Achieving Business Excellence for Luxury Brands: Strategies and Initiatives

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ABSTRACT

Luxury brands possess specific characteristics that are different from that of other brands and require special considerations for marketing and promotion. The target market of luxury brands constitutes high-end customers who have high aspirations and dreams which they wish to fulfill by possessing luxury products. Marketers of luxury brands require developing and implementing specific strategies for achieving business excellence. Luxury brands should have a strong customer focus and in-depth understanding of customers. Luxury brands require specific pricing, promotion, and distribution strategies. Pricing strategies include charging price premiums and having price-quality inferences. Luxury brands should communicate a unique value proposition and should justify high prices. Proper distribution strategies reflect the exclusivity and uniqueness of luxury brands. Adopting and implementing such strategies will help luxury brands to convince their high-end customers, establish the brands, and achieve business excellence.

KEYWORDS

Brand Extension, Customer Focus, Emotional Attachment, Exclusivity, High-End Customers, Premium Image, Premium Pricing, Price-Quality Inferences

1. INTRODUCTION

Luxury products have specific characteristics which are different and distinct from that of normal products (Sharma, Soni, Borah, & Saboo, 2020). Luxury products cater to the requirements of a different segment of customers than normal products. Marketing and promotion of luxury products and luxury brands require formulating strategies which are different from that adopted for normal products (Kumar, 2019). Product design is important for luxury products. Also, luxury products face certain unique issues. Branding plays an important role for luxury products (Massara, Porcheddu, & Melara, 2019). This is for the simple reason that the brand and its image are often key determinants in creating value and wealth. Brand image plays an important role for luxury products in building competitive advantage (Mostafa & Arnaout, 2020). Marketers for luxury brands like Louis Vuitton, Cartier, Gucci, and Prada manage lucrative franchisees. These brands have evolved through the ages, developed brand image, and have maintained the premium status over the years. As a result, luxury brands form a \$270 billion industry at present (Sharma, Soni, Borah, & Saboo, 2020). Understanding the characteristics of and the strategies adopted for luxury brands are important because marketing of luxury brands requires different approaches. For all these reasons, it is important to analyze the strategies adopted for marketing and promotion of luxury brands.

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The study aims at understanding the characteristics of luxury brands, the unique strategies adopted by companies marketing luxury brands, and the strategies and initiatives adopted by various luxury brands to achieve business excellence.

The methodology adopted is the qualitative and conceptual analysis of the literature on luxury brands and the strategies adopted to achieve business excellence. Relevant and latest literature on achieving excellence by luxury brands was referred to build on arguments.

The study is structured as follows:

Section 2 discusses about the characteristics of luxury brands. Section 3 focuses on the growth of luxury brands. Section 4 focuses on marketing and promotion of luxury brands. Section 5 discusses about the different strategies which companies adopt for the success of luxury brands. Sub-section 5.1 discusses about the importance of focus on customers. Sub-sections 5.2 and 5.3 discuss about pricing strategy and promotion and distribution strategies respectively with sub-section 5.2.1 focusing on the implications of price-quality inferences. Section 6 discusses about the strategies which companies selling luxury products adopt to achieve excellence in the marketing of the brands. Section 7 focuses on the different strategies which pioneering luxury brands adopt to achieve business excellence. Section 8 focuses on the salient points discussed in the study with sub-sections 8.1 and 8.2 focusing on theoretical implications and managerial implications of the study respectively. Section 9 concludes the study with sub-sections 9.1 and 9.2 highlighting the limitations of the study and the avenues of future research respectively.

2. LUXURY BRANDS AND THEIR CHARACTERISTICS

Luxury brands are priced significantly higher than typical brands in their categories. Luxury brands are unique in the sense that these brands indicate the social status and aspirations of individuals. Such brands are associated with the prestige of individuals (Lo & Yeung, 2020). They are less about prices and more about quality and who a customer is or wanted to be. However, the outlook and aspirations of individuals have changed after the recession of 2008-2009. Customers have become conscious about value received from offerings more than ever. They have also become thrifty. They look for the highest value at optimum prices. Luxury for customers is more about style and substance than about anything else. This is combined with personal pleasure and self-expression (Tochterman & Dauriz, 2012).

