

Analyzing the Potential Benefits of Brand Ambassador Marketing

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Abstract. Prada's lackluster performance in the Chinese market in recent years can be attributed to its marketing plan errors. Prada launched a new collaboration with the Chinese Women's Football Team on July 10, 2023. The objective of this study was to examine the impact of the recent collaboration on Prada's business growth in the Chinese market. This study employed data from Chinese consumers, financial reports from the Prada Group, and relevant studies to clarify this subject and ultimately reach a conclusion. By employing brand ambassadors, Prada may improve its unfavorable brand image and boost its online engagement with consumers, resulting in further advantages. The new collaboration allows Prada to strengthen customer loyalty to its brand. To increase the probability of customers making repeat purchases, Prada should offer exceptional designs in its unique collections for the football team. Furthermore, this collaboration enables Prada to broaden its market penetration. In order to enhance its performance, Prada should enhance its aesthetic and provide a wider range of prototype products for its brand ambassadors. This article enhances and supplements the current research on the brand ambassador marketing strategy. Additionally, this report provides guidance to luxury brands regarding novel marketing methods.

Keywords: Luxury Marketing; Luxury Brands; Brand ambassadors; Sports Sponsorship.

1. Introduction

In recent decades, China has experienced rapid economic growth. As a result, an increasing number of middle-class families in China are prioritizing other consumptions over meeting their basic needs. Mo's hypothesis test suggests that income level significantly influences the decision-making stage of luxury consumers [1]. In other words, with China's rapid growth, the demand for luxury products is increasing. Therefore, the luxury industry views China as a potentially lucrative market. However, in 2020, the pandemic will accidentally hit the global luxury market. The total revenue of the luxury industry shrank by over 20% because of the COVID-19 crisis [2]. The negative impacts of COVID-19 were relatively significant in China because of the domestic lockdown policy and travel restrictions. Nowadays, the market is still recovering from the pandemic and has witnessed changes in people's consumption patterns. One major difference in China is that consumers' preferences are further digitalized. According to Bain & Company, online sales of luxury increased significantly faster than offline experiences after the pandemic (56% to 30%) [3]. As a result, luxury brands must adapt their marketing strategies to accommodate this change. To improve their online performance, luxury brands frequently appoint domestic influencers as brand ambassadors or brand endorsers. The definition of a brand ambassador is 'a person who supports a brand from a popular public figure', and their role is to enhance the brand's sales number by strengthening the connection with customers [4]. Compared to the brand endorsers, brand ambassadors are considered to have a longer-term and more committed relationship with the brand. Furthermore, experts assert that brand ambassadors positively influence and promote the DNA or image of luxury brands.

In the last decade, Prada has long been one of the most successful luxury brands in China; it ranked fifth place in the Luxury Brand China Power Rankings 2023 [5]. However, Prada did not perform well in the influencer marketing category. In 2023, Prada's new brand endorser, Cai Xukun, faced accusations of sexual harassment. Following this incident, controversy surrounded Cai's appointment as Prada's third endorser. As a result, Chinese social media referred to the brand as suffering from a "spokesperson curse," negatively impacting its image. Therefore, Prada needed to address the

negative perceptions surrounding their brand. To implement this, Prada announced a new partnership with the Chinese Women's Football Team. As a result, Prada has successfully transformed its brand image in the Chinese market.

In recent years, there has been more work on the influence of brand endorsers. Researchers stated that influencers contribute to the increase in brands' revenue. For instance, Sun et al. pointed out that famous brand endorser's lead to a significant increase in the purchase intention of consumers, especially among the younger generations [6]. However, economists warn that brand endorsers will have no effect or even work against luxury brands. For instance, Kim and his partners' hypothesis test revealed that brand endorsers have minimal impact on the perception of luxury brands [7]. Furthermore, Qian and Park indicated that brand endorsers could cause dissatisfaction and even dilution of the brand. Namely, most consumers buy luxury products because they love those influencers rather than the brand itself [8].

As previously discussed, a wide variety of research has been conducted on the impact of brand endorsers. These papers also suggest that this marketing strategy has potential negative impacts on the brand image. However, direct exploration of brand ambassadors has been rare. Particularly, research on the impact of brand ambassadors on brand characteristics lacks concrete evidence. Brand endorsers perceive additional research in this field as a potential resolution to the preceding issue.

