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STOCK MARKET RESPONSES TO LUXURY BRAND MARKETING INITIATIVES: AN EVENT STUDY APPROACH

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Abstract

Marketing activities are crucial in communicating brand value to the target market. A luxury brand's communications reflect its legacy and superiority, which can have a significant impact on a wider audience. The present research aims to quantify the stock market's response to the marketing communications of a luxury firm. The present research aims to quantify the stock market reactions to the marketing communications of a luxury firm. Beyond investor behaviour, these reactions are also indicative of how enterprise-level messaging reverberates across the interconnected ecosystem of stakeholders-ranging from consumers and shareholders to local communities and entrepreneurial actors aligned with the brand's value chain. By adopting the event study methodology, this study tests the impact of the marketing communications of a world-renowned luxury firm LVMH on the stock market. The research has been undertaken with five years LVMH marketing events, stock index and CAC Index. The index data has been collected from BLOOMBERG Terminals. The findings of this study outline the impact of various marketing communications on stock prices on the event day, anticipation, adjustment, and total measurement window. This paper will offer insights to luxury brand managers who seek to amalgamate marketing and finance in a view to perform corporate branding as a future of modern marketing. Although the increased attention paid to branding strategies and stock performance, very little is reported to understand the stock market behaviour of luxury companies. Despite being a well-established research domain, stock market reaction remains an under-explored phenomenon in luxury brand marketing. This study might be the first to perform in a luxury brand category. By filling this gap, the research advances understanding of the dynamic interactions between brand messaging, market responses, and community engagement in a high-value, niche sector.

Keywords: Luxury, Event Study, Stock Price, Marketing, LVMH.

1. INTRODUCTION

The luxury market is evolving rapidly across new geographies with new-generation customers. Luxury fashion is a highly splurging category in products and services, with a market volume of $111.50 billion in 2023 (Statista, 2023). The luxury industry revenues in 2023 reached new heights to $354.80bn and the market is expected to achieve a CAGR of 3.38% in 2023-2028 (Statista, 2023). It indicates that luxury brands are making a big difference in the global economy. Not just sales but stocks of luxury goods companies have also witnessed positive consumer sentiments. The luxury stocks of top leaders such as Tesla (73.7%), LVMH (23.4%), Toll Brothers (44%), Ferrari (40.4%), and Compagnie Financière Richemont SA (24.2%) have gained remarkably in the year 2022-2023 (Mullaney, 2023). In 2023, the Paris-based company LVMH Moët Hennessy-Louis Vuitton SE (parent of 75 brand houses operating in six diverse categories) became the first European brand to surpass the $500 billion market value and Bernard Arnault, owner of LVMH became the richest man in the world (Ponthous, 2023). The LVMH-owned brands Louis Vuitton and Christian Dior have been in the top 10 in the world ranking of luxury and premium brands (Brand Directory ranking, 2023).

The luxury industry has experienced a proliferation of new-age marketing because of increasing consumer interest in owning luxury goods as a style statement and social status. Nowadays, managing a luxury brand is a real challenge; the diversity, changing consumer attitudes, digitalization, and globalization have impacted consumer consumption practices. In the last decade, not just developed but emerging economies like Brazil, China, and India have seen an increase in luxury consumption (Kapferer and Bastien, 2012). It is the prestige and authenticity that reinforces the consumers' interest in buying a luxury (Heine, 2018). Consumer perception of owning luxury is influenced by awareness, social group affiliations, and convenience of access (Kowalczyk and Mitchell, 2022). Luxury brands' communications with a set of activities create a dream buy for prospective customers. These communications offer profound implications to luxury brand managers in a view to increase the affiliation for luxury consumption. The stock market performance Vis a Vis brand marketing activities quantifies the public reaction to brand marketing. Earlier studies measuring the impact of marketing activities such as brand extensions, changes in brand name, etc. are found to be aligned with stock market performance (Keller *et al.,* 2017). And therefore, brand marketing performs positively for stock market performance. However, the academic literature studying the impact of marketing activities on stock performance in reference to luxury branding is not very evident. Stating this important gap, the present study aims to understand the impact of the marketing activities of a luxury brand on stock prices. This paper commences with an overview of the literature on luxury brands' marketing activities and stock performance. This is followed by research methodology and then the results have been presented. The paper concludes with a discussion, implications, limitations, and prospects for future research.

