

# Analysis of Hermes' Marketing Strategy: Evolution, brand positioning, and global impact

Ziyi Zong\*

Chengyi College, Jimei University, Xiamen, Fujian, China

**Abstract.** This article provides an in-depth analysis of the marketing strategy of the Hermes brand. It begins by outlining the evolution of Hermes as a prominent luxury brand and examines its distinctive brand positioning and market impact. The study focuses on Hermes's effective marketing strategies in the global market, encompassing its positioning in high-end luxury goods, differentiation strategies, distribution mechanisms, and publicity tactics. The research employs a literature review method and case analysis approach to scrutinize Hermes's market positioning and consumer strategies. It reveals that Hermes has established a unique position in the luxury market by leveraging high-quality products, thereby effectively attracting and maintaining the loyalty of affluent consumers. Hermes' marketing strategy mainly focuses on maintaining the luxury image and uniqueness of the brand, and maintaining market demand through limited distribution and high-priced strategies. In terms of digital marketing, Hermes has adopted a refined strategy, including using social media to display brand stories and products, creating targeted content, and interacting with consumers through online platforms, while maintaining the high-end image of the brand.

## 1 Introduction

As a world-renowned luxury brand, Hermes enjoys a high reputation in the global market for its excellent craftsmanship, elegant design and unique brand image.

The luxury goods industry is a field full of challenges and opportunities. Its market competition is extremely fierce, and the needs of consumers are constantly changing. In such a market environment, Hermes has successfully achieved the steady growth and global development of the brand through its unique marketing strategy. With its rich historical background and excellent product quality, Hermes has established a strong brand influence in the global market. How to effectively expand to emerging markets and consumer groups with different cultural backgrounds while maintaining a luxurious image is one of the keys to the long-term development of Hermes.

Hermes accurately selected the high-end market and attracted the favor of high-end consumers through the unique positioning of luxury goods and high-value product strategies. How to maintain the unique and noble image of the brand, while complying with the changes of market demand and fashion trends, is the core issue of Hermes marketing strategy research.

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\* Corresponding author: 20209910128@stu.usc.edu.cn

Hermes has adopted various strategies in publicity and marketing. How to effectively improve the visibility and awareness of the brand through multi-channel brand communication and marketing activities, and then affect the purchase decisions of consumers is the focus of this study.

In the face of global economic fluctuations, changes in consumer behavior and the impact of new technologies, Hermes needs to constantly adjust and optimize its marketing strategy. Studying Hermes' impact strategy will help to understand the market trends and development trends of the luxury goods industry, and provide strong support for the brand's future strategic planning.

In summary, this paper aims to reveal the logic and key factors behind its success through an in-depth analysis of Hermes' marketing strategy, provide empirical data and theoretical support for practitioners and researchers in the luxury industry, and promote further research and practical application in related fields.

## **2 An introduction to the present condition of brand evolution**

Based on the most recent statistics, in the fiscal year 2023, Hermes achieved an annual revenue of 13.4 billion euros, which marks a 21% increase in constant exchange rates, thus demonstrating a robust growth trajectory. This surge in revenue can be attributed to the robust global market demand, with particularly significant contributions from the Asian and American markets. Moreover, the watch division of Hermes recorded a 24.3% year-on-year sales growth, amounting to 317 million euros in the first half of 2023. If the current growth rate is sustained, it is anticipated that it will surpass one billion euros by the year 2025 and emerge as a leader within the first tier of watch brands. Concurrently, Hermes maintains a robust and stable presence in the worldwide luxury goods market, with its market share showing a consistent upward trend, particularly in the realm of high-end packaging solutions. The company boasts an extensive global sales network, which encompasses both directly operated stores and franchised outlets. Brands in different regions of the market performance is different, but the overall growth trend.

## **3 Analysis of strategies**

### **3.1 Upper-tier luxury positioning**

Hermes maintains a global presence with over 300 retail locations across the world, spanning key economic regions and upscale consumer sectors. This international strategic deployment serves to bolster the brand's global influence and augment its market presence. Furthermore, Hermes consistently markets itself as a purveyor of high-end luxury, eschewing competition in the declining market segments. For instance, the renowned LOUIS VUITTON label has recently introduced a line of chocolates to market, with an average price point of 500 yuan per item, yet consumers are able to savor an exquisite luxury consumption experience along with the brand's considerable cachet. Brand positioning is effective only to the extent that it aligns with prospects' needs and interests and is viewed as worth spending their money on [1]. Effective brand positioning hinges on a profound comprehension of the target market's needs and interests. Brands must resonate deeply with consumers and cultivate trust, ensuring customers perceive their investment as worthwhile. Building and sustaining a positive brand image is critical for developing and maintaining brand loyalty [2].

