Social media marketing strategies of luxury brands in the context of COVID-19 and their impact on consumer behavior

Yajie Cui

1King’s Business School, King’s College London, London, WC2R 2LS, Britain.

*Corresponding author: Yajie.1.cui@kcl.ac.uk

Abstract. During Covid-19, many luxury brands have treated the social media marketing campaign as their most crucial promotion approach, and these campaigns indeed have some impacts on Chinese customer behaviors. After perceiving this marketing campaign, most customers have increased their purchases of luxury goods. Simultaneously, some clients decrease their purchasing frequency because of the shortcomings of these social media marketing strategies. This article collects specific data via survey and interview to determine the particular social media marketing campaigns of these brands during the COVID-19, the changes in consumer purchase intention before and after the epidemic, and the perceived success and failure cases of marketing approaches of these luxury brands in the minds of customers. After reviewing these data results, this report discovered certain shortcomings of the luxury brands’ social media campaigns in terms of consumer interaction and the content and scope of the present advertisement. Finally, the article provides the luxury brands with a more thorough and tailored solution to these two difficulties, which has the potential to reverse customers' negative attitudes against the brand and foster a deeper relationship between customers and brands.

Keywords: Social media marketing, Luxury brands, COVID-19, Consumer behavior.

1. Introduction

1.1 Research background

Utilizing social media is an essential method for perceiving the formation of the Chinese people. In 2020, China had approximately 926.8 million social media users, around 65% of the total population [1]. Chinese people use social media not only for communication with friends but also as a shopping platform. Therefore, many businesses, including some luxury brands, began implementing social media marketing strategies to promote their products. For instance, Louis Vuitton began using WeChat mini-programs to open its online store to Chinese customers. Dior empowered their sales assistants to show customers new products via the Xiaohongshu app, the largest recommendation app for trendy items in China. After a period of success with these social media marketing strategies, the outbreak of the COVID-19 pandemic altered consumer behavior. However, during this economic downturn period, these behavioral changes benefited the luxury brands, increasing their global sales to 281 billion dollars in 2019 [2]. Additionally, they are forecast to increase from 309.6 billion in 2021 to 382.6 billion in 2025. The Chinese economy’s recovery and the growing purchasing power of Chinese millennials and Generation Z customers are the main reasons for these luxury brands’ success during COVID-19[3]. At the same time, these luxury social media marketing strategies have a significant positive impact on product sales and customer relationship maintenance [4]. Social media is the only way Chinese customers can gather trendy information during their quarantine period. To adapt to this new era of innovative consumption, luxury brands should provide more comprehensive and experiential shopping experiences to their customers to maintain their purchase intentions and customer relationship by improving their social media marketing strategy.

1.2 Literature review

Due to the widespread use of social media marketing strategies in the luxury industry, numerous scholars are interested in the impact of social media strategy on customer behavior. Godey et al. found
that social media marketing strategy directly influences consumer preference, loyalty, and purchase intention. They found that Chinese customers always have high scores of interactions with the brand [5]. Further research found that the importance of social media marketing increased in the COVID-19 period. Consumers have increased their use of social media to discover products, gather information about products, evaluate products, and make product purchases due to the declining usage of physical stores [6]. In other words, these two findings indicate that social media can directly impact consumers’ purchasing process, which affects from identifying the needs of products to the interaction of the brand.

Moreover, social media’s final purchasing step has always been instrumental in facilitating each step. Additionally, social media usage among customers will increase during the background of COVID-19. Concurrently, some scholars are examining how certain luxury brands employ communication strategies regarding COVID-19. According to Grilec, Vukusic, and Dujic, many luxury brands began providing innovative activities and charitable events to the public to maintain customer relationships and the novel value of these luxury brands. Additionally, these events are conveyed through various communication strategies, with some utilizing the poem and others employing the video or photograph [7].