2. THEORETICAL BACKGROUND

2.1 The Luxury of Luxury brands

The word luxury is derived from the Latin word "luxuria" which means extravagance, abundance, and excess (Oxford English Dictionary, 2016). The present definition of luxury defines it as a great comfort or pleasure in beautiful and expensive surroundings (Collins English Dictionary, 2023). In marketing literature, luxury has been defined as a premium product or service, excellence, exclusivity, extra-ordinary experience, and more likely a status quo (Kapferer and Valette-Florence, 2016; Keller, 2009; Tynan *et al.*, 2010; Chevalier and Mazzalovo, 2012; Klaus, 2022). Luxurious products or services don't just serve the necessity to their buyers but endorse a sensuality in terms of prestige and premium feel. An aesthetic value and heritage history are the other considerations that are important for luxury shoppers (Berry, 1994; Dubois *et al.,* 2001). The timeless feature of these premium offerings adds enduring value to luxury ownership (Kessous *et al.,* 2016). In comparison to functionality, luxury buyers are more willing to spend on status-enhancing goods (Kastanakis and Balabanis, 2012; Vigneron and Johnson, 1999). Luxurious brands have been recognized for their premium pricing, exclusivity, extraordinary experiences, and superior quality cues. Both self-esteem and social image are perceived to be important drivers for luxury brand ownership (Sreejesh *et al.,* 2016). Brand image offers a pleasurable experience to shoppers (Keller *et al.,* 2017). The global origin of a luxury company is another consideration for a certain group of consumers to be attached to a specific brand (Sreejesh *et al.,* 2016). The market of luxury brands at a global level has thrived in recent years with multi-fold demand and consumption of high-status goods. Nowadays, luxury buyers do not just belong to the super-rich or upper class of society, but the upper-middle and middle income are equally stretching their budgets to have luxurious possessions (D'Arpizio *et al.,* 2023).

The French conglomerates: LVMH, L'oreal, Hermes, and Christian Dior are leading in luxury sales. The recent annual sales reports of French firms in luxury selling are three times superscale of the Swiss, four times of the United States of America and China, and twelve times of Italy. Recently, LVMH tops the European market by market capitalization and joined the ranking of world's 10 biggest companies. The trend of luxury buying in other economies like China, India, Brazil, and Mexico is booming. Globally, the luxury market is estimated to grow at a CAGR of 5.4% with a size volume of US$242.8 Billion by 2030 (Statista, 2023). Luxury fashion is a most emerging segment in the world of luxury branding. E-commerce has potentially increased consumer reach to global brands (Guercini *et al.,* 2020). However, from ornaments to automobiles, consumers' interest in buying luxury goods is rising. The symbolic desire to increase social status is a major driver in acquiring luxurious goods (Kapferer and Bastien, 2012; Keller, 2009).

2.2 The Luxury Brands and their Marketing Actions

The Luxury brand's marketing strategy includes various events that differentiate them from the competition and showcase their rich affinity in society (Keller, 2009). A luxury brand's effort to show exclusivity include activities that promotes uniqueness and status identity. To promote the status identity, companies usually focus on a large set of activities which include sponsorship events, celebrity-based associations, brand campaigning, new product/service announcements, marketing alliances, joint-venture announcements, digital channel associations, and other brand-content-based communications (Keller *et al.,* 2017; Schiffman *et al.,* 2019; Cornwell *et al.,* 2005; Mazodier and Rezaee 2013; Raassens *et al.,* 2012; Borah and Tellis 2014; Sorescu *et al.,* 2007; Kapferer and Bastien, 2012). Buyers usually perceive the brand identity with a favourable activity that highlights the company's effort to endorse the premium image of the brand. It is not just related to utilitarian and hedonic appeals related to a product or service but all other communications that position and maintain a premium image of a brand (Keller, 2009). Luxury brands' communications through multimedia marketing are more appropriate to connect with premium value-seeking consumers (Kapferer and Bastien, 2012). For luxury clients, buying a luxury item is not just about price, quality, or any other tangible feature but more of a member of the community that endorses a charismatic experience (Dion and Arnould, 2018). Charismatic experience encourages consumers to be active and adore the brand's aesthetic ideology. To remain elegant and excellent, it is crucial for luxury brands to position themselves highly in the consumers' minds (Heine, 2018). Luxury brands always focus on unique intangible aspects to deliver exceptional and exclusive experiences. To promote exclusivity, brands usually launch their product and services with limited editions, focused advertising campaigns, celebrity-based product lines, testimonials, and other social responsibility events that make up the premium brand identity (Kapferer and Bastien, 2012). The selective celebrity associations offer the priority feeling to luxury buyers. Luxury brand collaborations with celebrity artists are timebound to enhance credibility and attractiveness, brands usually promote their products as limited-edition products. The status seeker customers expect exclusivity, so they prefer to buy limited edition products which lets them be part of the elite class (Theodoridis and Vassou, 2018).

