



The Role of Social Media in the Purchase of Luxury Goods – Taking Louis Vuitton as an Example

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Abstract. This research essay explores social media's role in purchasing luxury products by focusing on Louis Vuitton (LV) as a case study. The essay reviews relevant literature on luxury marketing and new media, discussing LV's historical development and brand message as a leading luxury brand. Then this research delves into the impact of social media on LV's marketing strategy, analyzing how social media platforms like Instagram, Facebook, and Twitter have allowed LV to reach a wider audience and influence consumer behavior. Additionally, the essay examines the role of social media in creating brand loyalty and the impact of social media on pricing and distribution. It concludes with crucial insights and recommendations, highlighting the need for LV to adapt and leverage social media while being vigilant of the risks that come with it. This essay provides valuable insights into the role of social media in luxury marketing and its impact on a leading luxury brand like Louis Vuitton.

Keywords: Social Media · User-generated Content · Louis Vuitton

1 Introduction

Louis Vuitton (LV) is a leading luxury brand that offers a wide range of products, including handbags, shoes, accessories, and apparel. The brand has a robust global presence and a reputation for producing high-quality, premium goods. With the rise of social media, Louis Vuitton has adapted its marketing strategies to reach a wider audience and engage with customers in new ways [1]. Through social media platforms like Instagram, Facebook, and Twitter, LV can reach out to potential customers, showcase its products, and create a unique brand identity. According to a study by the Luxury Society, Instagram is the most popular social media platform for luxury brands, with 99% having an active presence on the platform. Again, a survey conducted by Deloitte found that social media plays a significant role in the purchase decision-making process for luxury goods, with 40% of respondents saying that social media influenced their purchase decision [2]. One of the critical roles of social media in purchasing luxury products from LV is to build brand awareness and create a sense of exclusivity around the brand. Louis Vuitton uses social media to create a visual narrative around its products, with carefully curated images and videos showcasing its unique design and craftsmanship.

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Researchers have previously investigated how luxury brands leverage social media to create unique brand identities, build relationships with customers, and enhance the perceived value of their products. Studies have also examined the role of influencer marketing in luxury brand management, with researchers investigating how luxury brands collaborate with influencers to reach out to new audiences and promote their products [3]. LV's brand message, historical development, status, and social media presence make it an ideal subject for exploring social media's role in purchasing luxury products. By analyzing how LV uses social media to engage with consumers and promote its products, valuable insights could be gained into the broader trends and strategies shaping today's luxury market. Social media also plays a crucial role in purchasing [4]. With the rise of social commerce, Louis Vuitton has introduced new features such as in-app purchasing and social media-based checkout options to make it easier for customers to buy its products directly from social media platforms. In addition to building brand awareness and facilitating the purchasing process, social media provides a platform for Louis Vuitton to engage with its customers more personally. The brand can interact with customers through social media, respond to their queries and concerns, and gather feedback to improve its products and services.

2 Marketing Strategies of Social Media

Social media platforms like Instagram, Facebook, and Twitter have become powerful marketing tools for luxury brands like Louis Vuitton (LV). These platforms allow LV to reach a wider audience and engage with potential customers more personally and interactively than traditional advertising as store publicity or public advertisement [1]. Consequently, social media has become a critical marketing tool for luxury brands like Louis Vuitton, allowing them to engage with consumers more directly and personally. Some of the characteristics of social media that make it an effective marketing tool for LV products include the following benefits.

2.1 Visual Appeal and Content

Social media platforms like Instagram and Pinterest are highly visual, which is particularly advantageous for luxury brands like LV that rely on visual aesthetics to promote their products [2]. LV's Instagram account, for example, features high-quality photos of its products, fashion shows, and celebrity collaborations, allowing followers to see and engage with the brand in a visually appealing way. By leveraging high-quality images and videos, LV can showcase its products visually appealing and engagingly and give customers a completely different wear or display effect from ordinary charts of goods, which can help drive interest and sales.

2.2 Targeted Advertising

Social media platforms allow for highly targeted advertising, meaning LV can reach specific demographics and consumer segments with tailored messaging and content [5]. Social media networks can precisely track users' online activity through big data,

including but not limited to purchases, searches, and hobbies. The social media platform will push the most recent news to potential customers in accordance with the advertising requirements once the consumer profile has been completed. LV has used targeted advertising to reach potential customers and promote its products. Examples include using social media ads where LV has utilized social media platforms such as Facebook and Instagram to display targeted ads to users based on their interests, behavior, and demographics. By analyzing user data, LV can create highly targeted ads that are more likely to resonate with potential customers. For example, LV can display ads for specific product categories, such as handbags or shoes, to users interested in similar products or brands [6]. Again, email marketing targets specific customer segments based on their purchase history, preferences, and behavior. For example, LV can send personalized emails to customers who purchased a product or viewed specific product categories on its website. These emails can include recommendations for similar products or exclusive offers to incentivize purchases. Lastly is location-based advertising. LV has also used location-based advertising to target potential customers in specific geographic locations. For example, LV can display product ads to users near one of its physical stores or who have recently visited a competitor's store. This could increase the effectiveness of LV's marketing efforts and maximize the return on investment for its advertising budget.