1.3 Research gap

There is an abundance of information available on the Internet regarding the effect of social media marketing strategies on consumer behavior. Simultaneously, it is not difficult to discover studies on how luxury brands used social media marketing strategies to build brand equity and customer relationships before the epidemic. Additionally, some experts have found that during the epidemic time, the purchase intention of clients was boosted under the influence of social media. However, among these academic studies, there is no specific study examining how social media marketing strategies affect customers’ behavior in a particular region in the context of covid-19. This article mainly focuses on how Chinese customers’ behavior has changed due to social media’s influence on the present epidemic and the motivations behind these actions. After acquiring a better understanding of these consumer behaviors and motivations, this article can offer a more realistic and practicable social media marketing approach to luxury firms, assisting them in generating more revenue and developing more intimate relationships with their customers.

1.4 Research framework

In this article, two methods will be mainly used to collect the data on Chinese customers’ purchase intention for luxury products and the customers’ feedback on the current customer interaction mechanism in social media under COVID-19. Furthermore, based on the data, there are some analyses of the macro luxury industry, consumer behaviors before the covid-19, existing social media marketing mechanisms, the changes in consumer behavior after the covid-19, and the drawbacks of existing social media marketing strategies. Then, in the discussion part, based on the data and analysis, the article will provide some practical solutions for the companies to improve their value. Last but not least, the limitations of this research and future advances will be pointed out.

2. Method

2.1 Survey

In the first stage of the data collection, the survey is the main methodology to detect the real feedback of the customers. A survey explores a specific population’s characteristics by collecting data from a representative sample of that population and estimating those characteristics through the systematic use of statistical methodology [8]. In this paper, the survey sample is all-age Chinese customers who have already bought luxury items or will buy them in the future. The survey is mainly used for the data collection of the purchase possibility of customers after the social media marketing strategies are implemented. The customers’ apps perceive information about the luxury items, the
changes in customers’ purchase intention before and after the pandemic, the customers’ attitudes towards the existing luxury brand’s social media marketing strategy, etc. And these data are used for the basic feedback of customers to these luxury brands to help these brands accurately advertise to some popular apps. Additionally, luxury firms may utilize this survey to determine how their customers rate their existing social media marketing strategy. Then they can make a precise decision to abandon some ineffective approaches.

2.2 Interview

The final data collection stage mainly uses the structured interview method to explore deeper data than the survey. The structured interview is when descriptive results are incorporated into the formulation or revision of interview materials to conduct a more systematic and extensive study of information [9]. In this article, the structured interview is mainly used for the further data collection of the survey results. This structured interview will involve approximately 15 people who are survey respondents. Two-thirds of interviewees are long-term luxury customers, while the rest are highly inclined to purchase luxury products within the next three months. In this structured interview, there are some detailed Q&As with the interviewees about the reason for the change of purchase behavior before and after the pandemic, the satisfaction rate of the brand interaction, the most influential luxury brand marketing champion in their hearts, some personal suggestions to the shortage of existing luxury marketing strategies. Luxury firms may conduct a more targeted marketing approach by integrating the real reasons that clients buy products with the most appealing marketing campaign in their thoughts.

Because brands typically focus on the output of their interactions with customers, customers are consistently hesitant to make unfavorable remarks when confronted with service ratings. It is difficult for luxury businesses to harvest real feedback from customers regarding this interaction. This interview aims to assist brands in comprehending accurate consumer feedback from a third-party perspective, which is critical for improving their services in the future.

