, and its joint cooperation is more youthful.

4 Discussion—Potential Market Directions for Balenciaga and Louis Vuitton

4.1 The Involvement of New Retail Concepts Online

Although both Balenciaga and LV are high-end luxury brands, their brand differences are quite obvious. LV has a long history, and its brand image is more stable and traditional. It focuses on classic styles and quality and provides highly customized services, attracting a relatively wider consumer group. Balenciaga, on the other hand, pays more attention to fashion and trendiness, and its design style is more avant-garde and younger, focusing on trendy style and quality, which is more suitable for young consumers. Since Demna Gvasalia entered Balenciaga, he has combined his Brand DNA with the aesthetics of today's world and integrated the trend concept. He is obsessed with interacting with consumers and is very active in social networks and new media as if making high fashion brands accessible to the public [8].

To reach the level of LV, Balenciaga can consider increasing the stability and tradition of the brand while maintaining a unique design style, focusing on quality and customized services, and attracting a more comprehensive range of consumer groups. In addition, Balenciaga can further develop new markets, such as expanding its influence in the Asian and male markets.

To boost its sales, Balenciaga could consider increasing the brand's stability and heritage while maintaining a unique design style focused on quality and bespoke services to

appeal to a broader consumer base. For Balenciaga, potential marketing developments include using digital technology and social media to increase brand exposure and interaction, enhancing the integration of online and offline, offering a more pesonalised and customised service, and further developing new markets such as the male market, the young consumer market and expanding its presence in Asia. The potential for market transformation is also high today, especially in light of the current Covid-19 epidemic, the consumer buying behaviour and spending habits may also change. Brands could therefore consider increasing online sales and online experiences to provide a more secure and convenient way to shop, while also enhancing offline experiences to provide a more high-end and luxurious shopping environment. This is something that could be learnt from Louis Vuitton considering China's unique luxury consumer market, Louis Vuitton has also implemented a different marketing strategy, LV not only opening an increasing number of physical stores but also launching online service platforms, and it also engaging domestic brand ambassadors, such as the "LV & Exhibition" held in Shenzhen in January 2022 [9]. Although LV is not the first brand to enter the Chinese Internet, it is the most active brand in marketing channels [10].

4.2   Increased Participation in All-Age Markets

In order to increase its sales, Balenciaga could consider increasing the stability and heritage of the brand while maintaining a unique design style with a focus on quality and customisation to appeal to a wider consumer base. New customer segments could include exploring new markets, such as the middle-class market and the young consumer market. While also considering increasing the product lines, such as launching more accessories and cosmetics, to appeal to a broader consumer base. Nowadays, the age of luxury consumers is getting younger, and younger people's spending power is emerging. Brands should also put more attention and focus on younger consumers. Although, at present, these young people may not have enough financial means to have a regular luxury purchase cycle, they, as the latest carrier and new force of contemporary mass consumption, will buy themselves one or two luxury items from time to time as a reward, and thus learn more about luxury goods and at the same time spread more information about the brand to the public, thus increasing the brand's popularity. Moreover, young consumers have more ideas than middle-aged consumers and are more likely to feel a sense of belonging to a brand, so when a brand captures this group of consumers, it is also laying a stronger foundation for its future buying clientele [11]. However, focusing only on the youth market can result in the brand not having a wide enough market share, which in turn can affect the growth of sales. Therefore, the brand needs to focus more on engaging with the all-ages market as a way to increase its sales. Balenciaga can launch different product lines to suit different age groups of consumers. For example, launching fashionable products for middle-aged people and trendy products for teenagers. Or it could collaborate with celebrities of all ages as a way to expand the brand's reach and market coverage. For example, collaborate with middle-aged actors to launch fashion products for middle-aged people and with young singers to launch trendy products for teenagers. There is also a greater focus on all-age engagement in brand image campaigns, such as using models of different age groups in advertisements and posting outfit shares from consumers of all ages on social media. Through these measures, Balenciaga can

better expand its market and increase sales while being more inclusive and diverse in its brand image.

4.3 Store Furnishings and Personalised Service

One of the important factors that attract customers to LV, apart from its own influence and products, is its window displays and in-store furnishings, using items such as lots of woodwork, expensive equipment, large glass windows, posters and pillars, depending on the seasonal design, to attract customers' attention and goodwill to the products, making them more interested in them and creating a desire to buy more. In comparison, Balenciaga is not very focused on this aspect, but it is undeniable that a good window design can also attract more customers to the shop. Excellent after-sales service is also a suitable means of communication, as the customer will feel more comfortable knowing that even if there is a problem with the product, it will be dealt with in a timely manner [12]. If Balenciaga could improve the presentation and personalised service of its shops accordingly, it would be able to achieve better sales and visibility.

5   Conclusion

Although both Louis Vuitton and SEGUIN MOREAU are luxury brands, their target groups and the marketing approaches and strategies they adopt are different. Louis Vuitton places more emphasis on refinement, stability and class, while SEGUIN MOREAU places more emphasis on youth and trends. Both also have co-branding with other brands. While LV basically collaborates with artists or other big brands, Balenciaga tends to work more with fashion or sports brands. Faced with different marketing approaches, if Balenciaga wants to increase its sales, it will have to increase the brand's stability and tradition while maintaining its distinctive design style, focus more on quality and customisation, increase the combination of online and offline, offer as much personalised customisation as possible, and intensify its work in shop furnishing and window design to give customers a good shopping experience and interest.

Although the marketing model and strategy of these two brands are analyzed, there are still some limitations. This paper does not analyze the relevant data of specific marketing behaviors. If other researchers want to follow up on the content of the paper, they can further refine the needs of the customers of these brands and the brand marketing behavior and where they should pay more attention to improve.

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