

How strategic marketing on Instagram has impacted corporate stock prices for luxury brands

By

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A Thesis submitted to

The Director of the Honors Program and the Honors Council of Elizabeth City State University in partial satisfaction of the requirements for the Honors Program

November 29, 2022

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DEDICATION

I dedicate this Honors Thesis to my great grandmother, Lois Hope Walton. She always knew I was an A student and made sure to always reassure me that I was doing great.

ACKNOWLEDGEMENT

I would like to acknowledge the dedication and knowledge bestowed upon me from Dr. Kim Scott and Mary Jordan. I want to give a special thanks to my committee members Dr. Debjani Kanjilal, Dr. Kim Scott, and Dr. Shontae Taylor. Thank you all for helping me achieve such an accomplishment and for never giving up on me.

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HOW STRATEGIC MARKETING ON INSTAGRAM HAS IMPACTED CORPORATE STOCK PRICES FOR LUXURY BRANDS

ABSTRACT

Consumers of luxury brands are now younger and more digital savvy than ever before. With the introduction of social media platforms such as Instagram, luxury brands have reluctantly added social media marketing as a tool to reach consumers. The purpose of this research is to discuss whether the use of social media has an impact on the purchasing decisions of consumers. Quarterly stock prices from publicly traded luxury brands were used to compare changes in stock market prices two years before and two years after the implementation of Instagram. The findings suggest that the implementation of Instagram as a marketing tool may have had a statistically significant impact for the stock prices of three luxury brands.

Key Words: *Luxury Brands, Social Media, Instagram, Stock Market*

CHAPTER 1 Introduction

The luxury industry is one of the fastest growing industries in the world. “Luxury is neither a product, an object, a service nor is it a concept or a lifestyle. It is an identity, a philosophy and a culture” (Okonkwo, 2009:302). Ninety-five percent of brands in the luxury industry have experienced positive growth in 2022 (Bain & Company, 2022). Beauloye (2022) states luxury brands are the most resilient. Table 1 shows the comparison between global luxury stocks and the S&P 500 index from 2019 to 2021. According to the Bain & Company Luxury Study, luxury brands are expected to generate 1.4 trillion euros (\$1.45 trillion) in sales in 2022 (Bain & Company, 2022). Younger generations are critical to the growth of luxury brands (Beauloye, 2022). Millennials and Gen Z’ers are expected to represent 70% of the luxury brand consumers by 2025 (Chee, 2022). Another factor contributing to the growth of luxury brands is online sales (trendsformative, 2022)