Hermes typically targets affluent consumers who prioritize quality and uniqueness. These customers seek impeccable craftsmanship and distinctive designs, appreciating the brand's

rich history and traditions. Hermes fulfills these consumers' desires for luxury and a high-quality lifestyle by offering exquisite handicrafts and premium materials.

### **3.2 Differentiation strategy**

Hermes products are renowned for their meticulous attention to detail and creativity. Each item epitomizes perfection, showcasing unique artistic value and taste, with a rigorous selection of materials. For instance, Hermes' crocodile leather goods are crafted from raw materials sourced exclusively from crocodile farms owned or partnered with by the brand. These farms are strategically located in regions ideal for crocodile growth, ensuring the highest quality in production.

The price of Hermes products is exceptionally high, and this premium pricing strategy serves as a core differentiator, ensuring both the scarcity and prestigious image of their offerings. Hermes deliberately avoids discounts and large-scale promotions, thereby maintaining the exclusivity and uniqueness of their products. Rigorous quality control and intricate craftsmanship contribute to their objective scarcity, while the brand's meticulous marketing efforts cultivate a sense of subjective rarity. This scarcity not only defines the luxury style and pricing but also elevates Hermes to a cultural and artistic level commensurate with its high prices and prestigious brand status [3].

### **3.3 Inventory allocation mechanism**

Although Hermes handbags generally have a high price and require an inventory allocation mechanism, where customers need to purchase a certain amount or quantity of other items (such as ready-to-wear, jewelry, scarves) to qualify for or improve their priority for purchasing popular or limited-edition items (such as the Birkin or Kelly bags), some smaller or entry-level handbags are relatively more affordable. However, even entry-level handbags will still be priced significantly higher than the basic models from other brands. Inventory allocation mechanism is a strategy utilized by brands like Hermes to emphasize scarcity [4]. Hermes employs a meticulous supply chain management and cargo allocation strategy not only to spur demand but also to adeptly manage market fluctuations. By conducting precise market analyses and forecasting supply needs, brands can more effectively navigate shifts in consumer preferences and market dynamics. This approach ensures that products maintain their allure and exclusivity, reinforcing the brand's premium positioning in the luxury market.

### **3.4 Publicity strategy**

Hermes' publicity strategy is both diversified and creative, leveraging a multi-channel and multi-level approach to strengthen its brand image and maintain the attention of high-end clientele. This strategy has certain "social attributes" as well; for example, dedicated Hermes enthusiasts are often referred to as "horseman" online.

The brand frequently organizes exclusive events for high-profile media and valued customers. These events, though small in scale, are high in sophistication and can include activities such as handmade DIY decorations, illustrations, and private swimming pool parties. These exclusive settings and meticulous service allow participants to immerse themselves in the brand's style and allure.

Hermes also partners with major art institutions to host brand-themed art exhibitions, highlighting the close connection between the brand and the art world. For instance, the "Amazing Land Walk" exhibition successfully merges brand narratives with artistic elements. Additionally, Hermes offers bespoke customization services, enabling consumers to design their own unique products according to personal preferences and needs. This service not only

enhances the brand's value but also strengthens consumer loyalty and fosters a deeper sense of belonging to the brand.

## **4 Suggestions**

### **4.1 Strengthen sustainability and social responsibility**

Consumers pay more and more attention to the sustainability and social responsibility of the brand. Hermes should continue to promote its environmental protection and social responsibility projects, such as the use of sustainable materials, support the craftsman community, and participate in charity activities. Show the social responsibility of the brand through practical actions, and enhance the brand image and consumer identity.

Expanding emerging markets and young consumer groups: Although Hermes has a solid position in the global high-end market, the rise of emerging markets and young consumer groups cannot be ignored. Brands can attract the attention of these new markets by opening more specialty stores, holding fashion activities, and cooperating to launch limited edition products. At the same time, according to the preferences of young consumers, more fashionable and avant-garde designs and entry-level product series with more affordable prices have been launched.

