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## **Introduction**

As the world gets richer and people have progressively bigger disposable incomes, most dramatically seen in the highest social classes, consumers are trading up products that are perceived as commodities for products that meet their aspiration needs. Current consumers are willing to offer considerably higher amounts of money to possess something 'beautiful and unique' (Husic and Cicic, 2008). According to Bain & Co, the global management consultancy, global demand for premium goods was to improve by 4% in 2010 on an annual basis to €158bn (\$214bn; £139bn) (Bain & Co official website).

The factors that explain why individuals are drawn to luxury goods are best explained by the marketing exercises that the luxury brands adopt. Moving away from the traditional marketing mix, brands such as Gucci, Louis Vuitton, Hermes, Chanel, Cartier, Rolex, Vertu and others have adopted 'Experiential Marketing' techniques to drive sales. The aim is to create in the consumer an emotional connect with the brand through unique features and brand image, exclusive retail environment and distinctive packaging, pricing and other elements. Marketers recognise the importance of their audience having the right experience when interacting with products- to bring alive the desired feelings, perspectives and urges.

This report addresses the three questions raised in the case study- Gucci, Louis Vuitton, & Vertu- Marketing Lessons From Some Of The World's Most Exclusive Brands (Carroll, et al., n. d). It aims to highlight the key success factors of Louis Vuitton, Gucci and Vertu, how their unique retail

environment has impacted exclusivity and brand image, and identifies threats to the 'aura of exclusivity'.

## **Key Success Factors in Creating Exclusive Products**

"It's like you've gotta have it or you'll die." is how Tom Ford the designer and marketing genius behind Gucci, defines the customers' affinity to the brand. The desire that Ford refers to goes much beyond meeting needs and reveals itself as a yearning of the buyer to attach themselves to the charisma of the brand.

In the luxury products category, brands take on an even more complex and demanding role in linking with the consumer. According to Unity Marketing's report, 'Luxury Market Report, 2004: Who Buys Luxury, What They Buy, Why They Buy', it is no longer enough to simply create brand name recognition. Instead, luxury marketers must stimulate fantasy, aspiration and desire in the consumer. Some of the factors that stimulate the success of a label include quality of the product, premium price and value affiliation, exclusiveness and reputation of the brand and hedonism, synonymous with using the product. The idea of brand identity has come a long way from telling one person's cattle from another by means of a hot iron stamp. Today people distinguish the psychological aspect, brand associations like thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on that become linked to the brand, and these are the aspects that luxury brands feed on.

Gucci, Louis Vuitton and Vertu represent superior craftsmanship, which makes the brands symbolic of luxury and prestige. Gucci takes its craftsmen

on tour around the world, stopping at select stores where “artisans hand-stitch handles, assemble bamboo handles, prepare leather strips for woven stitching and hand emboss customer’s initials” (Gucci official website). Louis Vuitton cultivates its high-quality craftsmanship, the passion for skilled handiwork and the most exquisite materials to create products whose value is recognized around the world. The extraordinary leather craft is handed down from ‘master to apprentice, generation after generation’. (Louis Vuitton Website) In the case of Vertu, the signature of the master craftsman on the handset is symbolic of the extent to which the brand takes pride in its craftsmen. With elegance and perfection implicit in every minute detail of the design, the use of gold and platinum and the embossment of the Vertu pattern on the SIM drawer, craftsmanship emerges as the hallmark to the singularity of Vertu. (Vertu official website)

These brands are on the cutting edge of fashion and modernity in their respective industries. From closely following the results of the fashion weeks in London, New York and Paris, debating and discussing what film stars adorn themselves in at red carpet events, to the intent studying of articles and features that appear in fashion magazines, to even cutting out advertisements of their favourite brands, people are increasingly obsessed with the identity of the label. This is telling of the imprint it has on their lives and preferences, thereby enabling them to create a distinctive statement for themselves in an age of heightened self-consciousness. The fascination extends to other players in the market who cannot miss out on the chance of getting a footing in the game by connecting themselves with the top notch brands, even if it is by mildly imitating their patterns and trends.

We know by now that given the availability of lesser priced replications of designs, the patterns are not inherently expensive, they are just more exclusive. (Grey Swan, 2007) The idea behind setting a premium price is not to deliver value for money but to indulge the buyers into buying for themselves the privilege of the select few. This phenomenon of luxury has been creeping up in society for hundreds of years now. Thorsten Veblen (1899) coined the term 'conspicuous consumption' based on the belief that, as wealth spreads what drives consumers' behaviour is increasingly neither subsistence nor comfort but the 'attainment of esteem and envy of fellow men'. (Yeoman and Beattie, 2005)

This desire to pace with or to out run fellows is what substitutes the importance to meet functional requirements and manifests as hedonistic urges. According to Hirschman & Holbrook, luxury products are multi-sensory and associated with 'fun, feelings, pleasure, excitement, and fantasy'. This pleasure can be defined in terms of gratification of ego, *éclat* and identification with the prestigious class and association with something that is exclusive and priced. Gucci, Louis Vuitton and Vertu exploit and stimulate these hedonistic urges in a consumer to the fullest through the inviting and indulgent ambience they create in their retail outlets with the aid of theme based displays, complementary music, exquisite visual merchandising and courteousness of the sales consultants.

The crescendo of celebrity endorsements over the last couple of years as the principal channel of brand communications, is another success factor. This is an acknowledgement by marketers of the power celebrities have in influencing customer- purchasing decisions. (Katyal, n. d) The celebrity  
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extends his/her popularity, personality and status in society to the brand.

(Roll, n. d) A few key advantages of celebrity endorsements, is established credibility, creating brand awareness, sustaining a brand's aura and ensured attention. (Okonkwo, 2005) Simply put, celebrities make a brand visible.