Lifestyles, dreams, and aspirations of individuals have strong linkages with luxury brands. For these reasons, luxury brands require special considerations in how they are sold (Keller, 2017). It is imperative for luxury brands to have a positive brand image and brand positioning in the minds of the target market. For its first global advertisement campaign for Infiniti luxury cars, Nissan chose to tap into its Japanese roots and association with Japanese-driven art and engineering (O'Leary, 2010). Luxury brands create images about the countries of origin in the minds of target markets. The brand image will be positive if the perceptions about the country of origin are positive. For example, France is known for perfume, wine, and luxury goods (Boisvert & Ashill, 2018). Marketers of luxury brands should make their customers feel special and convince them that they are receiving something special from the brands (de Kerviler & Rodriguez, 2019). Thus, luxury brands are less about price, and more about quality, prestige, social status, and uniqueness. Luxury brands may be priced higher than other brands. Luxury brands justify extravagant prices by providing unique features which are absent in other brands. Such features may include heritage, craftsmanship, authenticity, and history. Customers get attracted towards luxury brands because of such features. Hermès, the French luxury leather goods-maker charges hundreds or even thousands of dollars because of its unique features and premium image. One marketing expert comments that Hermès is able to do this "not because they are in fashion, but (because) they never go out of fashion" (Roberts, 2012). It is important for luxury brands to understand what is in vogue and exceed customer expectations.

3. GROWTH OF LUXURY BRANDS

Luxury brands grown in the market if those brands are able to understand customer aspirations and fulfil those aspirations. Luxury brands formulate their marketing strategies accordingly. The growth of and the strategies adopted by luxury brands changed because of the recession of 2008-2009. Customers became thrifty and judged offerings based on the value provided by the brands. They compared the value received and the importance of their hard-earned money before investing in any brand. Luxury brands needed to justify their value proposition to convince customers. Only those luxury brands which were able to communicate a unique value proposition succeeded and remained relevant to customers. The brands are also required to avoid discounting their products (Lu, Filieri, & Rahman, 2019). Luxury brands need to successfully extend their brands vertically across a range of price points. Brands which are able to achieve all these are usually the most immune to economic downturns and market fluctuations (Yoo & Park, 2016).

The Armani brand extends from high-end Giorgio Armani and Giorgio Armani Privé to mid-range luxury with Emporio Armani to affordable luxury with Armani Jeans and Armani Exchange (Zargani, 2012). Differentiation needs to be maintained among different luxury brands from the same company. This is required so that customers in the same segment to which all the luxury brands of the company cater to, should find perceptual differences among the brands. It is also required to remain relevant to customers. This reduces brand dissonance and confusion among customers. Chances of brand cannibalization get reduced or eliminated because customers perceive the brands differently. Each of the brands should live core promise of the parent brand so that the image of the parent brand is not hurt (Galloni, 2012).

Luxury brands should extend horizontally into new categories and companies should have proper provisions and strategies in place for doing so. Otherwise, it will be difficult for a company to convince customers of the respective target segments. Even the most loyal customer might question a \$7300 Ferragamo watch for the high price charged. Same may be true when customers have to pay \$85 for a bottle of Roberto Cavalli vodka (Binkley, 2007). A brand may enter into unrelated categories. Branding experts describe the situation as the brand being overstretched or extended. Jewelry makers, Bulgari overstretched its brand when it ventured into hotels, skin care, chocolates, and fragrances. Customers may or may not accept brand extension. Customers of Bulgari did not accept the brand extensions because they found the fit of the brand in the different product categories inappropriate (Roberts, 2013). Similarly, brand images of various established luxury brands may get affected when they license their names to ordinary products. For example, brand images of iconic fashion designers, Pierre Cardin and Halston were badly affected when they licensed their names to ordinary products (Berk, 2012). The images of both the brands were diluted and tarnished.