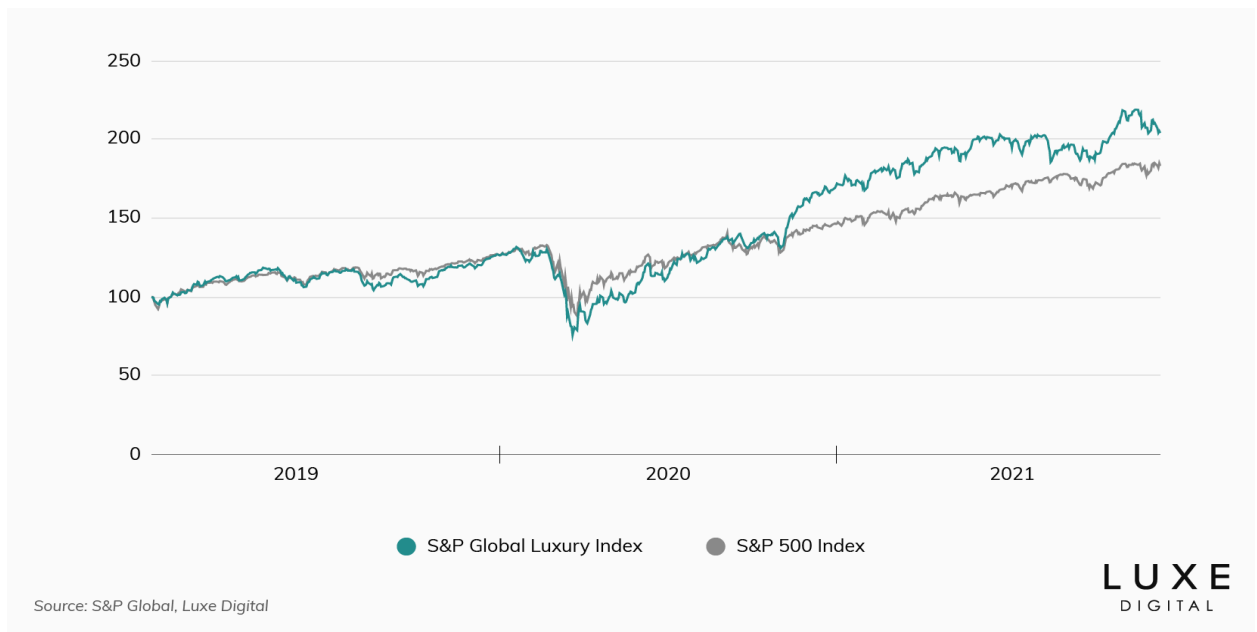


Table 1. Global Luxury Stocks

Luxury brands date back to the early 19th century. Early luxury brands fall into 4 main sectors: fashion, perfumes and cosmetics, wines and spirits, and watches and jewelry (Fionda and Moore, 2008). The largest sector is fashion, accounting for 28.79% of the industry in 2019 (Fortune Business Insights, 2022). Traditionally, luxury fashion brands lured older consumers with personalized customer service and exclusive in-store experiences. However, luxury brand consumers today are more “demanding and increasingly digital-savvy” (Parrott, Danbury & Kanthavanich, 2015).

The establishment of luxury brands began way before the digital age of marketing and the use of social media. However, researchers argue that luxury brands have been greatly impacted by the digital revolution and social media (Kapferer, 2014; Arrigo, 2014; Kontu and Vecchi, 2014). Social media can be defined as an interactive virtual(media) platform that grants access to worldwide communication, interaction, creation of virtual communities, content-sharing and collaboration (Lutkevich and Wigmore, 2021).

One of the most notable social media platforms is Instagram. Instagram is a popular platform that is an imperative resource for consumer interaction, consumer engagement, and the introduction of seemingly new products and services. Everyday users may use social media for recreational purposes while businesses utilize social platforms to market and promote their products and services. Social media has had a huge impact on businesses and the way that they advertise and portray their brand. Since social media has become so popular and convenient, it is detrimental to a company’s overall

success and prosperity to properly utilize a tool such as this. In recent years, it has become imperative that businesses maximize their resources and take advantage of virtual conversion, the transition from traditional practices to digital utilization. Digital utilization, or virtual conversion, plays a vital role in the consumer decision-making process and can result in a purchase, repurchase, or in some cases, seek alternatives. For this reason, companies are highly invested in developing and implementing marketing strategies that are effective in maintaining the image of a company, increasing sales, improving customer loyalty, and engaging potential consumers. Different social media platforms permit unique innovative strategies for a company's social media presence. Social media presence can be defined as how frequently a company, individual, or entity posts on their social outlets to interact with other users, especially those who are a part of their specific social community (Hilson, 2019).

Luxury brands continue to build their social media presence to remain fashion forward and tech-savvy. However, many of these brands were once skeptical of how social media would impact their image and their customer base. In recent years, Instagram has become a popular platform amongst luxury brands in reference to marketing to and endorsements from younger generations. For these reasons, this research evaluates if the implementation of social media marketing on Instagram has impacted the consumption of luxury brands. This study uses stock prices as an indicator for increased consumption.

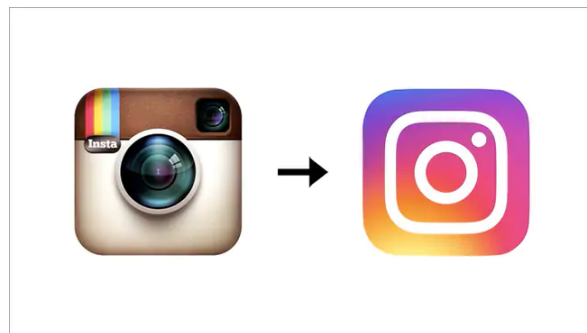
CHAPTER 1

Literature review

A. Social media for businesses

There are many older and newly emerging social media platforms that are utilized by the general public, influencers, celebrities, and businesses in every industry. Those platforms include but are not limited to Instagram and YouTube. Instagram is a social networking platform founded October 6, 2010 that was originally only accessible to those with IOS 4 but is now compatible with the majority of updated operating systems (Blystone, 2022).

The development of the popular application took eight weeks (Blystone, 2022). Within the first day of being launched there were 25,000 users with registered accounts and quickly increased to one million after just two months (Blystone, 2022). When first developed, the original purpose of the application was to feature pictures taken on phones (Blystone, 2022). Now, users can upload photos and videos that can be edited with various filters to their followers and be discovered by new users all over the globe (Nouri, 2018). Since the emergence of Instagram, there have been changes and adaptations in regards to the app's logo, app functions, features, algorithms and more to stay a step



ahead of the game. There are an astonishing billion-plus active users each month and shall continue to grow and evolve (Cais, 2021).

