

## **The Popularisation and Democratisation of Luxury**

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## **Abstract**

This dissertation examines the nature of luxury and luxury branded products, and the meanings attached to them. This is the first study of its kind as materials, manufacturing, sales and marketing processes are analyzed in relation to the retail environment to establish tiers of luxury relevant in today's global market.

Existing literature about the definitions and implementation of marketing strategies that impact on luxury brands (e.g. Danziger, 2005; Kapferer et al, 2009; and Okonkwo, 2007) demonstrate a lack of clarity as marketeers concentrate on adding value to mass produced products. In essence, terminology is employed, it is argued, that artificially elevates the product by attribution. The dissertation goes on to examine the complexity of the marketing tools used to add value to mass-produced products and a taxonomy of luxury is established to differentiate categories of products.

Luxury is a single category that is demonstrably unstable and it is manifested in the changing landscape of the luxury brand market which is considered as part of the fashion cycle where luxury brands continue to extend their product offer to satisfy a continually growing consumer market. Branding has become increasingly important and as a result the proposed taxonomy of the luxury and luxury brands market contributes to a better understanding of the sector. Distinctions are made through the use of three Case Studies (Louis Vuitton, Prada and Tanner Krolle) to address the differences between the luxury and luxury brand markets through the analysis of products within the leather goods category.

Thus this dissertation redefines concepts of luxury that are established through new materials, techniques and production methods. Existing definitions of luxury are unstable due to an ever changing cyclical market and are exacerbated by marketing, branding, advertising and mass production. It is important to remove the façade of marketing and branding, despite, or because, of them being powerful forms of communication, in order to provide a perspective that acknowledges the change and importance of fashion business methodologies to ensure business growth. At the same time it is also important to recognize the fundamental significance of luxury brand heritage and the convenient message this sends to the consumer.

This work provides an important new platform for future research in terms of a more nuanced debate on luxury in all its guises. Evidence of the broad research potential of this dissertation exists, for example, in the growing demand for luxury and luxury branded products and services of the emerging economies in the BRICS (Brazil, Russia, India, China and South Africa) countries. In addition as the market changes and demands for luxury increases, luxury and luxury brand companies could use this research to connect more meaningfully to their heritage when defining new luxury goods and services. It is evident that concepts of luxury will continue to be defined as part of a complex structure of understanding and interpretation. In light of this, one must not lose sight of the importance of the knowledge of the craftsmen and women and their ability to communicate the intricacies of their skills in order to provoke and challenge the perpetuating luxury debate.

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## Introduction

### The Popularisation and Democratisation of Luxury

'Worldwide luxury goods market revenues were forecast to grow by seven percent in the final three months of 2012 versus the same period in 2011, culminating in full year growth in 2012 to 10 percent, and pushing total luxury goods revenues to an estimated €212 billion.' (Bain, 2012)

As the luxury brands market continues to grow, its products are made available to an increasingly wide and diverse consumer group. This dissertation sets out to examine and compare the changes in definitions of luxury and luxury branded products, and the meanings attached to them. It is important to understand the ways in which international conglomerates promote their products in order to add value to them in what has become an increasingly saturated market. In his book *The Idea of Luxury*, Christopher Berry suggests that 'luxury can without hesitation be tacked on to almost any article of merchandise from pizzas to handbags, from a fountain pen to a dressing gown and done so presumably to make it more desirable and the more likely to be bought.' (Berry, 1994) Berry's argument that luxury can be attached to anything not only challenges, but also questions the value the term has when used in conjunction with goods and or services. One of the challenges faced in an analysis of luxury is addressing the lack of transparency and willingness to disclose the kinds of information that could be seen to question the notion of exclusivity, something that all luxury brands promote in order to increase sales of their products. It is the benefits, linked to a growth in industry, and the recognition that luxury products are in fact inextricably linked to economic gain and growth that will be assessed.

In addition, I propose that a hierarchy exists which segregates luxury and luxury brands and places these within a hitherto unexamined tier system. The changing conceptualizations of luxury will be discussed using primary research as a benchmark; secondary research is employed to provide an understanding of marketing in a contemporary context as it has defined both the luxury and luxury brands markets and the consuming patterns of both categories. The aim of the research then is to map a changing landscape of the luxury and luxury brands market and the impact luxury branding has had on the contemporary understanding of luxury.

It is also apposite to consider the differentiation between mass produced products, those that could be considered luxury brands, and goods that are made by highly skilled craftsmen in limited numbers. It is proposed that what may be needed is a clear market segregation in order to maintain differentiation between luxury and luxury brands. A key claim of this thesis is that craftsmanship is inextricably linked to luxury. Examples of luxury products could be an haute couture dress or bespoke piece of luggage which may be made to order by a highly skilled craftsman or woman using the finest materials. Scarcity, quality and innovation are also characteristics that define a luxury product. It is proposed that to define luxury in this way makes explicit the characteristics of a luxury product as opposed to a luxury branded product that is mass produced. Defining luxury addresses the misrepresentation of luxury brands that do not adopt the characteristics found in a luxury product but are nevertheless marketed and sold as luxury.

My dissertation will examine notions of luxury through a comparative and critical analysis of contemporary theories and accounts of luxury and luxury brands. Here, I contend that the historical notions of luxury were clearly articulated through notions of craftsmanship, but that although the term is applied to contemporary products they do not carry the same inherent principles of make. In most cases luxury products during the eighteenth century were the preserve of the monarchy and aristocracy. Conducting a comparative analysis of contemporary literature and interviews with luxury brand specialists and purveyors of luxury goods will help to clarify and establish the differences between perceptions and interpretations of luxury today.

The key research questions set out to explore a distinction between luxury and modern luxury brands and to assess the importance of historical perceptions of luxury on contemporary marketing and branding from the eighteenth century to 2012. In addition, I will address the impact luxury branding has had on the understanding of luxury in today's retail market. My work has centred around contemporary production techniques to gain a better understanding of the change in approach to the production of and marketing and selling of both luxury products and luxury branded products. The focus, as will be addressed through the case studies of Louis Vuitton, Prada and Tanner Krolle, concentrating on leather goods which are forecast by Bain and Company to see a 16% growth in sales (Krauss, 2012), the largest in the luxury brands market.

It is important to address the changing historical landscape of luxury products, ranging from luxury understood during the 17<sup>th</sup> century as goods and services catering to the needs of those who were able to afford them to contemporary luxury brands where the focus is on mass production and mass consumption. Three case studies will show how the social, cultural and economic backdrop to luxury has changed through a detailed analysis of the production and marketing strategies of key purveyors of luxury goods and brands with specific reference to Louis Vuitton, Prada and Tanner Krolle. These are arranged to address the diversity of the approaches to the luxury market.

Chapter one focuses on the view that luxury is an all-encompassing term that can, in appropriate circumstances, be attributed to all products. Luxury brands distinguish themselves from one another mostly through a system of classifications created by marketing experts to add value to products. Here, I address what appear to be persistent contradictions in the ways products are described and classified. The use of logos to define the consumer and classify them within specific social groups will also be investigated to give a better understanding of the motives behind the aims of luxury brand retailers. In this chapter a tiered approach to luxury and luxury brands is proposed as a way to better understand the significant changes adopted through brand extension and product diversification. The use of celebrities in advertising will also be discussed to provide an insight into the value of using famous people to sell products and in turn an aspirational lifestyle. This approach may be contentious, but not be without merit due to the continued global expansion of luxury brands.

In chapter two, I focus on how luxury brands have become fashion entities focusing on global retail presence, consumption and corporate strategies that are financially driven. I will also address the shift of the luxury brands away from core product, those products for which the companies were originally known, to fashion products that change with the seasons and or fashion calendar. Understanding the impact of fashion on luxury brands through the use of a wide range of source materials provides an indication that the market has adopted completely different approaches to design and manufacture of their product to the fashion cycle. It is proposed, that this sets the luxury brand retailers apart from purveyors of luxury goods through the constant introduction of products advertised throughout the year to increase consumer spending. The use of advertising will be discussed in relation to projecting a particular image with the intention of adding value through the presentation of visual language that promotes the product in a particular way. This will be discussed within the context of the creation of status

symbols and the need for luxury brands to communicate the notion of luxury utilising generic language to appeal to a diverse group of customers. It is also important to articulate how luxury brands, as manifestations of luxury, have positioned themselves in a market that could be seen to be led by fashion trends and, in turn, very public displays of conspicuous consumption.

The case studies in chapter three examine three different companies: Louis Vuitton, Prada and Tanner Krolle. Louis Vuitton and Tanner Krolle share a common ground in that both started out with the intention to produce highly crafted goods used for travel for an exceptionally discerning customer. I will chart the different paths both companies have taken addressing the similarities and increasingly different approaches to product development and sales. Prada offers a different approach to luxury. Its products were not produced by the founder, Mario Prada, but mostly relied on outsourcing the skills of craftsmen. Tanner Krolle remains a small business with a traditional approach to design and production, distinguishing itself from companies like Louis Vuitton and Prada. The intention underpinning this selection is to clarify the differing approaches of the three companies to design, manufacture and promotion of their products. Companies, such as, Louis Vuitton, Prada and Tanner Krolle started out as family run concerns. However, more recently have been consolidated by conglomerates whose sole aim is to increase the consumption of their goods. This is a model that has been applied to both Louis Vuitton and Prada, but significantly not to Tanner Krolle. The case studies will address the economics in relation to global expansion and the effects this has had on the luxury and luxury brands market.

This study is the first of its type and can serve as a platform for future research, addressing the changing landscape of luxury and luxury branded goods.

## **Methodology**

My primary contribution to knowledge centres around the reformation of concepts of luxury that are predicated not on marketing and mass production techniques, but on craftsmanship and skill, materials and exclusivity. The work questions the illusory forms of luxury that are a phenomena of the contemporary luxury brand marketplace, in favour of an authentic notion of luxury. I am looking to assess whether or not luxury brands have had an impact on the perceptions of luxury.

Methodologically, in order to establish the parameters of luxury, I have taken a multi methods approach to gain a better understanding of a diverse area of study. I have looked at targeted forms of cultural history, at moments when notions of luxury were at a formative stage, examining the historical formation of concepts of luxury in the 18<sup>th</sup> century with particular emphasis on Louis Vuitton and Prada. Insights into branding, marketing, manufacture, materials and craft as well my own experience within the field have been important as I am asking a broader range of questions relating to both the luxury and luxury brands market.

As I am aware that luxury is an unstable category socially and economically, this approach gives insight into how it operates in an expanded field and as such I have established a taxonomical framework that has enabled a clear understanding of luxury.

The objective throughout the dissertation was to maintain currency in exploring the changing luxury brand market, one that remains dynamic as luxury extends into a global realm. Thus the contribution of secondary data was fundamental to my thesis and I have utilised it throughout to articulate what I consider to be a flawed approach to the classification of luxury today.

The approach taken is both qualitative and quantitative and the methods employed for data collection comprise both primary and secondary sources. The research design is a multiple case study approach, following Yin (Yin, 2009: p.61) and examines a contemporary phenomenon in real-life context. As such, and as Yin notes, the boundaries between that context and the phenomenon are then blurred.

The methods of primary data collection were participant observation, direct observation and semi-structured interviews. As I have continuing professional experience in the substantive area of my study, both participant and direct observation were appropriate approaches as they provided methods that would enable me to extract potentially relevant data from a diverse set of circumstances. This includes branding and marketing strategies and the design of products for both sectors of the market as relevant to this study. I was therefore able to make constant comparisons through describing and repeating the case studies from different points of view. (Yin, 2009)

Participant Observation

As an active participant, I am in a position to make constant comparisons between the processes required to produce products for different sectors. I have been, and continue to be employed as a consultant and strategist for luxury and luxury brand companies to undertake product evaluation, develop sales and marketing campaigns, and conduct analysis of consumer purchasing habits. As a consultant I am, in some instances, required to lead a team of product developers, marketing experts, researchers and PR and advertising specialists. I am also required to conduct qualitative and quantitative research looking at particular consumer markets, spending patterns and products with a view to advise on methods to increase sales and attract new customers. This may involve advising on the repositioning of a brand to focus on a particular demographic or to increase the product reach through the creation of new products, advertising campaigns and product placement.

I was able to gain access to the luxury and luxury brand sector that may be inaccessible to others. Access included entry to strategic marketing meetings, high level meetings, material purchasing and design rooms, factories and workshops in the UK, Europe, China and Japan. I was therefore able to gain an insider's viewpoint that would give different perspectives on how the industry operates. As part of my work as a consultant for luxury and luxury brands the observations and insights I gain from this work has naturally informed the development of this dissertation.

#### Direct Observation

As a direct observer I made numerous site visits over a period of three years to design studios, manufacturers of both luxury and luxury branded products and retail outlets. The retail outlets I visited were spread across the world and included more than one city in each of the following countries; the UK, Belgium, France, Italy, Holland, Portugal, Ireland, Sweden, Norway, Finland, Singapore, Malaysia, China, Japan, Hong Kong, South Africa, Australia and the USA. I also visited the luxury brand outlets in airport duty free shopping malls. From these visits I was able to gain an insight into the goods on display in each of the outlets I visited. In lieu of access to the specific stock purchasing decisions I had to construct the data from personal observation. I was able to describe and repeat the process in numerous locations to gain different points of view to build a profile based on the analysis of this data. To better understand how each store formats its product lines according to location and size of retail environment, I counted the items on display. This included counting each product, the material,

colour and size it was available in. I also collated data relating to the availability of the same products within the relevant on-line stores. I believe this process provided me with an extensive enough body of data. Although the context of each store was different, I was looking for the same products in each of the stores I visited. Although not exhaustive, store stock analysis was conducted that includes sample product analysis in specific categories. This allowed me to be able to make comparisons between them.

## Interviews

Robert K. Yin suggests that interviews are 'one of the most important sources of case study information.' (Yin, 2009, p. 106) Interviews gave access to first hand information through interaction and dialogue with industry specialists. This approach complimented the use of secondary sources. The in-depth interview approach taken conducted with industry professionals including designers and manufacturers, craftsmen, retail specialists and marketing executives of luxury and luxury branded products of repute to give a better understanding of how they perceive the notion of luxury outside the global mass market. They were asked about the key facts as well as their opinions about those sectors. (See appendix 1 for a full list of questions). In some instances the interviewee was not solely a respondent but also an informant providing key insights into the luxury and luxury brand industries and also initiated access to corroboratory and where relevant contrary sources of evidence. (Yin, 2009)

All the interviewees were asked the same questions although the interviews were semi-structured to allow them to become active rather than passive contributors. The approach is between an 'open interview' where the interviewer engages in informal conversation with the participant, and a pre-coded interview, where the interviewer generally reads from a prepared script (Fisher 2010). The method therefore can be most appropriately be classed as semi-structured, albeit on the structured end of the continuum. The reason the semi-structured interview process was employed as opposed to the structured method was to allow the interviewee room to raise issues that they felt were relevant in an ever changing luxury and luxury brands market. It was also important to assess whether or not interviewees had considered the possible differences between luxury and luxury brands. It was felt that using a structured interviewing method would prohibit an open discussion.

The interviewees allowed me to follow a particular line of inquiry, namely focusing on the two sectors of the luxury market which I am addressing in this dissertation. They were able to give first hand examples of how the industry has continued to change. As the luxury brand market continues to grow it was felt necessary to try to gain an understanding of how many products a luxury brand would need to produce to supply their retail outlets. This information is not readily available as no manufacturer would be willing to disclose how many items within a particular product category they would manufacture and or sell.

Twelve participants have been interviewed. Some of the interviewees are responsible for running global concerns, as well as, in some instances, their own companies. Other interviewees design and manufacture products for themselves as well as other global luxury brands. (All of the interviewees provide a coherent overview of the luxury and luxury brand market from varying perspectives). Interviewees used in the dissertation are Alessandra Gradi, the former Creative Director at Asprey; Jan Springer, Marketing Director for the World Gold Council; the renowned jeweller Theo Fennell; the milliner Steven Jones; Sophie Dean, the former fashion editor of *Wallpaper* magazine; the designer Ally Capellino; John O'Sullivan, the CEO of Tanner Krolle; Robert Simpson, the CEO of RJB Simpson who manufacture for Tanner Krolle, Ralph Lauren, William and Son, and Simon Harrison, who designs and manufactures jewellery for Vivienne Westwood, Jaeger, Paul Smith and Matthew Williamson. This has given a range of views of how the industry currently perceives the notions of luxury and luxury brands and whether concepts of luxury are considered to be different today. It was essential that the interviewees were globally recognized within their areas of expertise such as craftsmanship, manufacture and retail. The study was designed to include only those participants who have achieved success in their respective fields or who were in a position to influence the purchase of products within either the luxury or luxury brand market.

A shortcoming of the existing literature is that it takes a partial view and primarily considers marketing and branding in today's luxury brands market at the expense of other considerations such as skill, craftsmanship and materials. Increasingly the number of texts including *Let Them Eat Cake: Marketing Luxury to the Masses - As Well as the Classes* by Pamela N. Danziger (Danziger: 2005), and *The Luxury Strategy: Break the Rules of Marketing to Build Luxury Brands* by Jean-Noël Kapferer and Vincent Bastien (Kapferer, et al., 2009), address luxury in step with branding but

fail to create a distinction between luxury and luxury branded products. Within this recent literature there is a distinct absence of analysis of the contemporary designer and luxury markets and their impact on notions of luxury. These texts are predominantly located within the field of marketing and as such focus on strategic sales techniques rather than detailing the material conditions of the luxury market.

My research aims to address this as a key theme in order to establish the effects of branding and manufacture on the understanding and industry's interpretation and subsequent marketing of luxury in today's global consumer markets. In addition, literature that considers craftsmanship, manufacture and process as a key theme – similarly omitted from the current body of secondary literature will be relevant in establishing the effects of mass production on the understanding and interpretation of luxury today.

## **Overview – The Luxury and Luxury Brand Landscape**

The use of the term luxury is widespread. It is therefore useful to ground this study by setting out a broad historical context for luxury and its social significance. The seventeenth and eighteenth centuries demonstrate how luxury was defined by extravagance where royalty and aristocracy established the parameters that have subsequently constituted luxury. The significance of luxury goods and their consumption during the seventeenth and eighteenth centuries is well documented and included in the works of Maxine Berg and Helen Clifford (Berg & Clifford, 1999), Christopher Berry (Berry, 1994), Chandra Mukerji (Mukerji, 1997), Carolyn Sargentson (Sargentson, 1998), John Sekora (Sekora, 1977) and Werner Sombart (Sombart, 1967).

In order to gain a better understanding of what luxury represents in the current market and how the perceptions of luxury have evolved, historical texts such as Bernard Mandeville's *Fable of the Bees* (Mandeville, 1705) emerges as a key point of reference. Mandeville was one of the first to defend the notion of luxury as something that would be of economic benefit rather than a social vice. Berry states that 'Mandeville not only regards luxury, characterised by effeminacy and enervation, as one of these vices but also openly admits its close relationship to pride, avarice, fraud, envy and vanity. However – and here is the source of his notoriety – he nevertheless openly points out

its connexion with public benefits.’ (Berry, 1999: p.128) Mandeville not only set out to define luxury as being socially and economically beneficial, he also questioned how best to define luxury suggesting that ‘if everything is to be Luxury (as in strictness it ought) that is not immediately necessary to make Man subsist as he is a living Creature ...’ (Mandeville, 1774. ed. Kaye, 1924: p.107) Within the context of my argument it would be difficult to consider anything not necessary to survive as a luxury but as Berry says, Mandeville draws ‘attention to the experientially warranted fact that what is thought superfluous by one rank in society is looked upon as a necessity by another, superior, rank.’ (Berry, 1999: p.129) This argument has long been a discussion point and clearly articulates social and material aspirations that were evident during the seventeenth and eighteenth centuries, and arguable still exist albeit in modified form today.

During the seventeenth and eighteenth centuries power was asserted through grand displays of wealth. This is evident in France during the reign of Louis XIV in the latter part of the 1600s. During this period, the luxury market led to an increase in trade, expanding markets and created new international trading relationships. Jean Baptiste Colbert, who served as the Minister of Finance in France from 1665 to 1683 was responsible for increasing economic growth in France which he encouraged by supporting industries through subsidies. Although his schemes were not always successful, he oversaw strict manufacturing policies establishing factories producing luxury goods. ‘Colbert certainly set out economic policies to make money, but he pursued this goal by improving the quality and variety of French consumer goods.’ (Mukerji, 1997: p.116)

The influence of the king and nobility is due specifically to their political significance and was used in order to establish their power and social standing. ‘When Louis XIV ascended the throne, the legitimacy of the French monarchy itself was disputed ... hence even the monarch himself, at the beginning of his reign, needed to make social claims about his authority. This he did lavishly with his great palaces and the elaborate parties he staged there. Louis XIV used conspicuous display not just to solidify his reign but to elevate his favourites. The multi-day fêtes he organized were dedicated to new mistresses, and the buildings he built for these mistresses were monuments to their power.’ (Murkeji, 1997: p.442) The great gardens of Versailles came to symbolize the power of the king ‘they testified to the power European politico-economic empire

that Louis XIV and Colbert were trying to forge with the offices of expanding state bureaucracy.’ (Mukerji, 1997: p.443)

It is evident that the court of Louis XIV was responsible for commissioning luxury goods. These included buildings and items used both internally and externally that would publicly display the king's wealth and power. Examples include furniture, tapestries, statues and fountains. ‘The state was the primary entrepreneur of the period, developing crown-controlled international trading systems, and crown-sanctioned manufactures. These politico-economic institutions were the ones that supplied most of the luxury goods at Versailles.’ (Mukerji, 1997: p.448)

The increased relevance of the extent and value of land owned in relation to the authority of the king became central to his assertion of power. ‘By the reign of Louis XIV, territorial politics entered the French court, not as a threat to the king, but as a way to associate his legitimacy with the management of the state.’ (Mukerji, 1997: p.21) In addition to establishing a hierarchy of land, Colbert attempted to restructure the French economy. The hierarchical fashion system was already in place and Colbert ensured that the items that were commissioned for the court were deemed fit for the king. He guaranteed that the court nobles would be dressed in the finest clothing manufactured in France in tribute to the regime. In this way, Colbert's undeniable loyalty to the King caused him to act irresponsibly in economic terms. As a great supporter of industry he used funds from the treasury to help to start businesses and maintain them during their formative years. The result of this was that France became more of a centre for fashion than an industrial power. (Mukerji, 1997)

This illustrates his desire to underpin the power of the monarchy resulting in its absolute, although temporary, power. Mukerji suggests that ‘it is also possible that the end-product of his ministerial policies was not *supposed* to be rational bureaucracy, economic expansion, or efficient tax accumulation, but the glorification of the king and state.’ (Mukerji, 1997: p.117) It would appear that Colbert was less interested in financial gain than elevating the royal household and glorifying the French state. He would commission Les Gobelins, the French tapestry and furniture makers, to produce vast numbers of decorative pieces for Versailles, which at the time was instrumental in setting standards of luxury thereby demonstrating the significance of their skills and the role they played. Les Gobelins produced tapestries and furniture of the highest quality

greatly elevating French taste and at the same time established France as a centre for luxury and elegance.

In some respects, the tapestries came to symbolise the essence of luxury production in France. The king was the embodiment of all wealth and power and luxury objects were a sign of this. Not only were the Les Gobelins tapestries beautiful pieces, they also 'served to document important events in the reign, such as military victories, the birth of dauphin, or the king's visit to Les Gobelins.' (Mukerji, 1997: p.123) This grand scale commissioning of work by Colbert on behalf of the king, not only for the various palaces but also the Louvre, 'glorified the monarchy as much as any triumphal arch or victory statue in a formal garden or provincial town square.' (Mukerji, 1997: p.123) The commissioning of work by highly skilled craftsman that would be displayed to courtiers or publicly contributed to France becoming known for luxury products all over Europe. This helped France become a centre for luxury and fashion, something that continues today.

The French, 'fashionable aristocrats, who had already been cosmopolitan for generations, were certainly aware of the diversity of cultural traditions in Europe. But their tastes were becoming economically and culturally more influential. Fashions for goods were beginning to be recognized as forces affecting international trade.' (Mukerji, 1997 p.103) According to Mukerji this resulted in Colbert imposing sanctions on the importation of goods so as not to damage the local trade. Luxury was seen to be a 'primary threat to the state, the state was (therefore) obliged to defend itself through sumptuary laws and similar measures.' (Sekora, 1977: p.52) The imposition of taxes and limiting the importation of goods was common throughout Europe and employed in order to control the consuming habits of the populace so the governing bodies could maintain control and power.

However as the consumption of luxury goods was still limited to those of the aristocracy, this would change. Referring to fashion, Sarah Maza suggests that because;

'...the function of clothing evolved over the course of the century: where garments had once primarily marked a person's status, they became increasingly (for women especially) a sign of taste and fashion [therefore it was] becoming increasingly difficult to tell a person's rank from his or her

clothing [and] more and more people in the middling and lower ranks of society had access to garments and furnishings once available only to the elites.' (Maza, 2006)

Her observation identifies a pattern that also exists today where fashion produced by luxury brands are readily available and do not illustrate ones social standing. In fashion terms, haute couture is one of the ways of representing a luxury purchase within the fashion market. This sentiment is echoed by Mukerji who suggests that 'Colbert wanted to make mostly fine goods for aristocrats and financiers, who were the ones who had the money to spend on fashion.' (Mukerji, 1997: p.103) Status was identified through visual markers where despite a certain element of accessibility to fashionable goods, distinction was still created through consumption. Within a contemporary market it becomes more difficult to recognise a luxury good as it becomes assimilated by an increased number of purveyors and consumed at all levels in the market. The luxury branded product lacks the defining factors that make them luxury; these include the knowledge and the skill of the maker and the rarity and quality of the materials.

Luxury, as defined by the eighteenth century luxury debate, was determined specifically by wealth, an accumulation of power and social standing which has translated into a marketing tool for designer and luxury branded products in the 21<sup>st</sup> century. In addition, capricious, extravagant spending and fantastical displays of affluence throughout the eighteenth century by the nobility further defined the concept (Berg & Clifford, 1999). The determination of the court to differentiate themselves from the masses was evident and made apparent through their flamboyant lifestyles and magnificent spending. The court, along with the nouveaux-riches, contributed to the expansion of the demand for luxuries. It was during this time that notions of luxury were clearly articulated and socially agreed but although the term luxury is applied to contemporary consumer products, they do not carry the same inherent principles of manufacture. For example the items commissioned by the court were not available to the general public.

In most cases luxury products during the eighteenth century were reserved for those who could afford them; the monarchy and aristocracy. What is evident is that there is no clear definition of what constitutes a luxury product in the contemporary consumer market. This could be seen to be problematic as reclassifying all types of modern

goods as luxury diminishes the value of the very clear boundaries of definitions set during the seventeenth and eighteenth centuries.

Much is written about the value of producing and selling luxury goods during the eighteenth century and it is impossible to consider it all. What is evident according to Carolyn Sargentson is that 'Paris had an international reputation for luxuries' (Sargentson, 1998: p.99) and that the retail of luxury goods was encouraged. Sargentson goes on to state that the 'organization of the production and distribution of luxury items was complex, characterized by a high degree of specialization in terms of both production and retailing skills, by close relationships of competition and dependence between makers and merchants. The mercers were prohibited from manufacturing, and their expertise lay almost entirely in the sphere of marketing' and that their shops 'had become designed spaces for the displays, examination and consumption of goods by a clientele sensitive to fashion.' (Sargentson, 1998: p.99) Despite varying opinions regarding the good and evil of luxury in Europe, views started to change and '...luxury as it had been viewed for centuries underwent a lasting devaluation: from myth to a fiction, from an ethic to a prejudice, and from an essential general element of moral theory to a minor, technical element of economic theory.' (Sekora, 1977: p.53) The economics of luxury would continue to dominate the luxury debate as the markets changed and luxury products became more accessible.

During the eighteenth century in France, the king was responsible for the structures that governed the production and consumption of goods. It was one of the main ways in which the French court differentiated themselves from the lower order. Their flamboyant lifestyles and magnificent spending of the court, along with the nouveaux-riches, contributed to the quantitative expansion of the demand for luxuries. 'The nation and state were embodied in the king, and the ruler and the state were represented by the king's things.' (Auslander, 1996: p.80) Although this would of course change, 'the luxury prevailing at the courts spread gradually to all the circles that were in any way connected with the court or saw fulfilment of their ambitions identified with court life. This description, applies to the entire moneyed class which was gripped with the same fondness for luxury as the court circles.' (Sombart, 1967: p.80) The determined aspiration of the courtiers transformed consumer culture. Those with enough money and power began to buy into the concept of luxury and the idea of being able to show one's worth through material things became an obsession. The flamboyant lifestyles of the nobility during the seventeenth and eighteenth centuries could be seen to be the

starting point for the popular understanding of luxury today but that this contemporary understanding is also based on a distortion of that original notion.

It is important to note that other European countries were also producing luxury goods during the seventeenth and eighteenth centuries. However, luxury in England, was interpreted by certain groups as a licentious vice and this became a dominant theme of some schools of thought during the eighteenth century. There was much debate regarding luxury, *The London Magazine* in September 1754 contained the following; ‘...amongst the many reigning vices of the present age none have risen to a greater height than that fashionable one of luxury, and few require a more immediate suppression, as it not only enervates the people, and debauches their morals, but also destroys their substance.’ (Aurelius, 1754: p.64) Luxury was associated with negative values and there existed a need to illustrate the positive potential of luxury to both society and business. In *The Wealth of Nations* of 1776, Adam Smith ‘...expressed a sense of the enormity of a passion for individual and selfish possession of a pair of diamond buckles.’ (Berg & Clifford, 1999: p.68) Marchi suggests that Smith; ‘...seems to have regarded wantonness and caprice as the marks of true luxury spending, in this way directing us to means as well as motive and to wealth levels as well as to types of goods as such.’ (Marchi, 1999: p.383) This further illustrates how notions of luxury have become defined through the indulgences of the wealthy at that time.

During the eighteenth century, fashion and luxury were only available to those who could afford it and, as Adam Smith argued, had social ramifications. Smith acknowledged the role that the consumer played within a social environment, aspiring to what others have. Smith’s writings had considerable impact in the late eighteenth century and still have relevance within contemporary consumer culture. Smith states that within trade there is often the pursuit of interests that results in the promotion of ‘society’ over and above what was originally intended (Smith, 1776 p.330). Luxury, aside from causing obvious divisions in class, also caused some to sell their land and worldly possessions in order to acquire luxuries. The divisions in thought and opinion provided a platform for debate. Yet, although luxury was subject to moral criticism in which consumption of such goods was frowned upon as undermining the virtue of consumers, these same consumers were undeterred and continued their pursuit of luxury products. ‘Eighteenth century defenders of luxury, on the other hand, chose to deemphasise morality in favour of economics, arguing in the main that luxury could increase and distribute wealth and was therefore a laudable trait in society. Whatever

its moral blemishes, they said, luxury served a needful economic function.’ (Sekora, 1977: p.113) This thought is further discussed in *Consumers and Luxury* and the conclusions drawn by Berg and Clifford also acknowledge the changes in opinion. They state; ‘luxury was all that was not necessary... as the luxury debate developed over the century; it was disassociated from a moral framework, and was increasingly seen in terms of economic advantages.’ (Berg & Clifford, 1999: p.3) The luxury debate continues today and continues to be seen as one that drives economic advantages for the producers and providers of products and services.