Luxury brands require proper analysis and planning to market their brands across different product categories. For example, Ralph Lauren successfully marketed an aspirational luxury brand. Ralph Lauren has a wholesome all-American lifestyle brand image across a wide range of products. Although the main products of Ralph Lauren are clothing and fragrances, the brand sells jewelry, dishware, beds, linens, candles, couches, and photo albums (Zmuda, 2011). The premium brand, Calvin Klein also followed a similar brand extension strategy with a different lifestyle imagery (Roberts, 2013).

Luxury brands may emerge from different geographical locations. Previously, the United States was the pioneer in the marketing of luxury brands. At present, brands from China have overtaken the brands from the United States. China is now the home for the maximum number of luxury brands (Heine, Atwal, & He, 2019). Brand experts predict that more than one-third of all high-end luxury brands will be sold in China in the near future (Perry, Barnes, & Ye, 2020). Previously, Chinese luxury brands were all about logos and were interested in conspicuous brand signals. However, now-a-days, Chinese customers are aware and conscious about quality, design, and brand image. Chinese customers are catching up with the consumers of luxury brands in other parts of the world (Perry, Barnes, & Ye, 2020).

Chinese customers perceive that the usage of luxury brands indicates achievement and success. Luxury cars form the fastest-growing auto segment in China. This is happening because of an increase in the number of Chinese millionaires. The sales of Burberry in China exceed that in Europe as a whole at present (Abalkhail, 2019).

4. MARKETING AND PROMOTION OF LUXURY BRANDS

Consumers of luxury brands across the world have different perceptions about brands and may view the benefits and values received from luxury brands differently. Consumers of luxury brands from China and post-communist Russia prefer brands with bigger and gaudier logos (Rahinel & Redden, 2013). Consumers will not be satisfied unless luxury brands focus on product quality, status, and prestige value. Marketers of luxury brands should realize that they are not only selling products but also dreams and aspirations to customers.

Brands in less expensive categories operate and compete in a business environment which is changing and evolving continuously. Same is true for luxury brands. Globalization, new technologies, financial crises, economic downturns, shifting consumer cultures, consumer concerns about sustainability, and other forces are making the business environment tough and competitive. Luxury brands should be skillful and adept at their brand stewardship to succeed (Keller, 2017).

Häagen Dazs from General Mills has positioned itself as a premium luxury brand which provides indulgence, affordable luxury, and intense sensuality. The brand communicates this message through a number of communication channels. For example, it ran a 30-second television spot called “Sensation” with the tagline “Anticipated Like No Other” in markets all over the world (Kaplan, 2011).

Luxury brands should be concerned about fake and duplicate brands. Profits and revenues of luxury brands like Tiffany, LVMH Moët Hennessey, Hermès, and Louis Vuitton got affected because of fake brands (Roberts, 2012). Luxury brands like Rolex have been plagued by counterfeit problems for years, especially in Asia (Wilcox & Zaichkowsky, 2020).

5. STRATEGIES FOR SUCCESS OF LUXURY BRANDS

Luxury brands should integrate their offerings with the personal experiences and aspirations of customers to make the brand more appealing to them (Ko, Phau, & Aiello, 2016). High-end fashion retailers strive to provide such experiences alongside their wares. Such initiatives make the customer feel closer and more attached to a specific brand. Such brands also extend special attention and treatment to those customers who have visited a workshop or met the designer. For example, the most profitable and most loyal customers of Gucci are invited to attend fashion shows, equestrian events, and Cannes Film Festival (Everitt, 2018). Marketers selling luxury brands adopt a number of strategies to succeed and achieve business excellence.

5.1. Focus on Customers

Luxury brands should have a strong focus on customers and understand their requirements and aspirations very well to succeed in the competitive business environment. Porsche takes initiatives to attract its customers in a unique manner. Porsche Sport Driving Schools and Experience Centers in Germany, the United States, and other parts of the world allow Porsche drivers to “train their driving skills and enjoy the all-out pleasure of driving, on-road, off-road, or on snow and ice” (Berk, 2012). Actual driving conditions are being simulated in some of its centers and schools. Owners can learn and experience more about their vehicles in the driving tracks and schools. For example, the state-of-the-art facility in Southern California features 45-degree off-road inclines and a simulated ice hill (Fuhrmans, 2013).

