Mass Prestige brands – the end of traditional luxury brand marketing?

Joanna Pietrzak*

Introduction

The luxury goods market has shown significant growth during the last decade and is regarded as one of the most lucrative business areas globally due to its resilience to economic downturns. In 2017, the aggregated sales of the world’s 100 biggest luxury goods companies reached 247 billion USD, showing 10.8 percent annual growth and a composite net profit margin of 9.8 percent (Deloitte 2019). For many years, the luxury goods industry has maintained its exclusive and elitist image and concentrated solely on a narrow niche of wealthy consumers able to afford highly-priced articles produced in limited numbers. This characteristic feature of the luxury goods market has been undergoing radical change recently, challenged by three major trends, namely: (1) the growing number of wealthy consumers worldwide; (2) the changing demographics of consumer segments with access to luxury goods; (3) the technological revolution and the omnipresent internet as a communications tool and distribution channel.

Over the past several years, a substantial increase in individual financial wealth has been taking place globally. The number of wealthy individuals grew noticeably, not only in traditionally prosperous countries like the USA, Japan, or Western European countries but also in emerging ones like China, India, Bangladesh, Nigeria, Brazil, or Poland. According to the Capgemini World Wealth Report (Capgemini 2019), in 2018, there were 18 million people whose liquid financial assets exceeded 1 million USD. Significantly bigger is the new class of consumers characterized as HENRY, High-Earners-Not-Rich-Yet, with an annual income of more than 100,000 USD and investable assets of less than

* Joanna Pietrzak – PhD, University of Gdańsk, Faculty of Economics, Chair of International Business, joanna.pietrzak@ug.edu.pl
1 million (Deloitte 2019). This group is rapidly growing globally, and their disposable income makes it possible for numerous new consumers to access previously unobtainable luxury goods. As a result, luxury has been steadily losing its elitist character, and the democratization of luxury has become a hallmark of our times. Newly rich consumers tend to be younger, make money sooner, and are more likely to spend thanks to credit facilities (Twitchell 2002, p. 272). At the same time, they are less familiar with the history and tradition of luxury brands, and their buying decisions are heavily influenced by modern technology and the use of social media since access to luxury is a novelty for them. Making the process of change in the luxury industry’s marketing landscape even more challenging is the urgent need to introduce new communication and distribution tools as well as new ways of communicating luxury brands to their potential buyers.

The aim of this paper is to explore the changes in luxury brand marketing and to introduce and discuss the emergence of a new branding philosophy – Mass Prestige brands. To incorporate the discussion into previous research studies, the model of luxury brand value perception developed by Vigneron and Johnson (2004) was adopted as a conceptual framework for further analysis. The concept of Mass Prestige brands emerged as a response to luxury losing its elitist character, and it was intended to combine the elements of luxury brand values perception with mass-market realities. The starting point and key question of the discussion is whether Vigneron and Johnson’s model fits Mass Prestige brand value perceptions and if it does, to what extent. Personal and social value dimensions of luxury brands were taken into consideration and confronted with the principles of Mass Prestige strategies. As a result, a modified version of the model was proposed that includes only those elements that are relevant to the buying motives of newly-rich consumers seeking Mass Prestige brands.

The concept of luxury and luxury brand marketing

Although the concept of luxury dates back many centuries, the first luxury brands in today’s understanding of branding appeared in Europe in the 19th century before developing into big names in the 20th century. They were mostly the names of small family-run firms like Ferrari, Louis Vuitton, Cartier, Chanel, Ferragamo, and Bulgari, who specialized in making a limited number of handmade goods that represented the highest standards of craftsmanship (Kapferer and Bastien 2012). The goods were made for the rich as a tribute to their power and taste. As Kapferer and Bastien observed, “the world of luxury has been virtually, totally isolated from the rest of the economy” (2012, p. 10). This accentuates the fact that luxury
products were not only inaccessible but also practically unknown to ordinary people. Consequently, the exclusive and elitist character of luxury goods is regarded as their main distinguishing feature. Also, essential to this concept is the notion that luxury should be perceived as rare and unattainable for anybody who does not belong to the privileged class.