2.2 The Luxury Brands and their Stock Performance

The financial performance of luxury brands largely impacted by luxury strategy (Kapferer and Bastien, 2012). The luxury strategy offers the symbolic and aesthetic value to consumers. By offering the unique luxury experience, companies can reinforce the public desire to connect with the brand (Chailan and Valek, 2018). A strong brand image allows companies to increase their financial value which is a major consideration in evaluating the financial performance of a luxury goods company (Kapferer and Bastien, 2012; Keller *et al.,* 2017). The decline in luxury sales in China has been found to impact the stock market performance (Ponthus, 2023). Luxury companies structured with family-based equity ownership have very high net profitability (Kapferer and Bastien, 2012). It is well said that luxury brands do not just communicate to sell but endorse themselves as a social desire to be associated with (Kapferer and Bastien, 2012). The marketing activities promoting novelty, status, and style help luxury brands to maintain high brand value. The brand value plays an important role in understanding the stock market performance on a periodic basis.

However, the studies of marketing activities measurement on stock performance may vary. Previous studies measuring the stock reaction accentuated positive, negative, and neutral reactions of the stock market to new product developments, announcements, brand identity changes, mergers & acquisitions, marketing alliances, brand acquisitions, and channel distribution (Wiles *et al.,* 2012; Swaminathan and Moorman 2009; Sood and Tellis 2009; Raassens *et al.,* 2012; Borah and Tellis 2014; Wiles *et al.,* 2012; Kalaignanam and Bahadir 2013; Mazodier and Rezaee 2013; Homburg *et al.,* 2014).

Getting in tune with the specific events that make a positive impact on stock performance, it is crucial to estimate the financial value of luxury brands. The stock price variations with respect to changes in brand extensions (Hosky and Swyngedouw, 1987), brand extension announcements (Lane and Johnson, 1995), brand portfolio (Morgan and Rego, 2009), and branding strategies (Rao *et al.,* 2004) have been successfully undertaken in view to check the stock market reaction. The marketing-oriented sponsorship activities also show both positive (Cornwell *et al.,* 2005; Miyazaki & Morgan, 2001) and negative (Farell & Frame, 1997; Oztur *et al.,* 2004) effects on stock market reaction. The positive and negative stock reactions vary with commercial and philanthropic motives attached to sponsorships (Calderon-Martinez *et al.,* 2005). Studies measuring the impact of luxury brands' marketing activities on stock performance are scarce and do not provide any rationale for positive, negative, or neutral reactions. Thus, a need to study the effect of luxury brands' marketing activities on stock performance would offer us more clarity where previous literature lacks consensus.

3. RESEARCH METHODOLOGY

3.1 The event-study methodology and the luxury brands

Sample

Establish in Paris, France LVMH Moët Hennessy-Louis Vuitton SE popularly known as LVMH is a powerhouse in the luxury goods industry. In 2023, under the ownership of Bernard Arnault LVMH became the first European firm to have a valuation of $500 billion (Ponthous, 2023).

By managing the extended portfolio of 75 luxurious brands such as Tiffany & Co., Louis Vuitton, Christian Dior, Fendi, Givenchy, Marc Jacobs, Stella McCartney, Loewe, Loro Piana, Kenzo, Celine, Sephora, Princess Yachts, TAG Heuer, and Bulgari, LVMH is vigorous in organizing mega marketing activities across diverse products/services categories. These activities (events) range from brand acquisitions, limited-edition product launches, sponsorships, collaborations, outsourcing agreements, announcements of marketing alliances, and other brand marketing-specific activities that display LVMH efforts and resources. Being a luxury global giant, the authors find LVMH as the best choice mainly because of its financial growth in terms of stock performance, revenues, mergers/acquisitions with international brands, and impressive brand positioning with a series of marketing events.