Now-a-days, customers prefer doing shopping online. They prefer searching for the products and make purchases while they are *on the go*. Luxury brands should acknowledge the growing importance and popularity of the wired world. Luxury brands should have proper online communication and selling strategies in place. Otherwise, the brands will not remain relevant to high-end customers who are technology-savvy (Roberts, 2013). Previously, luxury brands used to advertise in glossy magazines to reach out to their target markets. However, with the increasing and widespread usage of the internet, luxury fashion brands need to listen to and communicate via various social media forums like Facebook, Twitter, MySpace, and other digital and social media channels (Kim & Lee, 2019). Most of the luxury brands have attractive websites to draw the attention of customers. The websites are developed and improved on a regular basis to remain relevant. Coach and Tiffany are two luxury brands which are praised for the improvisations incorporated in their websites and other digital operations (Bazi, Filieri, & Gorton, 2020). Luxury brands use e-commerce extensively to make their offerings available online to customers. The entire purchase takes place online. This is convenient for both customers and companies. Sites such as Gilt Groupe and Ideel offer new ways for fashion brands to move high-end goods (Roberts, 2012). Success of luxury brands like any other brand, depends on the right balance of classic and contemporary imagery and continuity and changes in marketing programs and activities.

Marketers of luxury brands need to be 'customer obsessed'. They should be fully conversant with customer requirements and preferences. They should realize that each customer will have different requirements and preferences. They should have the capabilities and strategies in place to customize their offerings as per customer requests. At the Four Seasons luxury hotel chain, only those job applicants are hired who clear four levels of interviews. 'Guest historians' are appointed by each hotel to keep track of customer preferences (Verhoef & Lemon, 2011). There are more than 10000 branches of the financial brokerage firm, Edward Jones in the United States. A single financial advisor and one administrator are appointed at each of its offices. Edward Jones understands that such initiatives are costly. However, maintaining dedicated employees to serve customers allows Edward Jones to build and maintain customer relationships (Jones, 2013).

A number of factors and situations determine the product and brand choices of customers. These include economic circumstances like spendable income (level, stability, and pattern over time), savings and assets (including the percentage that is liquid), debts, borrowing power, and attitudes towards spending and saving. The economic downturn of 2008-2009 emphasized the importance of the above factors in determining customer choices (Kamakura & Du, 2011). Luxury brands like Gucci, Burberry, and Prada became vulnerable during the economic recession. However, there were other luxury brands which performed well during the recession. Marketers of luxury brands should analyze the economic indicators. If the indicators predict that a recession is imminent, then marketers should focus on providing the maximum to customers. To perform well during recession, marketers should redesign, reposition, and reprice their products. The value proposition should be clearly communicated with the customers (Jain & Mishra, 2020).

Marketers of luxury brands should take the first mover advantage and introduce their brands in the market. For example, luxury leather-goods manufacturer, Louis Vuitton implemented a new factory format termed Pégase which allows the company to ship fresh collections to its boutiques every six weeks. The delivery was made twice as fast and the faster delivery allowed customers to have more options of new looks to choose from (Passariello, 2006). Many luxury brands test their products in China. Luxury brand, Gucci does the testing in China because it feels that Chinese consumers provide an indication as to where the luxury market is heading (Clifford, 2011). Based on the responses of Chinese customers, Gucci is able to formulate its marketing strategies.

