

# The luxury fashion marketing strategy



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## **THE LUXURY FASHION MARKETING STRATEGY**

The E-marketing strategy objective is to attract and retain the customer to visit the web site of the luxury brand. In contrast to traditional marketing which seeks to encourage the customer to make a purchase. Therefore the internet marketing strategy is more customer oriented rather than product oriented. We will discuss two main rules of the E-marketing. The six Ps of luxury branding and the ten Cs of luxury fashion E-marketing.

### **B. The six Ps of luxury branding**

In the luxury industry branding and marketing are closely connected.

Branding is a core process of marketing which can only take place if there are products and services. On the other hand the marketing can gain from branding because a strong brand image augments the marketing strategy. In order to implement a competitive marketing strategy the luxury brands should take into consideration the following six Ps of luxury branding.

#### **1. The product**

A product is “ anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need”. These includes physical goods and services. The need can be functional such as the need for a handbag to carry personal objects. Or it can have an abstract dimension such as the need to carry a handbag with the Louis Vuitton logo in order to exhibit the status. This second level of need is fulfilled by, luxury goods since they carry a strong brand value.

Strategies behind the development of luxury goods place a strong emphasis on branding elements. Therefore Luxury products features include innovative, creative and appealing product designs and packaging, classic  
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and timeless products, high quality materials, meticulous craftsmanship, manufacturing precision and rapid design turnover.

## **2. Pricing**

Price is the first hint of a brand's positioning to consumers. The luxury consumers are less price sensitive and expect luxury goods to be premium priced rather than economically priced. The high price enables the customer to evaluate the quality of the product, also called psychological pricing.

## **3. Place of distribution**

The place of distribution is the channels used to make product and services available to the customer. Internet is a new distribution channel and the challenge for luxury brands is to protect the brand in order to maintain high brand value. Therefore many luxury brands decided to create their own web site to remain exclusive.

## **4. Promotion**

When it comes to promote a product, it is important to define the right target group. Luxury brands have to succeed in bringing out the brands essence in each communication, that the design has to be communicated. Adequate promotional mediums for luxury brands are advertising, direct marketing, personal selling, public relations and sponsorship.

## **5. People**

People accredit for everyone that affect or is affected by the brand. It comprise all the employees staff involved in the daily business. People are the most important element of a company because the experience they have with the brand influence the way they transmitt the brand to customers.

Luxury brands are particularly paying attention to this brand culture, by training their staff to promote the brand. The challenge when it comes to the internet is that there are no physical people (such as sales person) to carry out the brand's value. We will discuss later how to fill this gap.

One strategy used by luxury brands is using Ambassadors. They are usually celebrities providing the brand with life and promoting the brand through giving it a face. For example Kate Moss was for a time ambassador of Dior. Though the danger is that those celebrities carrying out the image of the brand can affect the value of the brand in a negative way since they are the center of attention of the media. This happened to Dior with John Galliano who was accused of “anti-semitism”, though LVMH managed to successfully overcome it. “In the field of communication you’d better not make the same mistake twice”

## **6. Positioning**

Positioning is “arranging for a product to occupy a clear, distinctive and desirable place in the minds of target customers”. Luxury brands have a specific market and the product is already desirable to the customers.

Unfortunately the products luxury brands are providing on the internet are often on sale. This can lead to degrade the product image and value.

Though luxury brands have a high potential of being successful in the internet. When offering a website they get significant return on investment in terms of more spending since what luxury consumers value most in the internet is shopping at home and having wide selection of merchandise available online.

## **A. The ten Cs of Luxury Fashion E-Marketing**

As mentioned in the online versus off line part, the luxury customer is seeking for a high quality shopping experience. Many companies are still missing the E-touch to there website. In a recent survey about the luxury consumer behavior conducted by Unity Marketing 35% of luxury shoppers are discouraged because of difficulties in returns and exchange of goods, 21% are afraid to make costly purchase due to security reasons. Following some main points how to overcome this problems.

### **1. Customer value**

Customer value is the additional benefit a customer receives from a company to ease the shopping experience. Provide the customer with a large product range and equip the web site with the adequate tools to view the products, will delight the online customers shopping experience.

Many luxury brands offer narrow product range in the e-store or end of season products. Unfortunatly this lower the brands image to the customer. The luxury goods consumers are more interested in high quality rather then low price.

### **2. Convenience**

Convenience is the main advantage of e-retail. Customers can buy what they want when they want on a web page available twenty four hours.

