

How do Companies Promote Luxury Brands in United Arab Emirates?

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Abstract

Luxury – a word most brands would want to be characterized as. Being a social marker, luxury brands play a key role in the creation of human identity – it influences how they dress and enables them to signify a certain lifestyle. In the past it was fairly easy to brand luxury, as competition was moderate and consumers were quite easy to define and the tendency of consumers to remain loyal and uncritical towards a single-brand.¹ Keeping the above in view, the study was designed to analyze the promotional strategies of three well known automotive brands present in United Arab Emirates. The study indicated that the companies used almost the same modes and mediums for promoting their respective brands.

Introduction

According to an automotive industry specialist, “United Arab Emirates will remain to be the fastest growing automobile market in the world and after winning the bid for Expo2020, this will be a booster for the sector.”² As per the industry growth rate of 2013, United Arab Emirates was seen to be the leader of global automotive sales as the market witnessed 27% growth with total industry volume of 310,304 vehicles while the GCC recorded 1.49 million sales. It is said that the global market will be growing by 1.5% this year, whereas the GCC will be growing by 10%.³

The automotive sector in the United Arab Emirates has already experienced a significant growth in sales during the first few months of the year including European car manufacturers, who declared a remarkable double-digit growth. The automotive market of the country remains to be the strongest market for a majority of auto manufacturers compared to other markets in the Middle East.⁴

Background Discussion

The automotive sector in the Middle East remains upbeat despite turbulence in many countries in the region particularly in United Arab Emirates. Almost every car maker has reported sales growth in double digits, ranging between 20% and 40% in the region right, according to a top official from Jebel Ali Free Zone (JAFZA): “The majority of these brands expect over 25% growth in 2014.”⁵

Sales of luxury cars in United Arab Emirates continue to boom with the country becoming amongst the top global markets. United Arab Emirates has been categorized as the eighth country worldwide for luxury cars.

Problem Statement

Having kept the presented issues in mind obviously makes it quite complicated to create an appropriate brand identity, and it is therefore interesting to examine how luxury brands promote themselves in United Arab Emirates and what they should do to go about it in the future in order to succeed. Our research thus aims to answer the following problem statement:

“Keeping in view the challenging trend of today’s luxury branding in mind, what possible ways and steps do luxury brands take in order to promote their brands so that they sustain a successful brand identity and image in the future.”

Through a comparative analysis of the successful automotive luxury brands in United Arab Emirates, our research will seek to answer the presented problem statement.

Significance of the Study

The significance of this particular research in both applied aspects as well as theoretical contribution is as below:

Applied Aspects

The research study could provide information to the companies having luxury brands specifically the ones in the

¹ Reference: Kapferer & Bastien, 2009, p. 18 & Okonkwo, 2007, p. 3, 65

² Reference: <http://www.uaeinteract.com>

³ Reference: <http://www.uaeinteract.com>

⁴ Reference: <http://www.motoringme.com>

⁵ Reference: <http://www.dubaitrade.ae>

automotive industry. Further, this study would also be a review on the promotional techniques followed by the companies presently in United Arab Emirates. Furthermore, this study would be beneficial to the companies who are planning to enter the market with luxury brands. It would also expectedly heighten the awareness of the providers and the users of luxury brands so that they can accordingly equip a counterattack to possible threats.

Theoretical Contribution

As this research is been done for the first time in United Arab Emirates market, this study can provide baseline information on the recent status of the promotional techniques followed by the luxury brands in United Arab Emirates for the future researchers.

Objective Of The Study

The main objective of this research is to understand how companies are promoting their luxury brands in United Arab Emirates.

Literature Review

The first thing that comes to mind when we are thinking about luxury brands are often the quality, exclusivity and prestige. It is also associated with a word that is the characteristic of the state of mind, a style or a lifestyle or even a strong personality. The price is charged at a premium rate, this premium price is backed up by the feeling of uniqueness, consistent high quality. Therefore, the luxury brands are targeted to the higher end consumers who are looking for expensive brands that carry an image, a guarantee and exclusivity.

Luxury brands share characteristic features that include high price, superb quality, aesthetic design, heritage, reputation, exclusivity, desirability, inaccessibility and clear reflection of personality.¹ The luxury brand is influenced as shown in the diagram below²:

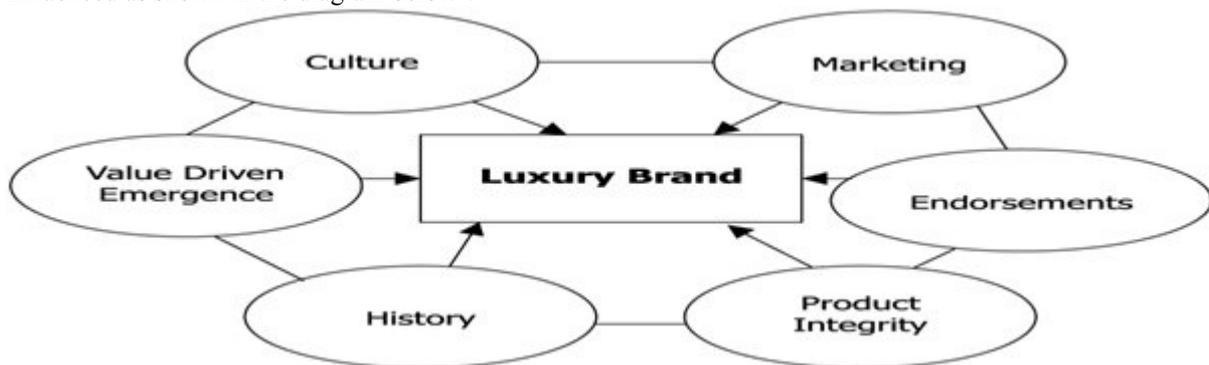


Figure 1 : Components Influencing Luxury Brand

Diverse disciplines have provided differing perspectives on luxury brands. Economists define luxury brands as brands for which demand increases more than proportionally as income rises, that is, luxury brands have high income elasticity of demand.