Contemporary texts that define the historical notion of luxury include John Sekora’s *Luxury: the Concept in Western Thought, Eden to Smollet* (Sekora, 1977) and *The Idea of Luxury* by Christopher Berry (Berry, 1994). Sekora suggests that during the eighteenth century ‘variations in usage were natural and common throughout the century, for luxury probably was the greatest single social issue and the greatest single commonplace.’ (Sekora, 1977: 75) It was recognized that luxury products were inextricably linked to economic gain and growth that benefited industry and society as a whole. According to Berry, ‘the eighteenth century was the period when the debate as to the meaning and value-laden status of luxury came into prominence.’ (Berry, 1994: p.126)

Today, it could be said that the consumer understands and interprets what they buy through historical appropriation. When it comes to luxury, the contemporary marketing of goods is reliant upon the values asserted through historically influenced visual narratives that define as well as explain the concept. It is no longer exclusively through individual displays of extravagance that luxury is marketed because the focus has shifted to luxury branded fashion that is produced and consumed globally. The use of aspirational marketing methods over the past twenty years has resulted in a tremendous shift in the way in which luxury is portrayed. This is in part due to companies such as Louis Vuitton who diversified from their historical product focus to concentrate on the emerging luxury brand fashion market. In addition, the emphasis is now on universal consumer lifestyle aspirations. In contrast, luxury as a concept defined by connoisseurs is traditionally and generally understood in the design industry as applying to aspirational goods that are made by highly skilled craftsmen and are exclusive and or rare, usually rendering them expensive. However, in contemporary terms and as a result of mass production, it is difficult to justify the use of the word

luxury to define contemporary luxury branded fashion products as craftsmen-made, exclusive and or rare.

Luxury is no longer as contained and distinct as it was and has become the preserve of different social groups. 'Demand emerges as a necessary precondition and stimulant to the subsequent growth of mass-production. In particular, the 'trickle-down' effects of the demand for luxury goods, i.e. the gradual percolation and diffusion of upper-class tastes through all strata of society, anticipate and expedite the arrival of mass markets.' (Fine & Leopold, 1993) Despite fluctuations in the markets, luxury and luxury branded products continue to be produced and consumed. The difference is that luxury products are still produced in limited numbers by craftsmen and women whereas luxury branded products are mass produced. There is evidence to suggest that luxury brand conglomerates continue to expand around the world. Financial results released by Bain and Company, the global corporate management company, suggest that the largest luxury brand conglomerates continue to demonstrate year on year financial growth. They suggest that 'worldwide luxury goods market revenues will grow as much as 50 percent faster than global GDP, with an expectation of four to five percent growth in 2013 and five to six percent annual average through 2015, on track to break the €250 billion sales threshold by mid-decade' (Bain & Company, 2013)

Connoisseurs on the other hand have maintained a luxury market that is defined by craftsmanship. Earlier, it was suggested that a product would be considered luxurious in historical terms if it was made by craftsmen, if the products were exclusive, rare (or both) and made from the finest of materials. A contemporary definition of luxury might be something that defines products as hand-crafted, using the finest materials, and in which artefacts maintain their value outside of the global mass consumer market. An outstanding difference between a luxury product and a luxury branded product is that the luxury branded product tends to be fashionable. The notion of fashion is irrelevant to luxury products as they do not come in and go out of fashion. Berry suggests that 'the transient quality of the status 'luxury' necessarily means that a particular 'luxury good' will move to the snob affect. This means that self-styled purveyors of luxury goods must always be on their guard to maintain the cachet of 'exclusiveness'.' (Berry, 1994: p.27) He goes on to suggest that clothing provides a good illustration of how this transient quality of luxury may work. He states that 'there are on the one hand, the fashion leaders and practitioners of *haute couture* and, on the other, the mass market ready-to-wear manufacturer. The latter can advertise a 'luxury' silk blouse to be

obtained via mail order, while the former rely on stylistic innovation, inherent quality of raw materials and expertise in cutting and stitching, together with the status of a 'name'.' (Berry, 1994: p.27)

I suggest that it is not only clothing that provides a platform for this distinction to be made but all goods produced by luxury brands today. *Haute couture* as an example of the very top of clothing production is not dissimilar to that of producing a trunk or bespoke bag. What is clear is that the relationship between fashion and luxury is longstanding. Charles Worth is an example of a pioneering couturier during the nineteenth century who collaborated with Louis Vuitton to ensure that the trunks Vuitton produced were fit for purpose and addressed the needs of their clients. Similar relationships still exist today where collaborations between craftsman, milliners and hat box makers, for example, ensure that their products are well packaged and serve their clients in particular ways. The continuing relationships at the top end of the consumer market are distinct and fulfil the demands of those customers whose specific needs cannot be addressed through a simple exchange in a retail environment. When considering the relationships between craftsmen, it serves to clarify, and indeed distinguish the notion of craftsmanship from that of mass production.

Richard Sennett states that 'the craftsman explores dimensions of skill, commitment, and judgement in a particular way. It focuses on the intimate connection between hand and head.' He goes on to say that 'every good craftsman conducts a dialogue between concrete practices and thinking; this dialogue evolves into sustaining habits, and these habits establish a rhythm between problem solving and problem finding.' (Sennett, 2008: p.9) What is apparent are the inherent differences between the ways in which a craftsman engages with his work to that of someone producing goods on a production line. The craftsman has the knowledge and skill to select materials, work with and produce a product from design concept to end product. The decision making is something that is inherent in the production of the product. This process differs from that of a production line worker who has little or no input into the design and or construction of a product. The production line worker is limited to the task of making the item. This, it could be said is what differentiates the maker of a luxury product from that of a luxury branded product.

It has been important to define a period of time when luxury was at its most prevalent to establish the differences that have contributed to the interpretations and

understandings of the concept today. In order to understand the significance of luxury's history, it is worth taking a brief detour to explain and situate the argument. As has been established the eighteenth century is a significant starting point. During this period 'we see luxury goods distinguished [as] ornamental building, furniture, collections of books, pictures, frivolous jewels and baubles ...' (Berg, et al., 1999: p.5) Today, the luxury brand customer understands and interprets what they buy through historical appropriation. This is evident in the ways luxury brands communicate their messages through advertising, their on-line presence and in some instances exhibitions in museums across the world. In 2012, two exhibitions opened showcasing the work of two luxury brands; the *Louis Vuitton - Marc Jacobs'* exhibition at Musée des Arts Décoratifs in Paris and The Metropolitan Museum of Art in New York's Costume Institute exhibition, *Schiaparelli and Prada: Impossible Conversations*. The marketing of goods is reliant upon the values asserted through historically influenced visual narratives that define as well as explain the concept. In their book, *Consumers and Luxury: Consumer Culture in Europe (1650 – 1850)*, Maxine Berg and Helen Clifford portray the seventeenth and eighteenth centuries as ones of extravagance where royalty and aristocracy defined the parameters of production and consumption that would come to constitute luxury. (Berg, et al., 1999) The power of the aristocracy was asserted through grand displays of wealth, no more evident than at Versailles in France during the reign of Louis XIV who, according to Sekora, was 'opposed to luxury of others'. (Sekora, 1977: p.53) This is in stark contrast to the democratised luxury brands market we see today. Berg and Clifford amongst others acknowledge that through growth, the luxury market led to an increase of trade, expanding markets thereby redefining the process of trade. During the eighteenth century, luxury was defined through materials, craftsmanship and connoisseurship. Lee Shai Weissbach suggests that during the eighteenth century 'artisans ... were thus concerned not only with the actual process of production but also with the quality and the value of the products they produced.' (Weissbach, 1982: p.67) In contrast it could be argued, luxury is defined through mass production, mass consumption, marketing and celebrity. Theo Fennell, the jeweller, suggests that 'when we say luxury goods, what that really means is overpriced geogols some enormous marketing company attached to a worldwide conglomerate weaves its magic and gets ludicrous prices for things that aren't worth a tenth of it.' (Fennell, 2010) Fennell's point of view is not uncommon amongst his contemporaries as will be discussed.

The post industrial age has seen a new understanding and shift in definition of the luxury market due in part to the birth of the designer label in the late 1980's. It is however surprising to see the absence of any substantive critical debate about how, during the late 1980's, products defined as designer labels transformed themselves to become luxury branded goods. It could therefore be said that the designer label brought about the commodification of goods and services within what has today become the luxury brands market through the use of modern marketing methods. Over the last twenty years the concept of luxury has developed an additional contradictory definition. The two main strands that define luxury today arguably create a paradoxical understanding in the eyes of the customer of what luxury represents. The visual markers seen in marketing campaigns of the contemporary luxury brands are, as I go on to demonstrate, trading on pseudo eighteenth century values. This is evident through the creation of 'scenarios' that adopt an aesthetic that will be argued is lavish in its execution. Luxury brands currently confer value on goods and services, otherwise perceived to be of less worth, to encourage consumption. This assertion is evidenced in the work of amongst others, Pamela Danziger (Danziger, 2005), Kapferer and Bastien (Kapferer, et al., 2009) and Uche Okonkwo (Okonkwo, 2007).

A significant part of the current luxury brands market is predominantly made up of companies that were founded in the seventeenth and eighteenth centuries. In this period, materials and craftsmanship were prioritized. Today, however, this is no longer necessarily the case and the companies engage their audience using marketing techniques which first became prominent in the late 1970's. Louis Vuitton and Prada are of significance in this context as each company has been prominent in both the luxury goods and luxury brands market spanning a period of 150 years and therefore illustrate a shift in the luxury paradigm.

The perception of luxury has changed over the past twenty years. As a result there has been an increase in publications on the subject. Contemporary theorists and commentators including Danziger (Danziger, 2005), Kapferer and Bastien (Kapferer, et al., 2009), Fiske and Silverstein (Fiske and Silverstein, 2005) and Okonkwo (Okonkwo, 2007) have written about luxury and luxury brands, but have failed to make a systematic connection between the two and have not succeeded in identifying the differing effects on the perception of luxury. It is important to recognise that these are popular texts that are instructive in marketing techniques used to inform as well as

instruct how luxury brands are marketed and in turn perceived today, hence the relevance of their inclusion.

In today's market, luxury brands have come to embody the shopping experience of the aspirational consumer. Luxury brand commentators do not address the need for differentiation between luxury goods and luxury branded products; they define them as the same thing. An example of this may be a handmade piece of Tanner Krolle luggage that is labour intensive and in which the best quality materials are used. The item is also made by highly skilled craftsmen as opposed to mass produced luggage made by Louis Vuitton on a production line. This lack of differentiation between something handmade and something made on a production line is highly problematic. Distinguishing luxury from a luxury brand is important as they are fundamentally different. Chevalier and Gutsatz state that:

‘underlying the concept of luxury, there is the notion of exclusivity. A luxury product should be rare and slightly difficult to acquire. It should of course be available, but give the feeling that the purchaser is “in the know,” can identify what makes it so different from other products or other brands, and can demonstrate that he or she has better taste and is more sophisticated than the standard customer.’ (Chevalier, et al., 2012: p4)

They go on to suggest that ‘an obvious characteristic of a luxury object is quality.’ (Chevalier, et al., 2012: p4) Luxury as opposed to luxury brands has roots that come from a very specific remit, one of being grounded in the origins of the maker, craftsmanship and materials. However, the focus of many contemporary authors is the aspiration of the consumer and concentration on the purchasing experience rather than the product. They explore the methods surrounding the implementation of marketing techniques used in order to market goods and experiences in the luxury branded market. They also employ a variety of terms such as old luxury and new luxury in an attempt to create differentiation where it may not exist. They do not develop the distinction between old luxury and new luxury where old luxury emphasise the object and new luxury focuses on the experience, but categorize both within the context of a brand. Danziger for example, suggests that this ‘means linking their luxury products and brands with emotional values that epitomise and resonate with the hopes, wishes, and dreams of the consumers when they envision a luxury lifestyle.’ (Danziger, 2005: p.30) It could be argued that this view ignores the designer maker whose sole aim is to

produce goods of the highest quality using the finest materials and ignoring mass production and consumption of their products. What is evident is that the ultimate aim of a luxury brand is to increase the consumption of goods. Through the reclassification of premium products redefined as a luxury brand and marketed as luxury, the customer is buying something that is misrepresented in that market. A luxury product is reclassified within the luxury brand remit losing its value through association. Mass production of luxury branded goods is encouraged, defined and communicated as 'luxury' at the expense of the luxury product which is defined by the maker, craftsmanship and materials. What emerges in much of the current literature is confusion between luxury and a luxury brand. Danziger and Kapferer and Bastien, for example, fail to acknowledge that the need for differentiation between product categories is what creates a diverse market and an aspirational customer. A fundamental flaw in their writing is the inconsistent reference to luxury and luxury brands. She considers them to be the same, where in fact, they are different. In addition, and this is where Danziger differs from her contemporaries, she not only defines luxury and luxury brands as the same, but also confuses luxury with luxury brands and brands as a whole. She talks about the 'brand story' (Danziger: 2005 p.181) and that it needs to be revised, refined and reinvented as the values of the consumer changes.

Danziger states that 'the brand story needs to be revised, refined, and reinvented as the values of the consumer change, as they inevitably will. Brands must be expansive so that they can become part of many people's life and can change with the times. The lesson here is to look at brands that have longevity and have sustained themselves over time, like Polo Ralph Lauren as well as many other luxury brands that have a history of spanning decades, even centuries, and you find brands that continue to re-invent themselves to stay relevant.' (Danziger: 2005 p.181) It is interesting to note that Ralph Lauren unlike Louis Vuitton and Prada do not manufacture any of their own products, rather they outsource all manufacturing. Furthermore, their mode of production is more in line with a high end fashion retailer rather than a purveyor of luxury goods. Fashion designers, such as, Ralph Lauren are concerned with re-invention and change whereas those producing luxury items are more concerned with consistency and stability that is communicated through their product line rather than the marketing that is intended to drive sales.

The notion that luxury brands must sustain themselves over time through reinvention is consistent with contemporary marketing methods (that include those adopted by LVMH) where increasing customer demand for product through a diverse product offering is at the core of economic growth and potential profitability. This is evident in the monthly advertising campaigns in magazines, such as, *Vogue* where new luxury branded products are advertised as part of the fashion cycle. However, it will be seen that luxury goods manufacturers often do not adhere to these principles; they instil a sense of consistency and continuity associated with the work they do.

In their book *The Luxury Strategy; break the rules of marketing to build luxury brands*, Kapferer and Bastien take a different view, one that considers the product. From the outset they state that 'the reason why marketing ... doesn't seem to work with luxury goods the same way it does with everyday consumer goods, even top-of-the-range consumer goods, is because the two are fundamentally quite different.' (Kapferer, et al., 2009: p.5) What is clear from the writing of Kapferer and Bastien is that they do differentiate between what they define as luxury goods and everyday consumer goods. Even though they consider luxury products to be different to everyday goods, they do not consider possible differences between luxury branded products and luxury goods. This will be discussed in more detail.

There is a distinct difference to the approaches of Kapferer & Bastien and Danziger. However, both continue to refer to luxury and luxury brands as the same thing. The former define luxury products as luxury based on origin and place of manufacture. 'A luxury product, which carries a whole world with it, has to be produced in a place that is consistent with its world.' (Kapferer, et al., 2009: p.14) This point of view is consistent with current trends where manufacturing of luxury goods in the place of origin is increasingly important and communicated as part of the heritage of a company. 'Products by Chanel or Hermès, being manufactured in France, truly are luxury products; products bearing a Dior or Burberry label, on the other hand, being manufactured in countries where labour costs are low and not in France (Dior's place of origin) or in the UK (Burberry's place of origin), are no longer entitled to be called luxury products: this kind of relocation for cost-cutting reasons is proof that these do not have (or no longer have) a sufficiently high level of quality or creativity – as regards the products concerned, at any rate – to justify a price level that would allow them to continue to be produced in their country of origin.' (Kapferer, et al., 2009: p.14) Whilst this point may be of merit, there is evidence that Chanel and Louis Vuitton do not

manufacture all their products in France. Chanel have recently bought Barrie Knitwear in Scotland to manufacture their cashmere. I have been to that factory and have seen Chanel products being made there. Louis Vuitton manufacture certain items in America. Hermès, it is alleged, also manufacture certain products in China. Few of the luxury brands are transparent about where their products are made as the “Made In’ and country of origin label adds value to their products. The issue that remains problematic is that Kapferer and Bastien move away from the luxury product descriptor to that of the luxury brand. The need for a luxury brand to be mass produced, retailed and marketed on a global scale becomes the intention for the brand to have longevity. Kapferer et al argue that ‘all of that holds especially true when the luxury brand sets out to conquer the world. Now, as we have seen previously this is something it has to do: a luxury brand that cannot go global finishes up disappearing; it is better to have a small nucleus of clients in every country – because there is every chance that it will grow – than a large nucleus in just one country, which could disappear overnight. That’s the law of globalization.’ (Kapferer, et al., 2009: p.15) This in itself is problematic as Kapferer et al. consider the classification of luxury goods and luxury branded products to be the same thing. The quote implies that if a purveyor of luxury goods as opposed to a luxury brand has no intention of tapping into a global market their company will fall short of realizing the ambitions of the luxury brand. Evidence suggests that it is not the intention of purveyors of luxury goods to expand their markets to such an extent that they become global concerns. The implication of trying to satisfy the global market would shift the emphasis from small production runs to mass production and consumption of their products. Mass production and mass consumption are not a realistic proposition for a designer maker where products are made on site in a workshop and not in a factory. The implications of creating a global luxury brand are far reaching and require substantial investment. A conglomerate, such as, the Louis Vuitton Moët Hennessey group (LVMH) has the financial means and is able to provide, and communicate the brand values through the explicit use of a logo to create brand awareness. Theo Fennell faced this problem in 2008 when his shareholders wanted to expand the company. In an interview with Theo Fennell he explains the complexities:

‘The reason I had the fall out with the business when I left for the year and a bit involved the owners if you like, who believed the business could be rolled out into what they saw as this pattern without realising that the people who did that had a vast financial support from the holding company and an enormous infrastructure to roll out into these places and suited them

so to do. What they were doing was cashing on the years of incredibly expensive advertising worldwide by saying “Kazakhstan, you have heard of us?” For us to go and do that would have taken enormous effort in reinventing the wheel each place we went. My belief is we either shouldn't do that or certainly not attempt to do that ourselves. If a bigger company came along and said we want to buy your company and we want to expand world-wide then it would not have been my position to say no. Some of the design and branding projects they got into with people who had no idea about our business at all therefore they were assuming a compound of other people's ideas that were incredibly expensive and of absolutely no value to anybody at all. It was incredibly expensive and cost millions of pounds to do and failed.’ (Fennell, 2010)

Theo Fennell acknowledges the potential problems that may arise should a company choose to stray from the intrinsic values inherent in the philosophy of its craftsman. He also acknowledges the power of global, multi-national companies that have the financial means to expand world-wide. LVMH is an example of such a company. LVMH is one of the biggest and most powerful holding companies and owns the largest group of manufacturers and retailers of luxury branded products in the world and produce goods that incorporate the brand logo in the design of the finished product. Analysis of some conglomerates will be considered as part of the discussion to clarify the impact in relation to the global market and vertical integration.

Within the current luxury brands market, there is evidence that consumers acquire products that display the logo of the company that produces them. According to research conducted by Joseph Nunes at the University of Southern California and presented at the *In Pursuit of Luxury* conference in London in June 2010, Nunes suggests that since 2008 there has been an increase of more than 30% of logo prominence applied to Louis Vuitton bags. This desire on the part of the customer to consume conspicuously suggests that the democratisation of luxury brands is a driver not only for financial gain for the company, but also social acceptance amongst consuming groups for the purchaser. As James B. Twitchell suggests: ‘the new luxury is the ineluctable result of a market economy and a democratic political system.’ (Twitchell, 2002: p.25) This is echoed in Silverstein and Fiske's book *Trading Up* where they consider definitions of new luxury and old luxury which could also be said to be a result of a market economy. They define new luxury as; ‘... products and services that

possess higher levels of quality, taste, and aspiration than other goods in the category but are not so expensive as to be out of reach.' (Fiske, et al., 2005: p.1) 'Old luxury is about exclusivity.' (Fiske, et al., 2005: p.55) 'where goods are priced to ensure that only the top 1 to 2 percent of consumers can afford them ...' (Fiske, et al., 2005: p.55) Luxury branded goods as opposed to luxury products are partially reliant on the customer to sell their products for them. This is where the prominence of the logo comes in. The effect of the democratised retail market ultimately relies on the user to 'advertise' a product through the obvious display of the company logo. The product could be anything from a city guide, a t-shirt with a logo on the front, to a bag with logos that cover the surface or even an emblazoned beach towel. Fiske and Silverstein define these products as old luxury brand extensions, 'lower priced versions of products created by companies whose brands have traditionally been affordable only for the rich.' (Fiske, et al., 2005: p.4) These products have effectively become readily available to anyone who wants them. Price is no longer a factor that stands between the customer and their desire to purchase something from a manufacturer of a luxury brand. Louis Vuitton for example offer what could be termed as entry level products. A Louis Vuitton City Guide costs £22.00 and is available to buy from their stores or website. The impact of marketing, mass production and consumption has enabled the luxury brand to become more accessible to more people on a global scale.

The areas that Fiske and Silverstein and Danziger agree upon is that new luxury is based on emotion. However, Fiske and Silverstein disagree with Danziger by stating that 'new luxury' must connect with the consumer on all levels. They state that:

'Emotional engagement is essential, but not sufficient, to qualify a product as new luxury; it must connect with the consumer on all three levels of a 'ladder of benefits.' First, it must have technical differences in design, technology, or both. Subsumed within this technical level is an assumption of quality – that the product will be free from defects and perform as promised. Second, those technical differences must contribute to superior functional performance. It's not enough to incorporate 'improvements' that don't actually improve anything but are intended only to make the product look different or appear to be changed. Finally, the technical and functional benefits must combine – along with other factors, such as brand values and company ethos – to engage the consumer emotionally.' (Fiske, et al., 2005: p.6)

The implication here is that product is integral to the success of a luxury brand within the new luxury market. What emerges is the stratification of luxury as a concept where you have luxury, luxury brands and new luxury. In some ways new luxury, luxury brands and old luxury have shared characteristics. In the current retail market they target the same customer, one that aspires to own luxury goods, but with less spending power. What emerges is the overlap of new luxury, luxury brands and old luxury, as defined by Fiske and Silverstein. Their definition of old luxury where reference is made to the price and manufacture, including craftsmanship still needs to be reviewed as old luxury as luxury does not have the same or similar characteristics whereas new luxury and old luxury it could be argued do.

Fiske and Silverstein suggest 'new luxury... achieves high margins at high volumes, and it delivers the ladder of benefits, especially the emotional engagement of its customers.' (Fiske, et al., 2005: p.8) This also applies to new luxury, luxury brands and old luxury as the ultimate aim is to increase consumption of the product. Goods produced under the label of a luxury brand, new luxury or old luxury are arguably not luxury at all; they are merely better quality products that are marketed in a different way opening up a completely new level of sales that has been created through the customer demand for items that are better made and have an increased social and material acceptance. Manufacturers need differentiation as a means of satisfying social constructs within a democratised luxury market. Customers demand differentiation, the result of which, as will be discussed, is to create a tiered approach that defines luxury in different ways in order to satisfy demand.

## Chapter One: Classifying a Luxury Brand, Creating New Luxury

This chapter will challenge the view of marketers that luxury is an all-encompassing term. In today's market it could be argued that the aim of luxury brands have come to personify the shopping experience of those who aspire to owning their products. Luxury brand commentators, such as, Pamela Danziger do not address the need for differentiation between luxury and luxury brands; she defines them as the same thing. This could be deemed problematic because luxury goods have longevity whereas luxury branded goods are founded on fashion trends that regularly change. Luxury has roots that come from a very specific remit, one grounded in the origins of the maker, craftsmanship and materials.

Danziger's *Let Them Eat Cake: Marketing Luxury to the Masses – as well as the Classes* explores the methods surrounding the implementation of marketing techniques used in order to market goods in the luxury branded market. She focuses on the aspiration of the consumer and the purchasing experience rather than the product. Danziger does create a distinction between old luxury and new luxury where old luxury considers the object and new luxury focuses on the experience. Rather, as previously stated, she categorises both within the context of a brand or part of the branded experience and goes on to say that this 'means linking their luxury products and brands with emotional values that epitomise and resonate with the hopes, wishes, and dreams of the consumers when they envision a luxury lifestyle.' (Danziger, 2005: p.30) It could be argued that this view ignores the designer-maker and craftsmen whose sole aim is to produce goods of the highest quality using the finest materials ignoring the imperatives of mass production and consumption of their products. What is evident from publications such as this is that the ultimate aim of a luxury brand is to increase the consumption of goods through their reclassification; classifying a mass produced product as a luxury product within the luxury brand remit. Mass production of luxury branded goods is encouraged and defined and communicated as luxury at the expense of the luxury product. Luxury products it could be argued are defined by connoisseurship, the maker, craftsmanship and materials. What emerges is confusion between luxury and a luxury brand. Danziger fails to acknowledge that the need for differentiation between product categories is what creates a diverse market and the aspirational customer. A fundamental flaw in Danziger's writing is the inconsistent

reference to luxury and luxury brands, she considers them to be the same, whereas in fact, and as will be established they are different.

There is contradiction in Danziger's writing where she appears to confuse luxury with luxury brands and brands as a whole. She talks about the 'brand story', and how it needs to be revised, refined and reinvented as the values of the consumer changes<sup>1</sup>. The notion that luxury brands must sustain themselves over time through reinvention is consistent with contemporary marketing methods where increasing demand for products through a diverse offering is at the core of economic growth and potential profitability. However, it will be seen that manufacturers of luxury goods do not adhere to these principles, they instil a sense of consistency and continuity associated with the work they do. For example, Tanner Krolle does not change its product line, nor do they introduce new items each season. This approach is different to that of luxury brand retailers and manufacturers, such as, Prada and Louis Vuitton who are constantly introducing new products.

This chapter will challenge Danziger's view and the views of other luxury branding and marketing commentators that luxury is an all encompassing term that could and should be applied to all products at all entry levels. Danziger, in 2005, created a list of what she defines as paradigms for new luxury. Her claim that a luxury brand must be expansive warrants further analysing. She suggests, with reference to a luxury brand that 'it must be a big idea that gives the marketer new places to venture and new opportunities to meet the consumer's personal life.' (Danziger, 2005: p.207) The idea that a luxury brand must be expansive is one that at its core distinguishes a luxury branded product from a luxury product. The implications of this would be far reaching, and as stated previously, luxury brands can expand their product offering to virtually any item that is produced. That is the point; manufacturers of luxury branded goods produce anything from a key ring to crocodile skin handbags. The idea that the ultimate goal of a marketer is to venture into what may be new territories reinforces the problematic nature of Danziger's criteria defining luxury. She removes the maker from

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<sup>1</sup> 'But the brand story needs to be revised, refined, reinvented as the values of the consumer change, as they inevitably will. Brands must be expansive so that they can become part of many people's life and can change with the times. The lesson here is to look at brands that have longevity and have sustained themselves over time, like Polo Ralph Lauren as well as many other luxury brands that have a history of spanning decades, even centuries, and you find brands that continue to re-invent themselves to stay relevant.' (Danziger, 2005: p.181)

the equation placing the market at the forefront of the exercise. Luxury is not about meeting the consumer's personal life as described by Danziger, rather luxury considers craftsmanship and indeed the connoisseurship of those who aim to produce the finest product using the highest quality materials and skills. The notion of 'a big idea' is grounded in marketing and is dismissive of the designer maker process. The implications of being reliant on marketing to sell products could be seen to be flawed as it places the focus on the communication of an idea rather than the product itself.

Danziger goes on to state that 'a luxury brand must tell a story. Storytelling is a fundamental way humans transmit and process information. Brand recognition is no substitute for brand connection and it is through brand stories that consumers connect. It's through brand storytelling that corporate strategy connects with the consumer.' (Danziger, 2005: p.207) It may well be that a luxury brand must tell a story, and as previously suggested luxury brands rely heavily on their history to sell products. The notion of brand heritage is used by luxury brands as a tool to create a story that distinguishes luxury products from their competitors. These may be fashion houses that do not have the heritage of, for example, Louis Vuitton or Prada. This is evident in the marketing techniques used by luxury brand manufacturers including Louis Vuitton. Danziger goes on to state that advertising does not sell product, but storytelling does. It is evident that all luxury brands advertise and by the very nature of the advertising campaigns, a story is told. Again, Danziger appears to create a distinction between two core principles of marketing – advertising and storytelling. The two are synonymous. Advertising is storytelling. Those who produce products outside of the luxury brands market and consider what it is they make as luxury do not advertise in print or on television. They rely on word of mouth to let the product speak for itself rather than for the advertising to do it for them. Information is handed down from father to son, mother to daughter and encapsulates the finesse of the luxury product in a way that advertising does not. It is not implied, but real. A purveyor of luxury goods is not usually large enough to devise and implement a corporate strategy as Danziger suggests as they do not have access to capital to invest in global marketing and branding strategies.

A luxury brand, she argues, must be relevant to consumers' needs. She goes on to say that 'a luxury brand must be relevant to consumers' needs meeting their passions and desires emotionally and physically.' Furthermore, a luxury brand she asserts, 'must stay relevant as luxury consumers' needs change, thus the necessity to have an

expansive brand that gives marketers room to grow.’ (Danziger, 2005: p.207) There are, however, a number of issues that escape Danziger’s attention. In the contemporary luxury brands market, the need to ‘grow’ appeals to the notion of fashion where change is at the core of what the term represents. Luxury brands produce collections throughout the year, introducing new product lines in order to appeal to the consumer market. The generative function of capitalism is one that encourages consumption. Luxury branded goods could be considered to be commodities driven by consumerism. The focus of making luxury goods is the maker concentrating on a particular product, not as Danziger suggests growing the product offering. The notion of an expansive brand goes against the traditional remit of what luxury represents where the craftsman or woman masters one aspect of making something rather than trying to satisfy different sectors of the market through the marketing and manufacture of different products. Ally Capellino suggests that the customers ‘perception of luxury is also the perception of the knowledge bound up in that company, the skills involved and the history of what’s gone before.’ (Capellino, 2012) Her view is quite different to that of Danziger illustrating the importance of knowledge and skill rather than an attempt by luxury brands to grow beyond their core product offer. This is the foundation of what a luxury brand does to appeal to customers at all levels of the consumer demographic in order to increase sales. The result of this within the fashion sector is a company whose product offering may once have been confined to producing luggage, as in the case of Louis Vuitton, to introduce fashion items that may include clothing. Luxury brands mass produce goods for the global market whereas purveyors of luxury goods produce products for what could be termed a niche market.