5.2. Pricing Strategy

Luxury brands should have a proper pricing strategy which indicates the exclusivity of the brands. A black T-shirt for women which looks pretty ordinary may cost \$275 from Armani. Similar T-shirts

may be available at only \$14.90 from Gap and \$7.90 from Swedish discount clothing chain, H&M (Bruno, Che, & Dutta, 2012). Customers buying a T-shirt is not only buying a physical product. They are buying a more-stylishly cut T-shirt made of 70 percent nylon, 25 percent polyester, and five percent elastane with a 'Made in Italy' label from a luxury brand. Buying a T-shirt from Armani is a matter of prestige and social value for customers. Armani is a reputed luxury brand known for suits, handbags, and evening gowns that sell for thousands of dollars. Shirts from Gap and H&M are made mainly of cotton. Again, Gap sells its 'Original Khakis' for \$44.50 and Abercrombie and Fitch's classic button-fly chinos cost \$70 (Wilson, 2010). However, Michael Bastian's plain khakis cost \$480 and Giorgio Armani's cost \$595. The brands can demand such high prices because luxury designer jeans use expensive fabrics such as cotton gabardine. Stitching is done manually and meticulously to create a distinctive design. Although the process is time-consuming, the jeans provide a sense of image, prestige, and exclusivity (Sarkar, 2007).

For luxury products, demand increases with the increase in prices. This is because, customers go for luxury products for exclusivity, social value, and prestige. Also, other individuals will not be able to afford the high prices (Weaver & Frederick, 2012).

5.2.1. Price-Quality Inferences

Price of a product has a direct linkage with the quality offered. For customers of luxury brands, high prices indicate better quality of products. This is called image pricing which is effective for luxury brands and with which customers are having an emotional attachment (Ostapenko, 2016). Such products may include perfumes, designer clothing, and expensive cars. For example, a \$100 bottle of perfume may contain perfume worth \$10. However, gift givers pay \$100 to communicate their high regard for the receiver (Lambrecht & Tucker, 2012).

Luxury car is an example where the direct linkages between quality and price perceptions are clearly evident. Luxury cars with higher prices are perceived to be providing superior quality. Similarly, the reverse is also true. Customers sometimes perceive that higher-quality cars are priced higher than they actually should be. When information about the true quality of a product is available, price becomes a less significant indicator of quality. In the absence of any other information, higher price becomes an important indicator of superior quality (Saini, Rao, & Monga, 2010). Uniqueness of luxury brands becomes apparent in exclusivity and scarcity. The component of uniqueness justifies premium pricing for luxury brands.

5.3. Promotion and Distribution Strategies

Luxury brands should devise and implement effective promotion and distribution strategies to maintain exclusivity. Exclusivity of luxury brands of products like watches, perfumes, and jewelry is emphasized in their promotion and distribution strategies. Luxury brands deliberately restrict their sales to maintain the air of exclusivity. For example, Ferrari curtailed sales of its iconic \$200000-or-more Italian sports car to below 7000 despite growing demand in China, the Middle East, and the United States (Bennett, 2012). Different customers have different perceptions about status in society and exclusivity. For example, Brahma beer is like any other normal beer in its home market of Brazil. However, the same brand is considered to be a luxury brand in Europe where it is termed as "Brazil in a bottle" (Bennett, 2012). Similarly, Pabst Blue Ribbon is a retro favorite among U.S. college students. However, it is considered as a luxury brand in the Chinese market. In China, an upgraded bottle and claims of being 'matured in a precious wooden cask like a Scotch whiskey' allow it to command a \$44 price tag (Bennet, 2012).