3. Results

3.1 Social media marketing strategy of luxury brands under the pandemic

During the covid-19 pandemic, many luxury brands began to focus on their e-commerce more than the physical retailers[10]. In the context of the COVID-19 outbreak, LVMH, one of the world’s greatest luxury goods conglomerates, immediately adopted e-commerce as its primary sales and marketing strategy. The strategy has been achieved tremendous success. According to the group’s 2021 annual report, its organic revenue climbed by 36%, and operating profit doubled [11]. With such an exceptional ability to cope with covid-19, LVMH’s social media marketing plan is also extremely fascinating. Face-to-face events are frequently deemed inappropriate during a pandemic, and as a result, numerous fashion shows have been canceled. Christian Dior broadcasted their 2020 autumn and winter women’s wear show live on Weibo in response to this marketing dilemma. One of China’s largest social media platforms invited many Chinese celebrities as brand ambassadors to join in the broadcast and make comments during the live show to attract new customers and brand loyal customers.

Additionally, another group member, Loewe, introduced a new delivery method for the show in 2021 with the ‘show-in-a-box’. They placed the show in a special box. They converted the box into a file folder with information about the development of the works, their inspiration, and the exhibition layout. This box is distributed not just to loyal customers but also to additional key opinion leaders (KOLs) to enable them to promote the season’s products on social media [12]. Meanwhile, Louis Vuitton has established numerous official accounts on Chinese social media platforms, including Chinese Tiktok, Xiaohongshu, and Weibo. They have grown in popularity on these social media platforms, with Louis Vuitton topping the luxury brand popularity list on Chinese Tiktok. In 2021, Louis Vuitton held the tour with the See LV exhibition in China. Before these events, Louis Vuitton
engaged in extensive social media marketing, with their ‘See LV’ tag on Weibo reaching 810 million views.

3.2 Purchasing intention among consumers

After reviewing the survey responses of 120 people and 15 in-depth interviews, it was discovered that more than 80% of respondents expressed a desire to invest more money in their families and themselves following the epidemic, including spending on luxury products. The purchase intention behind this can be divided into two categories, which are significantly influenced by the social media marketing of luxury goods. As 84 percent of respondents indicated that they used social media following the epidemic’s outbreak, 76 percent indicated they were frequently pushed or actively saw luxury product marketing content on social media during the pandemic.

To begin, China routinely implements self-isolation policies in response to the breakout of COVID-19, drastically limiting citizen travel plans. Staying at home enhances loneliness, and people spend more time on social media to entertain themselves. Many people frequently encounter advertisements for luxury goods on social media, and they are more receptive to paying attention to this information during this period. They are more likely to purchase luxury goods to decrease isolation anxiety [13].

Second, during the epidemic period, the prices of certain luxury brands did not decline but rather grew dramatically. For example, in 2021, the prices of Dior saddle bags grew by 13%-20%, the entire Louis Vuitton product range increased by 6.65%, and Chanel jumped by 11.25% [14]. These firms’ sales representatives frequently notify clients on WeChat about upcoming product price rises and offer purchasing recommendations before the price increases to promote their items. Simultaneously, some social media users will be notified of the brand’s price increase on time via various social media platforms. These social media platforms’ promotion of price increases motivated some clients to purchase. Customers will splurge on certain luxury products before price increases. Customers may view this consumption as an investment that will increase their purchasing happiness and make them more likely to repeat the behavior before the subsequent price increase.

3.3 Successful and Unsuccessful Social media marketing campaign

In the conclusion of the fifteen interviewers’ responses, it is clear that they have varying perspectives on luxury businesses’ current social media marketing operations. Five respondents said that they believed luxury goods marketing efforts during the outbreak were extremely successful. The remaining 10 respondents, on the other hand, demonstrated less performance with these current marketing operations.

Two elements contribute to the satisfaction of the five respondents with these activities: The amount of information available via social media platforms has increased significantly, and the purchase experience given by WeChat mini-programs is particularly enjoyable. To begin, survey data reveals that approximately 77% of Chinese customers will obtain luxury information from KOLs if they cannot attend luxury enterprises due to the epidemic. As a result, many luxury brands use third parties, such as a significant number of key opinion leaders (KOLS), to objectively explain products to customers to acquire their trust. Therefore, when users log into social media, they can access a variety of luxury brand-specific content and obtain useful information for their purchasing decisions.