Instagram has become a social media staple across the globe since its emergence over a decade ago (Digital Marketing Institute, 2021). Instagram is an affordable and effective outlet for businesses to market their products and services. Marketing refers to the actions or activities taken by a company that attract consumers and encourage them to purchase their products and services through high-quality deliverables, strategy, and creativity (Forsey, 2021). Instagram gives brands access to prospective, diverse customers through user-generated content (Cais, 2021). The long-term goals of marketing include but are not limited to strengthening brand loyalty, demonstrating product value, and increasing sales (Forsey, 2021). Predicted to become a \$15 billion industry by 2022, influencer marketing has proven more effective at engaging audiences than traditional advertising (Cais, 2021).

Instagram is a go-to platform for strategic marketing and integration marketing communication for a vast variety of brands (Jin and Ehri, 2020). Luxury brands in particular have re-evaluated age-old strategies and have been leveraging Instagram to maintain their relevance and brand image (Luxury Lifestyle Magazine, 2022). Luxury brands sell products or provide services that are expensive and non-essential but are desired because they are perceived as high-quality, prestigious, exclusive, and symbolize wealth and superiority (Jin and Ehri, 2020).

Prior to the emergence of social media marketing, luxury brands had already embedded the uniqueness and quality of their products and services into the minds of

consumers. For example, luxury brands utilized controlled exclusive distribution and premium pricing that evoked the rarity and symbolism of these brands (Jin and Ehri, 2020). Resources such as magazines were very prominent and the store-front shopping experience was treasured by clientele. Even today, luxury clientele still indulges in the esteemed in-store experience but more is required (Luxury Lifestyle Magazine, 2022). Engagement with consumers is now much more than just simply shopping at a store, making a purchase, and leaving (Luxury Lifestyle Magazine, 2022). Social media platforms play an important role in retail trends and can often influence consumption behavior (Wang, Cao, and Lee, 2021). Luxury brands continue to adapt and become more creative in the digital world to live up to the brands' standards (Luxury Lifestyle Magazine, 2022).

B. Benefits of social media marketing for businesses

Social media has revolutionized the world's traditional way of marketing and propelled the rate at which users have access to such content. Social media marketing is best defined as the use of digital platforms to create and upload tailored content to promote products and services, increase user engagement, and build communities (Henderson, 2020). Marketers have the ability to create personalized experiences for consumers that allow businesses to grab the full attention of consumers which contributes to the overall growth and longevity of an organization (Forsey, 2021). Social media marketing allows organizations to broadcast their authenticity to get an advantage over competitors and turn the wheel of fortune in its favor (Henderson, 2020). The various

social media platforms have their own distinct way of allowing businesses to maximize post exposure to their target audience and consumers with corresponding interests.

A target audience is referred to as a particular group of consumers that want a specific company's product or service (Marketing Evolution, 2022). A target audience is typically determined by age, gender, income, location, interests, or other diverse factors of consumers (Marketing Evolution, 2022). Finding a target audience is an essential key to successful marketing. The opportunity to establish communities and authentic relationships with consumers through content geared towards their lifestyle and interests is at the touch of a button. After much research, social media has had a huge impact on businesses and the way that they advertise and portray their brand. Since social media has become so popular and convenient, it is detrimental to a company's overall success and prosperity to properly utilize a tool such as this.

C. Gen-Z marketing and influencing (Gen-Z impact on luxury brands)

Generation Z (Gen-Z) and millennials are a significant force for luxury goods (Wang, Cao, and Lee, 2021). They have more income at their disposal than generations before which is why luxury brands want to capitalize and maintain the originally established wealthy clientele (Luxury Lifestyle Magazine, 2022). Back in 2015 it was reported that 47% of millennials' purchases are influenced by social media unlike all other age groups being 19% (Wang, Cao, and Lee, 2021). They trust peer recommendations over a company's website and opt for consequential purchases that make an impact on the world around them (Cais, 2021).

The reach and interaction with consumers grew expeditiously thanks to social media being the go-to for marketing and sales (Wang, Cao, and Lee, 2021). The five fundamental purposes of advertising are what help differentiate luxury brands from non-luxury brands. The five purposes are grabbing the attention of the consumer, developing and sustaining interest, creating fascination, prompting action, and creating goodwill (Wang, Cao, and Lee, 2021).

For instance, luxury brands must strictly follow their brand identity so that consumers can differentiate the brand from other non-luxury brands (Wang, Cao, and Lee, 2021). This is why a portion of advertising of luxury brands is not geared towards making sales but to maintain customer engagement (Wang, Cao, Lee, 2021). Social media has become such a necessity that social media influencers are a major component in a company's arsenal for marketing, promoting products, and reaching consumers (Wang, Cao, and Lee, 2021). A social media influencer is an individual that has a credible online presence specifying in a specific niche and has access to a pursuable audience and can influence perspectives and actions of others based on their personal recommendations (Digital Marketing Institute, 2021).