This paper therefore discusses how the partnership with the Chinese Women's Football Team helps Prada improve its brand image positively. The goal here is to discuss how Prada can benefit from its new partnership and explore possible reasons behind it. Furthermore, this paper will offer guidance on enhancing Prada's brand image in the face of rumors, based on a case study of the brand. This research's contribution should be of broad interest. First and foremost, this paper provides theoretical support for the cooperation between luxury brands and sports stars. Additionally, the outcome of this paper provides guidance for brands facing rumors and negative events. Furthermore, this paper serves as a reference for the luxury industry to consider greater social responsibility through sponsorship or other actions.

To achieve the aforementioned objectives, this paper will begin with a brief description of Prada and provide detailed information about the partnership between Prada and the Chinese Women's Football team. Next, the study will examine the case from three distinct perspectives: enhancing the brand's image, restoring consumer trust in Prada, and expanding Prada's potential markets while focusing on its target audience. In conclusion, this paper will provide numerous recommendations for enhancing Prada's brand image and market share.

2. Case Description

Prada is an Italian Luxury brand founded in 1913. At the very beginning of the brand, Prada became the official supplier of the Italian Royal. During that period of time, it specialised in leather products like suitcases and handbags. Prada gradually developed new product lines with nylon and other fabric materials after 50 years' time. Nowadays, Prada has become a comprehensive luxury brand that provides ready-to-wear, fragrance, and accessories. Prada is known for its elegant design styles which combine multiple elements from different areas of art, and its unique brand characteristics. Prada emphasizes that women should be confident, and independent in their lives. It expresses this kind of consciousness through its products, fashion shows, and also through its endorsers or ambassadors. As a result of its unique style and consciousness, Prada has been relatively successful in recent years. Especially in the Asia Pacific area which has become Prada's most important market around the world, Prada witnessed an increase of 10% in the first half of 2024 [9].

However, the previously mentioned 'spokesperson curse' of Prada recently affected Prada's brand negatively. After Cai Xukun, Prada's new endorser was accused of abortion and illegal monitoring, Prada's last three endorsers were an absolute failure in marketing. According to the Global Times, the 'spokesperson curse' related topics were viewed over 300 million times only in a single day [10].

In other words, Prada was highly linked to sexual rumours because of its endorsers at that time which is entirely in contrast to its brand image. The brand hence needed to take other strategies to transform its brand image.

In order to accomplish this, Prada announced a new partnership with the Chinese Women's Football Team on 10 July 2023. Prada became the new sponsor of the football team and the brand had three players: Yang Lina, Chen Qiaozhu, and Dou Jiaying as its new ambassadors. On the day when the partnership was announced, Prada also released a video of the sports team wearing specially designed black suits with white shirts provided by the luxury company. After this, Prada also released a special collection for the football team during the Chinese New Year 2024. As a result of this new partnership, the announcement received over 300 million times of views on 10 July [11]. Furthermore, according to its official report, its revenue in the last quarter of 2023 increased 32% in the Asia Pacific area compared to last year, which is a relatively high rate because the whole year's increase was just 24% [12].

3. Analysis on Problems

3.1. Transform Brand Image

One major benefit of this new partnership is that Prada could transform its brand image from the failure of previous marketing strategies.

The Chinese Women's Football Team is one of the most famous and successful sports teams in China. The nickname 'Steel Rose' often connotes confidence, power, and an unwavering spirit. That is to say, the football team could be an ideal choice of ambassador for Prada, which is representative enough of the brand's DNA. After the announcement surfaced on Chinese social media, the public enthusiastically embraced it, shifting their focus from previous rumors. Common statements such as 'It's great that Prada and women's football soccer team are partnering with each other' were widely shared. It wasn't Prada's problem, but rather the personal issues of the troubled celebrities [11]. Millions of people viewed and strongly agreed with the statement "Prada was also a victim" [11]. These occurrences reveal that the public's focus shifted from Prada's lack of endorsers to the football team and players' awareness.