Consumers at the end of the day before purchasing the luxury brand have a few things in mind which can be categorized as, perceived conspicuous value, which means that the consumer refers the consumption of the brand as a signal of status and wealth. The social status is also one factor which is in the mind of the consumer before actually purchasing the brand. Perceived unique value, which means that the consumer who actually emphasize on perceived unique value are the ones who want to enhance their self-image and social image by adhering to one's personal taste. Perceived quality value, which means that the consumer is now evaluating the utility he will be getting from the brand as compared to the consumption of non-luxury brands.

The popular techniques and/or ways by which luxury brands are promoted worldwide are, goods and service design, in this technique the management has to decide about what type of goods and/or services to provide to customers and also how to design them so that they are made appealing to the targeted customers. Then comes quality, this technique refers to the control and pre-defined procedures and steps that are to be undertaken to develop the brand and this way of measuring quality is continuous improvement.

Advertisement, this is a mode of promotional strategy which all companies invest a great deal of money for promotion such as on television commercials, advertisement on newspaper, magazine, and internet.

¹ **Reference:** Dubois & Duquesne, 1993: Nueno & Quelch, 1998

² **Reference:** Beverland 2004

However, the companies have a strong belief that the most effective media is word of mouth. The word of mouth strategy is adopted by focusing on existing customers and trying to maximize the customer satisfaction, this at the end leads to new customers who are introduced by these existing customers. Online presence also is one way of advertising. The Internet has dramatically changed the car market because of the ability to compare different cars within different price ranges to see which is more compatible for the consumer.

Nowadays, internal marketing is also getting popular. This technique is all about marketing to your managers and employees. It is important to make sure everyone within the organization is well aware with the new marketing plan. Making everyone aware of the marketing plan is done through internal newsletters, web pages, training, and marketing meetings. Later then the employee feedback is taken and this is one important factor that is used to measure the success of the marketing plan.

To conclude, it is generally assumed that premium brands consist of excellent materials, gorgeous package and advertisement etc. in order to provide consumers with emotional benefit, however, these are just superficial factors.

Methodology

The methodology that we have used in the research is Qualitative Research. The reason for selecting this particular type of method is that we will be looking into the strategies already followed by the companies and then analyzing them. For this purpose, content analysis of published materials was carried out for the completion of the research.

Discussion And Findings Of The Study

Three well known automotive brands from United Arab Emirates market have been selected and their promotional techniques were studied in depth and then compared with each other. After studying all the three luxury brands and their promotional techniques, we found out that all of them are using more or less the same type of strategies for promoting their brand.

Firstly, when we look into the websites of the companies, all three use internet through its main international website and its subsidiaries, different countries, as part of marketing strategy to conduct mass marketing worldwide. According to a research conducted, it was found that about 85% of customers use the internet before purchasing luxury brands, hence this strategy of website updating is very crucial and of immense importance to all the three brands.

The website of the companies provides information about the corporation, brands, services and different models along with the color selection criteria and also the showroom locations. The websites are designed in such a way that will provide to the visitors various resources including brochures, subscribed e-newsletters and online magazine issues that provide latest news on brands and deals to promote the brand and maintain its awareness.

The e-marketing strategy of the three brands incorporates social networking websites such as Facebook, Twitter and Youtube. The reason for being available on social networking websites is that it is considered to be a relatively cheaper way of getting to maximum number of audience. These brands use social networks as they allow multimedia and interactive communication with a large number of consumers enabling to conduct viral, communal and influenced marketing campaigns. Additionally, these brands use these platforms for satisfied customers to easily recommend their brands to others and also as a medium to conduct customer-brand conversations and brand blogging.

Moving on to the print advertisement used by these brands, they show the power and luxury of their brand in the advertisement which the viewer automatically starts mesmerizing and is attracted to the brand. The use simple and clear words along with the specific model they are promoting and one main feature of the model is highlighted in such a manner that the viewer forgets the rest and is attracted to that one specific feature only.

All the three companies spend a heavy budget on television commercials. They target the audience who like comfort, happiness, quality and status. The color combinations used in the advertisements, theme music and the dialogue delivery, all are at the correct moment of time at which the viewer gets attracted and is pulled towards the brand. The choice of locations also depicts the luxury of the brands and it signifies that these brands are and hold an element of luxury with them. They wisely use their slogans in the advertisement and show how their slogan reflects their brand.

Conclusion

The United Arab Emirates automotive sector remains in the fast lane, as the country was ranked top globally with more than 25% sales growth in 2013 compared to single-digit growth in major markets. Following the floating growth in 2013, industry specialists in United Arab Emirates expect another positive year in 2014. The credit goes to the country's leadership for creating a safe environment that brings economic stability, mainly contributed by the tourism, trade and logistics sectors.

Recommendations

Consumers demand higher functional benefit and more sophisticated services for premium brands than standard goods. In order to develop brands and provide services to satisfy consumer needs, it is important that companies improve their processes or implement an effective strategy. In the present high competitive market, the product development strategy to generate overwhelmingly high functional value should be implemented beyond the traditional product development processes. The creation and sustention of premium to avoid commoditization are not mere product development but company-wide business development.

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