They have the ability to form authentic bonds with their followers through social interaction and sharing their interests to like-minded people (Wang, Cao, and Lee, 2021). Seventy percent of millennials in the United States find it easier to trust and relate to influencers more compared to traditional celebrities as a result of authenticity, frequent interaction, and shared opinions (Wang, Cao, and Lee, 2021). Luxury brands are

perceived as a symbol of high social status, wealth, and ego-enhancing benefits (Wang, Cao, and Lee, 2021).

Influencers that wear luxury brands portray a lifestyle that consumers aspire to have which is why consumers may feel the need to purchase similar items (Wang, Cao, and Lee, 2021). Influencer marketing has grown rapidly in recent years and continues to grow as social media is at high demand (Wang, Cao, and Lee, 2021). The relationship formed between an influencer and their followers can be very beneficial for companies to attract new customers, maintain brand image, improve business awareness, and customer loyalty (Wang, Cao, and Lee, 2021).

D. Social Media Marketing Efforts of Luxury Brands on Instagram

The focus of this study is to build up current write-ups in the development of “luxury brands”, on how social media is marketing to customers to entice them to consider purchasing luxury brands, and lastly it focuses on how Instagram is being used to market luxury fashion brands (Vinerean & Opreana, 2019).

The purpose of the study was to target the luxury fashion area that consists of utilizing social media strategies and how they have been successfully utilized to gain the attention and interaction of customers and ambitious consumers. Prior research evaluated the approach high-end brands took in utilizing Instagram to get more connected with

customers and make them aware of the brand's computerized environments. (Vinerean & Opreana, 2019)

Currently, marketing through social media has become the norm in promoting a new brand's paragon. This study was not meant to encourage businesses not to use the conventional media because it has had a stronger impact on making people aware of the brand, social media marketing has had a significant impact on the image of the brand (Godey et al., 2016). Instagram is chosen for luxury brand's marketing because of its unique ability to provide a perceptible appendage that allows brands to have a perceptible approach to narrate their brand. Instagram has become popular with luxury brands because it is viewed as the new one-stop shop for "window shopping" as consumers utilize it while contemplating their decisions. (Vinerean & Opreana, 2019).

When consumers are contemplating on what they want to purchase, social media has aided them in being an option to influence their decisions. Social media has also been a significant resource for businesses to be able to establish and sustain a close brand-customer connection. As a result Instagram has become highly sought-after by consumers and businesses. The goal of Instagram is to visually tell a story and create the perfect platform to express the significance of the products and the experiences that can be shared about them (Vinerean & Opreana, 2019). Luxury brands have taken to the use of social media to reach prospective consumers in an inventive manner (Instagram, 2017).

The takeaway from the study was perfectly stated by Godey et al. (2016), which is that brands would not consider social media as a way to just market their brand to gain customers, but as a critical and cost-effective tool to build their image. The study contains findings that pertained to a number of successful Instagram marketing practices that can be considered in the theme of luxury fashion brands. As a company seeks to develop their practices, their primary goal should be to expand their efforts in making consumers more knowledgeable about their brand and create an image that the customers they wish to attract can relate to as they make their presence known on social media, because they can have an impact on their consumers' acumen, viewpoint, and awareness associated with their brand. (Vinerean & Opreana, 2019)

Instagram contains a lot of content, but if luxury brands want to gain the attention of customers, they must be motivated to develop authentic, compelling information that captivates customers. They can do so by establishing relationships where they partner up with celebrities and others who can have an influence on people to share interest in their brand. The purpose of producing such information is to magnify the brand's heritage and fortify its distinctiveness to possible and existing customers, in addition to guiding them to optimistic actions (Herrando et al., 2018). Brands can utilize demonstrated innovative alternatives such as boomerangs, highlights, stories, filters, shopping, and others to evolve the luxury brands' image, perception, and direct involvement. (Vinerean & Opreana, 2019)

It's important that luxury brands who utilize the social media platform Instagram, do so to connect the perforation between the company and intended consumers to center the narrative. Narratives can be captured on Instagram through the feed, videos, stories, and live videos. When operating properly, the feed has a critique look that's unvarying, unlike stories that only last for a moment but have significant worth. That's what brands have to take advantage of, getting their point across even if it's only for a brief moment because the advertised content has to grasp the attention of the consumer and influence them in a manner that will help them connect with the product. An example of this was in the 2017 report, where Instagram made it known that Burberry was a leader of 38% of the conversion at London Fashion Week as a result of their behind the scenes information that captivated their consumers. (Vinerean & Opreana, 2019)

Hashtags have been very beneficial with Instagram and they suggest that luxury fashion brands ponder utilizing them because they exemplify a beneficial way to gain the attention of the right audience and inspire customers and brand marketers. What has really helped brands is their having a celebrity to get their messages across to their audiences. Consumers listen to celebrities because of their influence which has the benefit of making high-end brands known in an easygoing way. Because of this, luxury brands must be sure to use Instagram in a beneficial manner to capture the attention of the audiences they wish to reach. (Vinerean & Opreana, 2019)

E. The Millennials Luxury Brand Engagement on Social Media: A Comparative Study of Brazilians and Italians

In the last few decades, companies have begun to adjust and expand their strategies to draw the consumer via new media to the new social media outlet, as it has become one of the most well liked online activities amidst consumers globally (Safarti and Yamawaki, 2019). When it comes to the online platform, social media has been a critical component in expanding the appeal of the consumer with the brand. The consumer can evolve a number of parts in this state of affairs: consumer, patron or maker of content. The following experimental research is purposed towards acknowledging and collating the consumer brand interests of millennials in luxury brands on social media between Brazil and Italy.