Selection of events

Event-study is a method to study market efficiency in view of the occurrence of corporate events. The events in the marketing field includes launch of new products, collaboration with international celebrities, Product-line extensions, sustainability-focused brand promotions, display of brands on public platforms, distribution expansion etc. to promote a positive brand image (Homburg *et al.,* 2014; Sorescu *et al.*, 2007; Borah and Tellis 2014; Sorescu *et al.,* 2017). LVMH's list of events includes activities like mergers/acquisitions, the launch of new products, collaboration with international artists, mega fashion events etc. across the various products categories: Wines & Spirits, Fashion & Leather Goods, Perfumes & cosmetics, Watches & Jewellery, Selective Readings, and other activities.

The measurement window

The measurement window includes the anticipation and adjustment period in reference to event day. Anticipation is the time prior to event day and adjustment suggests the period after the event day. The length of measurement window is subjective. Depending upon the field of study, it can be referred from days to years (Boyd *et al.,* 2010; Sorescu *et al.,* 2017; Wu *et al.,* 2015; Cornwell *et al.,* 2005) for example in marketing field one to thirty days while in finance three months to five years usually found to be effective. The present paper targets on marketing events exclusively of LVMH, so the measurement window of 10 days both in anticipation and adjustment has been taken. Event day in LVMH has been defined as a day when company made announcement of their marketing activity on their corporate website.

-10	0	+10
anticipation time	event day	adjustment time

The Capital Asset Pricing Model (CAPM)

The market efficiency in terms of abnormal returns measures the stock market reaction with reference to occurrence of an event. Abnormal returns can be measured by periodic stock data i.e. daily, monthly and yearly depending the measurement window around event day. In the present paper, the Capital Asset Pricing Model is performed to calculate abnormal return using a risk-free rate of return, anticipated market return, and beta coefficient. This study proposes the daily stock data for the calculation of abnormal returns. The CAPM shows that required rate of return is equal to the risk-free return plus a risk premium, which is based on the beta of that security. The CAPM is applied according to this formula:

$R_i = \infty + \beta\ (R_m - \alpha)$

$\infty =$ risk free return

$\beta =$ beta of the stock

$R_m =$ return of CAC40

$Ri =$ required rate of return

Time period and data source

For this study, marketing events and changes in stock price indices have been studied during the period year 2018 to 2023, and refinement has been done in listing the total number of events. The generic nature events have been excluded for the final analysis to avoid the duplication and vagueness. The marketing events mentioned under the news & media section on the LVMH website have been finally selected to perform the event study methodology. The events have been source from company's web portal https://www.lvmh.com/news-documents/. The total number of events used for analysis is ninety-five under the categories of Wines & Spirits, Fashion & Leather Goods, Perfumes & cosmetics, Watches & Jewellery, Selective

Readings, and other activities. A daily last price of LVMH Moet Hennessey stock index and CAC Index is used to find out the market return and other statistics required to perform the event study methodology. The stock indices information has been collected from BLOOMBERG Terminals.

Hypothesis development

Event study suggests that events of a firm have a crucial impact on the stock prices of a firm (MacKinlay, 1997). A methodology developed by finance and economics researchers (MacKinlay, 1997; Lee and Mas 2012) has gained much importance in other areas of business studies i.e. operational management (Yang *et al.,* 2012) and marketing (Swaminathan *et al.,* 2008; Sorescu *et al.,* 2017). The event study methodology checks the financial markets' reactions in congruence to a corporate activity designed for the public. In other words, the stock price reaction in a positive or negative sense makes a way to understand the financial performance of a company. The choice of stock price over other performance metrics such as profits, sales, return on investment, and capital structuring preferred as later considered as periodic assessment measures (Sorescu *et al.,* 2017). Thus, based on the event study methodology applications in a luxury brand's marketing activities we propose the following:

H1: A luxury brand's marketing activities have no effect on the stock price on the event day.

H2: A luxury brand's marketing activities have no effect on the stock price during the anticipation period.

H3: A luxury brand's marketing activities have no effect on the stock price during the adjustment period.

H4: A luxury brand's marketing activities have no effect on the stock price during the measurement window.