Another assertion of Danziger is that ‘a luxury brand must align with consumers’ values. Consumers are bringing a new sensibility into the market place that is about more than having and getting. They want their consumerism to provide a greater meaning, and they are looking to “do good” when they shop.’ (Danziger, 2005: p.207) The example Danziger gives relating to the notion that the customer is looking to ‘do good’ bears, in general, no relationship with the luxury brands market. Consumers of luxury branded products often consume without consciousness hence the growth in the global luxury brands market where goods are mass produced and mass consumed around the world. In some cases luxury branded products are manufactured in ‘sweat shops’ in Asia and China where the people producing the goods earn the minimum wage. Again, there appears to be a contradiction where in one chapter Danziger attempts to define a consumer market through their purchasing patterns and in another

where she states that buying from a store that supports production in the third world enables a luxury brand to 'align with consumers' values.' (Danziger, 2005: p.207) She goes on to suggest that 'although some of the products are very affordable, luxury is the proper definition of what is sold, as most items are decorative with an aesthetic appeal.' (Danziger, 2005: p. 204) This argument denies the skill of the craftsman and woman where the notion of decorative is non-existent in products that despite having aesthetic appeal do not adhere to her claims that they should be decorative. Earlier in her book Danziger states that luxury is about fantasy, not the product, but what the product represents. She states that 'luxury is ultimately about the unattainable. That is what I call the metaphysics of luxury. It is about the consumers' fantasies, hopes, and dreams and not really about the physical or material realm. Luxury marketeers will do well to connect with those fantasies, because the fantasies are often far better and more fulfilling than the ultimate reality.' (Danziger, 2005: p.15 ) The notion of fantasy, as described by Danziger, emphasises the view that marketing experts take when they focus on the experience of the purchase instead of the qualities of a product.

The product in this case seems to certainly make reference to the actual 'thing' rather than the experience in the purchase. Focusing on consumer aspirations and disregarding the process of making a luxury product is what distinguishes a luxury branded product from a luxury product. The apparent contradictions in Danziger's book illustrate a flawed interpretation of luxury and luxury brands in favour of a methodology that attempts to group all products irrespective of the criteria that could be seen to distinguish one from another.

Danziger's final assertion is that 'a luxury brand must perform for the consumer. The experience of a luxury brand all comes down to how well the brand performs its experiential duties for the customer. If it makes him or her feel wonderful, special, unique, as well as performing its specific material role or purpose wonderfully – whether the product is a cooking pan, an evening dress, a set of sheets, or a new PDA – then it meets the consumers' performance expectations. It is luxury.' (Danziger, 2005: p.207) Once again, Danziger diminishes the value of luxury by focusing on a transient experience using terminology that is ultimately devised by marketeers to create hype and sell fashion. One could question whether or not the ability to create such fictions is tied to the development of mass media. Prior to this, products were sold on a very different basis, while now there is a huge infrastructure (advertising, the Internet,

television) to support these illusions. The examples she gives are banal and could fulfil the experiences and performance expectations in any consumer category.

### **Luxury or a Luxury Brand**

What is not clear from Danziger's writing is how brand performance is measured in relation to experience. She describes in very basic and what could be seen to be frivolous terms 'two basic ways marketeers can make that delivery of a luxury experience happen. They can design their products with the right combination of product features and attributes that carry an expectation of a luxury experience. In certain product categories, notably fashion, luxury is often delivered through look and feel, design flash and product sizzle.' (Danziger, 2005: p.27) These descriptions are unhelpful as design flash and product sizzle do not in any way define a luxury experience. Danziger seems to ignore one of her interviewees, Brian Maynard, the Brand Director for integrated marketing at KitchenAid, who says 'true luxury today, is being an expert at something. It's being a wine expert, a cooking expert, a golf expert, because you have the time and wherewithal to take the time to study, to learn, to travel, and to become an expert. Luxury is about personal transformation and reinvention.' (Danziger, 2005: p.28) What is evident from her writing and the examples she uses throughout her book is the need to increase the consumption of goods and or services for financial gain. She reiterates the notion of experience as a means to satisfy consumer demand through the redefinition of the product offering. The experience of a brand is one that a luxury brand may pursue through their retail spaces where the product comes second to the shopping experience. Danziger has no doubt conducted extensive research albeit with a marketing focus. In addition, her research conducted in 2003 has a limiting factor in terms of its sample. Specifically, the choice of sample is curious where participants have an average income of \$152,000. Clearly, a luxury brand would be accessible to these participants whereas a luxury product may not. Furthermore, if you ask a consumer of a luxury brand what it is that is luxury to them they may not necessarily appreciate or even be aware of what luxury goods exist outside of the luxury brand remit. This is partly due to the fact that the manufacturers of luxury goods do not advertise, whereas luxury brands advertise extensively in all areas of fashionable portals of communication.

Capellino suggests that, 'luxury brands do their own kind of marketing and the cost of the materials and the making is not what you pay for in the end. You are paying for the retailer to make it look nice and you are paying for them to photograph it.' (Capellino, 2012) A luxury brand sells an experience on the page of a magazine, on television, through sponsorship of high profile events, such as, the Louis Vuitton Classic boat race and product placement on television programmes and films, such as, *Sex and the City* the *September Issue* and, of course, celebrity endorsement. The luxury brand experience continues when the customer enters the store. What Danziger is implying is that everything can carry the status of luxury as long as the experience, unrelated to the physical object, says so. It could then be argued that it is purely down to marketing and the training of employees representing the luxury brand to articulate what makes goods or services luxury. This is a problematic view as it undermines the very nature of what luxury represents in the contemporary market place. Luxury brands represent an illusion of the experience in that the products they sell are defined through the marketing campaigns.

These 'paradigms', as Danziger refers to them, are nothing less than marketing requirements and formulae that exist as a means to sell products that are mass produced and mass consumed, and trade on historical notions of luxury in order to add value. Danziger goes on to say that 'luxuries ... are about the consumers' fantasies, hopes, and dreams and not really about the physical or material realm. Luxury marketers will do well to connect with those fantasies, because the fantasies are often better and more fulfilling than the ultimate reality.' (Danziger, 2005: p.15) The marketing fills the void through the absence of exclusivity and the skills of the maker of luxury products replacing them with advertisements and visual communication. What Danziger refers to is an emotional response the customer has to their fantasies. There is a distinct disregard for the product. The notion of exclusivity is clearly lacking where luxury brands are concerned so they rely on communicating notions of exclusivity. Olga Berluti, the driving force behind Berluti the shoe maker suggests that 'luxury is about exclusiveness, uniqueness. You really have to push the boundaries to find uniqueness. To be unique you have to forget all other influences.' (Berluti, 2009) This idea reinforces the value of a craftsman whose items are exclusive and unique as a result of the process of make and distinct qualities of the product.

## Differing Approaches to Luxury Branding

In their book *The Luxury Strategy; break the rules of marketing to build luxury brands*, published in 2009, Kapferer and Bastien take a different view, one that considers the product. From the outset they state that ‘the reason why marketing ... doesn’t seem to work with luxury goods the same way it does with everyday consumer goods, even top-of-the-range consumer goods, is because the two are fundamentally quite different.’ (Kapferer, et al., 2009: p.5) What is clear is that the product comes first. This view differs significantly from that of Danziger where as previously noted the experience comes first.

There is a distinct difference between the approaches of Kapferer and Bastien and that of Danziger. Essentially Kapferer and Bastien promise an analysis of products, but fail to deliver. Both of their works continue to refer to luxury and luxury brands as the same thing. The former define luxury products as luxury based on the origin and place of manufacture. Kapferer and Bastien as previously discussed say that ‘a luxury product, which carries a whole world with it, has to be produced in a place that is consistent with its world.’ (Kapferer, et al., 2009: p.13) Dior, Chanel, Burberry and Hermès clearly show the country of origin on their labels when the product is made in their ‘home’ country. (fig.1) There is value attributed to showing that something is made in France or England for example, as it acts as a mark of quality where something made in China would, in most instances, not be considered in the same light.

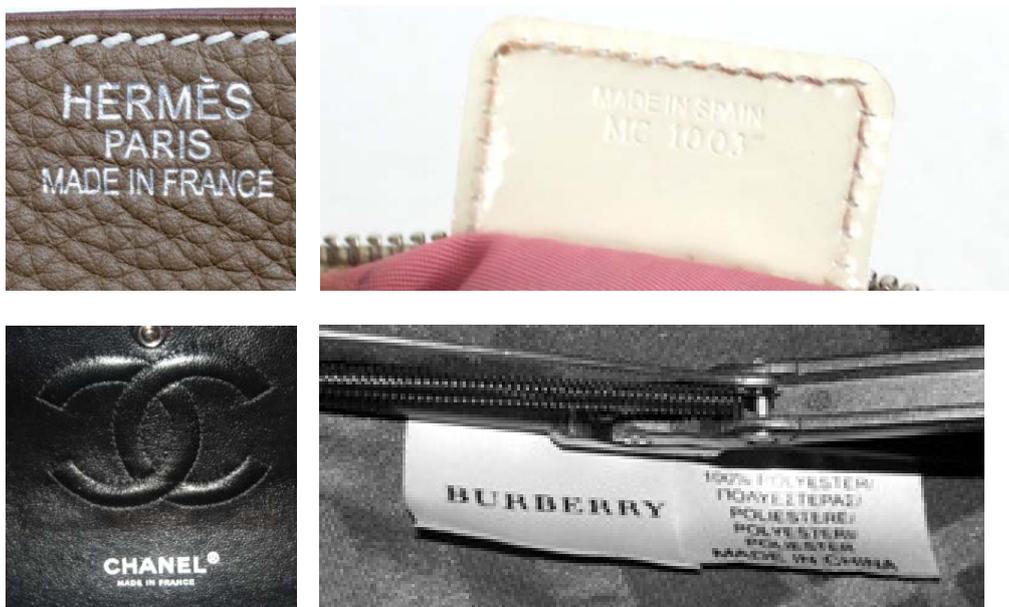


Figure 1. Hermès, Dior, Chanel and Burberry Country of Manufacture labels sewn into products.

Purveyors of luxury goods in most instances highlight the origin of the place of manufacture not only through the label, but also through inviting their customers to their workshops to meet the craftsmen and to see how the goods are designed and made. In some instances the client may also have design input. This is evident in the case of Tanner Krolle where they have a 'visit us' section on their website. This service, unlike that of most luxury brands, is open to all customers. The manufacturing process is much more transparent than luxury brands. The customer can see for themselves that the company focuses on exclusive limited production runs of highly crafted products. In the case of Louis Vuitton and Prada both of which consider their products to be luxury, and as will be illustrated in their case studies, not all of their manufacturing takes place in the country of origin. Luxury brands are very secretive about where they may manufacture their products. Moreover, as the actual country of manufacture is not required to be shown many luxury brands may part manufacture in one country and complete the assembly in the country of origin. This allows them, by European law, to insert a label that suggests the product is made in one country when it is in fact made in another. Louis Vuitton manufacture in America and Prada manufacture in China and India. The milliner Stephen Jones, responsible for producing the hats for, amongst others, Marc Jacobs and the Dior *haute couture* shows states that 'when you make things in China, it is cheaper - but often it's not so much cheaper, but there is a level of dexterity which exists in China, which is more and more difficult to find in the West, because actually people are not trained in those luxury crafts in the way that they used to be.' (Jones, 2012) In the case of Prada, they consider the Indian produced products to enhance their product offer as they utilise specialist skills only available to them. A customer purchasing at the very top end or bespoke products made by Louis Vuitton may be invited to the workshops. Prada do not offer this service.

From the research conducted evidence suggests that purveyors of luxury goods do not always aim to expand their businesses globally. Tanner Krolle is one example of a company that has no ambitions for such expansion as the global market implies mass production and consumption of their products. Mass production and mass consumption are not realistic propositions for a purveyor of luxury goods due to the nature of their business where products are made in their workshops, and not in a factory. The implications of creating a global luxury brand are far reaching and require substantial investment, something a conglomerate is able to provide, and communicates the brand values through the explicit use of a logo to create brand awareness.

## Logo Positioning – The Importance of ‘Place’

Within the current luxury brands market, consumers aspire to own products that display the logo of the company that produces them. According to research conducted by Joseph Nunes at the University of Southern California, ‘since 2008 there has been an increase of more than 30% of logo prominence applied to Louis Vuitton bags.’ (Nunes, 2010) This could be the size as well as the frequency with which it is placed on a product. The desire on the part of the consumer to consume conspicuously suggests that the democratisation of luxury brands is an economic driver not only for financial gain for the company, but also social acceptance amongst consumer groups for the purchaser. As James B. Twitchell suggests, ‘in a sense luxury objects don’t exist anymore as they used to because “real” luxury used to be for the “happy few”.’ (Twitchell, 2002: p.24) He goes on to say that ‘in a world in which so many different brands compete for our attention, the prestige of one seemingly overnight luxury soon cancels out another, and “the best” is simply the latest, the hottest, the most talked about.’ (Twitchell, 2002: p.25) One could interpret Twitchell’s comment as one that relates to fashion where a luxury brand forgoes the notion of exclusivity in favour of fast moving consumer products publicly displaying their logos that generate publicity and seasonal sales. ‘The new luxury is the ineluctable result of a market economy and a democratic political system.’ (Twitchell, 2002: p.25) He goes on to quote Thomas Beer who wrote ‘money does not rule democracy. Money is democracy.’ (Beer, 2000 cited in Twitchell, 2002: p.25) Where luxury was once reserved for those who could afford it, the new capitalist systems in place encourage the consumption of luxury branded goods and services marketed as luxury. Referring back to Danziger, she considers marketing to sell luxury brands through marketing ‘speak’ suggesting that storytelling and product diversification are amongst other descriptors that could be defined as performance in the artistic sense rather than performance of the product are key factors in selling products. (Danziger, 2005) Artistic performance may be interpreted as the way products are marketed, advertised and displayed for sale. Durability and longevity are key indicators when assessing the performance of a product. This is dependent on the materials used and craftsmanship. She, however, fails to acknowledge the fundamental characteristics and differences between luxury products and luxury brand products. This is echoed in Silverstein and Fiske’s book *Trading Up* where they define New Luxury as ‘... products and services that possess higher levels of quality, taste, and aspiration than other goods in the category, but are not so expensive as to be out of reach.’ (Fisk, et al., 2005: p.1) Luxury branded goods as

opposed to luxury products are partially reliant on the customer to sell their products for them. This is where the prominence of the logo comes in and the effect of the democratised retail market that ultimately relies on the user to advertise a product through the display of the company logo.

The product as a platform for this user driven display includes, scarves, a city guide, a t-shirt with a logo on the front to a bag with logos all over it or even a beach towel emblazoned with a logo (figs. 2, 3, 4, 5, 6). Fiske and Silverstein define these products as 'old luxury brand extensions'<sup>2</sup>. These products within the democratised luxury brands market have become readily available to anyone who wants them. Price is no longer a factor that stands between the customer and their desire to purchase something from a manufacturer of a luxury brand. Louis Vuitton, for example, offer entry level products such as keyrings and city guides. The impact of mass production has enabled the luxury brand to become more accessible to more people on a global scale. The areas that Fiske and Silverstein and Danzinger agree upon is that new luxury is based on emotion, where they disagree is that according to Fiske and Silverstein, 'new luxury must connect with the consumer on all levels of a 'ladder of benefits.' First, it must have technical differences in design, technology, or both. Subsumed within this technical level is an assumption of quality – that the product will be free from defects and perform as promised. Second, those technical differences must contribute to superior functional performance. It's not enough to incorporate 'improvements' that don't actually improve anything, but are intended only to make the product look different or appear to be changed. Finally, the technical and functional benefits must combine – along with other factors, such as brand values and company ethos – to engage the consumer emotionally.' (Fiske, et al., 2005: p.8)

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<sup>2</sup> 'Old luxury brand extensions' are lower priced versions of products created by companies whose brands have traditionally been affordable only for the rich – households earning \$200,000 and above.' (Fiske, et al., 2005: p.6)



Figure 2. Prada products used in *A Therapy*, a Roman Polanski film, illustrating product placement outside of traditional advertising campaigns. 2012.



Figure 3. Prada / LG collaboration. Edward Norton and Daria Werbowy advertising a Prada / LG Phone. 2012.



Figure 4. Louis Vuitton 2013 City Guides.



**Figure 5. Louis Vuitton Monogram Wallpaper square scarf, Spring Summer 2013 Collection. 70 x 70 cm, 100% Silk, hand-finished rolled edges. £210.00.**



**Figure 6. Louis Vuitton umbrella, 70% polyamide, 21% cotton, 9% acrylic, goat leather handle, maplewood shaft. £455.00.**

The implication here is that products are integral to the success of a luxury brand within the new luxury market. What emerges is the stratification of luxury as a concept where there are different definitions of luxury that include luxury brands, old luxury and new luxury. In some respects, luxury brands, old luxury and new luxury have shared characteristics. In the current market they target the same customer, one that aspires to own luxury goods, but with less spending power. What emerges is the overlap of new luxury, luxury brands and old luxury, as defined by Fiske and Silverstein. Their definition of old luxury, (where reference is made to the price and manufacture, including craftsmanship) is not as unproblematic as old luxury. 'True' luxury does not have similar characteristics to new luxury and old luxury as they both share common characteristics. 'True' luxury could be classified as a concept that addresses exclusivity, craftsmanship as well as the materials used in the production of an item. In other words, there is not as big a difference between old and new luxury as Fiske and Silverstein would have us believe. There are, however, differences between old, new and 'true' luxury as explained.

### **The Tiered Approach to Luxury**

Fiske and Silverstein state 'new luxury ... achieves high profit margins at high volumes, and it delivers the ladder of benefits, especially the emotional engagement of its customers.' (Fiske, et al., 2005: p.50) This applies to both new luxury, luxury brands and old luxury as the ultimate aim in each is to increase the consumption of a product. In the table below, using the example given by Fiske and Silverstein when categorising luxury, their approach could be seen to be problematic as it fails to address the distinct characteristics of the luxury and luxury brand markets. I propose the introduction of a new tiered approach defining the extent of the contemporary luxury market. See Tables 1 and 2.

Table 1 illustrates how Fiske and Silverstein categorise luxury. If one considers new luxury and old luxury to share common characteristics where products in both categories are mass produced and available for sale in the global retail market and interprets the pricing structures in such a way that premium and expensive could be interpreted as similar if not the same. Premium priced products could be seen to be expensive, and both do not necessarily have to be exclusive as is illustrated in the luxury brand market. The notion that new luxury products are mass artisanal and old luxury products are handmade is also problematic where consideration is given to the

products that Fiske and Silverstein describe as belonging to the two definitions. In the first instance, they suggest that new luxury goods have elements of craftsmanship, although they are not completely handmade or hand-assembled, and are therefore “artisanal” in nature.’ (Fiske, et al., 2005: p.57) They go on to describe artisanal as allowing ‘for variation in the look and feel of the goods.’ (Fiske, et al., 2005: p.57) They do not give a comparable description of handmade other than ‘the Rolls-Royce is largely hand-assembled and *haute couture* clothing is hand stitched.’ (Fiske, et al., 2005: p.56) They also suggest that ‘new luxury goods do, in fact, offer a high level of quality, often higher than old luxury goods.’ (Fiske, et al., 2005: p.56) Luxury brands have become increasingly conscious to provide quality goods so it would be difficult to differentiate new luxury from old luxury. If one were to consolidate the two and offer an alternate category as luxury (as described in Table 2) clearer definitions are made. New luxury and old luxury share similar characteristics. The products offered within both categories are considered to be priced at a premium, but not as expensive as luxury items which are defined as expensive. An example of a premium priced product would be a Louis Vuitton *Neverfull MM* tote costing £550.00 compared to an expensive Tanner Krolle *Eva Tote* costing £1,595.00.

The quality of luxury items would be defined as goods that are made in most cases from start to finish by hand utilising skilled craftsmen using the finest materials. The items would be exclusive, meaning that they would be very limited in number and sold in very select retail outlets as opposed to being made available through retail outlets all over the world. Table 3 gives examples of retailers that have been categorised according to sector. To illustrate the point, 3 categories are offered to articulate the differences between leather goods, watches and fashion clothing. Louis Vuitton are considered in all three as they manufacture leather goods, watches and clothing. New luxury and old luxury consider the global availability of products. Luxury on the other hand is defined by the companies that are run in the most part by individuals who have the skill to make the item for which they are renowned. The items are made in limited numbers, by hand, and or craftsmen are employed who are specialists in their field.

Tables Categorising Luxury

Table 1 - Fiske and Silverstein's descriptions and categorisation of luxury sectors

	<b>New luxury</b>	<b>Conventional</b>	<b>Old Luxury</b>
<b><i>Affect</i></b>	Engaging	Bland	Aloof
<b><i>Availability</i></b>	Affordable	Ubiquitous	Exclusive
<b><i>Price</i></b>	Premium	Low cost	Expensive
<b><i>Quality</i></b>	Mass Artisanal	Mass produced	Handmade
<b><i>Social basis</i></b>	Value Driven	Conformist	Elitist

Table 2: Proposed Table of Difference

	<b>New Luxury</b>	<b>Luxury Brand</b>	<b>Old Luxury</b>	<b>Luxury</b>
<b><i>Affect</i></b>	Engaging	Engaging	Aloof	Educated
<b><i>Availability</i></b>	Global	Global	Global	Exclusive
<b><i>Price</i></b>	Premium	Premium	Premium	Expensive
<b><i>Quality</i></b>	Mass artisanal	Mass artisanal	Mass artisanal	Handmade/artisanal
<b><i>Social basis</i></b>	Value driven	Value driven	Elitist	Connoisseur

Table 3: Examples of Retail Sectors

	<b>New luxury</b>	<b>Luxury Brand</b>	<b>Old Luxury</b>	<b>Luxury</b>
<b><i>Handbags and luggage</i></b>	Louis Vuitton	Louis Vuitton	Louis Vuitton	Tanner Krolle
<b><i>Watches</i></b>	Louis Vuitton	Louis Vuitton	Panerai	Roger W. Smith
<b><i>Fashion clothing</i></b>	Louis Vuitton	Louis Vuitton	Louis Vuitton	Norton and Sons
	Dior	Dior	Christian Dior	Christian Dior <i>haute couture</i>

In reality the goods produced under the label of a luxury brand, new luxury or old luxury are not luxury at all; they are merely better quality products that are marketed in a different way, opening up a completely new level of sales that has been created through a demand for goods that are better made and have an increased social and material acceptance. Manufacturers need differentiation as a means of satisfying social constructs within the democratised luxury market. Customers demand differentiation, the result of which is the tiered approach in order to satisfy demand.

## Luxury Brand Extension

If luxury products are to be differentiated from luxury brands, it is useful to begin to define and specifically refine the concept. What is clear, and as discussed, is that there are distinct similarities between new luxury and old luxury both of which sit within the luxury brands category. The target market is the aspirational customer who wants their purchase to be visible as a way of connecting to those around them. There is also a desire to keep up with fashion and fashion trends. Within both the new luxury and old luxury categories, new products are produced each season. These are defined in the public relation campaigns as 'must have' items for the coming season and are advertised in the media, through product placement and celebrity endorsement. More recently, Louis Vuitton commissioned Ogilvy Mather the advertising agency to create an advertising campaign, something unheard of in an industry that mostly uses in-house creative directors to manage the image of the brand. Annie Leibovitz, the celebrity photographer, was chosen to photograph 'traditional' Louis Vuitton luggage. Included in this campaign with the intention of not dominating the photographs were Mikhail Gorbachev, Sean Connery and the photographer herself (figs. 7, 8, 9). In reality the celebrity always dominates the image as they spark the imagination of the targeted end user. They could also be considered as the 'product' as it is the power of celebrity endorsement that adds kudos to the campaign and in turn increases the consumption of the goods. What was interesting about this campaign is the use of celebrities from different places in the world who would appeal to a diverse consumer demographic.



Figure 7. Mikhail Gorbachev, *Journey* print advertising campaign for Louis Vuitton, 2007. Photographed by Annie Leibovitz.



Figure 8. Sean Connery, *Journey* print advertising campaign for Louis Vuitton, 2008. Photographed by Annie Leibovitz.



The journey of a star, captured in a flash. Annie's studio, New York.  
Follow Annie Leibovitz and Mikhail Baryshnikov at [socialistmagazine.com](http://socialistmagazine.com)

Louis Vuitton is proud to support The Chinese Project.

LOUIS VUITTON

Figure 9. Annie Leibovitz and Mikhail Baryshnikov, *Journey* print advertising campaign for Louis Vuitton, 2010. Photographed by Annie Leibovitz.



**Figure 10. Catherine Deneuve, *Journey* print advertising campaign for Louis Vuitton, 2009. Photographed by Annie Leibovitz.**



Is there any greater journey than love? Steffi Graf, Andre Agassi. Room 27, late June, New York.

**LOUIS VUITTON**

**Figure 11. Steffi Graf and Andre Agassi, *Journey* print advertising campaign for Louis Vuitton, 2007. Photographed by Annie Leibovitz.**

In my role as a luxury brand strategist I am required to create and devise branding strategies that appeal to a wide consuming market and suggest that the Louis Vuitton advertising campaign is deliberately diverse. Mikhail Gorbachev appeals to an emerging Russian market, Catherine Deneuve (fig 10) to the traditional French customer, Steffi Graf and Andre Agassi (fig. 11) to a younger sporty type and Sean

Connery to the traditional British customer. These advertisements consider the diversity of the Louis Vuitton demographic, but at the same time seem to target a specific customer, one that aspires to living a celebrity lifestyle – achieved through association and the purchase of a product rather than the reality of the lifestyle portrayed. Ultimately the adverts are about celebrity endorsement and fashion. They are forward looking, will only be used for one season and by the following season they will be out of fashion. To be seen with an item from the previous season is to appear to be out of fashion. However, in some instances, and is the case with Louis Vuitton the notion of longevity and tradition is marketed alongside changing fashion. Despite marketing something as traditional, the items are still fashionable and include seasonal items that are sold alongside continuous ‘lines’ of products for sale. It is clear from my work with luxury brands that customers who buy luxury products, those that are made specifically for them, do not necessarily aspire to the lifestyles portrayed by celebrities in magazines. In the most part, they have the means, should they wish, to live that life or in some instances to live better than the advertised images portray. An alternate scenario is as Stephen Jones suggests when he says that ‘for those who are buying real luxury products, if a celebrity is wearing or using it, they do not want to have it. Because often what they are really about is discretion, it is a private luxury, something to enjoy at home or with friends. I have some wealthy clients who go out of their way not to be photographed.’ (Jones, 2012)

### **Consuming Luxury**

Steven Miles, author of *Consumerism – as a way of life*, a seminal text on consumerism written in the 1990's, considers how and why people consume and whether or not the ways in which people consume have ‘become increasingly significant in how we construct our everyday lives.’ (Miles, 1998: p.1) Miles considers ‘design’ and the role it plays in capitalist practices. In many ways design appears to be symbolic of the impact of consumerism on contemporary society and, as such, highlights debates concerning the substance or superficiality of consumerism as a way of life.’ (Miles, 1998: p.36) Although ‘design’ covers a variety of disciplines, it could and should be considered within the context of all areas of luxury as it is the foundation on which the luxury industries are built. Design is ultimately responsible for the production and consumption of luxury goods at all levels of the market.

Miles, quoting Conran 'suggests that questions of marketing and styling often get confused with design which is, in fact, a more fundamental process.' (Conran, 1996 cited in Miles, 1998: p.17) Miles suggests that 'everyday life in the developed world appears, at least at a common sense level, to be dominated by our relationship with consumer goods.' (Miles, 1998: p.1) Conran, it could be said, has a point. The consumer does not in general terms understand the design process as this is not communicated to them through advertising. They are only exposed to the marketing and ultimately the styling that is evident in the advertisements they are presented with. Consumer goods are plentiful and luxury brands fulfil this remit continuously supplying the market with products that are available for consumption. Miles suggests that 'during the twentieth century design gradually came to play a more fundamental role in the desirability and saleability of a product.' (Miles, 1998: p.37)

He goes on to suggest that 'compulsory obsolescence', specifically within the fashion market, is built into products which allows designers to introduce new products to the market with a limited shelf life in order to encourage the continued consumption of goods. The result of this is the creation of a constant desire on the part of the user for new products whether they are needed or not. This, in relation to fashion, and in turn a luxury brand product, places emphasis on the fashionability of a product rather than the product itself. The very nature of what the fashion system does is to exaggerate the benefits of using a particular product and at the same time build obsolescence into the product in order to encourage the continued consumption of goods. Whether it be new luxury or old luxury (luxury brands), products produced under either of these categories are produced seasonally.

Goods produced as luxury do not follow the fashion formula of producing multiple collections per year. Fashion defines the luxury brand, whereas the product and the maker define luxury goods. The aspirational consumer of a luxury brand as opposed to a luxury product purchases the goods to add value to their social worth; 'consumers came to buy products not necessarily for what they did but for what they said about them as consumers. The role of design is therefore not to meet human needs but to create and stimulate those needs in increasingly diverse ways.' (Miles, 1998: p.40) Stimulating the need and purchasing behaviour of the consumer is at the heart of what a luxury brand does.

Increasingly there is evidence to suggest that the retail environment is changing to address diversity in the ways in which the customer interacts with a luxury brand. In 2010 Louis Vuitton opened a three floor, 15,000 square foot flagship store on Bond Street in London. The products for sale are diverse and no longer limited to Louis Vuitton handbags and luggage, but on offer are city guides, art works, books and art installations. Aside from the diverse product offering is the notion of exclusivity, a term used to add value to the product on offer. The notion of exclusivity is questionable when most of the product on offer is available in Louis Vuitton stores all over the world.

Miles quotes Conran who says within the context of design, and in this case the luxury brand that it 'has come to imply spurious value, cynical manipulation, the justification of inflated price through a false impression of status and exclusivity.' (Conran, 1996 cited in Miles, 1998: p.17) The advertising and shopping environment and the inflated price points that bear no relation to the actual cost of manufacture as well as the need to consume conspicuously targets the consumer into a false sense of elitism. The public display of purchase maybe to illustrate their connection to their peers or to a celebrity, whereas the consumption of a luxury brand product also acts as a visual marker within the social environment. These visual markers not only reveal themselves through the user, but also through the manufacturer in the form of advertising and product placement.