2.3 Consumers' Spontaneous Display Behavior and User-Generated Content (UGC)

Social media platforms allow users to generate and share their content, including images and videos of LV products. This user-generated content is a powerful passive marketing tool for LV, as it provides social proof and can influence other users' purchase decisions. To start with is the use of Social Media Campaigns where LV has launched several social media campaigns encouraging its followers to share their content featuring LV products. For example, the LV Parfums campaign encouraged users to share photos and videos of themselves using LV perfumes on social media. LV then reposted some of the most creative and inspiring UGC on its social media channels, which helped increase engagement and brand awareness. Besides, through using collaborations with artists in which LV has collaborated with several artists and designers to create limited-edition collections featuring their unique designs [7]. LV often encourages artists to incorporate UGC into their designs as part of these collaborations. Also, for example, the Jeff Koons x Louis Vuitton collaboration featured several handbags and accessories with prints of famous artworks; some were created using UGC and submitted by LV fans on social media. Lastly, through user reviews, LV also allows customers to submit reviews of its products on its website. These user reviews can help potential customers make informed purchasing decisions and provide valuable feedback to LV about its products. LV actively monitors and responds to user reviews, which can help to build trust and credibility with its audience. LV's social media accounts actively encourage user-generated content, often reposting images and videos created by fans and followers [6].

2.4 Real-Time Engagement

Social media platforms allow for real-time engagement between brands and their followers, providing opportunities for LV to connect with customers more personally and interactively [8]. This can include responding to customer inquiries, providing product information, and sharing behind-the-scenes content. LV's social media accounts regularly engage with followers, creating a sense of community and strengthening the brand-customer relationship.

3 Influence of Social Media on Consumer Behavior

Social media has had a significant impact on consumer behavior when it comes to purchasing luxury goods, and Louis Vuitton (LV) is no exception. Social media platforms have changed how consumers access and evaluate information about a product before making a purchase [5].

Reviews are commonly categorized as “official reviews” or “unofficial reviews”. Official reviews tend to be those posted by the brand or product manufacturer. In general, the consumer reviews on the brand's website are well-chosen and highly indicative. Moreover, official reviews can be eliminated if they are detrimental to the brand image. In contrast, unofficial reviews usually originate from comments posted by consumers themselves, as in the case of user reviews on the websites of online retailers. In social media, although soft advertising is not excluded, consumers could also seek more objective and realistic consumer reviews of their experience with the product, including its strengths and weaknesses, to determine their consumption intentions.

Through social media, consumers can easily access reviews, ratings, and recommendations from other users. Therefore, it has changed how consumers research and evaluate products before purchasing [1]. Social media platforms provide consumers with access to a wealth of information about a product, including reviews, images, and videos, which can influence their perceptions and purchasing decisions. Consumers can now see real-life examples of LV products' look and feel, helping them make more informed purchasing decisions.

Another way social media has influenced consumer behavior is through influencers and Key Opinion Leaders (KOLs). These individuals have large followings on social media and can influence the purchasing decisions of their followers by endorsing specific products or brands. LV has leveraged the power of influencers and KOLs to promote its products on social media, collaborating with high-profile celebrities and fashion influencers to showcase its products and increase brand visibility [9]. An example of such a collaboration of KOL with LV is Emma Chamberlain, a popular YouTuber and social media influencer with over 12 million followers on Instagram. She has collaborated with LV several times, promoting the brand's products on her social media platforms. Again, LV collaborated with the South Korean pop group BTS to release a limited-edition collection in 2021. The collection featured LV's iconic monogram print and was promoted through social media posts and videos featuring the BTS members.

However, the influence of social media on consumer behavior is not always positive. For example, negative reviews, comments, or posts about a product or brand can quickly

spread on social media, damaging the brand's reputation, and affecting sales [10]. Meanwhile, negative news about KOLs can also affect product evaluation and purchase. If a KOL does something unethical or makes a controversial statement, this could reflect unfavorably on the business they are working with. Therefore, it is crucial for luxury brands like LV to maintain a positive image and reputation on social media through active engagement with followers, addressing negative feedback, and providing high-quality products and services.

4 Social Media and Brand Image

Social media has played a significant role in creating brand loyalty among Louis Vuitton (LV) customers. Through social media platforms like Instagram, Facebook, and Twitter, LV has engaged with its customers, built relationships, and created a community of loyal brand followers. According to a study by the Luxury Society, LV's Instagram account has a follower engagement rate of 0.64%, which is significantly higher than the industry average of 0.35%. The number of individuals viewing the official could be a reflection of the level of awareness and appealingness towards the product or brand. If more people have read the official message, then more will likely become interested in the product or brand and thus potentially convert to actual consumers.