The luxury brands that were in the study were Louis Vuitton, Chanel, and Prada. The social media platforms were Facebook, Twitter, YouTube, and Instagram. The research consisted of a quantitative research design that entailed a questionnaire survey. There were 438 justifiable answers. What it does not include in the findings, is a connection of the culture and consumer brand interests in luxury brands through the usage of social media among millennials from Brazil and Italy. There is a possibility that cultural variance was not noteworthy in this research, since the brands were not successful at capturing the interest of millennial consumers in both countries or possibly due to the minimal interest they have with online brands. (Yamawaki, Sarfati, 2019)

It is good for companies to appeal to the change that's taking place in the world, which is technology being a gauge of interest to many. If not, luxury brands will become

obsolete. It's become far more convenient to shop online since the pandemic came a couple of years ago. It has changed our way of life and made online shopping the norm. If luxury brands want their businesses to flourish they have to stay connected with the people and what gauges their interest. That's critical for any business, not just luxury brands (Yamawaki, Sarfati, 2019).

Although the "Social Media Marketing Efforts of Luxury Brands on Instagram" study does provide extensive details in knowing the great impact that Instagram can have on a luxury brand, it does not contain information that can be verified but it must be experienced through trial and error. The writer does acknowledge that in the future to expand this research and to make it more valid, that measurable research with actual data to determine the true extent to how well Instagram can impact the buying of luxury or high-end fashion brands. The study also suggests they consider extending the research using text mining and sentiment analysis to obtain new interests from users about how they use and perceive luxury fashion brands' existence on Instagram. Another vision on how the study could have been done is to have created a research study that can go across cultures to determine how Instagram users view social media marketing practices of luxury fashion brands (Vinerean & Opreana, 2019).

F. Profit and stock prices

The worldwide luxury goods market is projected to grow from USD 257.26 billion in 2020 to USD 352.84 billion in 2027 at a CAGR of 4.6% in the forecast period. Luxury

goods are mainly purchased by the high-income group across the globe (Fortune Business Insights, 2021). Oxfam International's data, for instance, declared in January 2020 that approximately 2,153 billionaires residing worldwide possess more wealth than around 4.6 billion people who make up 60% of the global population. Hence, the increasing wealthy population would bolster the luxury goods market growth in the near future. However, the trends of selling and buying counterfeit products at cheaper rates that resemble original ones may hamper growth. (Fortune Business Insights, 2022)

CHAPTER 3

Methodology

Chapter 2 discussed social media usage, however, key studies explored the usage of social media for luxury brands. This chapter will specifically talk about three luxury brands in particular and how leveraging Instagram for strategic marketing has impacted each company's performance 2 years before joining Instagram and 3 years after.

Research Question: Has the use of Instagram as a marketing strategy significantly increased the corporate stock prices for luxury brands?

Stocks were selected because they are one indication of company performance (Murphy, 2022). Publicly traded organizations place great importance on their stock share price and it reflects the overall financial health of the company (Murphy, 2022). The stock price of a company directly reflects investor perception of its ability to earn and increase its profits going forward (Murphy, 2022).

The data sets consist of corporations that are publicly traded on exchanges such as New York Times Stock Exchange and Yahoo Finance. The data collected for this particular study was based on quarterly stock prices of Louis Vuitton, Ralph Lauren, and Burberry. Louis Vuitton joined Instagram in 2012, Ralph Lauren joined in 2011, and Burberry joined 2011. The 8-12 quarterly prices compare two years before the luxury brands joined Instagram and three years after each brand joined Instagram. To analyze the data for this study, a matched pair t-test was completed alongside comparing the

averages of before and after quarterly stock prices. The tables below include: the three companies involved in this study, the date of implementation of strategic marketing on Instagram, and the stock market value of each company two years prior to and three years after implementation. These corporations were selected based on the following facts: they have provided luxury goods to consumers for decades and they have stocks that are traded publicly on an exchange.