To fullfil the shopping adventure for consumers, luxury brands need to relate the off line retail offers with the e-retail strategy. Luxury customers are multi-channel shoppers that might visit the web site and the store before purchasing. Therefore the experience should include easy website usability

and centralize the after sales service to include returns, refund and exchange of goods in physical stores even if the purchase was made online.

### **3. Cost**

The cost of purchasing a product doesn't only include the price of the product. What is also perceived as a cost to the customers is the time they spend travelling to and from the store, time they spent in the shop etc. E-shopping is saving the customer this time. This is the most competitive advantage of the internet, which makes it even more important for companies to be present on the web.

### **4. Communication**

Communication focuses on exchanges with the customer. It enables company to collect customers feedback regarding the brand, to understand better their needs and expectations. On the web this is achievable through emails and customer bloggs.

To enhance communications with the online customer, luxury brands can use internet toole like exclusive online clubs, viral marketing, email news and other techniques in order to keep in touch with the customer and fill the lack of human interaction.

### **5. Computing**

Computer and logistic systems are essential for e-retailers. In order to deliver the right product, at the right time in the right location, computing systems must be efficient. Other issues such as online payment, security and taxation calculation can only be accomplish through competent computing

coordination. This can be done through creating e-networks between suppliers, manufacturers and retailers.

Luxury brands can also extend computing systems to allow customers to keep track of their order or mapping for store locations.

## **6. Customer franchise**

Customer franchise comes with the relationship a customer is developing with the brand. When shopping online or offline the customer develops a relation of trust and confidence. To expand the customer franchise it is important that a brand sustains the online experience to develop brand equity.

## **7. Customer care**

Customer care plays a considerable role regarding the shopping experience of the customer. Customer care is carried on to every aspect of customer's contact with a brand. Luxury brands have long been criticized regarding the customer service whether online or off-line. This is because the brands were focusing more on product sales.

The main issue with internet is the lack of human interaction which makes it more difficult to provide a good customer service. Still it can be compensated through fast and reliable delivery of goods, quick return, refund and exchange of goods. Finally as discussed earlier, the inter-relation with after sale service off-line and online.

This can be enhanced through close communication with the customer .

Those programmes also enable the retailer to develop a customer database and gather feedback from consumers.

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## **8. Community**

The online consumer are divided in several communities with shared interests. Through bloggs customers can share their positive or negative experiences with brands. The luxury brand Louis Vuitton created a website as a platform for its customer to discuss general issues regarding the brand. This platform is an efficient tool luxury brands can use to build strong relationship with customers.

## **9. Content**

The content of a luxury brands website reflects the brands image. Therefore it is very important that luxury brands translate the shop athsmosphere to the web through high definition videos images and sound. Nice colors and all the additional features discussed in customer care, to delight the customers shopping experience.

## **10. Customization**

There is an increasing demand for customization of products on the internet. This is the consequences of individualization, customers want to be recognized and provided with personal care. A good example is Roberto cavalli that uses customization as a tool for providing a better web experience. The web site offers customizable wallpaper and multiple background music options. But still in the luxury brand sector there is a lack of customization, since luxury brand only offer this possibility to “ select customers”.

If following the ten Cs, luxury brand are able to provide their customers with high quality shopping experience and meet the most important features for



luxury consumers such as flexible return policy, detailed product pictures and in depth product information and specification.

### **C. Best practice and biggest failure of luxury E-retailing**

We discussed several issues luxury brands are facing when going online and we evocated strategic possibilities in order to be successful. Even though many luxury brands are still struggeling going online, a few managed to successfully take advantage of the cyber world. Among them Net-aPorter.

Net-a-porter is a luxury clothing and accessories retailer that carries some of the biggest brands in fashion such as Alexander McQueen, Stella McCartney and others. It sells designer clothing, lingerie, bags and shoes. It was created by Natalie Massenet in June 2010. Four years later the company was already profitable.

What makes the shopping experience so delightfull is that Net-a-Porter is adressing two key questions:

\* How will the item look on a person?

\* What else can I wear this item with?

Furthermore Net-a-Porter is displaying its items in two different views. First you can view just the product, second you can view the product worn by a model. This allow customer to envision how they will look when they are wearing the item, which gives them a strong stimulus to buy.

Additionaly Net-a-Porter implemented an upselling strategywhich they achieve through including the name of the other items the model is wearing

in the product description. And suggest what the product can be worn with labeled “ Wear It with”.

This company is a good example for how to replace the lack of human interfaces through up to date technology, enabling the customers to enjoy surfing on the website and giving them an incentive to buy.