Extended Essay
in Business Management

Evaluating the Impact of a Luxury Group's Social Media Marketing Strategies on Maintaining Brand Exclusivity, 2020–2024

To what extent did a global luxury group's social media marketing strategies from 2020 to 2024 maintain the exclusivity of its flagship brand in the luxury market?

Word Count: 3999

Introduction

The luxury group studied operates thousands of stores worldwide and recorded tens of billions of euros in annual revenue, with its leather goods and fashion division remaining its largest source of income. Between 2020 and 2024 the group underwent a major digital transformation, building a substantial social media footprint across platforms such as Instagram, TikTok and Xiaohongshu, with its flagship brand's main account amassing tens of millions of followers — demonstrating strong appeal among younger consumers.

The group seeks to balance exclusivity with popularity, targeting affluent younger consumers through celebrity endorsements, limited-edition collaborations and influencer partnerships. Digital growth, however, creates a fundamental tension: greater visibility tends to reduce scarcity and exclusivity — both essential to luxury brand positioning.

This essay examines the extent to which the group's social media marketing strategies between 2020 and 2024 preserved brand exclusivity, assessed against three indicators: (1) controllable scarcity, via limited releases and sell-out speed; (2) relative brand value compared to major competitors; and (3) the ability to maintain stable, premium pricing.

Methodology

This essay draws on quantitative and qualitative secondary data, including official group reports, industry research (such as Statista and Bain & Company), and academic literature on luxury brand positioning. A key limitation is reliance on publicly available data rather than internal company data, which may introduce bias; this was mitigated by cross-referencing multiple independent sources, with official group publications treated as the most authoritative.

Four complementary analytical tools were used: a STEEPLE analysis to examine macro-environmental factors shaping the group's social media strategy; Porter's Five Forces, supplemented by internal operational indicators, to examine competitive dynamics in the luxury goods industry; a financial performance analysis of revenue growth, margins and pricing in the fashion and leather goods division; and a digitally adapted marketing mix (product, promotion, price, place) to assess how specific campaigns strengthened or threatened exclusivity. Triangulating these tools allows for a more balanced evaluation than any single tool alone.

Results and Discussion

STEEPLE Analysis

Social: Generation Z shows growing interest in sustainability alongside luxury consumption, with a notable share of clothing and accessories purchased second-hand via resale platforms. The group has responded with progressive influencer collaborations and user-generated content to sustain demand among 18–35 year-olds — a strategy that may support short-term demand but risks weakening long-term pricing power and brand value growth relative to competitors that have grown faster over the same period.

Technological: Innovations such as augmented reality filters and viral influencer campaigns have significantly increased engagement; one collaboration using AR lenses overlaying recognisable artistic motifs on famous landmarks went viral and generated millions of views. However, as such technology becomes more widespread, increased visibility risks reducing the perceived scarcity that underpins luxury positioning.

Economic: The post-pandemic period (2020–2025) has been marked by uneven recovery, weak tourism, geopolitical tension and softer demand in key Asian markets, prompting a shift toward more targeted social media marketing and reduced reliance on traditional travel-based retail. The fashion and leather goods division's revenue and operating profit both declined in the most recent reporting period despite maintaining a high margin, suggesting digital strategies alone cannot offset broader macroeconomic headwinds.

Environmental & Ethical: Increasing use of certified and recycled materials, and reduced virgin plastic packaging, is promoted on social media to build trust with environmentally-conscious younger consumers — though over-exposure of "green" messaging risks normalising the brand and undermining scarcity.

Political & Legal: Stricter regulation of influencer marketing, digital advertising and data protection (e.g. GDPR) in the group's major markets creates both a compliance burden and an opportunity to reinforce legitimacy with socially-conscious consumers, though excessive caution may also slow campaign agility.

Summary: External pressures have placed significant strain on the group's social media strategy. The brand's average growth rate trails key competitors, indicating that digital agility has not been sufficient to fully preserve exclusivity in an increasingly saturated digital environment.