Related papers on this area also provide theoretical support for this event. Most basically, case studies and related hypothesis tests have already verified that brand ambassadors have a positive influence on brand image. For instance, an Indonesian case study found that the appointment of brand ambassadors enhanced the brand image by 12.4% [13]. Furthermore, some researchers maintain that the appointment of brand ambassadors enhances consumers' understanding of the brand's consciousness and identity, thereby enhancing their perception of the brand. Cabrero and his partners suggested that consumers tend to feel closer to brands and hence get a better conception of brands through interaction with brand ambassadors. Aside from that, consumers are also likely to connect ambassadors' positive identities with the brand, thereby improving the brand's image [14]. It can be thus forecasted that the Chinese Women's Football Team and its positive consciousness can potentially enhance the brand image of Prada.

3.2. Improve Brand Loyalty

Additionally, collaborating with the Chinese Women's Football Team will also allow Prada to improve its brand loyalty and trust among consumers.

The Chinese Women's Football Team won the 2022 AFC Women's Asian Cup and was about to attend the 2023 Women's World Cup. Specifically, the announcement of the partnership marked the football team's historic achievements. These impressive results led to an increase in trust and identification between the football team and Prada, thereby increasing the likelihood of repeat purchases by consumers. For instance, common phrases such as 'The queens wear Prada' and 'These ambassadors are really positive and inspiring while exemplifying female power' are the most popular

ones. Furthermore, millions of people viewed and widely accepted the hashtag #PradaFinallyGotTheRightOne [11]. These commons and hashtags demonstrate the public's appreciation for Prada's new partnership and their belief in its potential for future success.

In order to provide further evidence for the opinion, related research will be employed in the following discussions. People widely accept the positive relationship between brand trust and the popularity of brand ambassadors. One possible reason for this idea is the more frequent interaction between the brand or brand ambassadors and the consumers. For instance, Arzaqi's team concluded that positive responses from brand influencers correlate with brand trust [15]. In other words, consumers are more likely to accept recommendations from the football team, which in turn fosters trust in Prada. Furthermore, consumers will establish a connection between the brand and its ambassadors. As a result, consumers will improve their conception and understanding of the brand. Yu and their partners posited that the belief and trust in ambassadors could enhance consumers' perception of the brand with greater reliability [16]. In reality, as the national football team, Prada's new ambassadors are highly trusted and followed by the public, meaning this partnership will potentially improve Prada's brand trust.

3.3. Explore Potential Market

Apart from the previous two benefits mentioned above, the new partnership will also contribute to the exploration of Prada's potential market and exposure.

The main reason for this is that the previous Prada consumer group did not fully align with the Chinese Women's Football Team's followers and fans. Therefore, the new sponsorship would introduce Prada to a wider audience, particularly the female fans of the team. Additionally, Prada has appointed three football players as its new ambassadors. Therefore, fans of these players are more likely to gain a deeper understanding of the brand, thereby increasing the likelihood of consuming at Prada House. The brand ambassadors achieve this through their daily use of Prada goods and their attendance at Prada's events. Through these activities, fans who are not familiar with Prada will witness the impressive art and legendary history of Prada. Indeed, Prada has benefited from its new sponsorship in terms of sales. In its 2023 annual report, it mentioned that its revenue in China experienced a re-acceleration in the fourth quarter of 2023, which is significantly higher than the annual increase in 2023 [12].

Moreover, a plethora of studies in the relevant field provide substantial support for this notion. Previous studies on sports sponsorship have confirmed that it has the potential to convert sports team supporters into consumers. Demirel's study found that sports sponsorship had a positive impact on the consumption inclination among sports club followers [17]. In a similar vein, Pan and Phua posited that engaging in self-enhancement actions among sports fans will boost their affiliation with the sponsor brand [18]. Prada's sponsorship of the football team will progressively expand its pool of prospective buyers, therefore enhancing its earnings.

4. Literature References

4.1. Suggestion on Transforming Brand Image

First and foremost, Prada could increase its online interaction with the public, especially through videos and pictures. Prada should implement this by integrating its brand stories with the awareness of its new ambassadors and the entire team.

According to the luxury industry report from Bain & Company, Chinese consumers have become increasingly interested in online consumption after the pandemic [3]. Specifically, the public is more likely to obtain Prada's information through online platforms such as social media and the official website.