Luxury is difficult to define; nevertheless, there have been many attempts to conceptualize this phenomenon. Cornell (2002, p. 47) underlines the element of intensive human involvement, the very limited supply, and the recognition of value by others. For Berry (1994), luxury goods are objects of desire that provide pleasure rather than meet basic needs. The notion of luxury that goes beyond elementary needs is also manifest in the definition by Sekora (1977, p. 23), who qualifies it as “anything unneeded,” and Webster’s Dictionary (2002), in which luxury goods are defined as “non-essential items or services that contribute to luxurious living, an indulgence or convenience beyond the indispensable minimum.” Yet another interpretation was proposed by Nueno and Quelch (1998, p. 61), who emphasize the intangible value of luxury goods defined as “those whose ratio of functionality to price is low, while the ratio of intangible and situational utility to price is high.” A similar view is presented by Vigneron and Johnson (2004), for whom the psychological benefits of luxury are the main distinguishing factor.

Studies of buying motives of luxury goods reveal that they comprise two dimensions: the social (non-personal) dimension – a demonstration of the social stratification pinned down as “luxury for others,” and the individual (personal) dimension, known as “luxury for oneself,” and understood as a means of pleasure and other hedonistic feelings (Kapferer, Bastien 2012, p. 47). These authors developed six criteria to distinguish luxury goods marketing strategy: (1) the qualitative hedonistic experience; (2) a price which far exceeds functional value; (3) the link to heritage, unique know-how, and culture; (4) purposefully restricted and controlled distribution; (5) personalized service; (6) the function of a social marker – making the owner feel special, with a sense of privilege. Bearing in mind the ongoing changes in the world economy, the globalization of markets, and the growing purchasing power of consumers in the majority of countries, it seems logical to question if the concept of luxury goods marketing is still applicable on a larger scale, except for a narrow range of traditional luxury sectors like high fashion, handmade timepieces, or rare jewelry. This is a serious dilemma for many high-end brands who are struggling to keep their exclusive image while simultaneously trying to obtain good sales results. The emergence of a new branding philosophy that combines elements of luxury marketing with the requirements of mass-market strategies seems to be the answer to this dilemma.
Mass Prestige brands – origins and core values

The incompatibility of luxury goods marketing with the contemporary rules of market competition has been noticed by many traditional luxury goods producers. Changing consumption patterns have prompted them to search for relevant solutions, including brand extensions, distribution channel extensions, or sub-brand strategies. However, those strategies did not always prove successful. The over-stretched brand extension of the Pierre Cardin fashion brand to non-related products, such as baseball caps and cigarettes, resulted in a severe erosion of its brand value (Reddy, Terblanche 2005). Less damaging were strategies that involved distribution channel extensions (e.g., the occasional availability of designer items in mass retail outlets) or introducing endorsed brands (e.g., Courtyard by Marriott). To meet new market trends, however, many companies are now drifting away from traditional methods used by luxury brands, introducing a new innovative approach called Mass Prestige marketing, i.e., brand-positioning strategies that combine prestige with reasonable price premiums to attract middle-class consumers (Paul 2018).

The term Mass Prestige (also known as Masstige) was first introduced by Silverstein and Fiske in the article “Luxury for the Masses,” published in Harvard Business Review in 2003. They define Mass Prestige marketing as a “strategic term for market penetration for premium, but attainable, brands based on brand equity, thus aiming to create brand knowledge, likability, love, and attachment grounded in prestige” (Silverstein and Fiske 2003, p. 68). As a general rule, strategies aimed at attracting middle-class consumers are significantly different from those applied by traditional luxury brand owners, although many elements are common in both cases. Mass Prestige strategies maintain a rigid proportion between perceived prestige and value premiums to preserve a high and prestigious brand image. However, they leave out certain qualities that are specifically attributed to luxury and not relevant to more popular goods.

First and foremost, Mass Prestige strategies are turning their backs on the “unattainable dream” feature demonstrated by making the products extremely expensive. Many high-end companies are abandoning previous long-held beliefs that exclusivity and high prices were essential for a brand to be perceived as prestigious. Mass Prestige brands are sold at prices slightly (but noticeably) above those of comparable mid-range products to signal their quality, simultaneously reaching a broader group than the small niches of traditional luxury brands.

The next difference refers to historical and cultural heritage, so important in luxury brand marketing. Since newly rich consumers usually have no established tradition of consuming luxury goods, their awareness, appreciation, and knowledge of luxury brands are limited. In effect, the long history and cultural heritage
of many old brands has little effect on them. Secondly, their purchasing behavior and decision-making often reflect “ordinary” characteristics, including comparison shopping and having lower expectations of service (Seringhaus 2002).