4. EVENT STUDY RESULTS AND ANALYSIS

The event study methodology has been used to test the H1, H2, H3, and H4 by measuring how the announcement of marketing activities influences the stock price indices of a luxury company. The change in stock price has been tested with abnormal returns with the CAPM model. The CAPM performed for ninety-five events resulted in p-values with LVMH Stock price index and CAC40 market index. The p-values calculated on CAPM abnormal return for all the ninety-five events in the measurement window -10 to +10 served as dependent variable, while the events served as independent variable. The test statistics of all ninety-five events have been represented with details in respective tables. All the p-values of an event day, anticipation, adjustment, and total period have been tested at five percent level of significance. Subsequently the measurement window statistics have been displayed.

4.1 Stock Market Reaction on the event day

Table 1.1 provides the results of H1 measuring the effect of luxury brand marketing activities on stock price. As shown majority of p-values calculated on CAPM abnormal return measuring the effect of events stock price (on the event day) are significant. The results of the test statistics indicate that the reaction of stock market on event day appears to be statistically significant and the Hypothesis 1 (H1) has been accepted.

Table 1.1 LVMH p-values on the Event Day

Date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)
10-01-2018	0.08	06-09-2018	0.87	04-07-2019	0.82	16-01-2020	0.86	04-02-2022	0.72
19-01-2018	0.74	20-09-2018	0.66	15-07-2019	0.01*	28-08-2020	0.08	04-04-2022	0.12
22-01-2018	0.51	22-10-2018	0.43	17-07-2019	0.72	05-10-2020	0.98	07-04-2022	0.22
29-01-2018	0.64	25-10-2018	0.34	24-07-2019	0.34	10-11-2020	0.47	01-07-2022	0.63
19-03-2018	0.1	31-10-2018	0.31	25-07-2019	0.43	07-12-2020	0.44	22-07-2022	0.58
14-05-2018	0.86	06-11-2018	0.57	31-07-2019	0.93	11-12-2020	0.67	31-10-2022	0.1
11-06-2018	0.86	07-11-2018	0.37	02-08-2019	0.17	07-01-2021	0.07	03-11-2022	0.7
19-06-2018	0.38	10-12-2018	0.72	13-09-2019	0.71	08-01-2021	0.29	21-12-2022	0.05
27-06-2018	0.5	14-12-2018	0.78	18-09-2019	0.56	26-01-2021	0.87	16-01-2023	0.51
29-06-2018	0.51	01-02-2019	0.56	19-09-2019	0.75	27-01-2021	0.64	24-01-2023	0.54
02-07-2018	0.78	06-02-2019	0.58	03-10-2019	0.53	28-01-2021	0.41	01-03-2023	0.02*
04-07-2018	0.44	20-02-2019	0.19	10-10-2019	0.01*	30-04-2021	0.48	10-03-2023	0.01*
03-09-2018	0.44	22-02-2019	0.78	21-10-2019	0.88	11-10-2021	0.77	13-03-2023	0.00*
11-06-2018	0.86	02-04-2019	0.86	28-10-2019	0.37	18-10-2021	0.29	04-04-2023	0.38
19-06-2018	0.38	09-04-2019	0.11	30-10-2019	0.5	15-11-2021	0.27	13-04-2023	0.00*
27-06-2018	0.5	10-06-2019	0.63	04-11-2019	0.26	10-12-2021	0.74		
29-06-2018	0.51	14-06-2019	0.56	05-11-2019	0.69	15-12-2021	0.42		
02-07-2018	0.78	18-06-2019	0.69	15-11-2019	0.42	17-12-2021	0.4		
04-07-2018	0.44	20-06-2019	0.42	22-11-2019	0.99	26-01-2022	0.94		
03-09-2018	0.8	02-07-2019	0.6	25-11-2019	0.02*	31-01-2022	0.77		
Notes: * Insignificant at 5% level of significance									
Event day interpreted as announcement or press release day of marketing events									

4.2 Stock Market Reaction during the anticipation period

The H2 measuring the impact of events on stock price in the anticipation period has been accepted with significant results. The anticipation period of ten days minus to event day has been observed to test the results. Table 1.2 indicates the stock price (p-values) results in the anticipation period.