Second, some consumers often shop using WeChat mini-programs, making acquiring luxury products easy and fast. They can view the model’s appearance and identify the fabric of the items without trying them on.

Additionally, clients always experience the circumstance that garments are out of stock and must order products from other regions, and this process always needs to take three to five days. However, by using WeChat mini-programs, the purchased garments will be shipped from its national inventory, and consumers can expect to obtain their preferred things within 1-2 days. Luxury brands promote to clients using WeChat mini-programs that provide more practical information and speedier home delivery, significantly boosting the shopping experience for customers [15].
Simultaneously, the remaining ten respondents indicated dissatisfaction with the current condition of luxury brand social media marketing, including excessive publicity and brand interaction. One of the interviewees stated that he often receives advertisements from certain luxury brands on social media, repeatedly pushing the same content. Such repeated prompts will make him believe that these products are unreliable, necessitating many usages of marketing operations, reducing his desire to purchase. Several luxury firms donated numerous medical materials to various nations during the disease outbreak. The LVMH Group is a vivid example, which offered its factory to produce masks and conducted extensive marketing after the donation [16]. This form of marketing is meaningless and oblivious to some consumers who are only interested in products. Since the connection between businesses and customers is critical for brand success [17], several luxury firms omitted this step during the epidemic’s social media marketing phase. Some brands define customer interaction by solely offering timely product recommendations on social media. One interviewee stated that brands would send her gifts on her birthday before the epidemic. Still, after the pandemic, brands tended to send only one e-card, making her feel unappreciated. One of the primary reasons buyers purchase luxury goods is to receive personal significance and assurance from the brand [18]. Still, unfortunately, many luxury businesses neglect individual customers when engaging in social media marketing interactions.

Moreover, according to the study data, just 30% of respondents said they received a response after expressing their concerns on the brand’s official account. Furthermore, some customers stated that their desire to purchase luxury goods decreased because they could not wear their favorite clothes and jewelry outside the house and share them with others during the epidemic. The brand did not provide customers with a platform on the official social media accounts to share their products.

4. Discussion

4.1 Implications

According to 15 in-depth interviews and survey data, some luxury customers have encountered repeated social media promotion of luxury brands during their daily life. Indeed, it is right for those luxury brands to opt to repeat their promotion on social media. Due to the heavy competition for innovative campaigns among the luxury brands in the current markets. However, it is rare for customers to remember hundreds of brilliant brands’ promotions after watching them only a few times. From a repetitions perspective, a limited quantity of exposure cannot meet the brand’s desired marketing outcomes that everyone remembers and purchases the luxury items. But, after the repeated publicity, there has been a huge increase in customer responses to the products [19]. The increased consumer response results in increased orders and massively improves brand loyalty. As a result, luxury businesses should continue to market on social media and even boost their exposure when major events occur. However, for some customers who are unwilling to continue to receive repeated promotions on social media, brands can take the initiative to cancel repeated pushes for them but still need to retain the promotion of new quarterly products fewer times.

At the same time, some respondents who only focus on branded products believe that brands are over-promoting their COVID-19 donations with no relationship with customers. These promotions should not be pushed to their social media platform. Donation is one of the most critical parts of the brand’s Corporate Social Responsibility (CSR) module. Luxury brands should emphasize the substance of this component as part of their social media marketing campaigns [20]. The trust report from 2020 indicates that during the pandemic era, nearly 81% of customers will decide whether to buy a brand based on the brand’s CSR level [21]. Therefore, brands need to broadcast their charitable contributions towards Covid-19, encouraging a group of previously untapped customers to purchase branded items and enabling existing customers who continue to pay attention to the brand’s CSR to acquire its favorable impression. In general, luxury brands should repeatedly publish product-related marketing content on social media to attract new customers to purchase the products and ensure the existing customers do not easily forget the product information. Additionally, clients who are more
concerned with the brand’s reputation should not be sacrificed for a segment of customers who are just concerned with items.