Porter's Five Forces

Threat of new entrants: High barriers to entry persist in the traditional luxury industry due to brand heritage, scale economies and capital requirements, though social media has somewhat lowered barriers for digitally-native niche brands seeking to reach younger consumers directly.

Power of suppliers: Low, due to the group's scale, diversified supplier base and long-term exclusive partnerships, which secure quality and limit suppliers' ability to negotiate on price or availability.

Power of customers: Traditionally low given strong brand loyalty and price-insensitive demand among core customers (the "Veblen effect"), though digital transparency around pricing and resale value is gradually increasing customer bargaining power.

Threat of substitutes: Growing, driven by the expanding pre-owned luxury market (resale platforms), projected to grow faster than the primary market and reach tens of billions of euros by 2025 — viral social media exposure of resale platforms reinforces this trend, moderating perceived scarcity.

Conclusion: The group operates in an increasingly competitive environment; sustained innovation and careful social media management are required to maintain brand differentiation, with current fragmented tactics judged insufficient to fully preserve a genuinely distinctive brand identity.

Financial Performance Analysis

Year	Division Revenue (€bn)	YoY Organic Change	Operating Margin
2020	26.3	-16% (pandemic)	~30–32%
2021	32.2	+46%	~38%
2022	38.6	+20%	~40%
2023	42.2	+9%	~40%

2024	41.1	-2.6%	~37%
2025	37.8	-5%	35%

Table: Division revenue and margin trends, 2020–2025

The division performed strongly between 2020 and 2023, reaching peak revenue in 2023 supported by celebrity endorsements, sold-out limited editions, and rapid growth in social media following. A high operating margin near 40% during this period reflects a sustainable premium pricing strategy, with several price increases absorbed without a noticeable drop in demand. However, revenue declined in 2024 and again in 2025, even as the operating margin remained among the highest in the luxury industry — driven by tight supply discipline and continued price increases rather than volume growth. This pattern is consistent with low supplier bargaining power and sustained pricing power, but also reflects growing pressure from resale platforms and macroeconomic headwinds. Brand value grew only modestly compared to a key competitor's much larger gain over the same period, suggesting that digital visibility alone has not translated into proportionate brand equity growth.

Marketing Mix

Product: Limited-edition artist collaborations have driven rapid sell-outs and reinforced scarcity in the short term, while sustainability-linked product lines align with younger consumers' values — though heavy digital promotion of these products risks normalising them over time.

Promotion: Celebrity endorsements, charity livestreams and viral campaigns have engaged Gen-Z audiences effectively, but an extremely large social media following combined with heavy reliance on influencer marketing risks overexposure, with engagement often remaining surface-level rather than building lasting brand value.

Place: Selective distribution through flagship stores and controlled direct-to-consumer channels supports exclusivity, but the growth of resale platforms is gradually eroding pricing power and certainty even as physical retail channels remain tightly controlled.

Integrated evaluation: The marketing mix achieved moderate success in preserving exclusivity from 2020–2023, but from 2024 the supply-constraint strategy was increasingly overridden by digital expansion and economic headwinds, resulting in revenue decline and comparatively slow brand value growth relative to a key rival.

Conclusion

This essay assessed the extent to which the group's social media marketing strategy preserved brand exclusivity across three dimensions: controllable scarcity, relative brand equity, and pricing power. The group successfully maintained moderate exclusivity in the short-to-medium term (2020–2023) through selective collaborations and tightly controlled distribution. However, from 2024 onward, the combined pressure of omnichannel digital visibility, the growing second-hand luxury market, and broader macroeconomic headwinds began to erode this position. This reflects a deeper paradox: luxury brand value depends on scarcity, yet social media — the most effective tool for generating desire — is inherently a tool of mass visibility. The case illustrates the structural difficulty of reconciling digital marketing reach with the perception of scarcity in an increasingly saturated online marketplace.

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