Table 1.2 LVMH p-values in the Anticipation Period

Date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)
10-01-2018	0.01*	06-09-2018	0.33	04-07-2019	0.9	16-01-2020	0.12	04-02-2022	0.18
19-01-2018	0.22	20-09-2018	0.94	15-07-2019	0.72	28-08-2020	0.01*	04-04-2022	0.59
22-01-2018	0.21	22-10-2018	0.51	17-07-2019	0.46	05-10-2020	0.77	07-04-2022	0.1
29-01-2018	0.21	25-10-2018	0.05	24-07-2019	0.25	10-11-2020	0.34	01-07-2022	0.2
19-03-2018	0.01*	31-10-2018	0.06	25-07-2019	0.34	07-12-2020	0.15	22-07-2022	0.17
14-05-2018	0.64	06-11-2018	0.4	31-07-2019	0.56	11-12-2020	0.83	31-10-2022	0.27
11-06-2018	0.67	07-11-2018	0.79	02-08-2019	0.51	07-01-2021	0.28	03-11-2022	0.52
19-06-2018	0.34	10-12-2018	0.91	13-09-2019	0.81	08-01-2021	0.97	21-12-2022	0.28
27-06-2018	0.43	14-12-2018	0.61	18-09-2019	0.97	26-01-2021	0.65	16-01-2023	0.1
29-06-2018	0.33	01-02-2019	0.19	19-09-2019	0.34	27-01-2021	0.93	24-01-2023	0.91
02-07-2018	0.36	06-02-2019	0.33	03-10-2019	0.27	28-01-2021	0.9	01-03-2023	0.03*
04-07-2018	0.88	20-02-2019	0.76	10-10-2019	0.22	30-04-2021	0.83	10-03-2023	0.8
03-09-2018	0.88	22-02-2019	0.36	21-10-2019	0.31	11-10-2021	0.85	13-03-2023	0.1
11-06-2018	0.67	02-04-2019	0.01*	28-10-2019	0.91	18-10-2021	0.68	04-04-2023	0.71
19-06-2018	0.34	09-04-2019	0.71	30-10-2019	0.54	15-11-2021	0.83	13-04-2023	0.23
27-06-2018	0.43	10-06-2019	0.38	04-11-2019	0.47	10-12-2021	0.67		
29-06-2018	0.33	14-06-2019	0.43	05-11-2019	0.19	15-12-2021	0.28		
02-07-2018	0.36	18-06-2019	0.83	15-11-2019	0.62	17-12-2021	0.84		
04-07-2018	0.88	20-06-2019	0.02*	22-11-2019	0.01*	26-01-2022	0.65		
03-09-2018	0.53	02-07-2019	0.35	25-11-2019	0.01*	31-01-2022	0.02*		
Notes: * Insignificant at 5% level of significance									
Anticipation period interpreted as ten days prior to announcement or press release day of marketing events									

4.3 Stock Market Reaction during the adjustment period

The adjustment period of ten days plus to event day studies the stock reaction forward to happening of activity. Table 1.3 measuring the stock price reaction of company in reference to adjustment period provides the statistically significant results. It proves that there is no significant differences on the stock price during the adjustment period with respect to marketing activities.

Table 1.3 LVMH p-values in the Adjustment Period									
Date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)
10-01-2018	0.79	06-09-2018	0.61	04-07-2019	0.89	16-01-2020	0.01*	04-02-2022	0.92
19-01-2018	0.01*	20-09-2018	0.87	15-07-2019	0.05	28-08-2020	0.00*	04-04-2022	0.99
22-01-2018	0.02*	22-10-2018	0.5	17-07-2019	0.05	05-10-2020	0.89	07-04-2022	0.99
29-01-2018	0.13	25-10-2018	0.69	24-07-2019	0.67	10-11-2020	0.83	01-07-2022	0.8
19-03-2018	0.04*	31-10-2018	0.62	25-07-2019	0.75	07-12-2020	0.88	22-07-2022	0.44
14-05-2018	0.83	06-11-2018	0.7	31-07-2019	0.41	11-12-2020	0.4	31-10-2022	0.38
11-06-2018	0.18	07-11-2018	0.9	02-08-2019	0.44	07-01-2021	0.7	03-11-2022	0.17
19-06-2018	0.64	10-12-2018	0.5	13-09-2019	0.17	08-01-2021	0.78	21-12-2022	0.7
27-06-2018	0.65	14-12-2018	0.29	18-09-2019	0.85	26-01-2021	0.73	16-01-2023	0.91
29-06-2018	0.96	01-02-2019	1	19-09-2019	0.79	27-01-2021	0.98	24-01-2023	0.43
02-07-2018	0.76	06-02-2019	0.9	03-10-2019	0.26	28-01-2021	0.86	01-03-2023	0.00*
04-07-2018	0.89	20-02-2019	0.97	10-10-2019	0.74	30-04-2021	0.29	10-03-2023	0.00*
03-09-2018	0.89	22-02-2019	0.85	21-10-2019	0.5	11-10-2021	0.92	13-03-2023	0.07
11-06-2018	0.18	02-04-2019	0.78	28-10-2019	0.58	18-10-2021	0.75	04-04-2023	0.54
19-06-2018	0.64	09-04-2019	0.27	30-10-2019	0.73	15-11-2021	0.27	13-04-2023	0.53
27-06-2018	0.65	10-06-2019	0.36	04-11-2019	0.79	10-12-2021	0.7		
29-06-2018	0.96	14-06-2019	0.64	05-11-2019	0.59	15-12-2021	0.15		
02-07-2018	0.76	18-06-2019	0.6	15-11-2019	0.85	17-12-2021	0.81		
04-07-2018	0.89	20-06-2019	0.26	22-11-2019	0.99	26-01-2022	0.41		
03-09-2018	0.09	02-07-2019	0.66	25-11-2019	0.39	31-01-2022	0.81		
Notes: * Insignificant at 5% level of significance									
Adjustment period interpreted as ten days post to announcement or press release day of marketing events									