Louis Vuitton

Louis Vuitton has been slow to embrace social media, because they held the opinion that luxury shopping should be out of reach to the average consumer and only for the privileged. As research has shown, 40% of all recent luxury purchases have come from digital influence. Louis Vuitton changed their perspective and are successfully winning market share while engaging with customers digitally and socially. Louis Vuitton has a large following on Instagram, with 35.4 million in 2019 (Attest Technologies Limited, 2022). It is the 2nd most influential brand on social media, and their global revenues in 2019 were around \$22 billion (Attest Technologies Limited, 2022). Louis Vuitton focuses on visuals and posts often on Instagram and holds the most online visit time, compared to other luxury brands. To enforce cohesion they use easily-decipherable hashtags with (#LouisVuitton) to keep track of their followers. Lastly, their open-door streaming, in addition to campaigns that request user engagement on social media, makes people feel connected (Attest Technologies Limited, 2022).

Louis Vuitton joined Instagram in 2012. Tables 2 and 3 show the quarterly stock prices for 2 years before and 3 years after the implementation of Instagram.

Date	Open	High	Low	Close	Volume
03/31/10	23.47	23.51	23.24	23.47	54316
06/30/10	21.60	22.17	21.60	21.60	57345
09/30/10	29.28	29.77	29.12	29.28	32175
12/31/10	33.15	33.25	32.95	33.15	41901

Table 2. Louis Vuitton Stocks Prices Two years before Implementation of Instagram

The table above provides data from 2 years prior to the implementation of Instagram for the luxury brand Louis Vuitton. The results section below utilizes the “Close” values of the stock prices. These results show how much the stock price was for the months of March, June, September, and December of 2010.

Average: 26.875 (before)

Date	Open	High	Low	Close	Volume
03/31/14	36.65	37.24	36.25	36.65	11101
06/30/14	38.58	38.75	38.44	38.58	48805
09/30/14	32.39	32.72	32.31	32.39	113537

12/31/14	34.435	34.62	34.35	34.435	74472
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Table 3. Louis Vuitton Stocks Prices three years after Implementation of Instagram

Average: 35.514 (after)

The table above provides data from 3 years after the implementation of Instagram for the luxury brand Louis Vuitton. The results section below utilizes the “Close” values of the stock prices. These results show how much the stock price was for the months of March, June, September, and December of 2014.

Ralph Lauren

Shareholders for Ralph Lauren earned 2% each year, over five years (Simply Wall St, 2022). Their net revenue rose 5.1 percent to \$1.73 billion, exceeding the analyst average estimate of \$1.66 billion (Simply Wall St, 2022). This was largely due to their involving supermodels and Instagram to draw more customers and report another quarter of better-than-expected sales and earnings, sending their shares up over 12 percent back in February 5, 2019. Instagram in 2019, gained them 9.8 million followers and more as of today. It helped them sell more coats, shirts and accessories at higher prices even when the market was overloaded with holiday-season discounts (Kumar, 2019).

Date	Open	High	Low	Close	Volume
3/31/09	42.94	43.32	41.53	42.25	1025778
6/30/09	53.86	55.35	53.12	53.54	1268578
9/30/09	77.84	77.87	76	76.62	857361
12/31/09	82.66	82.66	80.98	80.98	371262

Table 4. Ralph Lauren stock prices two years prior to the implementation of Instagram

The table above provides data from 2 years prior to the implementation of Instagram for the luxury brand Ralph Lauren. The results section below utilizes the “Close” values of the stock prices. These results show how much the stock price was for the months of March, June, September, and December of 2009.

Average: 63.3475(before)

Date	Open	High	Low	Close	Volume
03/31/14	159.78	161.21	159.06	160.93	867714
06/30/14	161	161.11	159.05	160.69	674606
09/30/14	164.89	165.70	163.76	164.73	694755
12/31/14	186.41	187.49	185.12	185.16	461703

Table 5. Ralph Lauren stock prices three years after implementation of Instagram

The table above provides data from 3 years after the implementation of Instagram for the luxury brand Ralph Lauren. The results section below utilizes the “Close” values of the stock prices. These results show how much the stock price was for the months of March, June, September, and December of 2014.

Average: 167.8775 (after)

Burberry

According to Lechemia (2016), Burberry is in the top 10 of the most followed luxury brands on Instagram, as they have made social channels the centerpiece of their digital marketing strategy. Since the implementation of social media marketing, the share price as of January 19, 2022 has risen 6%. The stock was worth £2,329 in January 2020, it was on sale at 1,159p(pounds) by late March. It recovered to 2,264p for a 2021 high, before it fell to 1,719p on January 14, 2022. As of January 19, 2022, it had risen to 1,829p. As far as share prices are concerned, revenue was up 5% year-over-year, and full-price sales rose 26% compared to previous levels with a ‘higher quality business’ and thanks to social media like Instagram, ‘new younger consumers’. The target for younger clientele began around the middle of 2020. Today’s stock close price is 2,111p. One significant risk for Burberry share prices is its market in China. Burberry has a well-off clientele but can’t avoid China’s common prosperity policies. Currently the Burberry share price is back in fashion right now. The growth in the future is dependent on wealthy Chinese customers (IG Community, 2022).