First, social media has helped LV create brand loyalty by providing a platform for the brand to showcase its values and personality. LV's social media accounts often feature posts that showcase the brand's heritage, craftsmanship, and innovation, which can help to create an emotional connection with customers [11]. Besides, LV's social media accounts often feature posts that showcase the brand's values and personality. For example, the brand's Instagram account frequently features posts highlighting the craftsmanship and attention to detail that goes into creating each LV product [12]. One such post from March 2021 showcased the making of an LV handbag with a caption that read, "Our artisans take great pride in their work, which is reflected in every Louis Vuitton creation." This type of content can help to create an emotional connection with customers by highlighting the brand's dedication to quality and craftsmanship [8]. Apart from the internal maintenance of the company and the product, Louis Vuitton also has a strong focus on philanthropy and sustainability. The company has used social media to launch campaigns that align with its values, such as the #MakeAPromise campaign launched in partnership with UNICEF. The campaign encouraged customers to purchase LV's Silver Lockit bracelet, with some proceeds to provide clean drinking water to vulnerable communities. The campaign was promoted through LV's social media channels, with posts showcasing the initiative's impact and encouraging customers to make a difference with their purchases. This emotional connection can increase brand loyalty, as customers feel a sense of affinity with the brand and its values.

Besides, social media has helped LV create brand loyalty by allowing the brand to engage with its customers personally. LV's social media accounts often feature posts encouraging customers to share their experiences with the brand or provide feedback on new products [9]. This engagement can create a sense of community among LV customers, increasing brand loyalty.

Moreover, Louis Vuitton offers a point-to-point sales service, with a shopping experience more aligned with the consumer's needs. For example, sales in China will communicate with consumers by adding social media contacts (e.g. WeChat). Sales staff will send consumers a personalized and timely offer of new products each season based on their needs and preferences, enabling a consumer experience to remain within doors. This enhances the consumer experience and satisfaction by enabling consumers to select better and purchase products.

5 Impact of Social Media on Pricing and Distribution

Social media has significantly impacted the pricing and distribution of Louis Vuitton (LV) products. With the rise of e-commerce, LV can sell its products directly to consumers through its website and social media channels, bypassing traditional retailers [13]. A dedicated salesperson will contact each customer who frequents the retailer. Through WeChat, consumers can communicate and interact with sales staff anytime, anywhere, without being restricted by time and location, thus providing a more convenient and faster way to shop. Consumers can ask questions, view product information, place orders, and more at any time with the sales staff.

Another example is how LV's e-commerce strategy has been particularly successful during the COVID-19 pandemic, as many consumers shifted their purchasing habits online. By leveraging social media platforms like Instagram and Facebook, LV was able to reach a wider audience and drive sales through its channels. The company launched several limited-edition collections exclusively through its website and social media channels, such as the collaboration with BTS mentioned earlier. By selling these products directly to consumers, LV can maintain a higher price point and increase the exclusivity of its products while also reducing costs associated with traditional distribution channels [12]. This has allowed LV to have greater control over its pricing and distribution strategy and reach a wider audience of potential customers. Using data from social media platforms to target specific demographics and audiences, LV can market its products more effectively and potentially charge higher prices to those willing to pay for luxury goods. Social media can also help LV identify price-sensitive customers and adjust pricing strategies accordingly.

Regarding distribution, social media has enabled LV to reach customers in areas where the brand may have yet to have a physical presence [14]. By leveraging e-commerce and social media channels, LV can expand its distribution network and reach customers worldwide. This has allowed LV to compete better with other luxury brands and increase its market share.

Nevertheless, e-commerce and direct-to-consumer sales have also raised concerns among traditional LV product retailers. Some retailers worry that this shift in distribution strategy will lead to lower sales and ultimately hurt their business. An excessive distribution network may adversely affect the product's scarcity and the brand's tone - in other words, the more distribution networks there are, the more accessible it will be for consumers to purchase LV products. This does not bode well for luxury companies that use scarcity to tell their stories. Additionally, the availability of LV products online can lead to price discrepancies between different markets and create challenges for the brand in maintaining a consistent pricing strategy.

6 Conclusion

In conclusion, social media has become a crucial tool for Louis Vuitton (LV) in marketing its luxury products to a broader audience, creating brand loyalty, and influencing consumer behavior. The study demonstrates that LV can engage with customers, build relationships, and showcase its products creatively and interactively through social media platforms such as Instagram, Facebook, and Twitter. Additionally, social media allows LV to sell products directly to consumers, adjust pricing strategies based on real-time demand, and create demand for limited edition products. However, the impact of social media on the luxury industry also presents challenges for LV. The rise of counterfeit products sold through social media channels can erode the brand's value, while unauthorized sellers can undercut pricing strategies and profit margins. As such, LV must remain vigilant in monitoring social media activity to protect its brand and reputation. Furthermore, the company must continue to adapt and leverage social media to its advantage while navigating the challenges that come with it. The brand should also invest in data analytics and market research to better understand customer behavior and sentiment on social media, which can inform pricing and distribution strategies. By doing so, LV can maintain its status as a leading luxury brand while reaching and engaging with a broader audience through social media.

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