4.4 Stock Market Reaction during the measurement window

The measurement window of twenty-one days in event study provides the total time. H4 measuring the stock price reaction in effect of marketing events have been accepted with significant results. Table 1.4 summarizes the results of measurement window results with total time.

Table 1.4 LVMH p-values in the Measurement Window									
Date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)	date	p-value (CAR)
10-01-2018	0.02*	06-09-2018	0.32	04-07-2019	0.95	16-01-2020	0.35	04-02-2022	0.35
19-01-2018	0.31	20-09-2018	0.97	15-07-2019	0.03*	28-08-2020	0.00*	04-04-2022	0.48
22-01-2018	0.37	22-10-2018	0.28	17-07-2019	0.06	05-10-2020	0.92	07-04-2022	0.38
29-01-2018	0.05	25-10-2018	0.37	24-07-2019	0.2	10-11-2020	0.33	01-07-2022	0.34
19-03-2018	0.97	31-10-2018	0.15	25-07-2019	0.54	07-12-2020	0.46	22-07-2022	0.11
14-05-2018	0.89	06-11-2018	0.84	31-07-2019	0.32	11-12-2020	0.52	31-10-2022	0.6
11-06-2018	0.21	07-11-2018	0.92	02-08-2019	0.2	07-01-2021	0.54	03-11-2022	0.67
19-06-2018	0.24	10-12-2018	0.76	13-09-2019	0.47	08-01-2021	0.99	21-12-2022	0.56
27-06-2018	0.32	14-12-2018	0.31	18-09-2019	0.97	26-01-2021	0.97	16-01-2023	0.17
29-06-2018	0.57	01-02-2019	0.3	19-09-2019	0.58	27-01-2021	0.98	24-01-2023	0.62
02-07-2018	0.37	06-02-2019	0.64	03-10-2019	0.1	28-01-2021	0.88	01-03-2023	0.06
04-07-2018	0.86	20-02-2019	0.59	10-10-2019	0.21	30-04-2021	0.46	10-03-2023	0.01*
03-09-2018	0.86	22-02-2019	0.66	21-10-2019	0.26	11-10-2021	0.79	13-03-2023	0.00*
11-06-2018	0.21	02-04-2019	0.05	28-10-2019	0.79	18-10-2021	0.46	04-04-2023	0.72
19-06-2018	0.24	09-04-2019	0.87	30-10-2019	0.97	15-11-2021	0.5	13-04-2023	0.8
27-06-2018	0.32	10-06-2019	0.9	04-11-2019	0.58	10-12-2021	0.52		
29-06-2018	0.57	14-06-2019	0.32	05-11-2019	0.52	15-12-2021	0.12		
02-07-2018	0.37	18-06-2019	0.55	15-11-2019	0.77	17-12-2021	0.63		
04-07-2018	0.86	20-06-2019	0.02*	22-11-2019	0.05	26-01-2022	0.39		
03-09-2018	0.1	02-07-2019	0.4	25-11-2019	0.07	31-01-2022	0.11		
Notes: * Insignificant at 5% level of significance									
Measurement window interpreted as total time prior and post to announcement or press release day of marketing events									

This analysis revealed us the statistically significant results on the event day, anticipation, adjustment, and measurement window. In sum, the results suggests that a luxury brand's marketing events has no significant effect on stock prices of a company.