### **New Luxury / Old Luxury**

The emphasis of the new luxury and old luxury markets is accessibility. Within both these categories there is the need to unpick the underlying role that each play in the contemporary market. Silverstein and Fiske consider new luxury goods to be 'products and services that possess higher levels of quality, taste and aspiration than other goods in the category, but are not so expensive as to be out of reach.' (Fiske, et al., 2002: p.1) They break new luxury down into three major types: 'accessible superpremium, old luxury brand extensions and masstige goods.'<sup>3</sup> Silverstein and

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<sup>3</sup> 'They are still affordable to the middle-market consumer, however, because they are relatively low-ticket items' they go on to say that old luxury brand extensions' are lower-priced versions of products created by companies whose brands have traditionally been affordable only to the rich – households earning \$200,000 and above'. They add 'masstige' goods short for mass prestige – are neither at the top of their category in price nor related to other iterations of the brand. They occupy a sweet spot in the market

Fiske consider old luxury to be more exclusive than new luxury and suggest that new luxury is far more accessible. They consider the aspirational customer who is willing to pay a premium price for products that are of good quality, but not so expensive as to be out of reach. They suggest that new luxury goods are aimed at the middle-market and to those who want to 'trade up' to products that make them feel happy and connected to a certain social group<sup>4</sup>. (Fiske, et al., 2005) They also propose that 'the trading-up phenomenon is happening in scores of categories of goods and services, at prices ranging from just a few dollars to tens of thousands. It involves consumers who earn \$50,000 a year and those who earn \$200,000.' (Fiske, et al., 2005: p.2) They go on to state 'we have interviewed hundreds of middle-market consumers, observed hundreds more in their homes and workplaces, and conducted a survey of more than 2,300 people earning \$50,000 and above. Ninety six percent of them say they will pay a premium for at least one type of product.' (Fiske, et al., 2005: p.2) They propose new luxury goods, despite their wide price range have similarities across the various categories, but which differ from superpremium and old luxury. New luxury according to Fiske and Silverstein and Danziger, are founded on emotional appeal; they have a ladder of benefits as previously mentioned. They suggest that consumers trade up to new luxury if the product category is important to them. Another factor is the rise of the celebrity and celebrity endorsement. As already stated Louis Vuitton have in the past enlisted Annie Leibovitz to photograph their advertising campaign. This is not a new trend. Louis Vuitton have used celebrities to endorse their products for a number of years. Since 2005 Madonna, Uma Thurman and Jennifer Lopez have all advertised Louis Vuitton products (figs. 12,13,14, 15).

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'between mass and class,' commanding a premium over conventional products, but priced well below super premium of old luxury goods.' (Fiske, et al., 2005: p.2)

<sup>4</sup> 'New luxury goods also provide a way for consumers to align themselves with people whose values and interests they share – to make affiliations and "join the club" whatever it may be.' (Fiske, et al., 2005: p.44)



Figure 12. Madonna, *Fall 2009* print advertising campaign for Louis Vuitton, 2009. Photographed by Annie Leibovitz.



Figure 13. Uma Thurman, *Spring / Summer* print advertising campaign for Louis Vuitton, 2005. Photographed by Mert Alas and Marcus Piggott.



Figure 14. Jennifer Lopez, *Fall / Winter* print advertising campaign for Louis Vuitton, 2003-4. Photographed by Mert Alas and Marcus Piggott.



**Figure 15. Michael Phelps, print advertising campaign for Louis Vuitton. Photographed by Annie Leibovitz. 2012.**

The current Louis Vuitton campaign features the Olympic gold medal swimmer Michael Phelps. (fig. 15) There is an undeniable advantage of using famous people to endorse a product<sup>5</sup>. As noted previously celebrity endorsement is not limited to advertising in print and new media but appears in different guises most notably in film and on television; in programmes such as *Sex and the City*. What has become apparent is the increase of products that could be considered as new luxury such, as the fashion collection by Victoria Beckham. Not only is the collection ‘designed’ by Victoria Beckham, but it is also worn by celebrities such as Cameron Diaz (fig. 16) to high profile events further enhancing the brand visibility.

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<sup>5</sup> ‘Thanks to incessant media exposure, we know how these celebrities live, the activities they engage in, the goods they use, and the products they endorse. We know we can’t be them, and we don’t really want to be. But we will take cues from them and sometimes associate ourselves with goods and services they find worthwhile. If we use the clubs they use or wear the clothes they do, a little bit of them rubs off on us.’ (Fiske, et al., 2005: p.31)



**Figure 16. Cameron Diaz wearing a Victoria Beckham tangerine gown. 2012.**

What is clear is the demographic and cultural shift of the market. Today, consumers have more disposable income enabling them to travel more and to become increasingly exposed to new experiences that including shopping and advertising. In 2011 the *Trendwatching* website featured an article that suggests that ‘the ever-increasing wealth and power of cities and those who live in them will see an increase in consumption across all sectors of the economy and that through the increased urbanization of cities there will be a growth of the middle classes resulting in increased spending of consumer products.’ (Trendwatching, 2011) Within the Europe, America and the Far East, this exposure enables these customers to engage with products on a global scale. New luxury products are available through an increased network of retail outlets that include stand-alone stores, department stores, shopping malls, duty free shopping malls, stand-alone concessions in department stores, discount outlet villages and the Internet. All of these globalised avenues of consumption provide easy access to goods. In addition, manufacturing has become easier and in some instances new luxury goods are not manufactured in their country of brand origin, but manufactured in the region of sale. Louis Vuitton, for example, manufactures products in America for sale in their American outlets.

New luxury encourages the increased production of goods with higher profit margins to satisfy an increasing demand. Despite marketing the new luxury products as exclusive the products are mass produced and mass consumed. Fiske and Silverstein acknowledge that consumers of new luxury branded goods buy them as a means of expression, and by choosing a specific brand they say something about them within the social environment. What is questionable is their suggestion that 'brands are extremely important to expressing Individual Style.' (Fiske, et al., 2005: p.48) They go on to argue that 'signals' illustrate individuality and that 'these signals tend to be most important in brands that are mobile, whether worn or carried: goods, such as, shoes, clothing, spirits, fashion accessories, and watches.' (Fiske, et al., 2005: p.48) The consumption of brands that are mass produced and mass consumed make it difficult for the customer to stand out, especially where the question of individual style becomes more challenging to create if those within the same social circle all aspire to own the same products. Individuality may be created through the ways in which a person puts an outfit together, but what is evident is that social groups often carry the same accessory.

The result is a public display of new luxury branded goods that carry more kudos than the everyday non-luxury brand. New luxury does not define an association of class, rather it implies it. It does, however, reinforce the emphasis that luxury brands place on 'story telling' and the consumer's desire to display their materiality and aspirations – As Danziger and her contemporaries argue, if there is no story that adds to the social value of new luxury then there is no new luxury. New luxury therefore is grounded in an assumption that the users of those goods purchase them in order to achieve status within a specific social group. Reverting back to Miles who argues that '... [as] the product of class distinction, fashion not only identifies the individual as being a member of a particular class, but also highlights the fact that he or she is *not* a member of an alternative group.' (Miles, 1998: p.7) At an individual level and within the contemporary new luxury market this notion seems to be misplaced as the democratised product offering where product, specifically those characterised as luxury, were once reserved for those who could afford it. These products have now become readily available and defy traditional consumption patterns. It could be said that new luxury or luxury brands aim to capitalise on the aspirational customer through product diversification, thereby offering for sale products that would not have 'normally' been included in their product range. This could be considered to be the democratised product offer. Examples of this include, for example, a Louis Vuitton New York City Guide (fig. 17).



**Figure 17. Louis Vuitton City Guides. European City Guides for 31 cities, £100.00. Single City Guides, £22.00. 2013.**

If new luxury goods are to be considered as a means of communicating ones social status within a cultural context, the question remains as to what the differences are between new luxury, old luxury and a luxury brand. old luxury according to Fiske and Silverstein 'is about exclusivity.' (Fiske, et al., 2005: p.55) They suggest that people who drive a Rolls Royce 'do not wish to see a dozen Rolls Royce cars parked in the same parking lot.' (Fiske, et al., 2005: p.55) They go on to state that 'new luxury goods are far more accessible than old luxury goods, but their accessibility is more limited than conventional middle market products.' (Fiske, et al., 2005: p.55) They suggest that 'old luxury goods are priced to ensure that only the top earning 1 to 2 percent of consumers can afford them and to provide a large enough margin so their makers can be profitable at very low unit volumes.' (Fiske, et al., 2005: p.56) This is debatable due to the increase in the number of products produced under the label luxury; whether it be new luxury or old luxury. The problematic nature of this categorisation is that it attempts to create differentiation where differentiation does not exist. The old luxury example Fiske and Silverstein use is the fashion label Chanel. Chanel may price some of their products to be out of reach of the everyday shopper. However, there are many alternate avenues of purchase available<sup>6</sup>. The product offering is diverse. It is possible to buy, aside from fashion clothing and accessories, beauty products and perfumes and at the very top end, sports equipment with the Chanel label. (figs. 18, 19, 20)

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<sup>6</sup> This is not unique to Chanel. All luxury brands as already stated, diversify and offer products at all price points as a means of satisfying the aspirational consumer.



Two carbon beach rackets with Chanel logo  
ACCESSORY TABLE TENNIS  
PRINT  
SEND

Figure 18. Chanel table tennis bats. £1,000.00. 2013.



"Polar Blue" wooden layered parabolic skis. Fit all types of skis. Sold in a pouch with CHANEL signature  
For any additional information, please contact your CHANEL Boutique  
PRINT  
SEND

Figure 19. Chanel skis. £4,000.00. 2013.



LARGE CLASSIC FLAP BAG IN QUILTED CALFSKIN  
ACCESSORY TABLE TENNIS  
9.1 x 13.4 x 3.9 in  
PRINT  
SEND

Figure 20. Chanel large classic flap bag in quilted calfskin, 9.1 x 13.4 x 3.9 inches. £2,700.00.



Figure 21. Chanel airport duty free store.

A factor that must be considered is that if Chanel were to be viewed as old luxury as defined by Fiske and Silverstein (Fiske, et al., 2005: p.56), their products would not be 'on sale' at reduced prices in their stand-alone stores, concessions in department stores or airport duty free shopping malls around the world (fig 21). All luxury brands produce goods to satisfy all consumer groups in one way or another. Although Chanel is a company that prides itself on the superior quality of the goods they manufacture, particularly with having Karl Lagerfeld as Creative Director, they fully embrace a wide range of fashionable products. At the top end of the product offering, for example, is the couture collection; a selection of clothing that is by tradition hand stitched using the finest materials, such as, hand woven lace (fig. 22). Berry suggests that 'modern luxury clothes are distinguished by the exquisite workmanship and quality material found in the Savile Row suit [and that the] association between luxury and privatisation of consumption is encapsulated in *haute couture* and bespoke tailoring.' (Berry, 1994: p.30)



Figure 22. Chanel *haute couture* Autumn Winter collection 2012 / 13.

Today, *haute couture* is as much about the physical make as it is about the spectacle. Jones suggests that 'the luxury is in the idea contained within the object. When people actually do come across real luxury and real couture they are absolutely shocked at the price, because it really isn't for them.' (Jones: 2012) For those customers who cannot afford *haute couture* the alternative is to buy less expensive products that still carry the brand logo. Chanel, Gucci and Louis Vuitton produce beach towels (fig. 23). Chanel also offers a product range as diverse as *haute couture*, table tennis bats and skis. This is a common approach adopted by all fashion companies where product diversification could be seen as a driving force encouraging the consumption of products. Prada and Louis Vuitton have adopted a similar model selling numerous products that carry their label. This diverse product offering fulfils the ambitions of a global fashion and luxury brand. Clothing and accessories may be the focus of luxury brands, such as, Chanel and Louis Vuitton, but diversification is the key to generating an income stream in order to fund the high profile fashion shows held bi-annually thus generating publicity to further fuel the consumption of their fashion items.



**Figure 23. Chanel and Gucci towels, 177 x 99 cm, 100% cotton, £215.00 and Louis Vuitton beach towel 152 x 91 cm, 100% cotton, £325.00. Beach towels illustrating the diverse range of products available for sale.**

‘A manufacturer of old luxury may be recognised through the number of years they have had a presence in the market and new luxury may be a newly established company that has adopted the old luxury model. What is clear is that both appeal to the same consumer groups.’ (Fiske, et al., 2005: p.56) Fiske and Silverstein suggest that new luxury products are often better quality than those of old luxury where the promotion of the goods as being made by hand, possibly with the aid of machinery results in an item that may have variations at the point of completion, and it is the limited production runs and variations that could substantiate a higher selling price<sup>7</sup>. One could argue that the variations are limited as it is the skill of the craftsman that determines the outcome of a product. As a result, the variations in the final product are minimal, the result of years of perfecting a skill in order to produce something that is in the eye of the maker comes as close to perfect as possible. Luxury products are made to the highest standard where the skill of the craftsman is not only dependent on their ability to assemble a product, but also in selecting and understanding the materials and working with them to get the best out of them. In addition, an important

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<sup>7</sup> ‘Old luxury goods, by contrast, have not always been of the highest quality, at least as defined by American manufacturing standards; rather, they have been promoted as “handmade,” often by “old-world craftsmen”, even if these craftsmen are assisted by machines and advanced technologies...’ Haute couture clothing is hand-stitched.’ Handcraftsmanship limits the unit volume that can be produced. It also introduces variations into the finished product that offer proof of the human contribution. The limited volume and the uniqueness of each piece help to justify the high selling price.’ (Fiske, et al., 2005: p.56)

role of a craftsman is their knowledge base and being able to pass on this knowledge and tradition as well as disseminate this information to other craftspeople and their customers. This is a distinguishing factor of designer makers and their ability to produce a luxury product.

Fiske and Silverstein go on to suggest that 'old luxury goods also carry a sense of elitism: the goods are meant for only a certain class of people' and that new luxury goods 'avoid class distinction.' (Fiske, et al., 2005: p.57) The issue with making that distinction are the examples they use; Chanel, Gucci and Rolls Royce are considered old luxury and Coach and BMW as new luxury. All of the examples they cite, aside from Rolls Royce, could and should simply fall into the luxury brand category and not be categorised either as old luxury or new as they all are aspirational brands attempting to appeal to a diverse group of customers. Elitism is instilled in all of the luxury brands, however, it is aspirational elitism that defines the luxury brand market created through the advertising and marketing campaigns produced in order to sell the goods. It creates the aspirational consumer and satisfies the demands of this diverse group with a varied product offering at varying degrees of priced product.

There is no intention to discuss the motor industry in detail, but it is important to establish the differentiation of market presence through the examples given in the sources used. Rolls Royce is the only company cited that does not fall into the luxury brand category. Kapferer and Bastien suggest that 'among luxury cars, Rolls Royce is the incarnation of the gilded coach: nothing is too comfortable, sumptuous or beautiful for the king, for Queen Elizabeth II.' (Kapferer, et al., 2009: p.50) Rolls Royce cars are priced in excess of £200,000 making them inaccessible to the general customer. 'Rolls Royce is aiming at only 85,000 people in the world: the UHNWI or ultra-high net worth individuals, each possessing capital of \$30 million. This market segment represented in 2007 more than 30,000 cars sold over €100,000. Rolls Royce sells one in two cars at over €300,000 worldwide.' (Kapferer, et al., 2009: p.55) The same could not be said about a BMW due to the diverse range of cars on offer from the 1 Series with a starting price of £15,000 to the M6 with a starting price of £92,000.

There is a distinct lack of clarity in the writings of Kapferer and Bastien, and Fiske and Silverstein as they appear not to define the market where they categorize luxury brands. Fiske and Silverstein (Fiske, et al., 2005: p.23) do not make it clear from their

writing whether Louis Vuitton<sup>8</sup> is considered to be old luxury or new luxury or whether Chanel is considered a luxury brand. Both are luxury brands and could also be considered to be new luxury as both retailers, as defined by Fisk and Silverstein, now sell products that are accessible and they classify as super premium, and offer products for sale at entry levels. At the very bottom end of the market, the £22.00 *Louis Vuitton City Guide* is an example already proposed. At the other end of the market and for sale on-line and in store is the £4,050.00 'Alzer 80 hard sided suitcase.' (Louis Vuitton) Louis Vuitton also offer products described on their website as custom made or made to order. Custom made products are made according to customer demand, whereas 'made to order' are variations of existing products and 'using the finest tools and meticulous artistry'; these products are available to order. Undoubtedly, there is a need to maintain the heritage of the Louis Vuitton mark which is achieved at the very top end of the product offering. Where the company moves from a purveyor of luxury goods into the realm of the luxury brand is through the reaching out and outsourcing of its product. The little specialisation that still exists in order to justify the price points of all products is through an affiliation with the past. Ultimately, Louis Vuitton has become a luxury brand focusing on fashion items that are saleable and reliant on pure product diversification. Moreover, the retail environment has also changed considerably since Louis Vuitton opened the first store in Paris in 1854. No longer do luxury brands confine their retail presence to exclusive shopping locations like Bond Street in London, Madison Avenue in New York and Rue du Faubourg Saint-Honoré in Paris. Luxury brands now have a presence in shopping malls, department stores, airports and discount outlet villages around the world. The result of which is the increased availability of luxury branded goods to the mass market. This reaffirms the argument that new luxury fulfils the need to be accessible. Purveyors of luxury goods normally work from studios and workshops without much retail presence and often off the beaten track.

Silverstein and Fiske (Fiske, et al., 2005) do attempt to create a distinction between what they define as old luxury goods suggesting that they are priced well above those of new luxury, but that manufacturers make products in both categories and these are created through brand extension and diversification. The example they use is Mercedes Benz, and although they are obviously cars, the same principles apply to all

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<sup>8</sup> Writing of women as new luxury earners and spenders, Fiske and Silverstein state '.... they have helped make Louis Vuitton the most successful luxury brand in Japan.' (Fiske, et al., 2005: p.23)

products within the luxury brands sector. As already stated, Louis Vuitton offer products at all entry levels; this is the same no matter what the market may be. Old luxury brand extensions are lower-priced versions of products created by companies whose brands have traditionally been affordable only for the well-off – households earning \$200,000 and above.

### **Extending the Reach of Luxury Brands**

‘Louis Vuitton opened his first box-making and packing workshop and later in the same year started to make canvas covered trunks in 1854 in Paris near the Place Vendôme.’ (Pasols, 2005: p.51) Although Louis Vuitton still manufactures trunks made to order in the workshop founded by Louis Vuitton himself at Asnières near Paris, the core business today is primarily fashion based. The company has moved away from the luxury product sold exclusively in Paris to a global luxury fashion brand. ‘In 1997 Bernard Arnault, the Chairman of Louis Vuitton Moët Hennessey, decided to move Louis Vuitton into the fashion world. It was a major strategic decision that would give the brand a new dimension.’ (Pasols, 2005: p.305) Kapferer and Bastien define this process as brand stretching ‘where big luxury houses began to manufacture or to put their name to things that they had not originally been known to make.’ (Kapferer, et al., 2009: p.138) Brand stretching allows the manufacturer to reach an otherwise inaccessible group of buyers. As a marketing tool the brand ethos is still communicated to the customer in the same way; the core values of the luxury brand are about exclusivity, innovation, heritage and above all fashion. The notion of brand stretching facilitates increased growth and the ability for the company to expand their markets globally in order to satisfy not only their customers, but also shareholder demand.

Products that emerge from the ‘brand stretching’ model are priced within reach of the everyday aspirational luxury brand. These include accessories and beauty products where mass production is a relatively simple process due to conglomerates access to manufacture and distribution. Kapferer and Bastien use the ‘pyramid’ model in order to define the approach used by Dior and Chanel where *haute couture* is at the top of the pyramid and entry level products are at the bottom.

**Table 4. Pyramid Model – Hierarchy of a Luxury Brand**



**Table 5 - Louis Vuitton Hierarchy of Products**

This model is also used as an example to define the approach taken by Louis Vuitton where the custom made pieces are the equivalent of *haute couture*.

Louis Vuitton Hierarchy of Products

<b>Bespoke Luggage</b> equivalent of <i>haute couture</i>
<b>Premium Leather goods</b> equivalent of Ready to Wear
<b>Entry Level</b> accessible leather goods

What emerges as Kapferer and Bastien suggest is a brand that 'stays at the upper level. Its bags are expensive, as are the accessories... but the business is made mainly on very accessible products.'<sup>9</sup> (Kapferer, et al., 2009: p.141) Luxury brand companies, as already stated, are opening stores away from the traditional shopping arenas. This is in contrast to what Kaferer and Bastien are suggesting. They maintain that luxury brands are building their megastores on the 'most expensive main streets of each world capital.' It is important to note that these products 'maintain the benefit from the prestige halo of the luxury brand.' (Kapferer, et al., 2009: p.142) Retail presence moves away from the traditional shopping avenues where the 'pyramid' model increases turnover on products that are relatively inexpensive to produce, but sold at a premium price with profit margins in excess in some instances of 700%.

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<sup>9</sup> 'All these stretchings together make it possible to create boutiques where the client, who came to buy one product, will leave with an entire panoply, or in any case with several products, which increases the average income from each visit to the store at the same time as increasing the reasons to return there. At a time when luxury brands, like religions, are building their modern cathedrals or pyramids (their megastores) on the most expensive main streets of each world capital, the importance of a broad, maximally profitable, range is vital.' (Bastien, et al., 2009: p.140)

## The Monopoly of Luxury Brands

The 'pyramid' model used by Louis Vuitton and other luxury brand companies is a common one where the ultimate goal is to produce a cheaper version of an existing product in order to satisfy different sectors of the market. Figures 24 through 31 illustrate a sample of products that address the diverse price points of a particular product offer.



Figure 24. Louis Vuitton *Adjustable Wallet*. 9.9 x 20 cm. Exterior in Damier Graphite canvas, grained calf lining, zipped coin purse, picture or ID window with 2 credit card slots. Compartment with room for an extra 6 credit cards. A slot for folded notes. £445.00. (closed view)



Figure 25. Louis Vuitton *Adjustable Wallet*. 9.9 x 20 cm. Exterior in Damier Graphite canvas, grained calf lining, zipped coin purse, picture or ID window with 2 credit card slots, compartment with room for an extra 6 credit cards and a slot for folded notes. £445.00. (open view).



Figure 26. Louis Vuitton *Florin Wallet*. 11.9 x 9.9 cm. Exterior in Damier graphite canvas, grained calf lining, coin pocket, bill slot and a transparent ID window. £350.00. (closed view).



Figure 27. Louis Vuitton *Florin Wallet*. 11.9 x 9.9 cm. Exterior in Damier Graphite canvas, grained calf lining, coin pocket, bill slot and a transparent ID window. £350.00. (open view).



Figure 28. Louis Vuitton *Multiple Wallet*. 8.8 x 10.9 cm. Exterior in Damier Graphite canvas with three credit card slots on one side, two slots on the other, two slots for banknotes and two slots for receipts. £275.00. (closed view).

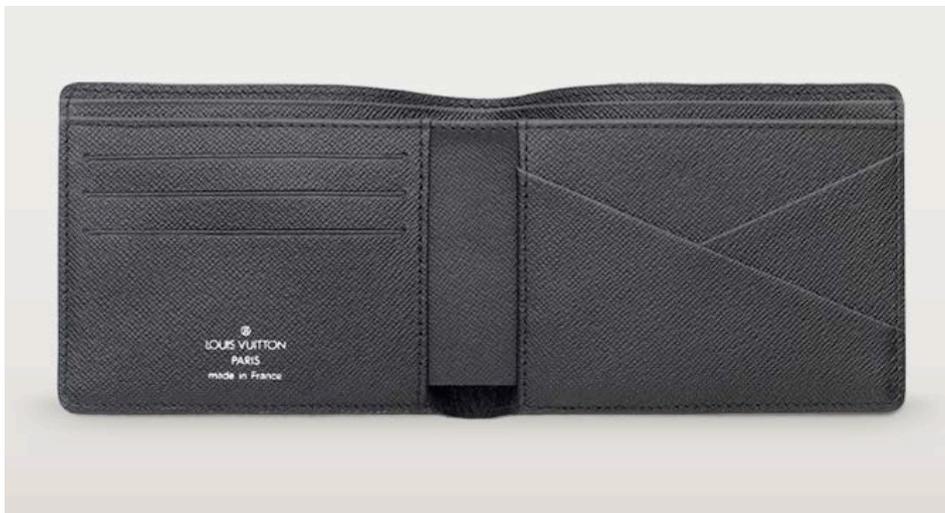


Figure 29. Louis Vuitton, *Multiple Wallet*, 38.8 cm x 10.9 cm. Exterior in Damier Graphite canvas with three credit card slots on one side, two slots on the other, two slots for banknotes and two slots for receipts. £275.00. (open view).



**Figure 30. Louis Vuitton *Billfold with 9 Credit Card Slots*, 8.8 x 10.9 cm. Exterior in Monogram canvas, grained calf leather lining, three credit card slots on one side, six extra slots in a removable pouch coin pocket, one large compartment for bills, one small slot and a removable pouch with see-through window. £215.00. (closed view).**



**Figure 31. Louis Vuitton *Billfold with 9 Credit Card Slots*, 8.8 x 10.9 cm. Exterior in Monogram canvas, grained calf leather lining, three credit card slots on one side, six extra slots in a removable pouch coin pocket, one large compartment for bills, one small slot and a removable pouch with see-through window. £215.00. (open view).**

What is important to consider is that a large percentage of 'Old Luxury' brands are owned by conglomerates including the French owned Louis Vuitton Moët Hennessey Group, PPR which includes the Gucci Group and Richemont which is South African owned. These umbrella companies have multiple manufacturing and distribution channels looking for substantial growth within the sector. Louis Vuitton is one of the biggest luxury brand manufacturers and retailers in the world and one of the few that has not ventured into the perfumes and cosmetics market. In 2012 Millward Brown 'a leading global research agency specializing in advertising, marketing communications, media and brand equity research' (Millward Brown) valued the Louis Vuitton brand at \$25,920 billion making it, according to their research, the world's most profitable luxury brand and demonstrates the global reach of the three largest owners of luxury brands. Table 6.

**Table 6. Global Ownership of Luxury Brands**

<b>Group</b>	<b>Louis Vuitton Moët Hennessey</b>	<b>PPR and the Gucci Group</b>	<b>Richemont</b>
<b>Examples of luxury brands owned by conglomerates</b>	Louis Vuitton	Gucci	Alfred Dunhill
	Loewe	Bottega Veneta	Chloe
	Celine	Yves Saint Laurent	Montblanc
	Berluti	Balenciaga	Cartier
	Kenzo	Alexander McQueen	Van Cleef & Arpels
	Givenchy	Boucheron	Piaget
	Marc Jacobs	Sergio Rossi	Jaeger
		Christopher Kane	

Fiske and Silverstein suggests that old luxury is based on 'status, class and exclusivity rather than on genuine, personal emotional engagement.' (Fiske, et al.,: p.1) What remains questionable is that only old luxury goods as suggested by Fiske and Silverstein 'carry a sense of elitism.' (Fiske, et al., 2005: p.55) New luxury goods on the other hand as stated by Fiske and Silverstein 'are priced within the financial reach of 40% of American households and not out of the question for 60% of them, these making \$33,000 and up annually.' (Fiske, et al., 2005: p.56) The claim that remains unconvincing is the need to categorise old luxury and new luxury when both offer products to an ever increasing group of aspirational consumers. What also remains is the lack of clarity and definition within contemporary commentary as to whether or not old luxury and new luxury fall into the luxury brands category. Exclusivity in the case of a luxury brand could be seen to be a marker and be defined simply as a use of their customers purchasing power. Conspicuous consumption of luxury branded goods is employed to publicly display their own perception of social standing whether they are wealthy or not. Luxury brands are not only bought by the wealthy and are not out of the reach of the everyday customer. The very nature of what luxury products represent in any sector of today's luxury market is in essence about elitism. Exclusivity is the foundation of maintaining the luxury aura surrounding luxury branded products that would not otherwise be considered luxury.

We have seen that old luxury and new luxury are terms used by marketeers to segregate a market that has increasingly become saturated with products defined as luxury. All products that fall within these categories are mass produced, mass consumed and easily obtainable. They are in fact luxury brands, but do not carry with them the characteristics of a luxury product. There is the failure to assert the importance of connoisseurship, craftsmanship and materials used even though they are key elements that distinguish a luxury brand from luxury. Olga Berluti proposes that 'luxury is the inanimate object that is perfectly built. Feeling attached to an object is luxury.' (Berluti, 2009) Makers of luxury objects ultimately limit the production and consumption of the goods.

There is also a social structure that needs to be considered when clustering old luxury and new luxury and differentiating it from luxury *per se*. The two groupings will now be referred to as luxury brands for the purpose of this argument. It is evident that within the luxury brands classification of goods, the different user groups make attempts to differentiate themselves from each other through the products they buy. In some

instances the brand is adopted by a particular group as a way of creating an identity, both for the individual and for the group. What has increased, however, over the past ten years is social mobility, specifically among customers of luxury brand fashion. This along with the commodification of the luxury brand market has led to an increase in the diversity of those who aspire to and or own a luxury brand item. The French sociologist, Pierre Bourdieu (Bourdieu, 1986) argues that within a capitalist society, cultural distinction is created through different class structures and within those class structures the elites may use their wealth, power, knowledge and authority to impose their beliefs and views on others. He suggests that learning provides the learner with cultural capital and that this is normally achieved in an hierarchical order; 'the entitlement effect.'<sup>10</sup> (Bourdieu, 1986: p.22) In addition, within each of the class structures, specifically the classification of group identities, another set of hierarchies emerged which created a different set of social values. What appears is a socially distinguishable set of values attributed to a specific social class. The cultural and economic capital that emerge from the different social environments do so as a result of social conditioning founded on exposure to the media, celebrity, experiences and beliefs that represent a changeable aspirational society. Within the context of fashion where consideration is given to Bourdieu's view that things, such as, heirlooms, themselves may have cultural capital resulting from their consumption, a luxury brand assumes the role of creating distinction between consumer groups. Within this context luxury could be seen to assume the role of cultural capital inherited from the family, whereas the luxury brand could be seen to represent academic capital. It could be argued that the cultural capital associated with status, class and exclusivity as described by Pierre Bourdieu acts as a facilitator. Using Bourdieu's model, new luxury would not exist without old luxury as the new luxury customer aspires to the consumption habits of those that lead through knowledge and educated judgement, asserting that taste is created through distinction and the ability to differentiate between good and bad. When luxury brands seek to establish their status through advertising, they define themselves and their products as belonging to a category that implies superiority and originating from the luxury market. In reality these luxury brands, or brand extensions do not necessarily live up to

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<sup>10</sup> 'Knowing the relationship which exists between cultural capital inherited from the family and academic capital, by virtue of the logic of the transmission of cultural capital and the functioning of the educational system, one cannot impute the strong correlation, observed between competence in music or painting (and the practice it presupposes and makes possible) and academic capital, solely to the operation of the educational system (still less to the specifically artistic education it is supposed to give, which is clearly almost non-existent).' (Bourdieu, 1986: p.22)

expectations of the advertised promise. It is the label and advertising that sells the product, and as a result, the users ability to tell whether one product is better than another becomes irrelevant. The purchaser is interested in what the luxury brand represents. The choice they make is less about the quality of the product and more about the 'brand experience'. It is evident through the continuous advertising and marketing campaigns that fashion is now becoming a focus of what luxury brands do. Fashion campaigns that feature celebrities in clothing is representative of the coming season's highlights; the seasonal aspect of the fashion items. The advertising attempts to convey the brand experience through visual representation and at the same time communicate the experience of ownership of a particular product through fashion.