4.2 Solutions

A successful brand needs to make effective use of all available resources, among which client resources are one of the most critical aspects [22]. The more effective a brand’s interaction with customers, the greater its profit and benefit [23]. However, the surveys and in-depth interviews indicate that many Chinese consumers who purchase luxury goods believe that the effective relationship between brands and consumers gradually deteriorated after the pandemic. They can only receive product promotions from brands on social media and have less chance to engage with personalized interaction from the brand. And these fewer interactions are interpreted as less brand attention by the customers, and they perceive less pleasure in purchasing luxury items. For luxury brands, customers who are more satisfied with their service are more likely to develop a longer-term relationship with the brand [24]. Therefore, luxury firms must prioritize more tailored connections with each customer regarding social media marketing. In the process of luxury purchases, the salesperson has traditionally played a critical role in delivering brand value and establishing individualized customer relationships [25]. As a result, luxury firms should boost the number of interactions with clients via salespeople in their social media marketing strategy during the pandemic era. For instance, each brand’s salesperson should contact clients during quarterly product promotions, have regular daily greetings to customers, and send physical gifts on major festivals and customer birthdays to demonstrate the brand’s importance. Social media is an extremely effective technique for brands to develop customer relationships [26]. Only 30% of survey respondents reported receiving feedback from these luxury brands after voicing their opinions on their official social media profiles. When luxury brands design Chinese social media marketing strategies, they should also consider communicating with customers on their official accounts and answering and resolving customers’ doubts about products. This approach will significantly increase customer satisfaction, resulting in a stronger relationship with customers.

Furthermore, in China’s epidemic prevention, face-to-face activities have dropped sharply. Several respondents claimed that their desire for luxury goods declined as trip plans were curtailed during the pandemic. And when they stay home, there are no friends who can share the pleasure of acquiring luxury products. The social function of luxury goods has a significant impact on whether or not Chinese consumers purchase them [27]. As a result, when these guests perceive that the product does not reflect its social function while they are isolated at home, their purchasing desire for the product will significantly decline. Luxury brands can create an official social media account to provide sharing and socializing opportunities for customers who purchase products. Customers can use this platform to share their purchasing experiences and use the products with other customers. This process can help them attract other customers’ attention and fulfill the product’s social role. Additionally, brands might conduct certain online activities using this account to strengthen the brand-customer relationship.

5. Conclusion

In conclusion, luxury firms have met the majority of consumers’ purchase intentions for luxury products during the pandemic through social media marketing strategies. Consumers’ offline consumption has reduced significantly during COVID-19. However, some customers’ purchases of luxury products have grown due to consumers’ increasing access to more convenient purchasing processes and more immediate price information via social media. At the same time, there are certain evident issues with luxury firms’ social media marketing strategies. Customers now receive far less connection from the brand than before to the outbreak. This condition reduces certain customers’ satisfaction with the brand and their willingness to purchase the company’s products. As a result, luxury firms need to train salespeople to provide more tailored consumer
services to clients and expand their official social media operations to strengthen their connection with customers. This paper analyzes the positive and negative effects of luxury companies’ current social media marketing methods on customer behavior.

Additionally, by analyzing the characteristics of successful social media marketing campaigns and the shortcomings of certain existing marketing efforts, the article developed a more customized and comprehensive method for client contact and advertising breadth for luxury businesses. There are some limitations still existing in the report. 70% of questionnaire respondents were female college students. As a result, this article’s sample diversity of age and gender is poor. Simultaneously, because the word ‘luxury’ was included in the questionnaire title, the respondents attracted were mainly from the rich regions of China with relatively high salaries. The results have omitted data on how these social media promotions affect low- and middle-income customers. Thus, in the future study, it is critical to do more in-depth analyses of changes in the spending behavior of luxury clients across several locations, age groups, and income levels in response to social media marketing efforts.

References