5. DISCUSSION

Previous research in the marketing is not providing any conclusive results on relationship between marketing activities and stock price variations of Luxury Company. The role of marketing activities on corporate branding usually represents by series of activities. This research contributes to both marketing and finance literature by examining the impact of marketing activities of luxury companies on its stock prices. Our research findings suggest that the marketing activities of a luxury brand have no significant effect on its stock prices. By introducing the event study methodology in the marketing field, it is suggested that a luxury brand's marketing activities does not cause any stock price variations in the entire measurement window. The measurement window includes the event day, anticipation, adjustment, and total time to understand the stock market reaction. Investing in stocks cannot patterned with formalized procedures and rules (Douglous, 2000). Controlling the investor mindset is a tedious task as their perception to market information influenced by many financial (Lonie and Abeyratna, 1996) and non-financial factors (Douglous, 2000). So, the marketing activities performed by a company could be not very considerable at the moment of investment.

It inclined that luxury brands' marketing activities perceived to be consider as brand identity events (Balmer, 2001). It may more to be used as leveraging the brand communications with past, present, and potential consumers. Luxury brand identity is conveyed by various marketing activities and product focused functional/non-functional attributes. It is more of helping the company to endorse themselves as *a code of luxury* (Heine, 2018). The *code of luxury* defines the reputation of a firm that is unique, impressive, and extraordinary in nature. Consumer perception to luxury is very subjective and often influenced by glamourous promotions. So, the brand architecture in luxury is often expressed through extended and diverse set of activities. The marketing activities that provide luxury status to a brand may include sponsorship events, new product developments, design modifications, character-centric promotions, brand extensions, social responsibility based strategic tie-ups, digital presence with extended channels etc. to increase the brand preference among contemporaries. The diverse set of activities evoke the consumer adoration, but it may not have very proportional effect on public reaction to stock indices. The study results suggests that a luxury brand related stock indices volatility depends on number of factors that may or may not cumulatively affect the people interest to invest or divest the stock. Accordingly, this has provided us a new understanding to the concept that luxury branding is more of brand architecture. Brand architecture includes several valuable elements that a company chooses to differentiate their products and offerings (Keller *et al.,* 2017). It may require significant and consistent marketing efforts that offer the high prestige to their consumers.

Implications

The present study advances the growing body of literature by examining the impact of marketing events on stock prices by event study methodology. To the best of authors knowledge this is an initial research in the luxury branding to measure the impact of marketing activities on financial performance of a company. The research centred primarily in luxury branding undertook deep analytical view about various promotional events that occurs across the different products/services in wide timeline. So, it provides the empirical evidence to understand the impact of brand marketing on stock price variation.

From managerial perspective, this research suggests that the corporate brand activities can't be aligned to share price performance. As the stock prices of luxury brands typically asymmetric (Voss and Mohan, 2015), its association to marketing activities is rare phenomena. Therefore, managers performing in luxury sector cannot expect the immediate or spontaneous effect about investors interest to buy/sell stocks in response to marketing activities. The marketing in luxury usually equips with aura and magic to engage consumers and build strong brand identity. The brand identity based on functional and symbolic characteristics changes consumer perception to possess the luxury (Heine, 2018).

Secondly, the study findings suggests that if the luxury brand managers are interested to extend the impact of marketing campaigns, they should diversify it with digital media-based banking options. The corporate digital platform provides extended visibility about marketing activities but still their impact varies. So, the stock investment based digital media can be useful to increase the interest in stock investment so that progressive marketing activities can be scheduled.

Limitations and further research

This research has several limitations which may provide avenues for further research. The present study has been empirically evident with luxury brand marketing and stock results. So, the results can be generalized if more companies' profile should be studied with present methodology. Next, to offer the strong evidence the empirical design with events and categories can be expanded to large number. Furthermore, we acknowledge that study of marketing activities has been well structured on digital media but still its reach to public can't predestined with full potential. So, the results may vary if the public reaction to the marketing activities should be studied by descriptive analysis and stock market reactions should be followed on longitudinal basis. Lastly, the research has used only single financial measure due to time and applicability constraints, future studies can use the sales and other financial measures to study the impact of luxury brand marketing.

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