## Chapter Two: Luxury Brands and Fashion

As a designer and luxury brand strategist my experience working with fashion companies suggests that the business of fashion, as it is defined today, is more about creating inflated claims about a particular product or brand and making money than the creativity, skill and knowledge of creating clothes. This is evident in the collections that are sold each season by designers where the similarities between items are closer than the individuality of the designers. For both the Louis Vuitton and Prada collections for Spring Summer 2013 (figs. 32 and 33), although the fabrications are different, the silhouettes are the same. What is not normally shown in the runway collections are the standard pieces that make up the whole collection. These may be simple jackets, dresses and trousers. The runway shows are used as a marketing platform to generate press and sales.



Figure 32. Louis Vuitton Spring Summer womenwear collection. 2013.



**Figure 33. Prada Spring Summer womenwear collection. 2013.**

The virtual demise of *haute couture*, the pinnacle of fashion production where everything is skilfully made by hand using the finest materials has become a showcase for some of the luxury brands and is ultimately propped up by sales of perfumes and accessories. Steven Miles suggests that ‘some critiques argue, however, that fashion in fact amounts to little more than an artificial temporal arena within which consumer capitalism cynically renews itself.’ (Miles, 1998: p.91) This is evident in the new and ever changing fashion cycle, an increased showing of ready-to-wear collections from what was a twice a year occurrence to what may now be four or possibly six collections a year.

When considering the disposable nature of fashion today where not only clothing, but all designer products are marketed with the intention of being seasonal, luxury brands have also become fashionable and, more importantly, disposable. Each season, the luxury brand retailers release a collection of products that represent the look of the brand for that specific time of year. Where in the past luxury brands have focused on core products that include luggage and handbags as is the case of Louis Vuitton, the move to a fashion clothing collection has been used to ‘strengthen the brand’s legitimacy and aura of exclusivity.’ (Pasols, 2005: p.305) Up until 1998, when Marc Jacobs was employed as Creative Director by Louis Vuitton, the company ‘followed in

the footsteps of the founder, with great concentration on the travel sector. Our approach was continuity and control of distribution and production. All the ingredients were there, completed by the extremely durable product concept. Those foundations were solid and were still responsible for the brand's success after 150 years. When Bernard Arnault decided to launch Louis Vuitton into fashion, he kept in mind the founding ideal.' (Pasols, 2005: p.306)

Marc Jacobs designed the first fashion ready-to-wear and shoe collections. The emphasis of these collections was seasonality; added to this was an increase in the fashionability<sup>11</sup> of the entire product offering. The 'ready-to-wear was already inspiring new materials and new models in leather.' (Pasols, 2005: p.306) Jacobs started to collaborate with many other designers and artists, like Stephen Sprouse and Takashi Murakami. (figs. 34, 35)



Figure 34. Louis Vuitton / Stephen Sprouse collaboration. *Neverfull* shoulderbag. 2001.

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<sup>11</sup>Fashionability; a way of describing an item that is fashionable.



**Figure 35. Louis Vuitton / Takashi Murakami collaboration. Filofax cover and Neverfull shoulderbag. 2005.**

In addition to the fashion clothing line a costume jewellery collection, a collection of watches and later fine jewellery were introduced. A small number of key items that they market as the 'must have' item for the season are also introduced. These goods are surrounded by publicity and often defined as limited editions or categorised by waiting lists. The limited edition product like the *Monogram Vernis Dots Infinity Lockit MM* handbag designed by the Japanese artist Yayoi Kusama and released in 2012, is an example of a Louis Vuitton product release, costing in the region of £3000,00. (See fig. 36)



Monogram Vernis Dots Infinity Lockit MM  
Size: 15.4" x 11.8" x 7.1"  
Colors: Red, Yellow, Black  
Price: US\$3650

**Figure 36. Louis Vuitton / Yayoi Kusama collaboration. 2012. *Monogram Vernis Dots Infinity Lockit MM* handbag. 39 x 29.9 x 18 cm. Patent leather. £3,200.00.**

These products are also promoted as the essential fashion item for the season and retail at a premium price. Louis Vuitton also produced a limited edition of 24 of the 'tribute patchwork' bags which cost \$52,500 each. Louis Vuitton is not alone in hiring high profile fashion designers to design their fashion clothing collections. Jean Paul Gaultier was responsible for the Hermès clothing collection. Fashion designers who have global presence in their own right with track records of an international presence in the fashion market through retail, the media and celebrity endorsement add kudos to luxury brands. In addition to designing the fashion clothing collections for Louis Vuitton,

Marc Jacobs has his own label that sells through stand-alone stores in department stores and online. Jean Paul Gaultier also has his own fashion label including perfumes and accessories as does John Galliano the former designer for Christian Dior.

The role of fashion and its relationship to luxury brands in the modern western world is closely related to encouraging consumption for financial gain. The introduction of a product offering aligned with the seasons has increased to include 'pre-season collections'. As a result the product offering is much larger than it was due to the increase and constant stream of items available for purchase. The purchaser is therefore presented with numerous new products to purchase reaffirming their brand loyalty through their conspicuous consumption of goods. It could be said that a buyer's sense of identity is heightened, along with a public display of keeping up with fashion trends. This becomes a desire rather than a need and is determined by the fashion cycle. Miles suggests that fashion 'provides a means through which individuals can signal aspects of identity as well as a way of constructing social interaction. Ultimately, however, the individual's interpretation of fashion is constrained by social conventions.' (Miles, 1998: p.92) He goes on to cite Grant McCracken (McCracken, 1990 cited in Miles, 1998: p.92) who argues that there are three main ways in which meanings are transferred to goods in order become fashionable.<sup>12</sup> The continuous introduction of various fashion related products to the market is aligned with product hype, marketing campaigns, endorsement and product placement. The role of the celebrity and their public display of purchase as well as the increase in fashion publications both in print and online<sup>13</sup> results in a constant stream of product information and encourages the consumption of luxury brands. This view is echoed by Miles where he suggests that 'the value to fashion marketing of fashion consultants, fashion magazines, trade publications, advertising and store image, all of which actively construct a sense of what fashion *should* be in order to ensure that consumers consume it.' (Miles, 1998:

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<sup>12</sup> 'First, goods become associated with established cultural categories. This transition from the culturally constituted world to the actual goods ensures transition into the fashion system. Secondly, existing cultural meanings are shaped by social elites and opinion leaders such as pop stars, who therefore disseminate cultural innovations and styles through society. Those consumers with less influence imitate these appropriations. Finally, the fashion system radically reforms the cultural meanings invested in goods.' (Miles, 1998: p.92)

<sup>13</sup> In addition to monthly fashion publications that include Vogue, In Style and Harpers Bazaar there are also weekly publications that include Grazia. There are also fashion related websites and blogs that appear monthly and daily identifying new products and 'must have' items.

p.96) Luxury brands define fashion as something that is aspirational in the glossy magazines.

Designers have become celebrities in their own right and the exposure surrounding new product launches fuels the demand for their products. He also cites Colin McDowell who argues that 'as an industry, it actively sets out to alter consumers' buying habits in order that they come to believe that luxuries are, in fact, necessities.' (McDowell, 1994 cited in Miles, 1998, p.96) Miles goes on to suggest that fashion is no longer the preserve of the rich, but rather the fashion industry has 'moulded a culture where what defines a person depends on what labels he or she is wearing.' (Miles, 1998: p.97) This view is concurrent with contemporary marketing techniques of luxury brands where aspiration and the public display of purchase is at the heart of the economic model used in order to encourage the constant consumption of luxury branded goods. What emerges from the patterns of product release on the part of the luxury brand is an economic driver not only to increase the consumption of the goods, but also a tool to be used by the customer to establish their own social and economic status.

David Chaney considers 'how in the modern world our lifestyle helps to define our attitudes and values as well as show our wealth and social position.' (Chaney, 1996: p.9) It could be argued that lifestyles do not always give a concrete illustration of one's wealth and social position due to the complexities of, for example, buying on credit. Moreover, the customer enhances their social status through their conspicuous consumption of luxury branded merchandise, fulfilling their own social needs and the financial and economic needs of whatever company they choose to buy into. As is suggested by Chaney, 'the actual practices of consumption, that is the acquisition and manipulation, are to be treated as the display of the mastery of a code of communication.' (Chaney, 1996: p.62) This point is articulated by Bourdieu where he argues that 'cultural capital explores the ways in which the trappings of middle-class taste and cultivation are used by people as cultural signifiers, as they seek to identify themselves with those 'above' them on the social ladder, and to demonstrate their difference from those below.' (Bourdieu, 1986 cited in Gauntlett, 2011)

The relationship between a luxury brand and fashion cannot be ignored and the one could not exist without the other. It could be argued that the luxury brands industries lead the trends that come to define the entire fashion market. For fashion clothing the

process starts with *haute couture*, and the trickle-down effect has an impact on all products that fall within the fashion category, including luxury brand ready to wear and high street retailers. The *haute couture* market is limited to about 500 customers globally. But the impact that it has on the market place carries across all product categories that fall under the umbrella of the luxury brand retailers. Perfumes, beauty products, watches, leather goods, sportswear and sunglasses all benefit from the publicity generated by the *haute couture* shows. The fashion cycle instigates change within a capitalist society, it 'does not simplify choice for the consumer, but exaggerates it.' (Miles, 1998: p.105) The exposure surrounding the launch of products is heightened each season through extensive marketing campaigns that include celebrity endorsement and product placement and what Miles defines as an 'illusion of choice'. The 'illusion of choice', specifically where luxury brands are concerned could refer to the bread and butter lines that are available for sale without seasonal change and that accompany the limited seasonal or changeable fashion items around which the publicity is created.

Since the reduced use of the term designer label<sup>14</sup> to describe a particular type of product and rise of the luxury brand, the handbag and accessories that go with it have become the items that are inexpensive to manufacture and easily accessible due to the price point of the entry level product. Entry level products are a key ring, a wallet or a purse. The profits however are substantial. The use of the term 'designer label' to describe designer goods has been superseded and are now referred to as luxury brands to add value to the product on offer. Such terminology describes products, specifically within the fashion industry and becomes part of the rhetoric and changes with 'fashion'. Although the product offering remains the same, the styles may change, the luxury brand in the eye of the customer brings with it a new and different dimension to what would normally be a premium priced item offered for sale.

### **Luxury Brand Market Presence**

No longer are luxury items defined through make and connoisseurship, they are defined through terminology that implies luxury. For example consumer capitalism

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<sup>14</sup> The term designer label as it is known today first appeared at the end of the 1970s and was used to describe exclusive, fashion leading collections of clothes. More recently the term has been replaced by the companies who used the term, like for example Chanel, with luxury brand.

creates differentiation where it does not exist. Danziger, Thomas, Kapferer and Bastien and Twitchell, through marketing strategies, create the differentiation of the markets that include fashion, luxury and luxury brands. The market is perpetuated through the employment of the terms of luxury that include luxury branding, new luxury, old luxury, luxury lifestyles, bespoke, made-to-order, tailor-made and custom made. These descriptors in some instances have been created by marketeers and are used throughout the world of marketing and advertising. It is those descriptors that create the difference in the products rather than the products being inherently different. An example of this is a pair of jeans. The difference is created to attract different shoppers who themselves become 'members' of what could be defined as a luxury brand club. What emerges is a subordinate customer who aspires to live the life of the advertised image and celebrity clients of the luxury brand through a public display of purchase and social interaction with their peers. This suggests that the customer will be purchasing into what is marketed as a luxury lifestyle perpetuated through visual markers. In order to, at the very least, maintain levels of consumption of luxury brand goods, modes of capitalism create diversity where it may not exist; the result is a socially diverse cultural structure whose consumption is encouraged at different levels, creating diverse consuming classes. The social diversity is economically fuelled. What emerges is the financial power that distinguishes one customer from another. This distinguishing factor, the social and cultural differentiation of the shopper creates diversity enabling different groups to buy products at different levels. The marketeers take advantage of the social differentiation through the creation of different product categories that are defined by a pricing structure that is exclusive rather than inclusive. My work with luxury brands suggests that the most expensive products within the luxury brand category are accessible to those with the financial means to be able to afford the products. At the same time an aspirational customer that does not have the disposable income, but whose aspirations are to own a luxury branded product, emerges. These customers purchase at the entry level of the product offer. Although the pricing structure determines the accessibility of a product it does not determine accessibility to the luxury brand. The aspirational shopper adapts their spending so that they can buy into the luxury brand and what it represents no matter how small the purchase.

It has become increasingly clear through the research conducted 'that designer labels have become synonymous with luxury brands and are discussed by marketeers and industry specialists as if they are the same thing.' (Capellino: 2012) There is no reference to designer labels in the resources used which implies that a term once used

to define the specific type of product in question has little or no relevance as it could now be considered to be obsolete. This reaffirms the position that within a fashion context definitions are changeable and as such the term luxury brand may also become obsolete as fashions change. It is possible that in the future new descriptors will be created to define the same or similar categories of products. If for arguments sake a comparison were to be made between a designer label and a luxury brand there are distinctions to be made that include assessing the materials used and the production methods employed. Increased production of both categories of goods is imperative. If production is not increased, the profit margins will not be achieved. If it is to be accepted that a designer label and a luxury brand is the same thing then the questions that need be asked are related to the associated value which luxury adds to them.

James B. Twitchell suggests that branding is used by marketers in the western world to create a story that distinguishes one product or service from another. He says that 'branding, in this simple sense, is the application of a story to a product or a service and is utilized whenever there is a surplus of interchangeable goods.' (Twitchell, 2004: p.4) If what Twitchell suggests is to be considered in the context of luxury it contradicts all that luxury represents. Luxury is the polar opposite of what Twitchell has defined as 'a surplus of interchangeable goods'. (Twitchell, 2004: p.4) Luxury itself is not about goods that are interchangeable; it is more concerned with consistency and longevity. The notion of interchangeable goods is more appropriately placed within the context of the designer label and or fashion. Historically, designer labels offered for sale clothing and products that traditionally changed twice a year. There were summer collections and winter collections. However today designers are producing more collections with faster turnaround times, producing up to as many as six collections a year. These include core collections and the main collection used as marketing tool through which sales for the additional collections will be generated. This includes accessories like the hand bag as previously mentioned. Additional collections produced and marketed include bridging, cruise and mid-season. This constant release of goods to the market maintains market presence within a fashion context considering that fashion is about change, but this seasonality contradicts what luxury represents within the context of this argument. Berluti suggests that luxury is timeless and inherited. 'With fashion you have to change and have to follow. Luxury you deserve and fashion just passes.' (Berluti, 2009) She is clear when describing the characteristics of both luxury and fashion. She infers that the former is more in line with the idea that luxury, or the

appreciation thereof, is something that is learnt and not bought, whereas fashion is a transient concept that changes with each season.

Twitchell goes on to say that 'modern deluxe does not reside inside the object. It exists in a narrative that is attached by commercial speech – advertising.' (Twitchell, 2004: p.10) The 2010 Gucci *Forever Now* advertising campaign features workers at their benches making bags accompanied by a description of the process founded on history, tradition and craft as well as the passion and skill of the worker (figs. 37, 38).



Figure 37. Gucci *Forever Now* print advertising campaign showing a workroom of craftsmen making Gucci products. 2012.



Figure 38. Gucci *Forever Now* print advertising campaign showing a workroom of craftsmen making Gucci products. 2012.

This is the story that above anything else suggests that the product is made in a small workshop by a select group of craftsmen. This is the story that sells the product. The advertisement removes the idea that the product may be mass produced associating it with a luxury product that is made in a small workshop by a group of highly skilled craftsmen. This mode of storytelling is common amongst companies defining themselves as luxury brands, as already illustrated with Louis Vuitton, and has increased since the 1980s whereas Twitchell says marketing has focused on moving more objects up into the luxury brand category citing Prada and Gucci as examples. What is evident is the obvious shift in the products offered for sale and those responsible for selling them. Not only do the luxury brands offer luxury as a branded concept for sale, but supermarkets today also offer luxury products that in many cases are endorsed by luxury brands. The notion that luxury is accessible to groups with increasingly disposable income exists in nearly all areas of retail consumption. The most obvious product produced by a luxury brand and sold in supermarkets is perfume. In addition, stores like TK Maxx in England and T.J. Maxx in the USA sell luxury brands at reduced prices. These branded products made by, for example, Prada and Gucci that in a democratised capitalist society become available to those shoppers who have access to high street stores selling discounted luxury branded products. What remains questionable, in Twitchell's writing as in the other commentators previously mentioned, is the lack of distinction between a luxury product and a luxury brand. Twitchell says about luxury that 'once people want something that makes life more comfortable, only the rich buy it. At this stage it is a luxury. As more and more people buy it, the price drops, the item becomes less of a luxury and more of a want-to-have.' (Twitchell, 2002: p.44) This is obviously not the case as some products maintain their luxury definition outside of the luxury brand arena. Luxury brands produce more 'want-to-have' products where the price remains at a premium compared to those that are not defined as a luxury brand. The luxury brand may become less of a luxury but the luxury product retains its position as luxury. The luxury brand creates the 'want-to-have' fashion product.

Twitchell refers to the branding story as one where the intention is to achieve profit through distinguishing one product from another without necessarily changing the actual product. In reality, identical products are offered for sale, the difference lies in the methods of marketing and promoting the product. The most obvious example is a pair of jeans. Prada, Louis Vuitton and Gucci manufacture jeans as do Levis. See

figures 39, 40 and 41. It could be argued that the luxury element is achieved through the addition of a luxury brand logo.

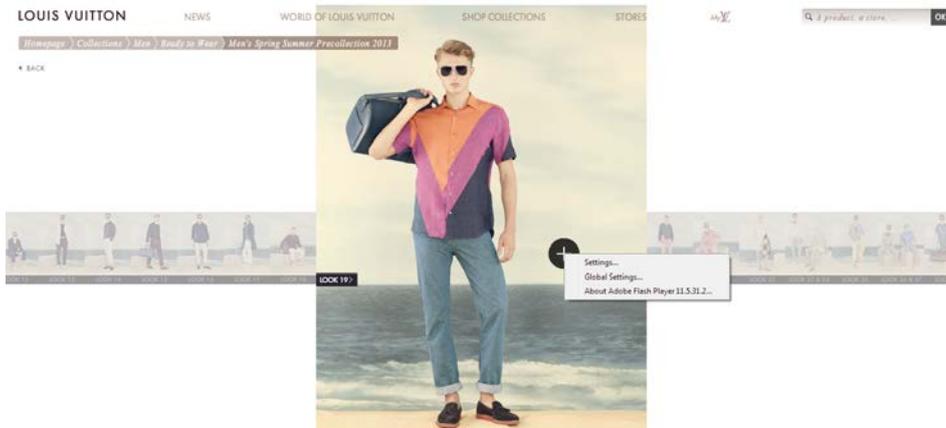


Figure 39. Louis Vuitton jeans. Spring / Summer Pre-collection. As shown on the Louis Vuitton website. 2013.

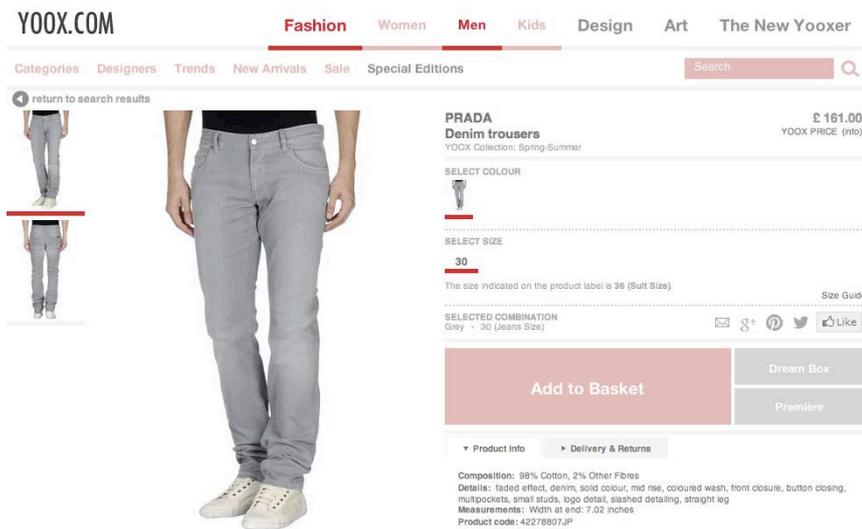


Figure 40. Prada jeans. Spring / Summer collection. As shown on yoox.com website. 2013.

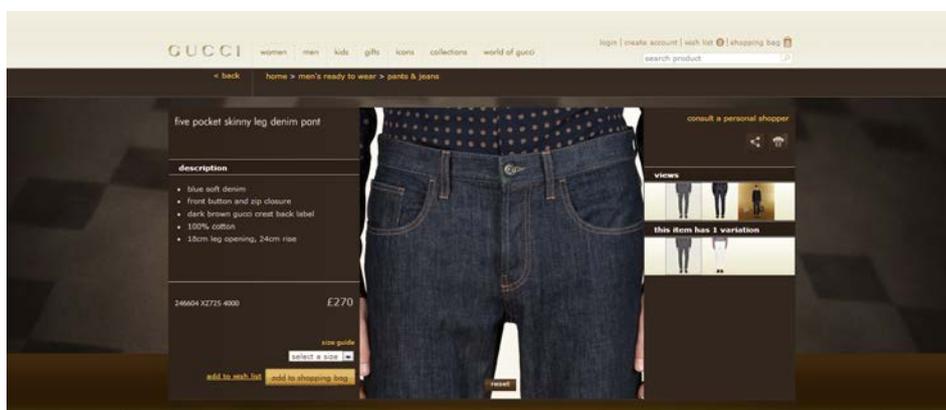


Figure 41. Gucci jeans. Spring / Summer collection. As shown on the Gucci website. 2013.

This further emphasises the need to create a distinction between luxury and the luxury brand markets as the former acts as the foundation adding value to the latter. However, the basis of the definition of luxury brands is further confused where commentators consider the notion of affordable luxury. As with the various definitions to describe products previously discussed, new luxury and affordable luxury could also be considered to be the same thing in that both descriptions apply where products are sold at the less expensive entry price point. Examples of this include small leather and gift items that include key rings, diaries and city guides. This is a common approach adopted by most luxury brand retailers like for example Tiffany, the jewellers. Differentiation is created through the creation and dissemination of specific brand values communicated through marketing. These two descriptors, new luxury and affordable luxury, along with all the other descriptors previously mentioned, describe a product offering founded on mass production and consumption; they successfully fulfil the requirements of the company through advertising and marketing. The purveyor of luxury goods does not fulfil those criteria due in part to the probable size of their company which is not a global concern nor is it owned by a conglomerate.

Paul Nunes and Brian Johnson argue ‘... luxury is traditionally about distinction and the creation of boundaries that the hoi palloi cannot, and do not, cross. But as many luxury makers have discovered, upholding strict boundaries can be bad for business. A customer base that is too narrow becomes vulnerable to spending volatility, threatening business performance in uncertain economic times. It can also relegate a firm to obsolescence if core customers age without being replaced by younger ones.’ (Johnson, et al., 2004: p.48) Where a global brand is concerned upholding strict boundaries may be problematic hence as discussed the need to increase the product offering and move from the luxury market into the luxury brands market. Again, confusion arises between what luxury represents (in this case distinction), and the luxury brand, expansion.

They go on to claim that if the manufacturer ‘reaches down’ (moves down market) then the financial position of the company will improve.’ (Johnson, et al., 2004: 48) The idea that ‘core customers age without being replaced by younger ones’ may be applicable to the new luxury market where customer loyalty may not exist due to the inconsistent spending habits of those customers – this lies in the notion that fashion dictates the spending patterns. From interviews conducted with the John O’Sullivan the Chief Operating Officer at Tanner Krolle and Robert Simpson who used to produce all

products for Tanner Krolle (one of the last remaining makers of luxury products in England and who now specialises in the production of leather products for, amongst others, Tanner Krolle and William and Son), this idea is problematic. In the first instance, according to Simpson, clients who could be defined as elite, those who buy luxury goods in order to distinguish themselves from the customer of luxury brands, pass their spending habits onto their children who in turn adopt their parents' spending habits and the accumulation of cultural capital. This could not be said for those customers who purchase luxury branded products because the fashion hype surrounding the brand varies. What emerges in the younger shopper is a need to differentiate themselves from their parents. They do this, according to O'Sullivan, through purchasing fashionable luxury brands. However in some instances, again according to O'Sullivan, they are happy to acquire luxury products that they consider to be heirlooms that are bought for them by their parents. And, as previously suggested, luxury in this instance does not, it could be argued, embrace mass production as it becomes devalued. Luxury could be seen as a benchmark that exists as a means of protecting the craftsman and levels of connoisseurship that embody luxury. What Nunes and Johnson do however is assert the fact that affordable luxury or luxury brands concern themselves with economic success at any level of the market.

It is expected that both luxury and luxury brands do in fact, in the main, produce a better quality product than those of the High Street. Fiske and Silverstein are clear in their description of the manufacturing processes luxury brands adopt in order to maintain and increase production, this will be further explored in the following chapters which consist of Prada and Louis Vuitton case studies. More importantly there is a need to keep production costs down bearing in mind that there may be a requirement to increase production if need be. All this needs to be done whilst maintaining the quality the customer expects from the product. Access to manufacturing worldwide is a crucial component and allows the luxury brand to be selective in their choice of manufacturer. What has emerged over the past twenty years is an increased number of factories who specialise in the production of luxury branded goods. The factories could be in China, India, Mauritius, Poland or Singapore. The quality control systems are far more rigorous than those used in factories producing products for High Street brands such as Top Shop. Luxury brand products may require hand cutting, hand finishing and assembly depending on what the product is. In addition the materials used for luxury branded goods are generally of better quality than the high street. Fiske and Silverstein suggest that a factor that distinguishes luxury brands goods from those of lesser quality

and not in the luxury brands category should be 'free of faults of manufacture or assembly and to perform precisely as promised.' (Fiske, et al., 2005: p.56) They go on to say that 'if a product has defects or performs inadequately, the consumer expects that it will be remedied, repaired, or replaced at little or no cost and with little or no hassle.' (Fiske, et al., 2005: p. 56) This however, in particular relation to a luxury branded product, is not always the case. Depending on where a product is purchased, how much it cost and how old it is would in most instances not be repaired or replaced free of charge. Most luxury brand retailers would add a premium if a product was returned for repair. If, on the other hand, a product were specially commissioned from a luxury brand or purveyor of luxury goods the repairs would be carried out free of charge. It all depends on the level of purchase.

The confusion in relation to product positioning where a luxury branded product may be a luxury brand through the use of the name only and without the stringent quality control, arises where a manufacturer produces products under licence, like for example Gucci. These were '... low-end Gucci accessories that appeared in popular department stores in the 1980s.' (Johnson, et al., 2004: p.48) Although these products were marketed as luxury brands, the actual product was and still is defined through the price point at which it was and is sold. In this instance, the products were sold at lower end of the market, but maintained the position, as Twitchell says of the 'brand story'. Product diversification is so widespread due to the importance of generating sales and income through products that carry a luxury brand name. Where a purchaser may not have the resource to purchase the primary or core product the luxury brand manufacturer offers alternatives for sale. These alternatives may include perfumes and or accessories that carry the name and logo, but are offered at a considerably reduced price. The diffused product offering still has the cachet attributed to the company's core products and the social kudos such products generate.

Specialism in production methods, as will be discussed in the following case studies, does not really exist within the luxury brands market when so many products are produced as part of the mass production cycle and offered for sale because of the financial incentives that they bring. The mechanisation of production is crucial in the diversified product offering resulting in limited human input into the manufacture of the goods. An example may be the manufacture of a chain for a piece of jewellery. A luxury brand would typically buy a chain that is ready made, a jeweller whose product is defined as luxury would make the chain by hand, link by link. The same would apply to

a watch. In the luxury brand category the components for the watch would typically be outsourced from a manufacturer. A luxury watchmaker would manufacture all the individual pieces by hand. Berluti says that 'luxury is to be disobedient of the rules, to be strong enough to disobey the trade rules and to push the customer to disobey his own.' (Berluti, 2009) There is little or room for manoeuvre when buying a luxury branded product. The customer must abide by the rules set by the retailer and purchase what is on offer. This is in contrast to the services offered by a purveyor of luxury goods, such as, Berluti where she will encourage her customer to experiment and work with her on creating what she, 'would consider to be the finest pair of shoes her customer would wish to own.' (Berluti, 2009)

Luxury is not marketed according to price points as a means of satisfying mass demand. Luxury is not necessarily about price, it is much more concerned with the end product and the methods of production. The luxury product is the primary objective for the maker of luxury products, whereas with a luxury brand the interests of the shareholders of the holding company and sales to meet financial targets are key to the continued success of the brand. With so many companies currently marketing luxury branded goods, products and services, it is becoming clear that diversification and the ability to distinguish one product from another is key to the successful marketing of a luxury brand. Where the market is saturated with so many luxury brands, the disposable nature of fashion and the implications of the purchasing decision is determined by the marketers. With so many products, indistinguishable from one another, 'the only luxury about it is the pretension of saying this is luxurious.' (Twitchell, 2002: p.23) Items that might seem to qualify as luxurious as they are depicted through advertising are represented and defined as lifestyle aspirations where anyone can buy into the world of luxury; this is indeed all pretence. In this context, lifestyle aspirations define groups of consumers who act as a collective and consume within and according to specific social and fashion trends. Advertising changes along with fashion and images that depict a luxury lifestyle in relation to luxury branding also change. What may be a luxury lifestyle one season to one person may not be the next. Lifestyles could be seen to be engineered by the luxury brands and are communicated through advertising to seduce the consumer. The intended end result focuses more on the aspiration created through the image than the product offered for purchase. The reality is that the customer is buying into a concept reinterpreted and re-represented through marketing strategies in order to increase the consumption of goods through the democratisation of what was once an exclusive rather than inclusive set of principles.

