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New Marketing Strategies for the Millennials of the Korean Luxury Brand Market

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Five luxury brands are included in the top 10 of the “2018 50 Clothing Brand Value Report” released by British brand assessment consulting firm ‘Brand Finance’. Also, Gucci was top of the 2019 second-quarter “Fashion Brand Popular 20”, recently released by Britain’s global fashion research platform “Lyst”. The ranking is said to be based on a comprehensive analysis of more than 5 million online consumers’ shopping behaviors, Google search data and social media access results. This is the result of the Millennials (born in the 1980s and 1990s) that Gucci has been steadily prepared to promote their own new product with virtual reality photos that show applications applied with augmented reality technology for the first time as a fashion brand, which enabled taking photos of Gucci wearing sneakers. In contrast to luxury brands’ previous reluctance to establish online channels, it has been strengthening e-commerce marketing using mobile phones and expanding sales.

Then, how could luxury products, whose sales amount is perceived to be considerably greater than the ordinary products in the same category, achieve such explosive sales growth through the media called Mobile, which cannot be touched or dressed in person? As one of the reasons, the Millennials, which is paying attention not only to luxury brands but also to almost all industries, has emerged as a major contributor to luxury product consumption in the short term as a new trend leader, and is consuming luxury products through mobile shopping in the digital age.

Background

Many researchers explain the characteristics of these Millennials since they have been actively researched. First, the Millennials recognize luxury as a lifestyle, because they were grown up in an environment that is more educational and economically affluent than any other generation in the past. Second, they are familiar

with digital media, and unlike their parents, they are less loyal customers. Third, if past generations used luxury brands to show off their wealth and status, Millennials have a strong propensity to consume their own individuality and value rather than showing self-expression. Lastly, since they value economic practicality and value communication or experience with the brand [1], luxury brands need to use different advertising and marketing strategies different from the past.

This new movement of change can also be seen through the media. High-end luxury brands offer consumers different pleasure from ordinary mobile shopping malls by providing services for game or entertainment elements through mobile channels, targeting digital-savvy Millennials. In addition, cause mutual communications between customers are much more active than ordinary shopping malls, consumers are more engaged in shopping, maximizing the pleasure of shopping, and various new attempts are already being made to win the hearts of the Millennials of these luxury brands.

Nowadays, a variety of famous foreign luxury brands are distributed through offline such as department stores, duty-free shops, outlets and flagship stores and online shopping malls, with the growth pace surpassing that of ordinary brands every year. As explained earlier, young consumers, enjoy distinguishing themselves from others or trying new things that others do not, they convert their own individuality into consumption and prefer luxury brands. As such, major consumers of the luxury brand market are changing from middle-aged generation who had economic power in the past into Millennials. Traditionally, the luxury market has been changed more slowly than any other market and had a higher entry barrier for new brands. Today, however, the growth rate of new brands targeting the Millennials is steep. Luxury brands

are currently marketing this new luxury market, which will have greater buying power in the future, with more emphasis on self-satisfaction than external evaluation of a brand.

And, the four basic purposes of luxury brand marketing are self-direct pleasure, self-gifts giving, congruity with internal self, and quality assurance. When consumers purchase luxury brands, they generally expect to raise or acquire these four components. Therefore, marketers for luxury brands should develop the ways how to meet these customers' expectations. Self-directed pleasure means the pleasure which can be acquired by the individuals when they purchase products which really give them utmost satisfaction which may be related with mood, affect and emotion. In this context, self-gift giving means that when consumer purchase high-end brands it is same as if they give good gift themselves. Because, luxury brand consumers have high congruity between self and brand, they are more likely to intend purchase top notch brand. Without quality assurance, customers will procrastinate the purchasing. The more marketers assure their brand quality, the higher will be the likelihood of the purchasing.

So, What Kind of Marketing Strategies Should be Used by These Luxury Brands and Related Companies?

First, the digitalization strategy of distribution without space and time restriction in distribution method. In the luxury market, the size of the domestic market here in Korea is small and limited compared to the size of the world market, so the types of products imported into Korea are highly limited [2]. Luxury fashion products, which were available only through some offline stores in the past, can pursue product diversity as Korean consumers can easily access the global market and shop for products of various luxury brands due to the advent of online shopping without restrictions on space and time. It is different from the past when only limited products were imported and sold in line with the trend of the Korean domestic market and consumption pattern [3]. Many studies have also reported that consumers, who generally prefer online shopping, tend to pursue product diversity along with risk preferences and the nature of exploratory behavior [2,4]. For this reason, companies such as online and mobile high-end direct purchase websites, luxury sales sites and second-hand luxury goods sales sites update products assortment every day and have various product offerings to satisfy the needs of fashion consumers seeking diversity in their products [3].

Second, it is a discount strategy of luxury products in online distribution. Low prices and price discounts are considered as the most important reasons of purchasing by consumers who use Internet shopping malls and mobile shopping malls, low prices or price discounts are considered a very important factor affecting consumers' purchasing decisions [5]. In particular, Park C [5] described in his experimental study that price discounts in the environment where Internet shopping malls act as a major factor that causes consumers to purchase and reduce their resistance to buying compared to offline shopping's. In addition, many

studies have shown that consumers have a favorable response to price discounts and argued that they have a positive impact on purchases [6]. In particular, they reported that price discounts become more important because consumers are easy to compare prices and can reduce transaction costs [7]. Many studies on direct online purchases also showed that price discounts or markdowns were one of the important reasons for consumers' use of direct online purchases, and that they were one of the strong factors that positively affected their attitudes toward online direct purchases [2]. A study by Yoon SY, et al. [3], who analyzed the factors influencing consumers repurchase intention, also showed that economic value and price discounts has a significant impact on consumers' attitudes and willingness to buy again. This has a positive effect on consumers' perception of value and buying behavior because when even the same percentage of discounts is provided for luxury fashion products with ordinary ones, usually prices of luxury brands are way much more expensive than that are significantly more expensive than ordinary ones.

Third, it is a strategy of super-personalization that goes beyond personalization for the Millennials who value themselves most rather than anything else. Thanks to advances in IT and big data, many global online companies, including Amazon, use new strategies to offer more than 10 super-personalization services and various benefits for one customer, beyond one-to-one customer personalization services in the consumer purchasing process. Already, department stores have been offering personal shopper services to some VIPs, and many online service providers also offer a variety of personalized services depending on where and when consumers are. In fact, wireless devices are very personal, and they're becoming increasingly important, from a customer's perspective. They can receive much more personalized online services than at department stores, where only a fraction of them are allowed to receive personal shopper services. Consumers will be able to make purchases more easily and conveniently by utilizing a variety of information tailored to individual tastes and tastes provided to businesses, which will allow them to increase their satisfaction with shopping, with which companies will increase consumer loyalty.

Fourth, it is a line-expanding strategy for the Millennials that seek their own individuality and values rather than showing those off. Many luxury brands offer collaborations with celebrities and incorporate art into their products. It also extends product lines and business areas to the lifestyle area through brand image and co-marketing of completely different industry groups. Going further from the product, the company aims to expand its service and brand experience through hotels, restaurants and spas that contain their own brand identities [1].

Conclusion

As above, it is necessary to employ a new and innovative marketing strategy that is markedly different from previous ones to meet the shopping value of the Millennials, which has emerged as a major consumer of the luxury market in Korea. This will require

luxury brands maintaining long-term relationship with brand loyal customers as well as securing new consumers.

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Conflict of Interest

Authors declare no conflict of interest.

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