O’Loughlin (2007) underlines the difference between traditional consumers of luxury goods and the newly affluent ones by juxtaposing “passion shoppers” with “logic shoppers.” Passion shoppers are attracted by the elegance of luxury environments and are willing to pay full retail price for the experience, whereas logic shoppers engage in careful research for discount opportunities before their final decision is made. As a result, they are much more attracted to well-known global brands that are perceived as evidence of modernity, social development, and globally shared consumption symbols (Eng, Bogaert 2010).

When talking about the inadequacy of some luxury traits in Mass Prestige brand strategies, one must also remember that not all associations evoked by the concept of luxury are positive (such as quality, class, or good taste); there are also negative ones, such as flashiness or bad taste (Seringhaus 2002). Furthermore, it is appropriate to refer at this point to Veblen’s classical theory of the leisure class (Veblen 1899) and to recall his criticism of conspicuous leisure and conspicuous consumption as being a wasteful use of time and materials. Veblen’s observations prove that attitudes towards luxury are, to a great extent, influenced by cultural circumstances. Wasteful consumption is much more tolerable in American consumer culture than it is in Europe, where environmental considerations can make it socially questionable.

There are many examples of companies implementing Mass Prestige brand strategies. What is interesting is that they can cover two quite different market situations. The first refers to traditional luxury brands wanting to go down-scale and tap into new market segments. This can be done by stretching the range of products and launching low-end offers in addition to high-end luxury product lines. Examples span from the BMW 1-series, an urban car that is affordable to middle-class consumers, Ralf Lauren Polo shirts sold in retail chain outlets, or cheaper versions of Swarovski crystals. Also, the occasional presence of Stella McCartney’s fashion collection in popular retail chains such as H&M falls into that category.

The second case works in the opposite direction and refers to firms that implement a Mass Prestige brand strategy to reposition their brand image and go up-scale. Samsung is a good example. Due to its vast product range, which includes tv sets, audio and video appliances, various household articles, and digital cameras, among others, it was difficult for Samsung to find its positioning strategy. However, it was not satisfied with the brand image of a manufacturer of cheaper versions of Japanese products (Espiritu 2017). To begin with, they pulled out of popular retail chains (e.g., Walmart) and focused on specialized stores as their distribution channel. The next step, the very essence of Mass Prestige brand
strategy, was introduced in the highly competitive smartphone market. It started by selecting a careful target group that focused on people characterized as tech geeks and anti-Apple consumers who value efficiency, practicality, and no-nonsense technological solutions (Espiritu 2017). Accordingly, Samsung products are not intended to “wow” users; they are meant to make their everyday lives better and easier by providing innovative and high-quality technology. The Samsung brand is recognized globally, and their brand associations include key elements of a prestige brand: stylish, smart, innovative, high quality, no-nonsense, classy, and a status symbol.

Another interesting example of Mass Prestige strategy comes from Samsung’s direct competitor Huawei. The brand is very young; its global image and new visual identity were introduced only in 2006, so one might get the impression that Huawei came out of nowhere to quickly become one of the world’s leading technology brands. There are many elements of the Mass Prestige strategy in Huawei’s brand philosophy. On the smartphone market, they position themselves as a brand aiming at excellence by openly using words such as “best” or “fastest” to describe their products. To prove their product’s excellence, Huawei has focused on two aspects of the smartphone: the camera and the battery. They developed a partnership with Leica and furnished one of their models with a triple-lens camera powered by artificial intelligence (Vizard 2018). To support the brand’s distinguishing feature, Huawei is running a photography competition judged by artificial intelligence. This PR activity has attracted thousands of participants, but the target group is carefully selected: they should be professional and passionate.

Additionally, Huawei’s advertising campaign, “Make it possible,” shows many of the qualities typical of a Mass Prestige brand strategy. It was launched in more than 40 markets simultaneously, using a story-telling technique. Stories are told by outstanding, successful people to make the products look credible and prestigious (Robert Lewandowski was engaged in one of their ads). In this way, the brand is associated with social prestige, success, and style. Huawei is a global brand but with a very strong Chinese identity. Its Chinese name is treated as its unique quality (USP). Other examples of Mass Prestige brands include Starbucks, Victoria’s Secret, Apple, Nike, Calvin Klein, and Hugo Boss. All of them manage to combine successful prestige positioning with a broad appeal and mass recognition but with little or no harm to their brand image.