Young consumer groups are pivotal in today's market dynamics, particularly due to their preference for digital shopping and affinity towards social media marketing [5]. For Hermes, attracting these young demographics and venturing into emerging markets holds significant advantages. It allows Hermes to bolster its digital channels and enhance its online marketing capabilities. Furthermore, engaging with young consumers and emerging markets helps Hermes sustain the brand's vitality and appeal. This interaction not only keeps Hermes aligned with current trends but also cultivates a youthful brand image. Moreover, expanding into emerging markets and appealing to young consumers enables Hermes to diversify its customer base. This strategic move reduces dependency on any single market and mitigates risks associated with market fluctuations, thereby fostering more stable business growth over the long term.

### **4.2 Focus on sustainable development**

Sustainability has indeed emerged as a critical priority in today's business landscape [6]. As a longstanding enterprise, Hermes must carefully consider the sustainable development needs of the future. This encompasses not only environmental responsibilities but also the broader impacts on society and the economy. This strategic focus ensures Hermes maintains its brand integrity, meets evolving consumer expectations for ethical practices, and complies with increasingly stringent regulatory requirements worldwide. By investing in sustainable technologies and practices, Hermes not only mitigates environmental impacts but also secures its long-term competitiveness and resilience in the global market. By the same time, corporate Social Responsibility is one of the most vital component in this modern, competitive and complex business arena, contributing highly towards economic, social and environmental sustainability [7]. From the perspective of consumption, a good social image can easily promote consumers' desire to buy, and corporate social responsibility affects consumers' purchasing behavior [8].

### **4.3 Focus on competitors and markets**

Competitor market behavior and customer feedback can offer invaluable market insights to Hermes. Gaining an understanding of competitors' market reactions facilitates Hermes' adjustment of its market strategy to more effectively satisfy consumer needs and expectations. Furthermore, competitor brand images and marketing initiatives are of significant focus for Hermes. Through conducting a comparative analysis of competitors' brand strategies and market performance, Hermes can identify opportunities for differentiation, thereby enhancing its brand recognition and market position. Focusing on competitors is not only an integral part of Hermes' strategic management, but also a critical factor in maintaining market competitiveness and sustainable development.

### **4.4 Focus on the global economy**

The global economic situation in 2024 is still complex and volatile, with uncertainty. Brands should pay close attention to global economic trends, including changes in investment, trade and consumer confidence, so as to adjust market strategies in a timely manner.

Hermes is an international brand whose product sales not only rely on the domestic market, but also on consumers around the world. The uncertainty of the global economy directly affects its sales and market performance [9]. In addition, changes in the global economy may lead to changes in the demand structure of different markets. Hermes needs to flexibly adjust product supply and market strategy according to the changes in the demand of different regions to ensure the stability of market share and brand image [10].

## **5 Conclusion**

Through an in-depth analysis of Hermes' marketing strategy, this study draws the following conclusions: Hermes's successful marketing strategy is mainly reflected in its unique brand positioning, accurate target market selection and continuous brand image management. Through a stable luxury image and high-quality products, the brand has successfully attracted high-end consumer groups and established a strong brand loyalty and word-of-mouth effect. This research provides an important reference value for the marketing strategy of luxury brands. The research results help to understand how to consolidate market position and enhance brand value through accurate positioning and effective communication strategies in the fiercely competitive luxury goods market. For practitioners and researchers in the luxury goods industry, this study provides valuable empirical data and theoretical basis to guide them to formulate more effective market strategies and brand management strategies in practice. As the saying goes, there is no best marketing model, only the most suitable.

Although this study makes an in-depth analysis of Hermes' marketing strategy, there are also some limitations. Future research can further expand the following aspects: First, real-time monitoring and analysis of consumer behavior and market trends can be strengthened to better predict market changes and changes in consumer preferences. Secondly, Hermes can deeply explore the market adaptation strategies of emerging markets such as Asia and the Middle East to meet the challenges of global market diversification. Finally, Hermes can combine big data analysis and artificial intelligence technology to deeply explore consumer data to optimize personalized marketing and customer relationship management, and enhance the market influence and competitive advantage of the brand. In summary, this study not only provides important theoretical support for the practice of the current luxury goods market, but also provides useful enlightenment and development direction for in-depth research in related fields in the future.

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