## **Determining What You Buy; Luxury Brands As Status Symbols**

In order to attempt to forecast their clients purchasing habits it has become necessary, according to O'Sullivan, to build their customer profiles, to pre-empt what the purchaser may want, or to create it. Categories of customers are created and defined through their cultural capital, by income group, social networking circles and segregated into clusters who have similar shopping habits. Mass international, and mostly generic, marketing campaigns assist in closing the global divide between consumer groups to increase sales and at the same time assert pretensions of lifestyle on their target audience through advertising and product placement. Advertisements that include product placement are seen on television (*Sex and the City*), on film (*James Bond*), through celebrity sponsorship (John Travolta and Breitling) or big name events like the Academy Awards. Advertising a luxury brand through the methods just mentioned expose the product to the consumer and the consumer to the product. What is evident is that the product advertised is very rarely the product that is bought. The advertisements are primarily concerned with what the customer would aspire to own rather than what will ultimately be purchased. There are of course exceptions. Specialist watch magazines like *QP*, *Felopateer* and *Revolution* may advertise and feature detailed reviews of the most elite model, whereas fashion magazines would generally advertise models that have an association with a celebrity as in the case of John Travolta and Breitling. Celebrity endorsement in fashion magazines with reference to Breitling dominates the advertisement despite the fact that the watches are used by airline pilots around the world as they are considered excellent timekeepers. The pattern that emerges is one of apparent diversity. Companies communicate to shoppers on different levels and with a variety of products; the mass market consumer business model. If the products are marketed differently, which they are, and they satisfy as many potential customers as possible with a variety of products they will appeal to a diverse group of shoppers. What may appear to be a diverse product offering may not be as diverse as one may think. There are obvious product categories where at the top end there are the elite products and at the bottom end the products available for mass consumption. The products have to be available for sale wherever the brand has representation which means that a large number of items will have to be produced. The manufacturers do not generally manufacture items specifically for each of their markets. The marketing methods are globally relevant and as such the Gucci customer in London is probably quite similar to the Gucci customer

in Sydney, Australia. Further evidence of the global buying patterns is the constant visiting of Japanese people to the Louis Vuitton stores in Europe.

Determining consumption patterns has over the past 15 years become increasingly sophisticated. At the lower end of the market, specifically within supermarkets, the use of credit, debit and loyalty cards provides the retailer with large amounts of information for them to determine what a shopper may purchase in future. Evidence of this is in the Tesco Clubcard or Sainsbury's Nectar card end of month mail-out where the subscriber is sent coupons or vouchers giving them discounts on purchases they may have made before. In addition to the supermarkets using this information companies such as NCR (National Cash Registers) also monitor consumer spending habits. NCR, as do other financial institutions, have access to vast amounts of information gathered through their Data Warehousing systems. This is a process through which consumer related information is gathered each time a purchase is made using a credit or debit card. Similar systems are used throughout the world by manufacturers and retailers to gauge which items are the best sellers. The ultimate aim of the creation and use of Data Warehousing is it allows companies to make decisions based on financial fact. Twitchell explains in detail explaining how consumer groups 'flock together' and how marketers use this information to predict spending patterns. He goes on to say that 'marketers can predict with eerie accuracy not just the kind of automobile, but the specific brands of luxury items, like cameras, television sets, toilet paper, and deodorant, for specific zip codes<sup>15</sup> in Beverly Hills, California; Scarsdale, New York;; Bloomfield Hills, Michigan; Mclean, Virginia; and Lake Forrest Illinois ... [they] can also chart your passage through life by using not zip codes, but shifting purchases of desired goods. Give a consumer specialist an optical reader, a computer, and all your bar-coded purchases for the past week and he will tell you not only what you bought

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<sup>15</sup> 'Geo-demographics used in multiattribute segmentation have a rating index by zip code markets created by Claritas Inc., the Potential Rating Index by Zip Market (PRIZM). The index includes 39 factors in five broad categories: (1) education and affluence, (2) family life cycle, (3) urbanization, (4) race and ethnicity, and (5) mobility. For example, one PRIZM group called Cashmere and Country Club, includes aging baby boomers who live in the suburbs, are likely to buy a Mercedes, have a propensity to subscribe to *Golf Digest*, use salt substitutes, enjoy European getaways, and buy high-end television sets. Median income adjusted for inflation would be \$100,000. Zip codes have been used to identify the highest-median home sales markets.' (Mazze, et al., 2006: p.24) The zip codes are used by marketers to 'match products such as home furnishings, automobiles, media subscriptions, and lifestyle activities to consumers.' (Mazze, et al., 2006: p.24)

last year, but what you will consume next week.' (Twitchell, 2002: 76) Consumer groups are created and defined according to their spending patterns and targeted in specific ways. Empty nesters<sup>16</sup>, baby boomers, yuppies, DINKs (dual income no kids) and DIWKs (dual income with kids) are examples of the definitions used by Fiske and Silverstein and indeed other marketing experts to segregate groups of consumers according to their spending habits. They look in great detail at specific patterns that emerge from the lifestyle the consumer leads. The information collected through credit card purchases includes details of place of purchase, travel patterns, restaurants frequented, mobile phone and place of residence. Patterns of consumption emerge through the detailed analysis conducted. An example of the analysis conducted by Fiske and Silverstein focuses on people who date longer therefore get married later. They suggest that 'because people are getting married later in their lives, young people spend more time and money on dating, branding themselves and experiencing the world. Many of them chose not to marry at all, and as their incomes rise, they have increasingly large amounts of discretionary cash to spend on goods that please them' they go on to state 'though women tend to have less wealth after a divorce than when they were married, our survey shows that divorced women are pronounced rocketeers. Divorced people, both male and female, dine out more often, buy cars, clothes, renovate or decorate their homes, take adventure vacations, and purchase apparel and accessories as a way to smooth the transition to a new style of life. They are an important market, with a distinct set of values and interests and a special relationship with brands.' (Fiske, et al., 2005: p.27) Extensive research is undertaken in order to arrive at such conclusions and is important information for not only luxury brands, but all sectors of the retail market to try to determine what people buy. This type of information, in part, is used to ascertain what products sell the most and where and how best to target potential and existing customers. Items that sell well in one part of the world may not sell as well in another or vice versa.

Data analysis enables retailers to adjust their stock according to demand, offer for sale what they know will sell in a specific area and remove from the market the items that do not sell. It may be that a company needs to create hype surrounding a product and increase their advertising to encourage the consumption of a particular product. This is all based on the analysis of data gathered through the spending patterns of the

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<sup>16</sup> 'Empty nesters are married couples, widows, or widowers, with good incomes, whose children no longer live at home.' (Fiske, et al., 2005: p.16)

consumer. Marketeers use the data and additional information gathered (this may also be from mailing lists) to determine who buys what and where and targets the customer accordingly. Luxury brands also adapt their sales techniques to satisfy their customers' needs and create demand. All of the global luxury brands have VIP (very important persons) or VIC (very important clients) services with dedicated professional sales teams who deal only with the wealthiest customers. It may be a cynical view of the methods used to encourage consumption, but it is the reality of the global luxury brands market.

The idea that the aspirational consumer's spending habits are so closely monitored is crucial when the luxury brand market is so reliant on their purchases and must preempt and predict future purchasing trends. The aspirational customer tends to follow the elite who are considered to be trend setters. This is a pattern that has historical prevalence. In the past the elite were the first adopters of fashions and trends, they consumed conspicuously and their purchasing habits were soon adopted by those aspiring to be fashionable. The celebrity endorsement fuels the hype surrounding a top end product resulting in a watered down version being produced, sold and distributed worldwide. Whether or not the product continues to be sold is determined by its success at the tills. If a product sells well it is added to the core collection. The formulae dictate the retail environment and ultimately the product offering. It is clear that the information gathered through sales is invaluable to the conglomerates controlling the luxury brands. This information is shared amongst the various companies under the umbrella of the conglomerate and is used to inform decisions on what is produced, marketed and stocked in their retail outlets around the world. This model is not one that could be used by the independent purveyor of luxury goods partly due to the significantly smaller business infrastructure and capital investment required. What is evident is that purveyors of luxury goods do not advertise in print or through new media. They may have a presence on the Internet, but this is generally unsophisticated where the websites are used to create an online presence. This differs from the millions of dollars luxury brands spend on their Internet presence including Internet sites, on-line shopping facilities and e-commerce, as the focus is on the maker / client relationship. With all the front end (retail, marketing, advertising, celebrity endorsement) and back end (manufacture, marketing, distribution, commerce) resources available to the luxury brands, and as I have already stated, it is apparent that there are distinct differences in the luxury brand approach to the market and the

approach adopted by the purveyor of luxury goods. Capellino states that 'luxury brands are the ones that put lots of money into making their stuff look luxurious on expensive people, photographed by expensive photographers, put into expensive magazines. That is a luxury brand.' (Capellino, 2012) Reading between the lines, one could interpret her statement as suggesting that the products themselves do not have to be luxury, but the advertising campaigns behind them do as do the marketing campaigns created to sell the products.

### **Conspicuous 'Signs' of Luxury**

However, within the luxury market information gathered from Data Warehousing may not be as easily defined due to the erratic spending habits of the connoisseur who distance themselves from the luxury brands in favour of products that are handmade by master craftsmen. Kapferer and Bastien talk in great detail about how luxury should be defined in a democratised market. What remains problematic is their desire to classify all products as luxury despite differences in modes of manufacture. They dismiss the notion that consumers may want a product that is defined as luxury to be handmade by suggesting that the market has changed and that luxury is more concerned with the 'organisation of production and distribution and the democratisation of products.' (Kapferer, et al., 2009: p.90) For them luxury is ultimately about generating profit with nuances that add value to fashion merchandise. They say that 'every luxury object should have some part, even small, but spectacular; that is handmade. This is the dimension that makes it stand out from the series, from the world without surprises of the factory' (Kapferer, et al., 2009: p.90) One of the examples they use is '*baudruchage*' (fig. 42), the application of a waterproofing membrane on the neck of a bottle of perfume' that is done by hand which they say 'adds a strong impression of rarity and preciousness.' (Kapferer, et al., 2009: p.90)



**Figure 42. Chanel No 5 perfume bottled that is sealed using the technique called boudruchage. Cord is wrapped around the neck of a bottle that is then sealed with wax.**

Moreover, that is the point; within the luxury brand sector there is a need to instil a sense of perceived luxury into the product that is then communicated to the end user. It is, according to Kapferer and Bastien, acceptable for an element of a product, or as in the example they use, for the packaging to fulfil the criteria that defines it as luxury to be incorporated into a product for it to be considered luxury. As long as the product 'adds a strong impression' of luxury it is acceptable for it to be labelled luxury rather than it fulfilling the requirements of a luxury product by being implicit in the object. Where luxury products are concerned it is important to consider the actual item and not the marketing descriptors used to describe them.

The extensive learning and applying the skills of make, often passed down from generation to generation through hands-on teaching adds to the value of the object. Innovative approaches to design, use of materials and the ability to communicate these important approaches are not communicated through advertising, but through one on one conversation. Twitchell's father argues '... that real luxury is characterised not by shine, but by patina, that its allure comes from inborn aesthetics, not from guilty advertising, that is passed from generation to generation and cannot be bought at the mall, and, most of all, that that consumption is private, not conspicuous.' (Twitchell, 2002 cited in Twitchell, 2002: p.23) The aim of the contemporary luxury brand is, as has been previously stated, to encourage the continued consumption, disposal and re-consumption of products. This is the complete opposite of the intent behind a 'true luxury' purchasing decision which exists on the basis of non-commercial, non-

disposable items. Stephen Jones echoes what Twitchell says. Jones, who has produced hats for many *haute couture* houses, including Dior, outlines 'the ingredients of luxury; there's craftsmanship, and there is authenticity, and so this whole idea that this thing has been passed down from father to son, and because of that it's a good thing, and it's a connection to a time which was maybe slower or more time was spent in the creation of a beautiful object.' (Jones, 2012) To him a luxury product is one that is crafted and created over time to create a beautiful object.

It appears that many of the sources I have cited above fail to engage with the notion that for a luxury product to be defined as luxury it needs to be exceptional. One of the characteristics that define a product as luxury is the skill of the maker. A luxury product is easily distinguishable from others purporting to be luxury. This was the case in the past and is still the case now where a luxury product was and still is defined by the skill of its maker. In today's market there may be too many definitions that imply the same thing, but in reality are not and are used to describe types of products that are clearly not the same. In an interview with Theo Fennell, the world renowned jeweller, he clearly articulates the difference between something that is luxury and something that is produced by a luxury brand. He suggests that branding a product as luxury 'has been blurred into a branded mish-mash that has cheapened and ruined the concept of craftsmanship and, if you like, genuine luxury.' (Fennell, 2010) He goes on to suggest that 'we say luxury goods, and all that really refers to is overpriced gegouls that some enormous marketing company attached to a worldwide conglomerate can weave its magic and get ludicrous prices for things that aren't worth a tenth of it.' (Fennell, 2010) Fennell suggests that the conglomerate can weave its magic, whereas Kapferer and Bastien say that a luxury brand should include at least one element that is handmade to add a sense of rarity and preciousness which could be interpreted as the conglomerate weaving its magic. Using a distinguishing factor like *baudruchage* to add value to something that otherwise has little or no value at all is it seems all a luxury brand needs to do in order to make the customer believe that it is luxury.

## Fashioning Luxury

Fashion labels and retailers that sell fashion items, no matter where they are positioned in the market offer a selection of product that are referred to as luxury. More recently Gemma Metheringham, the Managing and Creative Director of Karen Millen suggests that what they sell is aspirational luxury. (Karen Millen, 2013) Although Karen Millen products may be of better quality than many of their competitors, one could question the use of the word luxury, not only by her, but by most retailers who adopt it to describe their products. This is a fairly recent occurrence and could possibly be as a result of, and in reaction to, an increasingly stagnant high street market in the UK. High street stores that also include Marks and Spencer, Top Shop and at the lower end Primark have a selection of products sold with a luxury label attached to them. Karen Millen offer for sale a luxury, leather satchel, Marks and Spencer offer luxury shirts currently included in this offer is a 'buy one get the other half price special on luxury shirts' (Spencer, 2010), Top Shop (Shop, 2010) have a selection of dresses in the luxury section and Primark sell luxury tights (figs. 43, 44, 45, 46).

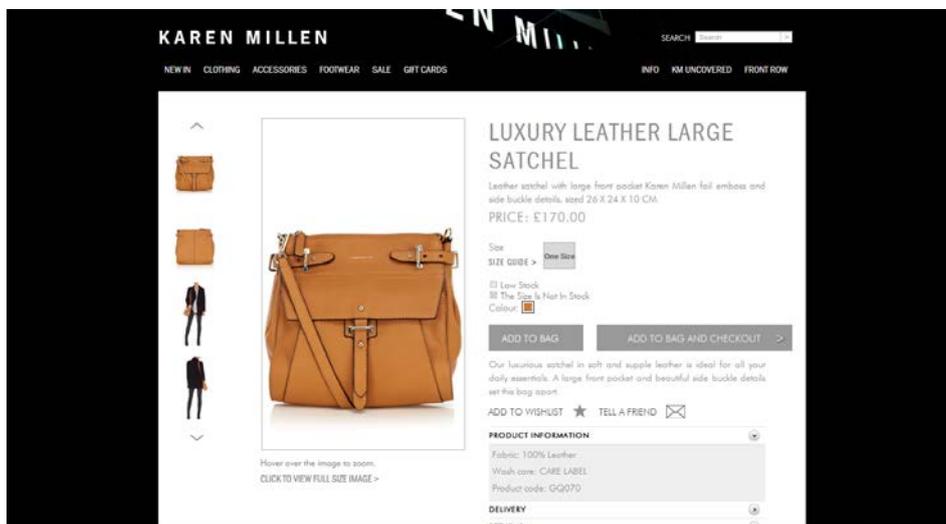


Figure 43. Karen Millen *Luxury Leather Large Satchel*. As featured on the Karen Millen website. Illustrating the use of the word luxury on womenswear. High Street fashion items. 2013.

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Figure 44. Marks and Spencer *Sartorial Luxury Pure Cotton Stripe Twill Shirt* as featured on the Marks and Spencer website. Illustrating the use of the word luxury on menswear. High Street fashion items 2012.

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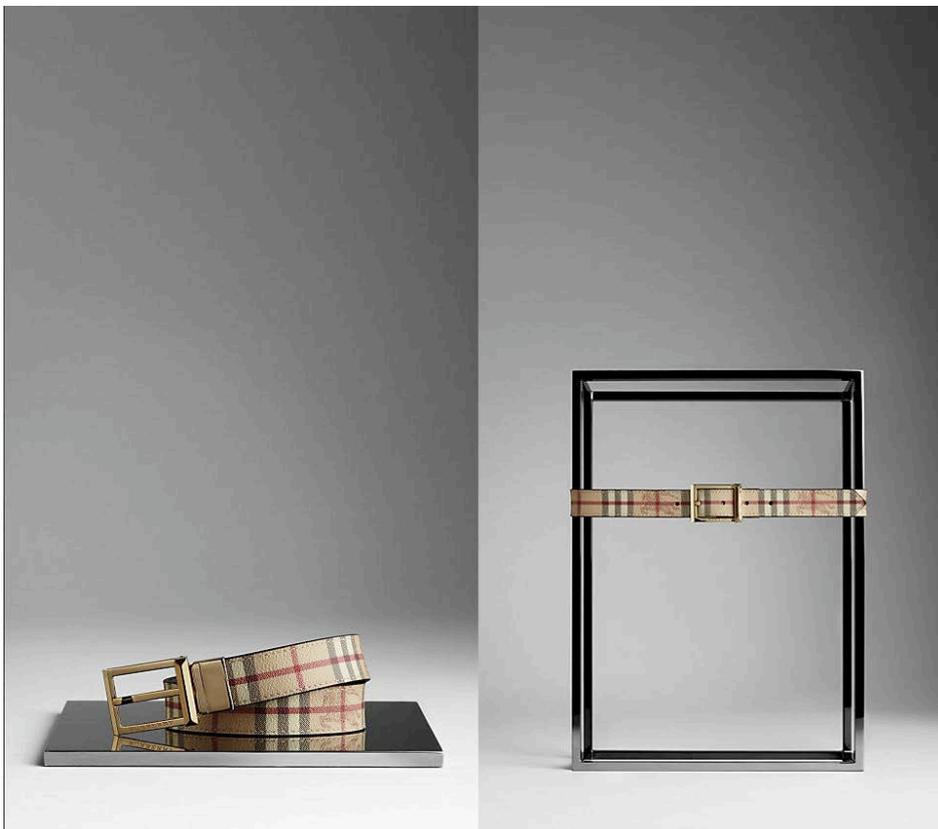
Figure 45. Top Shop *Luxury Jumper by Illustrated People* as featured on the Top Shop website. Illustrating the use of the word luxury on womenwear. High Street fashion items. 2012.



**Figure 46. Primark *Luxury Glossy Tights*. Illustrating the use of the word luxury to describe goods at the lower end of the womenswear fashion market. 2012.**

What is evident is that the word luxury is used to describe products by a range of retail outlets from the lower end to the middle and higher end of the consuming market. The word luxury obviously adds value to what would normally be plain or ordinary products. Twitchell discusses the denim jean brand Diesel within the context of new luxury. He quotes the Diesel advertisement that appeared in a men's magazine with the by-line '*The Luxury of Dirt*' with the caption 'She kept telling me about the importance of love, but I couldn't wait to go shopping'. With reference to this quote Twitchell discusses the notion of Diesel selling a dream life. This echoes the sentiment of Fiske and Silverstein and indeed Danziger who suggest that luxury brands sell a story, experience or indeed a dream. What is problematic is that Twitchell also considers Cartier, Louis Vuitton and Gucci within the same parameters. Danziger does the same and talks about 'mass luxury brands' (e.g., Isaac Mizrahi for Target) or class brands (e.g., Cartier) (Danziger, 2005). Fiske and Silverstein consider Victoria's Secret as a new luxury goods manufacturer and retailer in the context of mass-produced and mass consumed goods. (Fiske, et al., 2005) Goods that traditionally would not have been defined within the category of luxury, but rather fashion are now considered as luxury goods.

Further confusion arises where definitions of the levels of luxury or how luxurious a product is exists within the context of a single brand. This is done in order to appeal to all levels of the market. It is possible for the consumer to buy into a luxury brand at any level and through the label publicly illustrate their fashionability, or fashion sense (but not their level of connoisseurship) through products that have come to be regarded by the consuming public as status symbols. These symbols are represented through logos or marks on an item that either discreetly 'whisper' the label or 'shout' it out depending on the product. The Burberry check (fig. 47) is symbolic of a status-defined logo as is the 'LV' used by Louis Vuitton, the 'H' used by Hermès (fig. 48) and the double 'G's used by Gucci. The use of the logo or iconic symbol is common practice within luxury brands and is widely used on all types of product.



**Figure 47. Burberry *Haymarket* check belt. Coated canvas with a polished metal buckle. 3 cm wide made from 100% PVC. £195.00. Illustrates the use of the Burberry check, a distinctive feature of many items manufactured by the company. 2013.**



**Figure 48. Hermès 'H' reversible belt. 3.2 cm wide, made from calfskin with an Idem, gold plated buckle. £520.00. The 'H' is synonymous with Hermès featuring on a variety of their products. 2013.**

The prominent use of logos on luxury branded products and the consumption thereof in this context could be defined as conspicuous consumption; a phrase coined by Thorstein Veblen in *The Theory of the Leisure Class*. Today, the aspirational customer consumes products that may imply wealth and social standing. However, this may not be a realistic representation of their wealth or social standing. Veblen says that 'the means of communication and the mobility of the population now expose the individual to the observation of many persons who have no other means of judging of his reputability than the display of goods (and perhaps of breeding) which he is able to make while he is under their direct observation.' (Veblen, 1994: p.54) The use of brand logos assume the role of advertising one's status, perceived or otherwise. Veblen suggests that the ways in which products are consumed are an illustration of wealth and that 'the failure to consume in great quantity and quality becomes a mark of inferiority and demerit.' (Veblen, 1994: p.46) In today's luxury branded capitalist market consuming in great quantity is what drives the industry. The notion of quality is questionable; there are two major factors that must be considered. Firstly, the type of product available is inconsistent, ranging from a guide book to a handmade travellers trunk and secondly, the built-in obsolescence of the goods that fall into the category of seasonable fashion offerings. As the luxury brand fashion market becomes more and more democratised with an increasing number of products available, the semiotic value attributed to those goods becomes diminished. What then emerges is the introduction of products that are more affordable thus maintaining their status through the brand

profile and not the actual product. Within the luxury brand sector there is a need to reduce the cost of the manufacture of goods in order to increase the profit margin. Mechanised methods of production may be introduced to reduce the human hours required to manufacture a product. Although the manufacturing cost may be reduced the retail price is not, as reducing the cost of an item would in effect lower its status value.

Veblen wrote about the moneyed classes benefiting from the work of labourers, those who produced the goods for the elites to consume. This pattern continues today where much of the manufacture of the luxury brand products is made in third world countries for first world consumption.<sup>17</sup> Today, however, it is not only the elites who benefit from the goods produced due to the introduction of products in all pricing categories so as to be purchasable to all types of consumer. Twitchell states that 'wealth would have no social meaning were it simply consumed or possessed.' (Twitchell, 2002: p.33) The result is rather than hiding the goods there is a desire on the part of the aspirational consumer of luxury brands to consume conspicuously; displaying the goods. He goes on to quote Veblen who says that 'in order to gain and to hold the esteem of men,' he wrote, 'it is not sufficient merely to possess wealth or power. The wealth or power must be put in evidence, for esteem is awarded only on evidence.' (Twitchell, 2002: p.32) Veblen therefore suggested that the consumer displayed their wealth through their material goods. One of the claims that I wish to reinforce is that the historical situation that Veblen described continues today. In today's market it is not the display of wealth that is evident rather the display of perceived wealth and indeed social standing. What is apparent as Twitchell goes on to declare is that 'in modern societies luxury is a sign of status and class.' The difference again is that this is perceived as many customers who buy luxury brands may not necessarily be wealthy nor will they have social standing amongst the elite. They will, however, assume status and class within their social group and perceived status to those outside of their social groups as a result of their conspicuous consumption of luxury branded goods. The definitions Veblen used to define conspicuous consumption included 'invidious comparison' and 'pecuniary

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<sup>17</sup> Disclosing the manufacture of luxury branded products in the Third World is a contentious issue and is not disclosed by the retailer. The label identifying the country of manufacture more often than not represents the country of the design of the luxury brand rather than the place of manufacture. The loophole is such that a product only need a component i.e. a button sewn on to classify it as being made in the country of design origin rather than place of manufacture.

emulation' (Veblen, 1994), the former considers the consumption patterns of the elite where consumption is carried out as a means of distinguishing themselves from those of a lower class and the latter where the lower classes consume conspicuously so that they will be considered as part of the elite. The elite would purchase and use products that would fall outside of the financial reach of the lower classes.

### **Maintaining Brand Value**

In the contemporary luxury brands market there is evidence to suggest that the manufacturer/retailer will increase the retail cost of the product to maintain brand value; this method is referred to as the Veblen effect; 'the value of a luxury object is in direct proportion to its cost.' (Twitchell, 2002: p.33) The more expensive the item is whether it may be equivalent to another product that does not have the luxury brand label the more its value increases. An example of this is a pair of Dior jeans that retail for £350.00 and a pair of Levis jeans that retail for £65.00. The functionality of the denim is the same, but the value is added through the brand.

However, Twitchell argues that; '...once that price is paid too often, the value is diluted, and the designer has to invoke the Veblen effect by upping the price and lowering the logo noise.' (Twitchell, 2002: p.93) This method may not be entirely accurate when referring to luxury brands as 'logo noise' is what sells the product to the aspirational consumer. Research conducted by Joseph Nunes at the University of Southern California found that as brand prominence went up (fig. 49), the price of the item came down and that the lower the logo noise (the smaller the logo) the more expensive the item would be. (fig. 50) The use of the logo creates a distinction between different groups of customers. Those who could be categorised as elite customers spend more on items that are less conspicuous than those who spend less on items that are more conspicuous and whose desire it is to display their purchases more explicitly.



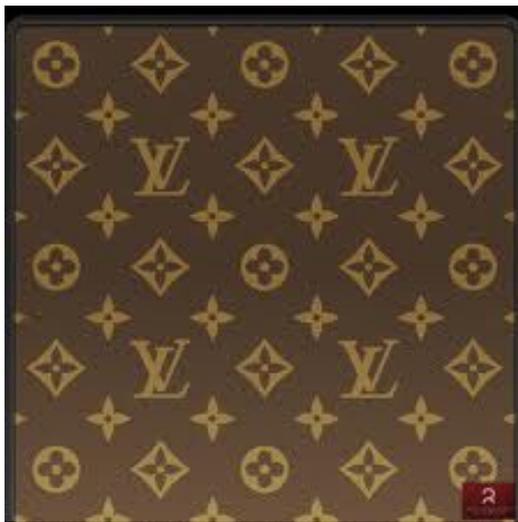
**Figure 49. High Logo Noise illustrates the use of a large logo. Louis Vuitton *Sobe Clutch*. 5 x 10.99 x 26 cm. Glossy Epi leather with shiny Louis Vuitton initials in silver brass with magnetic closure and one interior zipped pocket. £680.00.**



**Figure 50. Low Logo Noise - illustrates the use of a discreet logo. Louis Vuitton *Pochette VIP Brodée*. 5.0 x 14.98 x 28.9 cm. Light organza silk with floral pearls. Palladium brass pieces, engraved lock, embellished with Swarovski Elements with a lambskin lining. £4,750.00. 2013.**

Logos have come to be symbolic of designer labels and subsequently luxury brands. Twitchell goes on to claim that 'with the logos hidden, with no design element so distinctive and consistent that it could serve as a signature for the brand (as quilted leather has for Chanel, for instance, or Prada's red line or Gucci's red and green) means connoisseurship becomes knowing how to read code.' (Twitchell, 2002: p.93) Twitchell's use of connoisseurship as a way of knowing how to read code is questionable specifically where the use of logos or signature design elements are

concerned. A logo is a visual marker, something that is easily recognised by the shopper. The very nature of what connoisseurship represents in the luxury market is founded on, amongst other things, knowledge and expertise. Knowing that LV represents Louis Vuitton, a red line represents Prada, interlocking 'C's represents Chanel or interlocking 'G's represents Gucci is nothing more than being brand savvy (fig. 51).



GUCCI



**Figure 51. Louis Vuitton, Chanel, Prada and Gucci logos used as visual markers illustrating the distinct features of their brand identities.**

Within the context of luxury this is problematic as the notion of distinguishing product simply through 'markers' that become logos, icons and or symbols of a luxury brand do not, as Twitchell observes, transform the consumer into a connoisseur, rather a member of a self-appointed group of consumers who purchase at the top end of the brand extension. These same consumers purchasing aspirations are rooted in the desire to belong to a specific social group as they believe that this can be achieved through the public display of material, and in this instance, fashionable goods.

This further confuses the notion of luxury with the luxury brand. Perhaps luxury brands should be re-classified as iconic brands. In his book, *How Brands Become Icons*, Douglas B. Holt suggests that the use of cultural branding<sup>18</sup> icons, or in this case the logos, are used 'as a shorthand to represent important ideas.' (Holt, 2004: p.1) He acknowledges the historic role that icons played in religion and the ways in which they were passed down through storytelling, but he says that as times have changed the role of the icon has also changed. The most fundamental change is that through mass media 'cultural icons have become a central economic activity' and that 'the culture industries – such as film, music, television, journalism, magazines, sports, books, advertising, and public relations – are bent on cultivating and monetizing these icons.' (Holt, 2004: p.2) Luxury brands could be seen to fall into this category as mass media and their use thereof has been instrumental in elevating the companies to what could be seen to be iconic status. Luxury brands have easily recognisable logos, icons, that evoke the spirit of the label. The luxury brands use their history to define not only their heritage, but also their products and the ways in which they are made that distinguishes them from their competitors. Marketeers have been successful in defining a story that fulfils the everyday need of the brand and by doing so they keep the brand prominent in the market place. This may be achieved through celebrity endorsement, new product offering and or product placement and sponsorship. What is evident is that the most prominent luxury brands continue to grow with increased retail presence, increased sales and increased public awareness; 'they become consensus expressions of particular values held dear by some members of society.' (Holt, 2004: p.4) These expressions of value perceived or otherwise satisfy the desires of the aspirational consumer, '... they perform identity myths: simple fictions that address cultural anxieties from afar, from imaginary worlds rather than from the worlds that consumers regularly encounter in their everyday lives.' (Holt, 2004: p.8) Consumers today, as part of the notion of aspiring to own and be part of fashionable social groups, place meaning on objects that would be, if not branded as luxury, considered as everyday objects. However, the re-classification of these objects places them in a realm outside of what they would normally experience.

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<sup>18</sup> Holt considers the notion of cultural branding where communications are centre of the customer value. This already discussed in detail sets out that the product comes second to the brand experience.