It is not easy to find Polish examples of Mass Prestige strategy, but two may be mentioned here, Wittchen and W. Kruk. The former is a luxury brand in high-quality leather goods and accessories addressed to very discerning consumers. The products are sold in their own retail stores, including 11 stores called VIP Collection, to signal the brand’s high profile (Wittchen website 2017). To make their products available to a broader consumer group, selected items of Wittchen
goods are occasionally sold in popular discount stores. In the author’s opinion, this is a rather risky move that may cause severe brand dilution.

Meanwhile, W. Kruk, an old, traditional jewelry brand, has adopted a more suitable solution. In addition to their expensive product lines, a signature collection is launched occasionally, endorsed by popular celebrities selected on the basis of their outstanding achievements (e.g., Martyna Wojciechowska, Kinga Rusin, or Ewa Chodakowska). These signature collections are cheaper but present a high artistic standard and symbolic meaning of success and prestige.

Prestige Brand value perceptions – a conceptual model

Prestige is a subjective judgment about the social status of people or brands. In many categories, prestige can be achieved independently of luxury (Dubois and Czellar 2002). However, Mass Prestige brand strategies are deeply embedded in luxury brand strategies, especially as far as consumers’ buying motives are concerned. Therefore, the conceptual model of luxury brands’ perceived value (Vigneron and Johnson, 2004) was taken as the starting point to analyze its relevance for Mass Prestige strategies. In a further step, elements that are applicable and non-applicable to Mass Prestige strategies were selected (Figure 1).

Figure 1. Luxury brand value perceptions – a conceptual model.

As indicated in the model, luxury brand value perception covers two distinct dimensions, non-personal and personal. Let us analyze them regarding their relevance to the Mass Prestige brand strategy.
Non-personal perceptions.

(1) Conspicuousness – this motivation belongs to the socially-oriented group of motives that refer to the effect one’s purchase has on others. The brand is meant to serve as a status symbol and proof of success. Additionally, it signals membership in a certain social group (Tsai 2005). As Veblen (1899) suggested, conspicuous consumption is not only an attribute of the upper class; it is also a compelling motive for lower classes in their desire to emulate the rich. Today, conspicuousness can be interpreted as a motive for middle-class consumers to buy brands that signal their aspirations to be associated with a certain target group or higher social class in general. Buying brands to impress others and to elevate one’s social status is an important motive of both luxury and Mass Prestige brand consumers.

(2) Uniqueness – this motive refers to the special attribute of luxury goods, namely their rarity and exclusivity. It is suggested that by buying products that are limited and not readily available, their uniqueness distinguishes the user from the crowd. Avoiding similar consumption patterns is one of the reasons that underly luxury consumption. Seeking uniqueness is true for luxury brand buyers, but it does not apply to Mass Prestige consumers. Due to the price-based availability of Mass Prestige brands and their distribution-based accessibility, it is hard to enjoy the feeling of uniqueness and privilege by buying brands that many other people can afford and use. So, the dimension of uniqueness does not apply to the Mass Prestige brand strategy.

(3) Quality – this dimension is based on the expectation that a luxury (or Mass Prestige) brand represents higher-than-average quality of materials, technology, and design. Also, connected to the quality value is the belief that products of certain brands will prove to be more reliable and durable. The belief that a brand name is a reflection of superior quality is common to both luxury and Mass Prestige brand value perceptions.

Personal perceptions.

(1) Hedonic – this set of values refers to emotional benefits resulting from brand ownership and usage. Buying things for intrinsic pleasure rather than for their core functionality is typical for luxury buyers’ motivation. It is not, however, appropriate in the case of Mass Prestige consumers who tend to be classified as “logic buyers,” for whom the aesthetic and symbolic properties of the product are not enough. Mass Prestige consumers pay considerable attention to a product’s functions and quality-to-price ratio, with hedonic considerations playing a minimal role. Therefore, this dimension is not meaningful for Mass Prestige brand strategies.
(2) Extended self – this set of values is connected with the consumer’s self-identity and is grounded in the expectation that certain elements of brand identity can support and develop their own identity. Some people treat brands as a means of expressing their self-image. This is true in the case of luxury brands, and it is also relevant to Mass Prestige brands.

In view of the discussion above, a modified model of brand value perceptions can be proposed, encapsulating selected dimensions of brand values applicable to Mass Prestige brand strategies and omitting those values of luxury brands that have little impact on middle-class consumers’ buying motives (Figure 2).

