

# Branding strategies: luxury fashion market



Since ancient times fashion has influenced politics, economy, education and art of different cultures. The authors Brun et al. (2008) described the importance and meaning of luxury well when they stated that since ancient times luxury goods have always been associated with wealth, exclusivity and power. They elaborated further, describing how the word “luxury” is derived from the Latin “Luxus”, a word that the original meaning makes reference to anything sumptuous or expensive. In ancient times the colours and features of the clothes worn indicated the social and political classes of the people and expressed the power of the person who wore them. Today the things have not changed that much, in fact wearing luxury and branded clothes automatically leads to the image of a certain social and economic position in the society supposed to be held by that person, or in other words lends prestige to the person

Nowadays, luxury fashion sector has an important role in terms of economic and social influence in the society. The global luxury fashion sector is estimated to be around US \$ 130 billion with an annual growth rate of approximately 20%. Furthermore, it significantly contributes to the national economies of some countries; in fact it is one of the most prominent industries for example in France, Italy, Spain, USA, China and India (Datamonitor, 2009).

Despite the considerable volume and income generation the sector has witnessed a slow growth in its strategic business direction. In fact for a long time what were used were traditional methods where decision were based on intuition and sometimes on trial basis. In addition there was a strong

focus on product development, and publicity was done through conventional advertising methods.

The industry's rapid evolution and the business environment has required a modern and sophisticated business practice in the luxury and goods management. This sector is undergoing a significant evolution and a number of management shifts from the use of business concepts to e-business. Also the competition has increased due to the low entry barriers.

Other aspects of the market are changing as well, for example the expansion of the luxury consumer market to include a broader mass market, the development of new luxury markets (China, Russia, India) with new opportunities and attitudes, and the rise in the number of the world's wealthy along with the changing approaches in their spending models. This is best summarised by Tynan, McKechnie and Chhuon (2009) when they state that the appetite for luxury brands is growing in the emerging economies of China, India, Asia, the Middle East and Latin America (Verdict, 2007; Chadha and Husband, 2006).

Each market has its specific requirements which involve appropriately evaluating the products and business strategies according to phase and lifestyle of that particular market place, for example, in India the luxury clothing is important during its many festivities and weddings but in China the clothing has become prominent for business parties

Internet has changed the way the luxury products are accessed and has contributed to the changing consumer psychology and perception of luxury. Besides today brands can be launched and can attain global awareness and  
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reliability in a short time of only 5 years if proper strategies are implemented by the brand owning company.

Due to all these changes the branding aspect of luxury goods management has become more and more vital to luxury fashion and its brand sustainability. The brand which includes its image, personality and value in the eyes of the consumer is one of the chief motives why the consumers associate themselves with a luxury company. It is what creates and sustains the attraction of a product; brand in this case becomes one of the core competence of that company. The whole branding concept, if well managed, leads to a high brand equity and consequently high brand value.

Developing and managing the luxury fashion brands is a difficult and long process. It requires a consistent integrated strategy, innovative techniques, rigorous management control and constant auditing.

Every company develops its strategy according to its values and objectives; this dissertation will focus on evaluating the main strategies of a successful Italian brand that operates in the fashion industry since 1983. The brand in question here is the Louis Vuitton label that has successfully operated as a luxury brand in the fashion industry.

## **Research Area**

The research study will discuss major theoretical issues relating to the use and effectiveness of branding strategies within the context of the luxury fashion market, including why they exist and explore the branding system of Louis Vuitton.

The challenge in this research is to investigate the established branding strategies of Moschino and assess their effectiveness. It is a demanding task since this area of study is becoming more and more important for the luxury fashion sector and branding techniques are critical to creating a global brand. Furthermore the research will be useful to everyone interested in understanding branding techniques and in particular in the remarkable branding strategy adopted by Moschino.

This type of research requires a number of steps. First of all, a review of literature and the decision making processes and their relevance to the topic followed by the identification of main issues. The next step is the exploration of these issues by the interviews with the experts. Third step will be a process of bringing together the research findings with those obtained from the literature review. Finally, assumption statement and closing observation including the conclusion and recommendations will be discussed.

## **Aims and Objectives.**

### Aims

The current research study aims to answer the following research question:

‘ Which are the most effective branding techniques (or) strategies utilised by Louis Vuitton in order to excel in the luxury fashion market, especially in its target market which is affluent women.

Thus the aim of the exploration process will result in formulation of closing observations, which will emerge from the assumption statement process. In

order to fulfil the aims of this research study it is necessary to meet its objectives, which are stated as below:

- To analyse and study the relevance and usefulness of branding techniques in the luxury sector.
- Investigation of aspects, which have influenced (and to what extent) branding strategy, and how this relates to luxury fashion industry.
- Research and understand how branding strategies are relevant to Louis Vuitton's effectiveness within today's luxury fashion market.
- To investigate how growth strategies are important to the success rate of Louis Vuitton.