Holt goes on to declare that 'what turns the brand into an icon, is a handful of great performances.' (Holt, 2004: p.10) The hiring by Bernard Arnault of Marc Jacobs as Creative Director to Louis Vuitton could be considered a great performance. Not only did he hire one of the most prolific contemporary fashion designers to front Louis Vuitton, but he successfully elevated the brand from being an old fashioned company that sold handbags and luggage to a global fashion concern. Marc Jacobs himself could be seen to be a cultural icon within the fashion and fashion consuming worlds and together he and the Louis Vuitton company have created one of the most iconic luxury brands in the world today. On the one hand there is the company with over one hundred years of history and on the other the celebrity designer at the peak of his career. These performances are defining moments in the brand's development and along with the mythical nuances establish and enhance the brand value. Today, Louis Vuitton thrives through its association with Marc Jacobs and is kept at the forefront of fashion through the addition of fashion clothing collections, jewellery, celebrity endorsement, product placement, high profile advertising, sponsorship of events and collaborations with artists and designers around the world. What Marc Jacobs has done is to move Louis Vuitton out of the specialist luxury goods market into the global luxury brands market drawing in his well-established populist clientele whose aim it is, is to be fashionable thereby increasing the consumption of Louis Vuitton products. At the same time he has managed to create distinction between his own Marc Jacobs fashion collection and what he creates for Louis Vuitton, and has enhanced the brand equity of both labels. It is evident that Louis Vuitton through their recent advertising campaigns, as already discussed, myths are created and consumed. The cultural icons from politics, cinema and the creative arts enhance the value of the brand sustaining the rhetoric and indeed the distance that is required to appeal to the aspirational customer. The luxury brands market is one that delivers iconic status to the user. The history of a luxury brand may define their historical provenance, but today history plays an increasingly important role in defining them as modern day icons.

Luxury brands produce products that fulfil the requirements of their producers where their position has emerged through marketing techniques that establish them as superior quality products in the fashion market. There are, as has been discussed, many ways of defining them. Whether they are defined as super premium brands, masstige goods, new luxury, old luxury, designer goods or indeed icons they should all possibly fall under the luxury brand umbrella. A distinction between luxury brands and

luxury goods does need to be created in order to protect the inherent values that makers of luxury product attribute to their goods. Although luxury brands may use definitions of craftsmanship adopted from the maker of luxury products, it is evident that the final product does not possess the same qualities found in a luxury product.

## **Chapter Three – Case Studies**

The following three case studies, starting with Louis Vuitton, will show how the luxury landscape has changed through a detailed analysis of the production and marketing strategies of the key purveyors of luxury goods and brands, past and present. These are arranged to address the diversity of the approaches to the luxury and luxury brands market.

### **Case Study One. Louis Vuitton**

#### **Introduction**

This case study sets out to examine the original intentions of Louis Vuitton the trunk maker and the ways in which the Louis Vuitton company has, since the late 1980's, diversified its product offering in order to satisfy global markets through mass production and consumption. The case study will consider 3 areas of discussion: construction and manufacturing, materials and addressing the needs of the buyer. These areas will be examined in both historical and contemporary contexts. In particular, this case study will take as its prime point of reference the original motive of Louis Vuitton during the 17th century. In the course of the analysis, a distinction is to be made between a time when customisation and customer needs were the focus of the business to the contemporary global company where the focus is on mass production and consumption of fashion goods. This study aims to throw light on the contemporary approach to marketing, manufacture and consumption.

Through an analysis of historical data and a review of Louis Vuitton, distinctions between manufacture, innovation and the needs of their customers will be explored. This will then be compared to the contemporary structure of the company where consideration will also be given to production methods, mass consumption and servicing the needs of a global consumer economy. In addition, comparisons will be made between Louis Vuitton, Prada and Tanner Krolle to establish the differences in approach to manufacture, addressing the needs of the global market and marketing. Extending the Louis Vuitton brand to global markets has seen the company move away from its core, traditional business to cater to a fast moving global fashion market. The result of mass growth moves the company away from customised production to mass

production and product diversification. The notion of product diversification will be discussed in more detail in this case study and that of Prada as it acts as a mechanism for increased product development, production and sales.



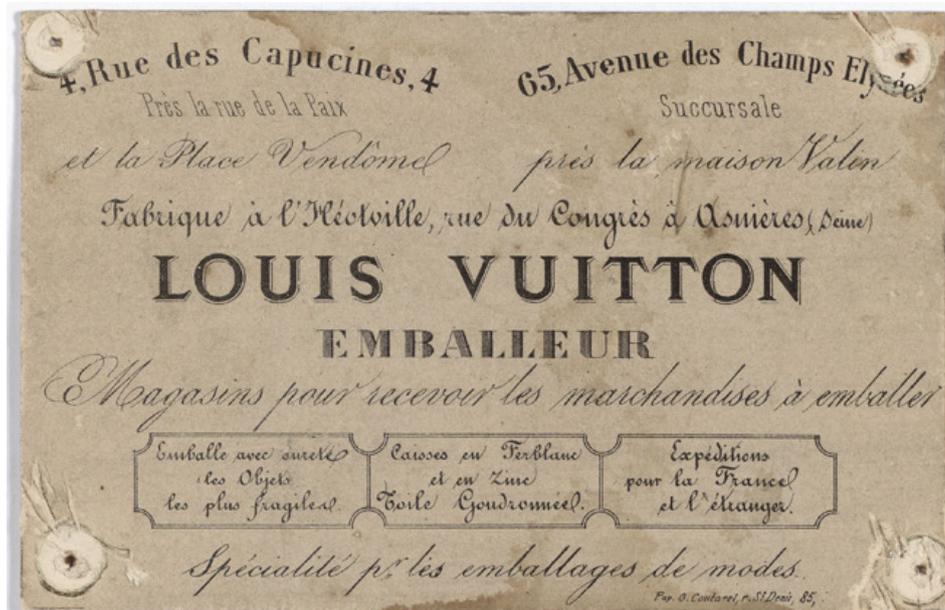
**Figure 52. Louis Vuitton staff photographed outside the Asnières workshops in 1888 when the company had 30 employees.**

### **Louis Vuitton – A Short History, The Company and The Original Idea**

This chapter discusses the role Louis Vuitton has played in repositioning their products as part of a global mass-produced and mass consumed market. I suggest that Louis Vuitton has been instrumental in redefining what luxury means in a contemporary global market in order to increase sales, but retain an appearance of exclusivity through marketing strategies and pricing models. Later on in the chapter, I will discuss the emotional element attributed to their campaigns that utilise the notion of celebrity in order to increase the aspirational desires of the user which in turn leads to the increased consumption of their products.

In 1854, Louis Vuitton opened a box-making and packing workshop in Paris specialising in customized packaging services for the Parisian elite. On a poster describing the services he offered were the words, 'securely packs the most fragile objects. Specializing in packing fashions.' (fig. 53), (Pasols, 2005: p.51) This statement lay down the foundation for his company and success quickly followed, 'as the stylish people sought his know-how.' (Pasols, 2005: p.12) This early type of advertising clearly illustrates that Vuitton himself specialised in a service that could be interpreted as

bespoke to the customer that engaged his services. Vuitton made the trunks for his customers himself not only illustrating his skill as a craftsman and as a trunk maker, but also his ability to cater to his customers' needs.



**Figure 53. Louis Vuitton advertisement. One of the store's first signs promoted special packaging for stylish merchandise.**

At that time trunks were traditionally made with domed lids covered in leather. Although the first Vuitton trunks, made by Louis Vuitton himself, retained the domed lid, he was more concerned with the practicalities of transportation and satisfying his customers' needs. 'The principle of designing the trunk, specifically ordered by the customer, around the objects that it would contain, rather than trying to fit objects into an existing trunk design' (Pasols, 2005: p.31) was one innovative approach Louis Vuitton took.

Traditional trunks at the time were extremely heavy and, 'covered in sow skin were said to have given off an odour that would penetrate the trunk and in turn its contents.' (Pasols, 2005: p.52) Louis Vuitton changed the materials used, the construction and shape of the trunks, replacing the domed lids (which he still offered for sale) with flat ones so that they could be stacked during transportation, thus saving space. He also introduced a 'slat trunk', still flat, encircled with iron, and covered with a grey canvas that he invented and called Trianon. (fig. 54) The Trianon grey canvas was 'treated with flour-based glue ... the fabric was much lighter and completely waterproof, because the glue penetrating it made it impermeable.' (Pasols, 2005: p.54)



**Figure 54. Louis Vuitton *Trianon* trunk. Its flat shape enabled it to be stacked in a trains baggage car or in the hold of a ship. 1858.**

Vuitton addressed the needs of his customers as ‘his experience as a box maker and packer taught him that flat and long trunks lent themselves more easily to packing the clothing that was then in fashion ... equipped with compartments for gloves, veils and fans.’ (Pasols, 2005: p.54) As a result of the success and demand for his trunk making he expanded his business and opened a shop that would cater solely to the sale of trunks. ‘The trunk became the heart of the company.’ (Pasols, 2005: p.56) Louis Vuitton went on to receive a bronze medal for his trunks at the 1867 Exposition Universelle, ‘the first official recognition for his work’ (Pasols, 2005: p.56) and illustration of his innovative and experimental approach. It was then that Louis Vuitton trunks were all made to order and customised in order to meet the changing fashions of the day and importantly his clients’ needs.

In 1857, Charles Frederick Worth, an Englishman, changed the face of luxury fashion; he is credited with inventing *haute couture*. He opened his salon in Paris in close proximity to Louis Vuitton. At that time dressmaking was the preserve of women, but Worth, the first male couturier, set out to redefine the way luxury fashion worked. The comparisons between Worth and Vuitton are worth noting due to the impact both made on the luxury industries. Worth employed techniques that were not dissimilar to those of Louis Vuitton although the product was obviously different. The services they offered were bespoke and catered to the needs of their wealthy and shared clients that included Empress Eugenie, the wife of Napoleon. The systems for marketing and production that they employed were also similar. They were avid self-promoters and marketed their services in similar ways through posters that clearly defined their

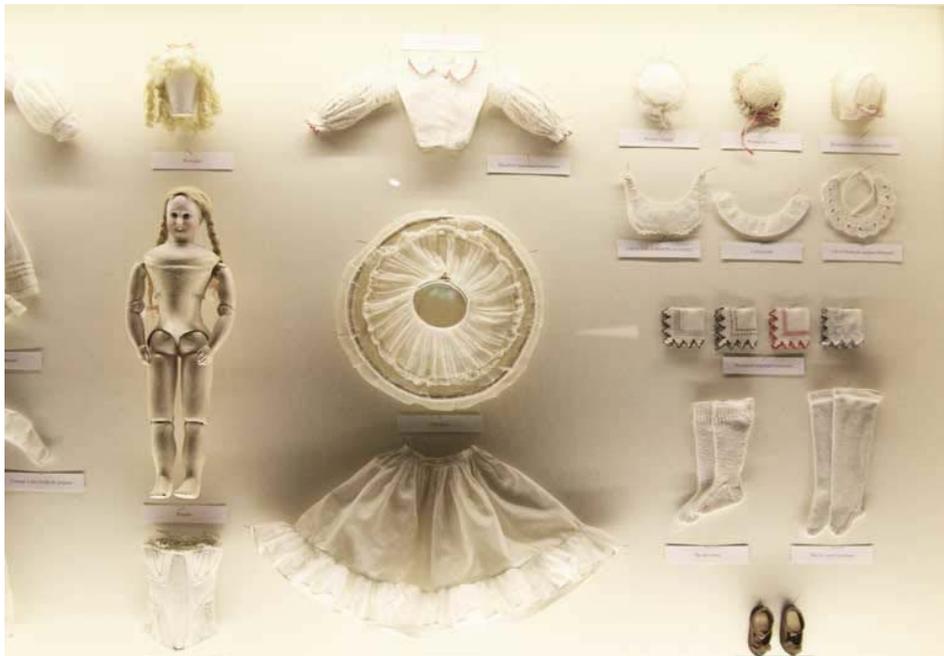
product offer. For example, and as outlined above, Vuitton marketed himself as a specialist in packing fashion items. Both men worked together in order to meet the needs of their clients, 'Vuitton devised the wardrobe trunk with interior drawers and hanging space with the advice of Worth.' (Louis Vuitton, 2010) Vuitton designed the specially ordered trunks around the objects it would contain. In the 1850's clothing, such as, crinolines 'required elaborate care in handling, transportation and storage because fashion, especially those items that were created for the wealthy, had reached an unprecedented level of luxury and opulence.' (Pasols, 2005: p.33) Vuitton and Worth used the finest materials and employed the highest level of craftsmanship to create both bespoke and customised products. What is evident is that both men introduced a shopping experience that was innovative at the time. Worth introduced 'models and the *defilé* (private fashion shows), and publicized his creations through the 'celebrities' and influential women of the day.' (Okonkwo, 2007: p.26) Vuitton offered for sale items that were pre-made, but that could be customised to meet the needs of his customers. It might also be worth noting here that Vuitton and Worth were two of many designer makers who were innovating as part of the product development process.

At around the same time, Josiah Wedgwood was also innovating, albeit in a different medium to both Vuitton and Worth. Without going into the detail of Wedgwood's approach to design, but acknowledging that his inspiration came not only from himself, but also other styles including neo-classical and baroque. Wedgwood's 'first important innovation was a green glaze he invented. This glaze, in combination with a yellow one, was applied to white earthenware with moulded ornament, giving results that were vivid in colour ...' (Forty, 1986: p.20) What is important to note is that materials were a considered element of the process of design and make. In Wedgwood's case his 'own interest in pottery lay in technical discoveries and innovation' and he 'experimented prolifically with glazes and bodies, and he was clearly fascinated by everything that went on in the kiln.' In addition, his reputation was not only as a manufacturer, but also as a scientific experimenter.' (Forty, 1986: p.25) Vuitton and Worth were not dissimilar in that they also experimented with materials. Evidence suggests that they worked closely providing both luggage and fashion to their clients.

'Specifically, Vuitton's letterhead bearing the motto 'Speciality in the Packing of Fashions' is definitely the point to take away when you see miniatures of teensy weeny garments (fig. 55) and accessories laid out that

were the de rigueur requirements as sanctioned by the likes of Charles Frederick Worth, who was actually a close friend of Louis Vuitton. Worth is attributed with increasing the number of items in the then - bourgeois wardrobe gowns and undergarments for every hour of the day along with numerous hats and accessories - and so Vuitton took up the challenge of packing these fashions for the barons, counts, marquis and princesses that ordered Louis Vuitton trunks in their dozens.' (Bubble, 2012)

The collaboration between Vuitton and Worth illustrates the need to satisfy customer needs in a way that does not happen today where the majority of Vuitton products are bought from one of their retail outlets. The fabrics used by Worth were the finest and most expensive and in some instances a dress would take up to fourteen metres of fabric. (fig. 56) The difference between then and now is that fashion has become a fast moving industry where clothing and accessories are seasonal products that at all levels of the fashion market have become disposable.



**Figure 55. Minitures of clothing and accessories used as a guide when creating a template for specialist packing. From the Louis Vuitton Exhibition, Les Arts Décoratifs. 2012.**



**Figure 56. illustrating the size of the crinolines that were required to be packed into a Louis Vuitton trunk. From the Louis Vuitton exhibition, Les Arts Décoratifs. 2012.**

### **Louis Vuitton Today – 1980 – 2012**

Louis Vuitton now consider themselves to be a luxury brand. A luxury brand could be defined as a company that retails goods and or services that on the surface promote the provision of an exclusive product offer through high end retail outlets. The promotion differs from what, as explained earlier, was limited to posters that clearly articulated the product offer as a specialised service and were posted in Paris when Louis Vuitton was a purveyor of luxury goods to the global marketing campaigns that promote the products today. These campaigns cover all areas of product from leather goods to fashion and accessories. In reality companies like Louis Vuitton and Prada are global concerns with multiple retail outlets around the world that mass manufacture their products to satisfy global demand. No luxury brand expresses the true nature of what it is they do through their advertising. There is no disclosure of how many units per product are produced as this could devalue the brand and possibly align it within a different fashion market, like for example, the high street where all products are mass produced.

The Louis Vuitton - Moët Hennessey Group (LVMH) that own Louis Vuitton is described on their website as 'a world leader in luxury, LVMH Louis Vuitton - Moët

Hennessy possesses a unique portfolio of over 60 prestigious brands. The Group is active in five different sectors, wines and spirits, fashion and leather goods, perfumes and cosmetics, watches and jewellery and selective retailing.' (LVMH Group) Louis Vuitton merged with Moët Hennessey in 1987. They are one of the companies that has been consumed by LVMH where the contemporary luxury brand market is made up of conglomerates including: Louis Vuitton - Moët Hennessey, PPR and Richemont, whose aim it could be argued, is to increase their global presence through the expansion of their product offer and retail outlets across the world in order to increase sales and to satisfy their shareholders. In the current climate and despite the global recession, the global luxury brands market continues to grow. According to 'The UK Luxury Benchmark Report' by Ledbury Research for Walpole, the UK luxury sector is forecast to grow in value by 57 per cent over the next five years, from £6 billion to £9.4 billion. 'The report finds that despite shrinking in 2009, the UK luxury goods market stood at £6 billion by the end of 2011.' (*The UK Luxury Benchmark Report*, 2011) This figure is predominantly made up of fashion which includes beauty products, watches or timepieces as they are now referred to and automotive and travel. 'Global expenditure on luxury branded products will hit \$450 billion by 2012. As wealth increases across the globe, the demand for luxury products will accelerate and the market, currently worth \$263 billion, will be boosted by high demand from emerging economies.' (Verdict, 2007) For purposes of clarity and as previously discussed, Table 7 below further illustrates the expanse of the conglomerates. In this instance only fashion and leather goods are considered highlighting the extent to which the three major holding companies control the global luxury brands market.

**Table 7. Pinault Printemps Redoute (PPR), Louis Vuitton Moët Hennessy (LVMH) and Richemont - Luxury Brand Fashion and Leather Goods Table of Ownership**

Name of holding company	Luxury Brands		
LVMH	PPR	Richemont	
LVMH have a 22.3% stake in Hermès			
Nowness			
Edun			
Donna Karan			
Thomas Pink			
Emilio Pucci	Christopher Kane		
Fendi	Sergio Rossi		
Marc Jacobs	Stella McCartney	Net-A-Porter.com	
Givenchy	Brioni	Shanghai Tang	
Kenzo	Balenciaga	Azzedine Alaïa	
Berluti	Alexander McQueen	Chloé	
Loewe	Saint Laurent	Alfred Dunhill	
Celine	Bottega Veneta	Lancel	
Louis Vuitton	Gucci	Purdey	

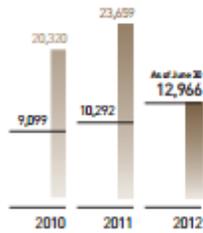
It is evident that all luxury brands are expanding and are seeking to capitalise on the emerging economies that include China. According to Reuters, 'China is the world's third biggest market for personal luxury goods, worth at least 160 billion Yuan (\$25 billion). In the next three years, it is expected to leapfrog over Japan and the United States to take the top spot, with the luxury segment expanding to 180 billion Yuan (\$28 billion).' (Lee M., 2012) Louis Vuitton currently have 39 stores in China and have recently opened a new flagship store in Shanghai 'offering one-of-a-kind shoes and bags it is branding as unique works of art to reclaim its exclusive cachet in the luxury market.' (Lee M., 2012) This offer, as will be discussed further, illustrates the need for global concerns like Louis Vuitton to address the ever changing fashion market where the impact of mass produced products being sold as luxury items is losing its value and is no longer considered to be exclusive. The consumption of fashion goods could arguably be the most visible of consuming habits that has in today's market become an economic force that encourages consumption though perceptions of change. Seasonal mass production, promotion and sales encourage the continued provision of items for sale. The economic benefits are evident in the expansion of fashion brands across the sector. Production methods are addressed to increase output as is evident in the models adopted by Louis Vuitton and Prada. No longer do both companies limit their production as will be discussed.

Today, Louis Vuitton has '17 production workshops around the world employing about 3,500 leather-goods workers in France alone. Marsaz is the twelfth in France; in addition, there are three factories in Spain and two in California.' (Passariello, 2011) There are around 460 stand-alone Louis Vuitton stores and concessions worldwide. The financial results published for 2012 do not show a detailed breakdown of turnover or profit for each of the companies, however, within the fashion and leather goods division of LVMH the financial results posted roughly a 20 per cent increase in revenue compared with the same period in 2011, from €3.9 billion to €4.6 billion.' (Financial Highlights, 2012) The breakdown of the revenue by geographical region shows that Asia, excluding Japan is the largest market with 29 per cent, Japan 8 per cent, the United States shows 23 per cent, France 11 per cent (excluding the rest of Europe) and the rest of Europe 19 per cent. LVMH do not publish financial results, as is illustrated in figure 57, for each of their individual companies so finding a detailed breakdown of information by specific brand has proved to be difficult which suggests that there is a lack of transparency.

## FINANCIAL HIGHLIGHTS

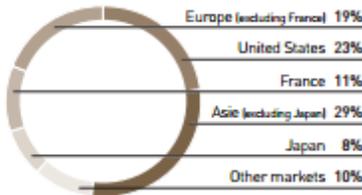
### Revenue

(As of June 30 and December 31, EUR millions)

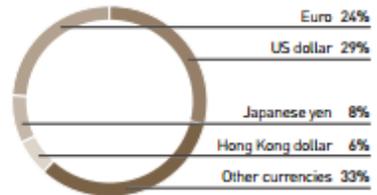


Revenue by business group (EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Wines and Spirits	1,759	3,524	1,435
Fashion and Leather Goods	4,656	8,712	3,971
Perfumes and Cosmetics	1,727	3,195	1,518
Watches and Jewelry	1,343	1,949	576
Selective Retailing	3,590	6,436	2,831
Other activities and eliminations	(109)	(157)	(39)
<b>Total</b>	<b>12,966</b>	<b>23,659</b>	<b>10,292</b>

### Revenue by geographic region of delivery (As of June 30, 2012)

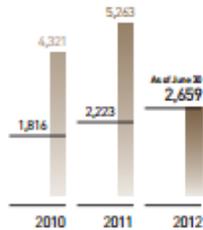


### Revenue by invoicing currency (As of June 30, 2012)



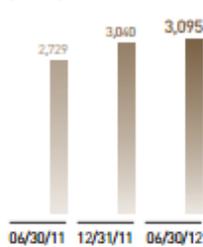
### Profit from recurring operations

(As of June 30 and December 31, EUR millions)



Profit from recurring operations by business group (EUR millions)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Wines and Spirits	496	1,101	413
Fashion and Leather Goods	1,516	3,075	1,381
Perfumes and Cosmetics	197	348	181
Watches and Jewelry	159	265	85
Selective Retailing	373	716	287
Other activities and eliminations	(82)	(242)	(124)
<b>Total</b>	<b>2,659</b>	<b>5,263</b>	<b>2,223</b>

### Stores (number)



### Stores network by geographic region (At June 30, 2012, number)



(a) Excluding France. (b) Excluding Japan.

Figure 57. LVMH financial results six month period ending June 30, 2012.

It has been reported in the Economist that 'Credit Suisse, a bank, predicts that LVMH's combined sales will reach €27 billion (\$33 billion) this year. Its profits in 2011 were €3.5 billion and its market capitalisation is a cork-popping €62 billion. LVMH is more profitable than other luxury groups.' The article goes on to state that Louis Vuitton

accounts for 37 per cent of the groups sales and most of its profit.’ (LVMH - The empire of desire, What the world’s biggest luxury group will do next, 2012)

Before the formation of the conglomerates, a number of the constituent companies, all producers of leather goods and including Louis Vuitton and Loewe (which became a subsidiary of the LVMH Group in 1987 and 1996 respectively) and Gucci, Bottega Veneta acquired by Pinault Printemps Redoute (PPR) between 2001 and 2004 were made up of independent craftsmen producing handcrafted products, limited in number and defined as luxury. Modern marketing and advertising campaigns, for example, the one used by Louis Vuitton, that illustrate craftsmanship, specifically interpret, define and communicate the work of the founder as an essential factor that adds value to contemporary mass produced and consumed products. As will be discussed, this led to the Advertising Standards Authority in the United Kingdom requesting the advertisement to be removed as it was deemed misleading. (fig. 58)



**Figure 58. Louis Vuitton *The Seamstress with Linen Thread and Beeswax* advertisement that was removed due to complaints about it being misleading as it implied that Louis Vuitton products were handmade. The Advertising Standards Authority requested that the advertisement must not appear again in their current form. 2010.**

Through implication, the visual narrative, that includes advertising in print and film, leads the customer to believe that the same manufacturing techniques apply today as they did when the company was founded. The films illustrating the manufacture of goods on the Louis Vuitton website suggest that the craftsmanship of the products takes place in a workshop rather than factory. This implies a traditional mode of production which is not the case when one considers that Louis Vuitton 'today boasts 17 production workshops' (fashion and leather goods LVMH, 2011) producing product that is, aside from the bespoke items, mass produced on a production line.

### **Production Methods, Mass-production, Retail and Questionable Luxury**

The idea that luxury brands produce products that are exclusive, rare and made from the finest materials is largely lost due in part to mass production and the global availability of the goods produced, marketed and branded as luxury by subsidiary companies, such as, Louis Vuitton. In *The Rebel Sell*, Joseph Heath and Andrew Potter suggest that 'the traditional critique of mass society assumes that consumers have extraordinarily heterogeneous desires, such that they must be tricked by advertisers into consuming the same mass-produced goods' and that 'the system must produce mass consciousness in order to facilitate mass-production.' (Heath et al., 2005: p.240) The argument that consumers 'have extraordinarily heterogeneous desires' is debatable as consumers of luxury brands are both aspirational in their consuming habits and followers of fashion. The very nature of a fashion conscious customer is one of mimicking what the other does. The result of this is the mass consumption of mass-produced products. It is fair to say that the notion of 'mass consciousness' is one to be considered in that the role of all luxury brands is to encourage the consumption of their goods despite the continued availability of goods. Advertising does indeed play a major part in the global consumption of mass-produced luxury branded goods. The use of celebrity encourages an aspirational lifestyle, an important element when the customer themselves believes that they could be part of, or at least feel closer to what it is they aspire to – in this case celebrity and fashion.

At this point it may be helpful to provide an overview of how a production line works to mass produce goods. It is also important to note that all production lines work in the same way whether it be for a high street or luxury brand retailer. The process of mass production, what is termed the division of labour, as will be discussed later, operates on a process of assembly and ensures that the flow of work is consistent and the outcome

is standard, ensuring all products are exactly the same. In addition, the time it takes for the product to be manufactured is timed precisely keeping costs down, but ensuring the profit margins are maintained or in the case of a luxury brand increased. Louis Vuitton have adopted what is called vertical integration. Without going into the detailed mechanics of how vertical integration works and to summarise: it is where a company is able to take a product from concept through to realisation without having to rely on external sources to support the process. Louis Vuitton have ensured that they are able to do this and as such have acquired tanneries, textile mills, manufacturing and distribution facilities. The acquisition of these different entities that support the manufacturing process helps Louis Vuitton maintain a strict overview of the product cycle.

Uche Okonkwo, one of the few authors writing about luxury and luxury brands today to address the notion of mass production is clear when she states that 'luxury brands adopted the use of machines that produced more goods at less costs without compromising the product qualities and style', she goes on to explain that 'this, however led to the standardisation and uniformity of goods.' (Okonkwo, 2007: p.248) In addition, she states that 'companies that manufacture goods in other categories, including mass fashion brands, effectively use these techniques to optimize production and sales.' (Okonkwo, 2007: p.248) Luxury brand retailers would not admit to mass-producing goods, but they would concur with Okonkwo on the points about not compromising quality or style. They would also be very guarded about the production of more goods at less cost despite this being common sense when more materials are bought to produce the goods and a production line is employed. This is the most basic of production principles; the more you make the cheaper it is to make.

Heath and Potter go on to suggest that 'there is a far more obvious explanation in that mass-produced goods are cheaper than custom goods, and consumers are price-sensitive.' (Heath, et al., 2005: p.275) It is fair to say that mass-produced goods are cheaper than custom goods. However, in the case of a luxury brand although the mass-produced goods are cheaper than custom goods, they are still considerably more expensive than high street goods despite the manufacturing process being similar. One could consider the notion of economies of scale, as Heath and Potter also observe, where the more you produce the cheaper the production cost and in turn the retail price. This is an argument that does not apply to luxury brands as price plays a role in

adding value to the goods no matter how many of each item is produced or sold. Luxury brands continue to expand resulting in the need to produce and sell more products. What is important is the need to maintain the 'aura' of exclusivity despite the implementation of a production line.

One could argue that there is little autonomy involved in producing goods on a production line utilised by the luxury brand companies, such as, Louis Vuitton where they mass-produce products for their retail outlets around the world. There is no denying that an element of skill is needed to make a mass produced Louis Vuitton product, however, the skill is purely mechanical. The maker is skilled in what could be defined as production line manufacturing. This is to say that the traditional notion of handmade is not applied to the manufacturing process as before. Interestingly, in England, over the past two years attention has been placed on the value of the handmade in relation to luxury. The Crafts Council have addressed this through the launch of *Added Value*, to 'question the value of contemporary craft within the current landscape of branding and luxury.' (Added Value, 2012) Events that include public debates, workshops and showcases have been held at the Victoria and Albert Museum and The Royal Society of Art. The former Rector of The Royal College of Art and ex-Chair of the Arts Council, Sir Christopher Frayling, published a book titled *Craft*. (Frayling, 2011) Both he and artist Grayson Perry debated the 'nature and diversity of craft today and the relevance of good craftsmanship for individuals and society' (Frayling, 2011) at the Victoria and Albert museum in November 2011. The debate coincided with an exhibition at the museum titled *The Power of Making*. The exhibition focused on the notion of the handmade, innovation and skill of craftsmen and women today.

Richard Sennett has also written about the notion of craft in his book *The Craftsman*. (Sennett, 2008) He argues that 'skills, even the most abstract, begin as bodily practices; second, that technical understanding develops through the powers of imagination.' (Sennett, 2008: p.10) If the maker is producing goods on a production line there is no real need for them to be able to employ what Sennett describes as 'bodily practices' or even 'powers of the imagination.' (Sennett, 2008: p.10) The production process is such that although the products are produced by hand, it could be described as mechanical in order to fulfil the requirements of the production line. Although I do not intend to go into the details of Marxist theories, one important observation noted in

Capital: A Critique of Political Economy, Volume 1 where Marx states: 'in handicrafts and manufacture, the workman makes use of a tool, in the factory, the machine makes use of him. The movements of the instrument of labour proceed from him, here it is the movements of the machines that he must follow. In manufacture the workmen are parts of a living mechanism. In the factory we have a lifeless mechanism independent of the workman, who becomes a mere living appendage.' (Marx, 1964: p.461)

The term handicraft may be outdated, but it could however be interpreted as the implementation of the skill of a craftsman to make a product that is time and skill intensive. The craftsman would utilise his skills to produce an item using a set of tools that are controlled by him with an ability to complete the product from start to finish. The production activities that will be the focus here revolve around the production line and include cutting, machining, the fitting of hardware (zips, links, and locks) and assembly. For the sake of argument and because Louis Vuitton are not transparent about where their products are manufactured it will be assumed that all the products are made in France and the United States of America and that the workers are paid a minimum wage in accordance with European Union and American guidelines. This will remove the debates surrounding the possible exploitation of workforces in third world countries that include China and India.