Date	Open	High	Low	Close	Volume
3/31/09					
6/30/09					
9/30/09	7.92	7.92	7.92	7.92	0
12/31/09	9.35	9.35	9.35	9.35	0

Table 6. Burberry stock prices two years prior to implementation of Instagram

The table above provides data from 2 years prior to the implementation of Instagram for the luxury brand Burberry. The results section below utilizes the “Close” values of the stock prices. These results show how much the stock price was for the months of March, June, September, and December of 2009.

Average: 8.635 (before)

Date	Open	High	Low	Close	Volume
3/31/14	23.465	23.465	23.205	23.265	393200
6/30/14	25.205	25.445	25.205	25.36	33400
9/30/14	24.425	24.62	24.37	24.475	281200
12/31/14	25.66	25.66	25.17	25.21	23200

Table 7. Burberry stock prices three years after implementation of Instagram

The table above provides data from 3 years after the implementation of Instagram for the luxury brand Burberry. The results section below utilizes the “Close” values of the stock

prices. These results show how much the stock price was for the months of March, June, September, and December of 2014.

Average: 98.31 (after)

CHAPTER 4

Results

As discussed in chapter 3, the research question for this study is: Has the use of Instagram as a marketing strategy significantly increased the corporate stock prices for luxury brands?

To answer this question, this study tested the following hypothesis for the following brands, Louis Vuitton, Ralph Lauren, and Burberry.

The null hypothesis is listed as H_0 and the alternate hypothesis is listed as H_a .

H_0 (Louis Vuitton) - There is no relationship between the usage of Instagram and the stock prices of Louis Vuitton.

H_a (Louis Vuitton) - There is a relationship between the usage of Instagram and the stock prices of Louis Vuitton.

H_0 (Ralph Lauren) - There is no relationship between the usage of Instagram and the stock prices of Ralph Lauren.

H_a (Ralph Lauren) - There is a relationship between the usage of Instagram and the stock prices of Ralph Lauren.

Ho (Burberry) - There is no relationship between the usage of Instagram and the stock prices of Burberry.

Ha (Burberry) - There is a relationship between the usage of Instagram and the stock prices of Burberry.

The hypotheses were tested using quarterly stocks from the three luxury brands previously mentioned. Quarterly stock prices were collected 2 years before the companies joined Instagram and 3 years after the implementation of Instagram.

Louis Vuitton

Louis Vuitton joined Instagram in June 2012. The luxury brand was slow to embrace social media because it wanted to uphold the high-status standard. They changed their perspective and gained 35.4 million followers on Instagram as of 2019 while the global revenue was \$22 billion. They prioritize visual aesthetics and peak user time to post and as a result they hold the most online visit time. Tables 9 and 10 show Louis Vuitton's stock prices 2 years before and 3 years after the use of Instagram

Date	Open	High	Low	Close	Volume
03/31/10	23.47	23.51	23.24	23.47	54316
06/30/10	21.60	22.17	21.60	21.60	57345
09/30/10	29.28	29.77	29.12	29.28	32175
12/31/10	33.15	33.25	32.95	33.15	41901

Table 9 Louis Vuitton stock prices before joining Instagram

Date	Open	High	Low	Close	Volume
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03/31/14	36.65	37.24	36.25	36.65	11101
06/30/14	38.58	38.75	38.44	38.58	48805
09/30/14	32.39	32.72	32.31	32.39	113537
12/31/14	34.435	34.62	34.35	34.435	74472

Table 10 Louis Vuitton Stocks Prices three years after Implementation of Instagram

Below, table 11 shows the results of the t-test performed using the closing cost of the quarterly stock prices.

T-test Louis Vuitton	0.054304
t-value for two-tailed test with significance level of 0.05 and degrees of freedom = 3	2.353363

Table 11 T-test results of Louis Vuitton

The t-value for Louis Vuitton at 95% confidence intervals and a degree of freedom of 3 was 0.054. Therefore, the null hypothesis is not rejected for Louis Vuitton. This implies that no relationship between Instagram marketing and Louis Vuitton’s stock prices was found.

Ralph Lauren

Ralph Lauren Corporation was founded in 1967 by Ralph Lauren. It all began with men’s ties. At age 28, Ralph worked for tie manufacturers and persuaded the company president to let him start his own line named “Polo” in 1968. The company joined Instagram September 2011 and now has 14.3 million followers on Instagram. Tables 12

and 13 show Ralph Lauren’s stock prices 2 years before and 3 years after the use of Instagram.