Figure 2. Mass Prestige brand values perceptions


It is important for Mass Prestige brand strategies to comprise both social and personal dimensions. Prestige brands should be perceived as a symbol of social status and professional achievement, backed by the superior quality of branded products in their product category. At the same time, by using Mass Prestige brands, consumers seek to express their personality and individual traits.

Conclusions

The democratization of the luxury goods market is a visible trend in today’s economy. The image of luxury goods as being rare, exclusive, and unique is being challenged by the financial advancements of many consumer segments for whom luxury stopped being an unobtainable dream. Also, there is a dramatic change in consumer spending patterns resulting from globalization and the easy availability
of credit. For many traditional luxury companies, this poses a challenge to transform the existing strategies of luxury brands into a more appropriate model. Mass Prestige brand strategy is an important and innovative concept developed to encompass both high brand image and broad access to branded products.

Is this the end of traditional luxury brand marketing? The answer is: definitely not. This is not the end; it is only a modification that is applicable to some luxury brands, not all of them. There will always be a segment of very demanding customers, no matter how small, who are willing to pay an exceptionally high price for brands and products of elitist character. Rolex, Porsche, Patek Philippe, Aerial Acoustic, and Bang & Olufsen are just some examples of luxury brands who have no intention of diluting their brand equity by adopting a Mass Prestige strategy. They are determined to keep their products away from mass consumption and use. Although it originated in the luxury industry, the Mass Prestige strategy seems to be even more relevant for popular brands seeking to upgrade their market positioning, or for newly established, high-quality brands. The Mass Prestige brand value perceptions model presented in this article can be used as a groundwork for marketers working on a prestigious brand image and desirable brand associations. It also opens the way for further studies aiming at verifying prestige dimensions in relation to particular Mass Prestige brands.

References


The luxury goods market is undergoing dramatic changes due to the fact that vast numbers of new consumers are gaining access to goods previously regarded as unobtainable. As a result, luxury is losing its elitist and exclusive character. The
aim of this paper is to explore the changes in luxury brand marketing and to introduce the emergence of a new branding philosophy – Mass Prestige brands. The concept of Mass Prestige brands emerged as a response to luxury losing its elitist character, and it was intended to combine elements of luxury brand values perception with mass-market strategies. The key question of the discussion presented in this article is whether the values included in the luxury brand perception model fit Mass Prestige brand value perceptions, and if so, to what extent. Personal (“luxury for oneself”) and social (“luxury for others”) value dimensions of luxury brands were taken into consideration and confronted with the principles of Mass Prestige strategies. As a result, a modified version of the model was proposed that includes only the elements that are relevant to the buying motives of newly rich consumers seeking Mass Prestige brands.

**Keywords:** luxury, mass prestige brands, marketing strategy.

**Streszczenie**

Masowe marki prestiżowe – koniec tradycyjnego marketingu marek luksusowych?

Rynek dóbr luksusowych jest poddany dramatycznym zmianom wynikającym z rosnącej zamożności społeczeństw w skali globalnej. Dobra dawniej niedostępne stają się osiągalne dla wielu nowych segmentów konsumenckich, skutkiem czego luksus zaczyna tracić swój elitarny i ekskluzywny wizerunek. Celem tego artykułu jest zobrazowanie zmian w marketingu dóbr luksusowych i przedstawienie nowej filozofii brandingu – koncepcji masowej marki prestiżowej. Koncepcja ta powstała jako odpowiedź na zmiany w postrzeganiu dóbr luksusowych jako unikatowych, rzadkich i niedostępnych, a jej podstawowym założeniem jest połączenie elementów strategii marki luksusowej z koncepcją szerszego dostępu, przy zachowaniu prestiżowego wizerunku marki. Pytanie badawcze brzmi: czy i w jakim stopniu model opisujący kluczowe wartości w postrzeganiu marek luksusowych jest adekwatny do strategii masowych marek prestiżowych. Pod uwagę wzięto zarówno płaszczyznę społeczną („luksus aby zaimponować innym”) jak też płaszczyznę indywidualną („luksus dla siebie”). W wyniku analizy zaproponowano zmodyfikowany model wartości i motywów, jakimi kierują się konsumenci poszukujący masowych marek prestiżowych.

**Słowa kluczowe:** luksus, masowa marka prestiżowa, strategie marketingowe.

**JEL:** L1, M31, Z1.