Therefore, Prada should consider increasing the importance of its online advertising and storytelling. Rather than pure text information, the public is more likely to better memorize information paired with images and videos. The study by Sharhin's team verifies this. In their quantitative test on the fashion brands in Malaysia, they found that consumers felt better connected to brands that posted brand stories with images or videos. Meanwhile, they suggested that brands should incorporate more elements and social issues that are more relatable to consumers' lives [19]. In other words, more posts with the football team could draw consumers closer to Prada and hence allow them to better understand its brand image.

4.2. Suggestion on Enhancing Brand Loyalty

Furthermore, Prada should consider enhancing the design of the special collections it offers to the football team. The new partnership with Prada significantly enhanced brand loyalty. There were still negative comments about Prada's design style and the special collection. For instance, some people were arguing that the suits provided by Prada were too gender-neutral and could not demonstrate the original beauty of the girls. Similarly, a significant number of people supported common opinions such as 'Prada can improve for the girls [11]' and 'this doesn't look good enough [11].' That is to say, not all consumers are satisfied with Prada's new collection, which could potentially be harmful to Prada's brand trust and loyalty. According to Malhan and Agnihotri, consuming experience and satisfaction can have a significant impact on brand loyalty, which means that people are more likely to repeat buying the brand if they felt a sense of pleasure during their previous consumption [20]. As a luxury fashion brand, the design and product quality are crucial elements that decide consumers' satisfaction rate. With more unique designs and high-quality materials, Prada is more likely to enhance its brand loyalty. Therefore, Prada should contemplate incorporating more vibrant sports team elements into its special collection designs to enhance its popularity among the public.

4.3. Suggestion on Enlarging Potential Market

Last but not least, Prada could potentially enhance the styles of its special collection for the Chinese Women's Football Team, or provide additional samples to its new ambassadors. As a result of these efforts, Prada can anticipate a positive outcome in terms of expanding its potential market. As previously discussed, the public perceived Prada's collection as inadequately tailored to the players. The suit itself and its gender-neutral style seemed wise to the girl. Meanwhile, in the Chinese market, women's suits with shirts were not that popular. Therefore, it can be expected Chinese consumers to favour a more relaxed and athletic style. Marimba and their mates conducted a hypothesis test in the fashion industry, and they concluded that designers and brands who could better meet the market expectations were able to attract more potential consumers [21]. Thus, by switching its special collection style, Prada can improve the willingness of its potential consumers to buy its products. Similarly, offering ambassadors more sample products and asking them to post photos about it on social media can also help Prada expand its potential market. Their ambassadors' fans may not pay attention to Prada's events or collections, but they will follow their social media. Messages with photos of Prada's products and positives that they share would motivate fans to try Prada's goods and, as a result, become new Prada consumers.

5. Conclusion

This paper conducted a case study on the new marketing strategies after COVID-19 in China. The author aimed to investigate the brand ambassador marketing strategy and, as a result, discuss what benefits it can bring to luxury brands. To accomplish this, the research analyzes the benefits of the partnership between Prada and the Chinese Women's Football Team in the following three aspects: transforming brand image, enhancing brand loyalty, and exploring potential markets. This study found that Prada has implemented a great job in these three aspects, though there are still several suggestions for improvement.

The study serves as a valuable addition to the existing literature on brand ambassadors. Meanwhile, this paper offers evidence to support previous theories about the benefits of influencer marketing on brand loyalty and brand image. It concluded that influencer marketing could contribute to both of these aspects. Apart from these theoretical contributions, this research also provides a reference for luxury brands when considering new marketing strategies. The detailed information in this paper also guides luxury brands in identifying suitable brand ambassadors and establishing the most effective partnership with influencers.

However, this paper was unable to accurately determine Prada's revenue in China due to the Prada group's failure to include this data in its reports or presentations. All the data provided pertains to the revenue generated in the Asia-Pacific region, with the exception of Japan. Specifically, other countries such as South Korea may be contributing to the growth rate. Additionally, the market in China was still recovering from the pandemic, which means that the rapid growth in Prada's revenue could also be due to reasons other than the partnership. Similarly, this study is just focusing on the last quarter of 2023 and the first quarter of 2024, which is a relatively short period. To put it another way, this paper is only analyzing the short-term impacts of appointing brand ambassadors.

First, the limitations discussed above require future studies to be based on more accurate data to reflect to what extent the ambassadors boosted Prada's sales. Furthermore, future papers should also consider conducting research over a longer period of time to see whether the benefits remain.

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