Chapter 6

Digital Marketing Strategies for Luxury Cosmetics Brands: Latin America’s Case – Colombia

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ABSTRACT

This chapter looks at the digital marketing strategies employed by high-end make-up brands in Colombia, Latin America, as well as the changes seen online and offline. To this end, dedicated social media were analyzed with and interviews with experts on luxury cosmetics brands and high-end make-up brands’ managers with experience in online and offline markets were analyzed using ATLAS.ti. Study findings reveal that users’ purchase decision-making behavior differs when they shop online and in points of sale. They also show that access to brand information changes defining moments. In addition, the study has proven that digital marketing strategies seek the execution and development of multimedia, multi-sensory experiences.

INTRODUCTION

The global luxury market exceeded €1 trillion in 2015, up 13% from 2014, at the current exchange rate (D’Arpizio, Levato, & Montgolfier, 2015). The online luxury market has grown 7% since 2005, while in the Americas this channel has grown very strongly, especially in the accessory and fashion category, with a 56% growth, as compared to 25% in Europe and 19% in the rest of the world (D’Arpizio, et al, 2015). Consumer behavior in the luxury brands’ realm features a cross-cultural component, forcing companies to adjust their strategies to local beliefs, attitudes and cultures (Jain, Khan, & Mishra, 2015).
Currently, after joining the Pacific Alliance, Colombia is becoming a luxury benchmark in Latina America’s market, according to a report by Deloitte (2014) that characterizes Colombia as a promising market in business and competitive development, which contributes to the luxury market’s economic growth. Also, for ProColombia (2012), Latin American products associated with cosmetics account for a significant share of exports. Indeed, luxury products such as cosmetics and fragrances average sales of $3.1 billion (Deloitte Global 2015), and the industry is expected to grow 25% by 2025 (Deloitte 2014).

Meanwhile, another growing phenomenon in Colombia is the recent rise in internet connectivity, with eight out of every ten people accessing internet on a daily basis, spending an average 2.6 hours online (MinTic, 2014). This development is compounded by increased online searches for make-up in the past few years, underscoring the fact that these products have a relatively high purchase frequency in Colombia. As a result, 64% of cosmetics consumers visit online stores, and 46% of them intend to buy (Google & Ipsos, 2013).

Additionally, 72% of customers choose to shop online because they are already familiar with the brand or are regular users, while only 16% of customers end up actually buying the product online, and 84% do their purchases at regular stores (Google & Ipsos, 2013). Anyway, during specific times throughout the year, like special holidays, make-up searches rise by 56% on Google, and in the graduation season, these searches increase by 85% (Think With Google, 2014).

Thus, luxury brands are expanding into fields that involve overexposure, like internet, and need to maintain the value of luxury and exclusivity amidst apparent mass access, which turns strategy, pricing and authenticity choices highly relevant (Yeoman, 2010). As a result, luxury cosmetics brands are challenged to develop online and offline marketing strategies, gaining insights into purchasing styles and how consumer behavior changes offline and online. Thus, the purpose of this chapter is to explore the marketing strategies used online and offline by luxury make-up brands in Colombia in order to observe how consumers behave online and offline and to assess these marketing strategies.

This chapter intends to probe the online and offline marketing strategies employed in Colombia because consumers’ environment and experience can influence decision making. Indeed, luxury brands need to formulate marketing strategies to improve their online market penetration and to figure out a way to provide an online luxury experience. This is important because, as brands gain a better understanding of the digital market, online decisions and consumers’ needs, they will be able to build better strategies to reach their targets.

In addition, this chapter provides an opportunity to look at the marketing strategies pursued in Latin America’s, Colombia’s, luxury cosmetics market, as well as to examine how digital marketing can shape and mold the perception of luxury and interactions with products. It also explains the challenges faced by luxury make-up brands when it comes to online sales and how customers’ behavior varies offline and online. Finally, it makes a significant contribution to the current research on Latin American markets –Colombia especially– with a focus on cosmetics brands and the marketing strategies employed.

**BACKGROUND**

Luxury brands are characterized by their exclusiveness, which stems from their founders’ historical value and their designers’ reputation (Fionda & Moore, 2009). They also have a unique DNA (an anatomy) that hinges on price as a relevant driver and marker of their status and quality (Fionda & Moore, 2009).