Date	Open	High	Low	Close	Volume
3/31/09	42.94	43.32	41.53	42.25	1025778
6/30/09	53.86	55.35	53.12	53.54	1268578
9/30/09	77.84	77.87	76	76.62	857361
12/31/09	82.66	82.66	80.98	80.98	371262

Table 12. Ralph Lauren stock prices two years prior to implementation of Instagram

Date	Open	High	Low	Close	Volume
03/31/14	159.78	161.21	159.06	160.93	867714
06/30/14	161	161.11	159.05	160.69	674606
09/30/14	164.89	165.70	163.76	164.73	694755
12/31/14	186.41	187.49	185.12	185.16	461703

Table 13 Ralph Lauren stock prices three years after implementation of Instagram

Below, table 14 shows the results of the t-test performed using the closing cost of the quarterly stock prices.

t-test Ralph Lauren	0.000239
t-value for two-tailed test with significance level of 0.05 and degrees of freedom = 3	2.353363

Table 14 t-test results of Ralph Lauren

The results for Ralph Lauren shows a p-value of 0.0002. Therefore, the null hypothesis is rejected for Ralph Lauren because the T value is less than 0.05. This implies that Instagram marketing for Ralph Lauren as a luxury brand's advertising method may have had an effect on the brand's stock prices.

Burberry

Burberry was founded in 1856 in the United Kingdom by Thomas Burberry at the age of 21. Thomas believed that clothing should be designed to protect people from British weather. The company joined Instagram February 2011 and now has 19.9 million followers on Instagram. Tables 15 and 16 show Burberry's stock prices 2 years before and 3 years after the use of Instagram.

Date	Open	High	Low	Close	Volume
3/31/09					
6/30/09					
9/30/09	7.92	7.92	7.92	7.92	0
12/31/09	9.35	9.35	9.35	9.35	0

Table 15 Burberry stock prices two years prior to implementation of Instagram

Date	Open	High	Low	Close	Volume
3/31/14	23.465	23.465	23.205	23.265	393200
6/30/14	25.205	25.445	25.205	25.36	33400
9/30/14	24.425	24.62	24.37	24.475	281200
12/31/14	25.66	25.66	25.17	25.21	23200

Table 16 Burberry stock prices three years after implementation of Instagram

Below, table 17 shows the results of the t-test performed using the closing cost of the quarterly stock prices.

T-test Burberry	0.006824
t-value for two-tailed test with significance level of 0.05 and degrees of freedom = 1	6.313752

Table 17 Burberry t-test results

The table below shows Burberry had a “t” value of .0068 for Burberry at 95% confidence intervals and a degree of freedom of 1. Therefore, the null hypothesis is rejected for Burberry. This implies that Instagram marketing for Burberry as a luxury brand’s advertising method may have had an effect on the brand’s stock prices.

CHAPTER 5

Conclusion

In conclusion, the study found that Louis Vuitton, Ralph Lauren, and Burberry were affected by strategic marketing on Instagram. The average cost of stock prices from 2 years prior to joining Instagram and 3 years after increased. Which shows the positive effects that came after the companies decided to appeal to the younger generation by utilizing a popular format that appeals to them, which is Instagram. My results have proven the effectiveness for all three luxury brands.

The null hypothesis was not rejected for Louis Vuitton. This implies that no relationship between Instagram marketing and Louis Vuitton's stock prices was found. However, when they changed their perspective and decided to utilize social media, they gained 35.4 million followers on Instagram as of 2019 while the global revenue was \$22 billion.

The null hypothesis is rejected for Ralph Lauren because the T value is less than 0.05. This implies that Instagram marketing for Ralph Lauren as a luxury brand's advertising method may have had an effect on the brand's stock prices. This occurred as a result of the company joining Instagram September 2011 and now has 14.3 million followers on Instagram.

The null hypothesis is rejected for Burberry. This implies that Instagram marketing for Burberry as a luxury brand's advertising method may have had an effect on the

brand's stock prices. This occurred following the company's decision to join Instagram February 2011 and now has 19.9 million followers on Instagram.

Limitations and Future Directions for Expanding Research

What it does not include in the findings, is a connection of the culture and consumer brand interests in luxury brands through the usage of social media among millennials from Brazil and Italy.

Although the "Social Media Marketing Efforts of Luxury Brands on Instagram" study does provide extensive details in knowing the great impact that Instagram can have on a luxury brand, it does not contain information that can be verified but it must be experienced through trial and error. The writer does acknowledge that in the future to expand this research and to make it more valid, that measurable research with actual data to determine the true extent to how well Instagram can impact the buying of luxury or high-end fashion brands. The study also suggests they consider extending the research using text mining and sentiment analysis to obtain new interests from users about how they use and perceive luxury fashion brands' existence on Instagram. Another vision on how the study could have been done is to have created a research study that can go across cultures to determine how Instagram users view social media marketing practices of luxury fashion brands (Vinerean & Opreana, 2019).

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