Louis Vuitton has been endorsed by celebrities like Maddona, Jennifer Lopez and Sean Connery. Similarly, Gucci has been endorsed by the likes of Rihanna, Evans Rachel Wood and Drew Barrymore. Likewise, Vertu was also endorsed by former Bond Girl, Michelle Yeoh and Seal (musician).

## **Creating an Alluring Retail Environment as a Market Strategy of Experiential Marketing**

The retail environment enhances the customer's experience of a brand and hence is an important marketing strategy. Store location, the architecture, the appearance of decor and furnishings and the appearance of the employees capture the attention of the desired clientele. Distinctiveness and memorability arguably influence the perception of the quality and prestige of a brand.

The Louis Vuitton, Gucci and Vertu stores are strategically located in elite high street locations, like London's Bond Street, New York's Fifth Avenue and Paris's Champs-Elysees, with the obvious intent of attracting the more affluent customers. The architecture of these stores is very unique creating a distinct image within the customer's mind. (Bloemer and Ruyter, 1997) For example, Louis Vuitton works with celebrated architects from around the world to shape each store into a unique and cherished showcase. The retail space is usually large and the interior is a series of relaxed and luxurious spaces. (Louis Vuitton website)

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Marketers identify the importance of allowing the customer “ to interact and engage with the brand, product and service in sensory ways”. (Experiential Marketing Forum, n. d) The quality and the aura of the brand is reflected through the store atmosphere. (Okonkwo, 2005) A free flow layout with visually striking and appealing lighting, fittings, colours, music, and distinctive and sometimes peculiar display cases, all aim to engage the senses. The employees are always very smartly dressed, for example in Gucci, the salespeople are model-like and stylishly dressed in black. (Carroll, et al., n. d) This ‘ experience’ arguably exhibits luxury, prestige, style, glamour, charisma, distinction and can be described as ‘ aspirational’ for many who want to be part of the ‘ in crowd’.

With the increase in retail online shopping, these brands aim to create a luxury online experience similar to the in-store experience. Gucci and Louis Vuitton have similar online retail environment with minor differences. When you enter their virtual world you are greeted by fashionable welcome screens with pastel colours and images effectively highlighting the product range. LV even has a catchy retro track in the background. The apparels and accessories are displayed on models with multiple-views and zooming options. Gucci has short videos of the manufacturing process mainly focused on the “ handcrafted” attribute of their products. The LV experience is immersive with the full screen showcasing of personalization options- painting, hot stamping, special orders and Mon monograms. Vertu’s website has an exclusive look, unlike other mobile phone manufacturers’, with a completely black background against which their products are stylishly

showcased. The designs and technologies patented by Vertu contribute to the uniqueness of the brand and this is adequately marketed in the website.

## **Threats to the Aura of Exclusiveness**

It has been agreed to so far in the report that, for a product to develop and retain its exclusivity, organizations must create an overall experience to attract the high-end market segment their brands cater to. That said, we cannot ignore the prevalent factors that threaten to shake the 'aura of exclusivity' of these brands. Let's look at some of them.

Political and economic turmoil, over the last few years, and the resultant decline in revenue from international customers has caused premium brands to aggressively promote their mid-range products. Thereby, banking not only on the elitist segment, but also on the upper middle class to push forward their sales. (Bokaie, 2008) Gucci can be justly called a ready victim of this democratization of an executive brand. From being the icon of ultimate style and beauty attainable by the *crème de la crème*, Gucci has become a 'must have' desire for the average consumer. (Okonkwo, 2005)

Another key factor, that has developed only the last few years is the changing promise of the brand from 'Quality and Status' to 'Quality or Status', making the concept of exclusive questionable. "Perceived quality is more important than real quality" was Valentino ex-CEO, Michele Norsa's comment, in 2007, to Dana Thomas (author of *Deluxe: How Luxury Lost Its Lustre*) regarding the change in the unique selling point of the luxury brands today. In her book, Thomas describes how the compromise on quality is becoming inevitable. With the big brands not being able to overlook the



temptation of cheap and easy labour and production, countries such as India, Mexico and China are becoming the new factory sites of luxury brands.

Another major threat to this industry is the booming black market, where product duplicates appear in this market a week into its launch. (Degen, 2009) Though Gucci, Louis Vuitton and other luxury brands have instituted legal action against counterfeiting and the sale of counterfeit goods, street vendors in the far East are still successfully offering their customers the promise of an 'original Gucci' for 1/8th the original price.

We also have to acknowledge the emergence of a completely new generation of buyers (Booz & Co., 2009) that weigh professional quality over exclusivity. The emergence of "accessible premium brands" is a natural indicator of the same. (Gidda, 2008) The high entry barrier for the elite and exclusive brands has been lowered and this can be noted in the example of the success for Starbury, an emerging sports brand competing with Nike and Adidas, which delivers style at 'value for money' prices. (ProQuest, 2008)

Being socially responsible is fast becoming a cornerstone of intellectual snobbery, thus, there has been an addition to the ostentatious class of customers wanting to flaunt their concern for the society and environment. Brands such as Toyota (Prius) and The Body Shop have carved a niche for themselves using their environment friendliness as an enhancement to their exclusivity and this would soon give them an edge over other brands that haven't already started thinking of being "socially responsible".

The threats mentioned above are minute in relation to the successes. We acknowledge that there is a narrow scope of any of these weakening the positions that these brands occupy in the near future.

## **Conclusion**

Experiential marketing has done well for the brands in terms of attracting attention, retaining consumers, and attaining a commendable market share and repute. Gucci, Louis Vuitton and Vertu have tapped the experiential marketing strategy to great success. The future could only see these brands exploiting this strategy more, creating a more holistic and enriching experience, talking directly to the likes and preferences of their audience.