6. STRATEGIES FOR ACHIEVING EXCELLENCE IN MARKETING OF LUXURY BRANDS

Companies selling luxury brands require adopting a number of strategies to achieve excellence in marketing. Such brands require maintaining a premium image in the minds of the target market. Otherwise, customers will lose interest in the brands. So, it becomes imperative for luxury brands to maintain a premium image (Keller, 2017). Luxury brands should typically include the creation of many intangible brand associations and an aspirational image. Luxury brands should align their marketing strategies and programs to ensure high-quality products and services, pleasurable purchase, and consumption experiences (Gershoff, Kivetz, & Keinan, 2011). For customers, a lot of memories remain attached with the names of luxury brands. So, luxury brands should aim at creating experiences for customers which they can cherish. Apart from that, luxury marketers should also realize that other brand elements like logos, symbols, packaging, and signage can be important drivers of brand equity for luxury products. Luxury brands can communicate exclusivity through each of these brand elements. Secondary brand associations also help in the promotion of luxury brands. Secondary brand associations may include linkages with personalities, events, experiences, countries, and similar other entities. Such linkages and associations may boost exclusivity and brand equity of luxury brands (Antorini, Muñoz Jr., & Askildsen, 2012). Luxury brands should adopt a controlled distribution strategy. Exclusive distribution channels should be used to preserve the exclusivity of brands. This selectivity in channel strategy maintains brand image and prevents brand dilution (Mu, Lennon, & Liu, 2020). Exclusivity of brands is also maintained by adopting a premium pricing strategy. As already discussed, premium prices indicate superior quality perceptions. Luxury brands should avoid offering discounts and markdowns to avoid exclusivity (Gershoff, Kivetz, & Keinan, 2011). Marketers of luxury brands should develop and maintain a strong brand architecture. It also becomes important how luxury marketers define the competition for their brands. This is essential because competition may come from brands of other product categories. Marketers of luxury brands should know which brands to compete with. Finally, luxury brands must legally protect all trademarks and must combat counterfeits aggressively (Keller, 2017).

7. STRATEGIES ADOPTED BY SPECIFIC LUXURY BRANDS TO ACHIEVE EXCELLENCE

Different luxury brands adopt different marketing strategies to achieve enduring success and business excellence. The following examples talk about those luxury brands which have attained success and achieved excellence over the years.

Sub-Zero Refrigerators

The brand, Sub-Zero sells refrigerators in a price range of \$1600 for small, under-counter models to \$12000 for a specialty Pro 48 with a stainless-steel interior (Bulik, 2009). Customers of Sub-Zero include those individuals who value design, high standards, and performance. The brand targets those customers who cherish their homes and want the best to furnish it. Sub-Zero undertakes extensive marketing research to understand customer requirements, preferences, and aspirations. Sub-Zero also conducts surveys among kitchen designers, retailers, and architects who recommend and sell its products (Carr, 2012).

Patrón Tequila

Patrón was cofounded by Paul Mitchell and John Paul DeJoria. The brand was introduced in the markets after the cofounders completed a trip to a distillery in the small Mexican state of Jalisco in 1989. The brand was named Patrón to convey the message of 'the boss, the cool guy' (Behrman,

2012). The smooth agave tequila comes in an elegant hand-blown decanter. It is sold for \$45 or more in individually numbered bottles. Patrón which is a part of high-end tequila market has more than \$1.1 billion in retail sales (Palmeri, 2007). Based on all these initiatives, Patrón was able to become the world's leading tequila brand surpassing the sales of Jose Cuervo (Behrman, 2012). Patrón is the market leader in the high-end tequila market because of its unique product formulation and bottle.

Montblanc Luxury Goods

The range of products of Montblanc consists of pens, watches, leather goods, and fragrances. Customers perceive the brands of these products to be strong luxury brands. Montblanc is also able to maintain a prominent public image (Adams, 2013). The brand promise is that “the product you buy is of highest esteem, based on its timeless, elegant design and the high quality which is derived from the excellence of our craftsmen” (Pappas, 2012). Initially, the products offered were related to writing instruments. The company then moved into categories such as leather goods and timepieces, where it could “rely on the trust of our customers, who believed in Montblanc as a brand that provides excellence in its core category writing instruments based on its philosophy of manufacturing competence, highest quality, sustainable value, and creativity” (Kamen, 2011).

BMW

BMW first tried to challenge the competition in the U.S. market in the late 1970s. BMW positioned itself as the only automobile which offered both luxury and performance. The positioning worked because at that time, consumers perceived U.S. luxury cars as lacking performance and U.S. performance cars as lacking luxury (Henry, 2010). BMW initiated a well-planned marketing program which focused on the design of its cars and its German heritage. BMW was able to achieve a point-of-difference on luxury and a point-of-parity on performance with respect to U.S. performance cars like the Chevy Corvette. Point-of-difference on performance and point-of-parity on luxury were achieved by BMW with respect to U.S. luxury cars like Cadillac. BMW introduced the slogan ‘The Ultimate Driving Machine’ which captured and communicated the dual aspects of luxury and performance effectively (Henry, 2012). BMW achieved excellence and established itself in the American automotive market by combining the seemingly incompatible benefits of luxury and performance.

Armani

Armani is a luxury brand which benefits from lower-priced brands or sub-brands in their portfolios. There are three tiers in the product line of Armani. The product lines are distinct in style, luxury, price, and customization (Zargani, 2012). Products in Tier I are the most expensive and form the luxury brands. They include Giorgio Armani and Giorgio Armani Privé. These two brands are custom-made couture products and sell for thousands of dollars. The brands Emporio Armani and Armani Jeans form Tier II. These brands reflect young, modern, and affordable styles. For example, AIX Armani Exchange in this tier is sold exclusively at 268 retail locations. All the three tiers live up to the expectations of customers and deliver the Armani brand's core promise. Armani also tries to ensure that the image of the parent brand is not affected negatively. Clear differentiation among the tiers minimize the chances of consumer confusion and brand cannibalization (Galloni, 2012). During the times of economic recession and slow economic growth, Armani was able to maintain its profitability with the help of the brands in Tier III. In 2011, the Giorgio Armani line accounted for 32 percent of total sales, Emporio Armani for 27 percent, and Armani Exchange for 14 percent (Galloni, 2012).

Lexus

Lexus is one of the top luxury automotive brands in the world. Lexus achieved this status with a strong focus on quality and a strong dealer network (McCarthy, 2013). At the heart of a great brand is a great product. Lexus aims at offering products of high quality and performance to exceed customer

expectations. Lexus is able to do this because of a strong focus on product and service quality (Jensen, 2013). It has captured the luxury car market in the United States and elsewhere. Since its inception in 1989, Lexus emphasized on top-notch product quality and customer care. Lexus believes in the slogan, 'The Relentless Pursuit of Perfection'. There are instances which prove that Lexus is committed to providing the best services to customers. At one point of time, customers were facing minor problems with its LS 400. The company sent its technicians to the residences of the complaining customers and fixed the issues free of cost (de Paula, 2012). As part of its 'Lexus Covenant', it has promised to "have the finest dealer network in the industry, and treat each customer as we would a guest in our own home" (McCarthy, 2013). Lexus was able to act with such promptness because of its extensive dealership network which was built starting from scratch. It selected few dealers who were hand-picked and who were committed to its promise to provide an exceptional experience to its customers. Even competitors recognized the initiative as the industry deal. Its full line of luxury cars includes RX SUVs, LS Sedan, ES midsize cars, and GS sports coupe. It is consistently rated highly in the Luxury Institute's annual Luxury Customer Experience surveys (Jensen, 2013). Strong dealership experience allowed Lexus to achieve this level of success. J.D. Power and Associates ranked Lexus the 'most dependable' automotive brand 16 times since 1995 (McCarthy, 2013). Customer retention for Lexus is also much higher than the industry average. The majority of its buyers for luxury cars are in their mid-50s. Younger buyers are targeted by focusing on aggressive styling, handling dynamics, and driver engagement. Lexus employs appropriate communication channels for promoting its luxury brands. Lexus introduced a marketing communication initiative which used television advertising to link LS Sedan to a lavish and cool lifestyle (de Paula, 2012).

Movado

Luxury products should provide a hassle-free repair process in case of any issues. This was not true initially for high-end Movado watches. Its repair process was complicated, required time-consuming manual labor, and caused customer inconvenience. A smooth repair process was necessary. Movado streamlined the process for making it online. Movado created a website where customers can do online shopping of its products as well as execute many of the initial steps in the repair process online (McDougall, 2012). The online process included registering complaints of service-related problems and identifying possible repair options before contacting customer services directly (Klara, 2013). Movado conducted focus groups to identify key issues and to obtain viewpoints of customers. The participants of such focus groups were identified from the user database maintained by Movado. The issues identified included recurring production problems and solutions like their repair trends (McDougall, 2012).

8. DISCUSSIONS

Luxury products have unique characteristics which require specific strategies and initiatives for marketing and promotion of the brands. They command price premiums and often have a strong lifestyle component. Individuals go for luxury brands to satisfy their aspirations, dreams, and to maintain social status and prestige among peers. Marketers of luxury brands should ensure that customers perceive to be receiving an augmented product and something special from the brands. Marketing of luxury brands requires special considerations in how pricing, promotion, and distribution strategies are formulated. Customers become thrifty and conscious about value received during times of economic downturn. Luxury brands charge premium prices which the marketers selling luxury brands need to justify. Premium prices are charged because the brands provide exclusivity and unique value proposition. Luxury brands do brand extensions into new categories and should have proper marketing strategies for horizontal extensions. Horizontal extensions help luxury brands to market across diversified product categories through proper planning. Luxury brands expand to newer geographical locations to increase their exposure to different foreign markets.

8.1. Theoretical Implications

The discussions have both theoretical and practical implications. Based on the discussions, academicians may analyze the existing strategies and suggest improved and effective strategies for marketing luxury brands. Efforts were made to include the latest and the relevant literature to understand the specific nature, characteristics, and uniqueness of luxury brands with respect to aspirations and dreams of customers attached with luxury brands. Importance of communicating a unique value proposition is essential.

8.2. Managerial Implications

Marketers of luxury brands require developing and implementing appropriate marketing strategies for success. The discussions will sensitize practicing managers about the unique nature of luxury brands. They will realize that marketing strategies for other brands should be modified to make the strategies effective for marketing luxury brands. They should have customer focus. They should know their customers well, understand their requirements and preferences, and also realize their dreams and aspirations. Marketers should be obsessed about serving their customers and delighting them. Economic circumstances determine to a large extent the success or failure of luxury brands. Marketers of luxury brands should study the economic indicators and focus on providing the maximum benefits to customers. The value proposition should be superior and may require redesigning and repositioning. Repricing of the brands may be required to communicate the unique value proposition. Marketers charge a price premium to communicate exclusivity. They should have an appropriate pricing strategy to convince customers about exclusivity. Exclusivity of luxury brands is also communicated by deliberately restricting their sales.

Marketers and practicing managers should analyze the existing strategies employed to market luxury brands and understand the benefits and shortcomings of the strategies. They should evaluate which of the strategies are already in place and which strategies should be adopted to delight their customers and achieve business excellence.

9. CONCLUSIONS

The study focused on the various strategies that marketers of luxury brands adopt to succeed in the competition. The study analyzed the characteristics of luxury brands, growth of luxury brands in adverse situations of economic downturns, financial crisis, and recession. Companies should adopt a number of innovative strategies to market and establish luxury brands. They should have a strong customer focus and a clear understanding about the requirements, preferences, and aspirations of customers. Luxury brands should have a proper pricing strategy. Such brands can charge a price premium if they can offer superior quality and fulfill the aspirations of their high-end customers. Marketers of luxury brands should have an effective promotion strategy to communicate the value proposition to the target markets. Such strategies become more important in times of economic crisis when customers are cash-stripped, become thrifty, and consider value for money before considering any offerings. Proper distribution strategies are required to communicate exclusivity of luxury brands to target markets. Based on all these strategies and initiatives, luxury brands strive to achieve excellence in marketing to their high-end customers.

9.1. Limitations

This study is limited to a qualitative and conceptual analysis of the literature on achieving business excellence for luxury brands. Empirical analysis was not done with the collection of primary data. Studies in future may aim at conducting empirical analysis based on the literature and arguments presented in this paper. Moreover, the paper was limited in its discussion of technology, which may be considered in future studies.

9.2. Avenues of Future Research

Researchers and practicing managers may utilize the discussions to delve deeper into understanding customers of luxury brands better and develop strategies accordingly. The study aimed at doing a qualitative and conceptual analysis of the strategies and initiatives adopted by luxury brands to achieve business excellence. Empirical analysis was not conducted. Researchers may collect primary data, conduct empirical analysis to analyze the strategies and initiatives followed by companies marketing luxury brands, and suggest strategies and initiatives which are actionable. They should keep themselves updated about the latest trends and developments taking place to appreciate the aspirations of customers, delight them, and achieve business excellence.

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