Prasad Boradkar referring back to Marx and his theory of alienation explains that it 'was signified by the loss of control over one's own labour, and therefore it was, for him, a social phenomenon closely tied to the materiality of commodities.' (Boradkar, 2010: p.80) He goes on to suggest that 'Marx attributes several causes to the condition of alienation, but one in particular – division of labour – is significant as it is a demand which clamours for high speeds and high volumes of production.' (Boradkar, 2010 : p.82) This idea where the production process is broken down into key tasks performed by cutters, machinists, fitters and assemblers is a production method employed to reduce costs and increase production. This method of production is employed by luxury brand manufacturers as it is no longer feasible, nor practical for one person to make one product. 'Dividing the process of production into steps and distributing it among the workers is one mechanism by which to achieve speed.' (Boradkar, 2010: p.82) The key tasks in the division of labour ensures that rather than making one product, 'each worker repeatedly performs only one step in the overall operation of the manufacture of the product and is required to specialise in that task.' (Boradkar, 2010: p.82) The factory environment is set out in departments that specialise in one operation that is

coordinated to ensure that the entire production process runs smoothly. For instance, there may be a cutting room where the materials are laid out in multiple layers that would then be guided either by machine or hand. The cut out pieces would be transferred to the first row of machinists who would start to assemble the item using a template as a guide. The scale of the production line is all dependant on the size of the factory and the number of units required. Once the first task is completed the partially made items would be passed to another set of machinists and so on until the item is completed and is passed to quality control. Here it is either passed and sent to the packaging and distribution centre or if it does not pass quality control it may be destroyed or sent to an outlet that sells seconds and or rejects. Contemporary production lines, as opposed to those introduced during the industrial revolution employ technologies that address all areas of output. These include the production of materials, finished goods and distribution and employ what is defined as vertical integration to maximise output and minimise waste and lost sales. They ensure the production targets are met often setting 'piece' targets for each of the workers that may be incentivised. The targets are set by the production managers or factory managers based on the number of units required to be produced each day, week or month. The targets are based on orders received and demand for each product.

In order to try to work out how many units of a product Louis Vuitton will need to produce to supply their stores around the world, an accurate count of their retail outlets needs to be established. Because this information is not readily available due to the secrecy that surrounds the manufacture and distribution of goods specifically with luxury brands, I have collated data through cross analysis of their website, regional catalogues and also searches by country and city (see appendix 2) to build a picture of how stock levels may be managed. One product category in women's shoulder bags and totes has been selected and will be discussed in detail later. This exercise is important as it helps to address the notion of both luxury and exclusivity that is marketed and sold to the end user. The LVMH Group, of which Louis Vuitton is part, considers themselves to be 'a world leader in luxury that is continually expanding' and has an international logistic centre and exclusive shops worldwide.' (Fashion and Leather Goods - Louis Vuitton) Through continued expansion there is an obvious need to increase manufacturing output. All stand-alone stores and concessions around the world are required to carry a continued stock allowance of all the 'core' items that are presented in the Louis Vuitton catalogues, in addition to the seasonal fashion goods that are delivered at least four times a year. Moreover, there are 'special', 'limited

edition' products that may be delivered during festive holidays, such as, Easter and or Christmas.

The following analysis aims to shed light on an ever expanding luxury brand market and the need to satisfy the demand for, in this case, Louis Vuitton products around the world. The intention is to build a picture to better understand the nature of the mass production process that has been implemented by Louis Vuitton and their persistent labelling of their goods as luxury and exclusive despite evidence to suggest otherwise. LVMH has an infrastructure that facilitates the mass production of products and has over the past ten or so years purchased not only traditional purveyors of luxury goods like, for example, Loewe, the Spanish leather company with the intention of capitalising on their heritage and expanding their retail reach. Furthermore, numerous factories that specialise in the production of textiles, leather goods and other fashion items including clothing. In October 2011, LVMH entered into a joint venture with *Heng Long* in Singapore, one of the world's most important suppliers of crocodile skins to the luxury industry.' (Paton, 2012) Figure 59 gives some, albeit minimal, indication of the number skins and the use of machinery to work the skins used in preparation for the production of goods.



**Figure 59.** Heng Long, crocodile tannery acquired by Louis Vuitton. Image reflects the mechanisation process in place when working with exotic skins, such as, crocodile. 2012.

In May of 2012, the LVMH Group purchased *Les Tanneries Roux*, (fig. 60), a leather products manufacturer, who have 'worked with some of the world's best known fashion and accessories houses, including Louis Vuitton, Christian Dior, Loewe, Céline and Moynat.' (Paton, 2012)



**Figure 60.** *Les Tanneries Roux*, now owned by LVMH is a supplier of leather to Louis Vuitton. This forms part of the vertical intergration systems in place to improve the supply chain. 2012.

These are important acquisitions for LVMH as it further cements their stronghold over their competitors, but also allows them to consolidate the production of materials and end products. This reduces the costs of both and ensures that they maintain a stronghold over their production line, and in some instances those of their competitors.

As of June 2012, Louis Vuitton had stores in 63 countries with 120 in North America and 39 in China. The Chinese luxury market continues to grow due to the emerging middle classes who have an appetite for luxury and luxury branded goods. However, luxury spending has slowed as the Chinese economy weakened. Despite this, Louis Vuitton continued to open stores there and in July of 2012 opened its largest store in China, in Shanghai. In addition to the standard product offer, there is what is called the *Louis Vuitton Maison*, 'an invitation-only private floor where big spenders can get their hair done while dreaming up designs for custom bags.' (Lee M., 2012) Louis Vuitton Chief Executive, Yves Carcelle, describes the 'made-to-order concept as being the ultimate in luxury.' (Lee M., 2012) 'Carcelle goes on to declare that being in this made-

to-order market needs sophisticated customers who know what they are talking about and own several bags, if not dozens of bags.’ (Lee M., 2012) Louis Vuitton continue to open *Maisons* around the world to capitalize on the growing demand for customised goods. However, this could also be seen to be a response to an increasingly educated customer who no longer wishes to buy the obviously mass produced product that Louis Vuitton offers. At the top end of the market customers who purchase luxury products, as opposed to luxury branded products, do so discreetly without the need or want to publicly display their wealth. They are not the aspirational shoppers who the luxury brand industries have been so careful to court. In the business section of the *Financial Post*, an article suggests that ‘wealthy shoppers are increasingly turning up their noses at labels they believe have been tainted by the common touch, seeking out understated, and exclusive, merchandise’. The article goes on to suggest that ‘this is becoming a big challenge for designers hoping to cash in on the world’s fastest growing luxury market.’ (Lee M., 2012) The introduction by Louis Vuitton of made-to-order or customised products could be seen to be an attempt to attract a customer who has the disposable income to purchase at the top end of the value chain where the profit margins are considerably higher. The introduction of new products and services continues despite a global slowdown in the consumption of mass produced luxury branded goods. As a result LVMH ‘said it would continue to keep tight control on costs, citing an uncertain outlook in Europe.’ (Daneshkhu, 2012) Taking all this into consideration there is no denying that LVMH continues to show growth albeit slower than anticipated. As already mentioned the group does not release financial results for specific brands, but has posted 10 per cent growth in fashion and leather. Overall group sales jumped 26 per cent to €13 billion.’ (Carnegy, 2012) Where consideration is given to the size of the LVMH Group, the financial results and the continued growth, the question remains – How can a product that is mass produced be considered to be luxury?

When one considers the financial results posted by the LVMH Group, where it is reported that Louis Vuitton counts for 37 per cent of the group turnover which is about €3.9 billion, the notion of offering an exclusive product is questionable. It is clear that if an audit of the number of styles manufactured in one product category, the shoulderbags and totes, were to be carried out, the outcome would imply that the products must be mass produced in order to fulfil the demands of their global retail outlets. These outlets may be stand-alone stores, concessions in department stores,

airport duty free stores or Louis Vuitton's website. The map below gives an idea of the extent of Louis Vuitton's presence in China as of 2012. (fig. 61)



**Figure 61. Map of Louis Vuitton retail outlets in China taken from a store guide given to customers in the Louis Vuitton store in Shanghai. 2012.**

Louis Vuitton offers products within 2 distinct categories; men and women. However, and despite what appears on the surface to be a limited product offer, there is an extensive product range than includes: watches or timepieces, fine jewellery, men's and women's ready to wear, shoes, travel and city guides, art and small leather goods, umbrellas, scarves, sunglasses, shoe care kits, and a variety of other accessories. These categories are then split up into product specific differentiation. For example, within the women's handbag collection there are five product categories: top handles, evening bags, clutches, seasonal and shoulder bags and totes. Each of which comprises of multiple colour and fabrication options. Included in this offer is what is described as the core collection that could be defined as a product range that does not change each season and does not form part of the seasonal fashion collection. Generally, this collection is considered to be classic and continually sells through. From the data I have collated, and as is illustrated in the diagram below, this collection is made up of 133 items across the handbag category and is available in 13 material options in the following categories: The Louis Vuitton Monogram available in one colour, the Damier Canvas available in two colours, the Monogram Vernis available in seven colours, the Monogram Empreinte is available in four colours, the Monogram

Idylle is available in two colours, the Monogram Multicolore is available in two colours, the Epi Leather is available in 14 colours, the Mahina is available in 11 colours, the Antheia is available in 5 colours, the Sofia Coppola Collection is available in five colours, the Python is available in four colours, the Monogram Exotique is available in two colours with a variety of trim options in exotic materials. In addition, most of the Monogram Canvas (fig. 62) could be personalised with the customer's initials at an extra cost. The prices range from £410.00 to £3,450.00.

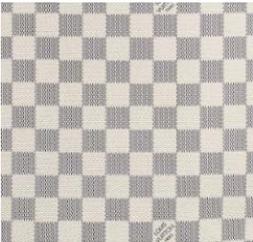


**Figure 62. Louis Vuitton *Mon Monogram Keepall 55*. 23.87 x 30.98 x 55.11 cm. Monogram canvas. Customised with two colour stripes and initials. Brown canvas lining, natural cowhide trim, golden brass pieces, double zip closure, rounded leather handles, removable leather shoulder strap, removable leather ID holder, padlock. £1,190.00. 2013.**

In the shoulder bag and totes category, there are 195 styles available in roughly 288 material and colour options. If each outlet were to order one bag of each style in one colour way, Louis Vuitton would need to produce 132,480 bags. This is the equivalent of 2,760 bags a week over 48 working weeks per annum. By implication, Louis Vuitton today market their products as exclusive. However, evidence suggests that from data compiled this is far from the reality. The contemporary production line where large numbers of products are manufactured is in direct contrast to the original intention of Louis Vuitton himself. For example, in order to situate the changes in modes of production the following table (8) is offered. Although not a scientific study, it is based on the analysis of one shoulder bag and tote category of Louis Vuitton products

available for sale in 2012. This is an indication of the scale of the production line process and requirements to fulfil the demand of the retail outlets.

**Table 8. Overview of Louis Vuitton Shoulder Bag and Tote Category**

Name of Product	Number of Products Offered	Colour Options
Monogram Canvas 	55	
Damier Ebene Canvas 	23	
Damier Azur Canvas 	17	
Ailleurs 	6	

Name of Product	Number of Products Offered	Colour Options
Monogram Vernis 	8	3
Monogram Idylle 	6	3
Empreinte Monogram 	4	7
Monogram Denim 	2	2

Name of Product	Number of Products Offered	Colour Options
<p>Monogram Multicolore</p> 	5	2
<p>Monogram Eclipse</p> 	1	
<p>Monogram Blocks</p> 	1	2
<p>Epi Leather</p> 	19	+- 4 colours

Name of Product	Number of Products Offered	Colour Options
Mahina Leather 	1	6
Soffia Coppola 	4	+- 4 colours
Suhali Leather 	2	+- 5 colours
<b>Total</b>	<b>288</b>	

## Perceptions – Presenting the Image of Luxury

It is evident from the contemporary advertising campaigns that luxury brands, including Louis Vuitton, control their image in order to present the product offer as one that is exclusive. For example, and as discussed briefly earlier, in 2010 the advertising agency Ogilvy Mather produced a series of advertisements for Louis Vuitton. The ‘*Savoir Faire*’ campaign (fig. 63) showed a woman handcrafting folds in a wallet, a man painting the sole of a shoe and a woman with needle, thread and beeswax who appears to be hand stitching the handle of a handbag. (Signature9.com, 2009) These advertisements, according to the UK Advertising Standards Authority (ASA), ‘featured a photograph of a woman stitching the handle of a handbag.’ (Authority, 2010) The advertisements imply that the handbags were made by hand when in fact they were made by machine. An appeal ensued. It is evident from the advertisement that Louis Vuitton uses images to imply craftsmanship, as opposed to workmanship, where it may not exist.



**Figure 63. Louis Vuitton 2010 *Savoir Faire* advertising campaign. This series of advertisements was removed due to complaints about them being misleading as they implied that Louis Vuitton products were handmade. The Advertising Standards Authority said that the advertismens must not appear again in their current form. 2010.**

According to Louis Vuitton in their appeal to the ASA ‘the ads were a homage to the craftsmanship which was carried out every day by Louis Vuitton artisans.’ (Authority, 2010) In addition, Louis Vuitton in their response, implied that their handbags were made on a production line by saying that ‘they had 200 employees working on different aspects of their products in each workshop’ and that ‘they believed that the use of hand

sewing machines and the associated tasks were part and parcel of what would be expected to amount to “handmade” in the 21<sup>st</sup> century.’ (Authority, 2010) Louis Vuitton went on to state that ‘it would not be against public expectation for a handmade product to be produced within an industrial setting.’ (Authority, 2010) If this were the case the question that is raised is, why advertise in a way that could be seen to mislead the customer? Vuitton have not provided any evidence to suggest extensive research had been conducted in order to prove that public expectation accepts industrialised or merchandised production methods to produce what they define as luxury products. It is clear that in today’s market of mass produced goods the manufacturer must protect the overall perception of craftsmanship in order to appear to be crafting the goods they sell to add value to the purchase and ultimately the product. This is more relevant in the luxury brands market due to the high price point of each product and aspirational values attached to them. Increasingly, as luxury brands expand their product offer there are attempts to further communicate the notion of handmade, redefine and indeed reclassify products that they market as individualised. These services are described as personalisation, customisation and bespoke.

### **Personalisation, Customisation and Bespoke – Increasing the Product Offer**

There is a lack of clarity that exists within the luxury brands market where services offered are marketed as personalised customised and bespoke. These services are offered both in store and in some cases exclusively on-line. What on the surface should be a clearly articulated definition of services appears to have been muddled so as to add value to the products. Personalisation is simple in that it offers the customer the opportunity to have their initials printed, stamped, embossed, appliqued or painted onto a product. Customisation is a service that should be seen to offer the customer something that is made or customised specially for them, but in reality, as is the case with luxury brands, is one that would not be possible or make financial sense if the customer were to have ‘control’ over the final outcome. Uche Okonkwo suggests that ‘customisation and personalisation of products, services and also web pages rank among the yearnings of the current luxury consumer.’ (Okonkwo, 2007: p.250) With that said, it is no surprise that luxury brands are addressing this as an additional revenue stream to increase sales. There are distinctions to be made between customisation and personalisation as will be discussed.

A true process of customisation, in the case of a luxury brand, would not necessarily limit the customer's options. Limitations placed on product customisation and personalisation is prevalent with luxury brands. Specialist staff would need to be trained and be required to have expert knowledge of how a product was made, the materials used and have the authority to make decisions with the client without the limitations placed on them as to what the customer's options are. The staff would also be required to guide the customer through the customisation process. This would not be financially viable due to the price points of the personalised and customised product options. For a company to offer these services they must of course make financial sense as there is a need to control the manufacturing process. There must be little or no drain on resources ensuring that all the products offered as customised must form part of the existing product range and be limited to a number of key pieces that perform well at point of sale and are deemed to be continuum items that are not seasonal. This offer could be defined as mass-customisation as the products are mass produced. This differs from the customised offer of Tanner Krolle where the products are limited in production and customisation, although restricted to an existing item within the collection offers the client more choice. This will be discussed in detail in the Tanner Krolle case study.

Okonkwo suggests that 'mass customisation is the production and sale of highly individual products and services on a bulk scale, to a mass market. In other words, it is the provision of customised products and services to every consumer who desires so.' (Okonkwo, 2007: p.249) She goes on to state that 'it involves using mass production techniques and economies of scale processes to manufacture a large variety of products at lower costs and capture more personal style needs of customers.' (Okonkwo, 2007: p.249) It is fair to say that mass customisation does offer for sale products and services on a bulk scale to a mass market, but the idea that the products offered are highly individual and that a large variety of products are offered is questionable.

In the case of Louis Vuitton, the personalised and customised product offer is limited and the only individualised service is the application, albeit by hand, of the painted initials and stripes on the *Mon Monogram* Louis Vuitton products. Louis Vuitton also offer a service they call *Hot Stamping* (fig. 64) where the customer can 'add a personal touch by hot stamping your initials on your agenda cover, wallet or luggage tag.' (Hot

Stamping) The customer has the option to select from 18 colours and three initials. This service is complimentary and available on selected products on-line or in store.



**Figure 64. Louis Vuitton *Hot Stamping* Florin Wallet. 9.9 x 11.9 cm. Taiga leather, snap shut square coin compartment, 8 credit card slots, 1 compartment for banknotes and receipts, transparent window for ID or pictures. £390.00. (open view). 2013.**

The personalisation service offered as part of the *Lettering Project* by Prada, which will be discussed in more detail later, are mass produced, limited to 26 variations (the number of letters in the alphabet) and applied by a machinist. It would be difficult to justify this service as highly individualised. In addition, the sales portals for customised products for both Louis Vuitton and Prada are centred around e-commerce and their websites. This mode of shopping introduces the customer to a different shopping experience than that of a personalised service supplied in a physical space or store.

The customised offer where a product is mass-produced provides variations on a theme that could be having one's initials painted on a bag in the case of Louis Vuitton, being able to choose from a database of letters to be applied onto a product in the case of Prada or being given the option to choose from existing components to 'build' a product. Examples of each of these processes will be given in detail in the individual case studies. It is useful to note that all the luxury brands discussed promote similar services where the customisation offer allows the customer to adapt an existing product with limited choice either using a template to make a slight alteration to an existing product or to select components that allow the customer to 'build' a product. Louis Vuitton and Prada both offer personalisation and customisation although they call their services different names. To provide clarity it is proposed that the following

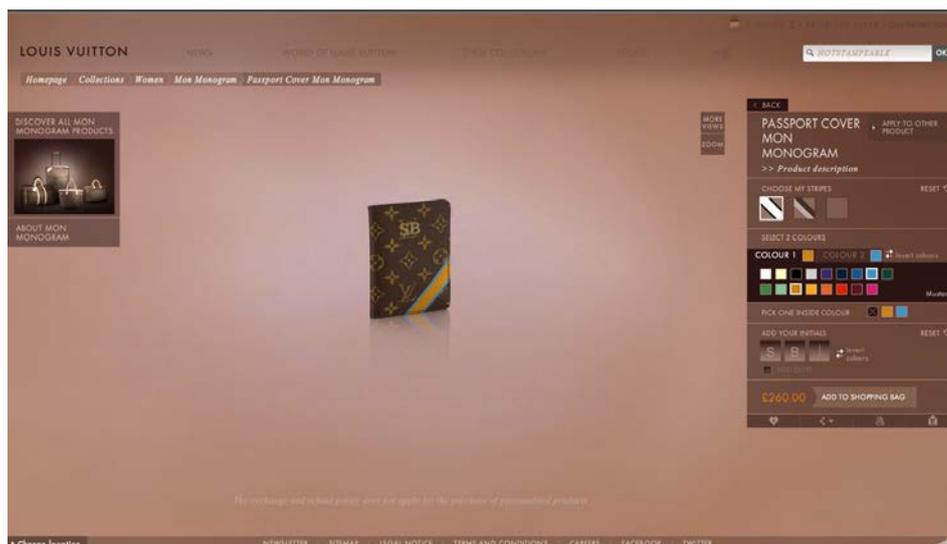
definitions will be used to clearly articulate the differences and in some instances similarities in the services offered. These definitions are used as a guide and employ the descriptors provided by Louis Vuitton and Prada online and in store and through an interview conducted with John O’Sullivan, Chief Operating Officer at Tanner Krolle. As will become apparent in the case studies of Prada and Tanner Krolle, the use of language to describe the services differs. These differences are described in Table 9 below:

**Table 9. Descriptions of Personalised Services**

<b>Company</b>	<b>Description of Service</b>	<b>Personalisation</b>	<b>Customisation</b>	<b>Bespoke</b>
<b>Louis Vuitton</b>	Hot Stamping	Mass produced product Existing product offer Initials		
	Mon Monogram	With initials	Mass Produced Product Modular / limited choice	
	Bespoke			Made to Order
<b>Prada</b>	Lace-up Project Tie-up Project	No personalisation offer -	Mass produced product / existing modular/ Made to Order	
<b>Tanner Krolle</b>	Bespoke	Initials applied to existing and or customised and bespoke goods.	Made to Order	Designed and Made to Order

Personalisation is a service offered where the customer has the option to personalise an existing product with initials or to apply minor changes to a product without changing the design or construction. Customisation could be defined as a product that can be adapted to satisfy the customers' needs. These definitions are not definitive as Louis Vuitton, Prada and Tanner Krolle interpret the words differently. Both Louis Vuitton and Prada's personalised and customised offer is similar in that they have a standard product that is manufactured in modular pieces that can be assembled in colour or material variations. There is no option to change the design of the product in anyway. Tanner Krolle on the other hand define their customisation service as one where the customer can make minimal design changes that could include adding pockets to the interior of a bag or piece of luggage.

Louis Vuitton, as with Prada and Tanner Krolle offer services that are defined as individualising the product line. The services that both Louis Vuitton and Prada provide are similar in that the personalisation and customisation could be said to be surface changes to existing goods. The bespoke service that Louis Vuitton makes available is more in line with that of Tanner Krolle. Prada do not offer a bespoke service. In addition to the *Hot Stamping* provision as outlined above, Louis Vuitton describe their *Mon Monogram* (fig. 65) service as both personalised and customised where the customer can 'add your initials and a stripe to turn one of our most iconic products into a one-of-a-kind piece as original as its owner.' (Louis Vuitton, 2012)



**Figure 65. Louis Vuitton *Mon Monogram* passport holder. 9.9 x 11.9 cm. Monogram canvas, grained calf leather lining, open slot for passport, 3 credit card slots. Screenshot from the Louis Vuitton e-commerce site. £270.00. 2013.**

The personalisation and customisation e-retail and e-commerce websites remove the need for sales assistants as they are interactive allowing the customers to use the software to customize their products. This reduces costs, increases the control the customer has over the selection process and offers what could be defined merely as a superficial design input that the customer has over the product. Louis Vuitton offers four product options of the *Mon Monogram* service on their e-retail portal: the *Speedy*, *Pegase*, *Keepall* and *Neverfull*. What is not clear is why this service is considered to be luxury when so many high street retailers, like Nike and Levis, have been offering comparable, if not better and more interactive services for many years. Both Nike and Levis e-retail experience could be considered to be far more interactive than Louis Vuitton as there are many more options available to the customer that enhance the shopping experience. Louis Vuitton, for example, only offers a zoom tool and limited view point options. Nike ID offers ten customisation tools on their footwear site. (fig. 66) These include upper fabric and colour, heel material and colour, quarter accent colour, lace colour and material, swoosh colour, accent stitching, sidewall colour and accent colour, sock liner, outsole colour and heel ID and colour. There are also options such as 360° views, being able to take a snapshot of your shoe to mail to friends and keep as a reference.

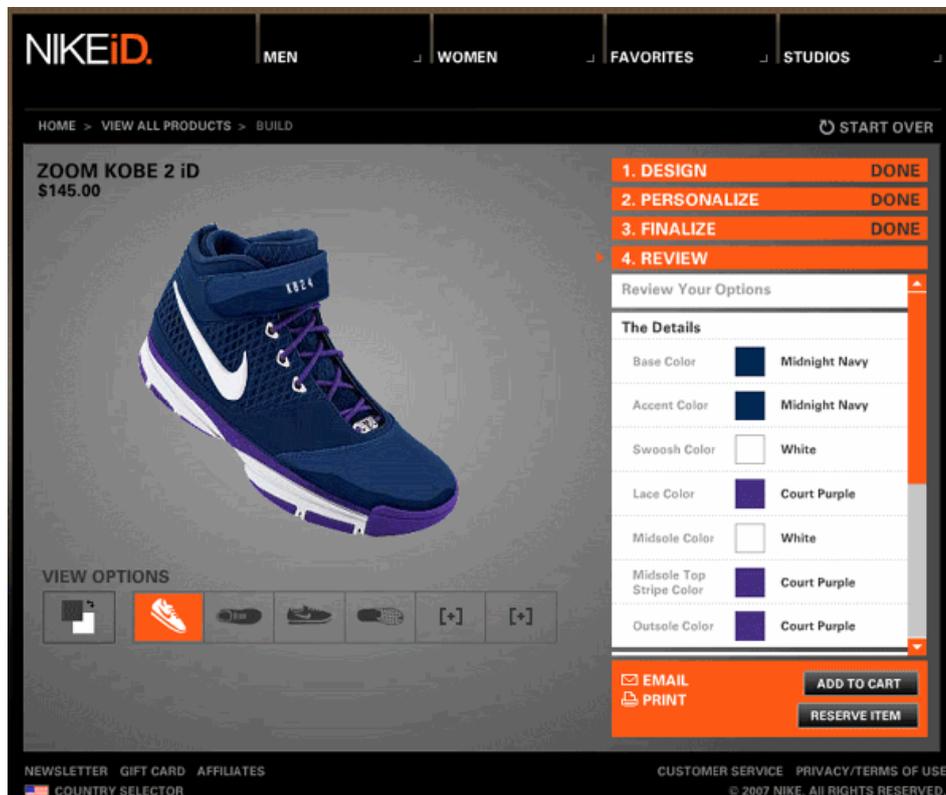


Figure 66. Nike ID - Screen Grab of one stage of the customisation steps from Nike ID website. 2012.

With so many options available on other e-retail sites compared to Louis Vuitton it raises the question of why they would engage with online sales and offer an online service. Moreover, it is so far removed from their core business and does not address the inherent values of the luxury experience they are trying to communicate. One explanation could be that luxury brands, already established as suppliers of aspirational lifestyle products, see this as an opportunity to further increase their sales. The question remains is, how the on-line service can be seen to be luxurious when it is simply another retail outlet, but with no one-on-one service provided. After all, luxury brands in general consider their customer service as being intrinsic to the luxury experience. Okonkwo suggests that 'consumers want to be treated as important through the provision of choices in product and service offerings.' (Okonkwo, 2007: p.251) She goes on to say that 'they want to be given the power to request and choose what appeals precisely to their individual tastes.' (Okonkwo, 2007: p.251) The on-line personalisation and customisation e-retail offer does not address either of these issues. In her book *Luxury On-Line*, with reference to customisation online, Okonkwo is clear when she acknowledges the lack of innovation of luxury brand e-retail offers compared to, for example, Nike. She writes that consumers are becoming increasingly web and social media savvy and expect 'extraordinary personalised experiences with the brands that they have chosen both offline and online.' (Okonkwo, 2010: p.175) The extraordinary services she refers to relate mostly to the way in which a customer can, for example, personalise the webpage. This includes options to change the font, colours, and images and be able to 'build' a shopping avatar. This may enhance the online experience, but I do not believe it adds to an experience defined as luxury as there is no clear distinction, or improved service on offer.

Okonkwo also writes that 'in addition to the customisation of web pages and contents, Internet and digital technologies also provide opportunities for products either to be entirely customised or to be dotted with touches of personalisation.' (Okonkwo, 2010: p.176) This may be true of websites like Nike or Levis, but it is not representative of luxury brand e-retail services where at most the customer is only able to make minimal personalised changes to the select product offer. Furthermore, she goes on to assert that 'general consensus indicates that online product personalisation, customisation and co-creation is inapplicable to luxury because luxury brands are supposed to create a 'dream', which means imagining what consumers desire before they even know it, and bringing this dream to life.' (Okonkwo, 2010: p.176) Although she agrees with bringing the dream to life she disagrees 'that luxury products may not be personalised

or customised online.’ (Okonkwo, 2010: p.176) Okonkwo does make reference to the Louis Vuitton *Hot Stamping* service, but implies that luxury and luxury brand services are the same. It is evident that most luxury brands do offer personalised and customised services online, but I do not believe these services offer anything more than superficial changes. A luxury personalisation and customisation service should not be reduced to a system governed by software. The justification of online services that include adding initials or making slight cosmetic changes to a product is what distinguishes a luxury brand from luxury. The removal of contact with a specialist also removes the notion of the ‘luxury dream’ as referred to by Okonkwo. The luxury experience is established through one to one contact with a craftsman or someone with exceptional knowledge and experience of a product and or service. Providing an extraordinary experience and personal service remains one of the key elements that distinguish luxury from luxury brands.

## **Case Study Two. Prada**

### **Introduction**

Through an analysis of historical data and following on from the case study of Louis Vuitton, distinctions between manufacture, innovation and the needs of the customer will be further explored in this chapter. This will then be overlaid on the contemporary structure of both companies where consideration will also be given to production methods, mass consumption and servicing the needs of a global consumer economy. The approach to the discussion of cases is sequential – consideration of both the Prada and Louis Vuitton case studies will be incorporated into the third and final case study, (Tanner Krolle), with a view to articulating the differences in motive behind the luxury brand retail environment, production techniques and those of a purveyor of luxury goods.

This case examines the original intentions of Mario Prada, the retailer, when he opened his first store in 1913. It will explore the ways, since the late 1970’s, Prada S.p.A has diversified its product offering in order to satisfy global markets through mass production and consumption. The case study will consider three areas of discussion: (i) construction and manufacturing, (ii) materials and (iii) addressing the wants and needs of the end user. These areas will be discussed in both their historical and contemporary contexts and will include an assessment of the role Prada has played in repositioning

their products as part of a global mass-produced and mass consumed luxury brand market. I will suggest that Prada, like Louis Vuitton, has been instrumental in redefining what luxury means in a contemporary global market to increase sales and retain an appearance of exclusivity through marketing strategies and pricing models. Later on in the case study I will discuss the emotional attachment attributed to their campaigns that utilise the notion of celebrity in order to increase the aspirational desires of the customer which in turn leads to the increased consumption of their products.

Building on the previous case study of Louis Vuitton, this comparable study also addresses the changing landscape of luxury consumer products. Ranging from luxury, understood during the 17<sup>th</sup> century as goods and services catering to the needs of the customer, to contemporary luxury brands where the focus is on mass production and mass consumption. I will not be defining 17<sup>th</sup> concepts of luxury, but will address the historical implications to clarify the notions of craftsmanship and exclusivity. This case study specifically addresses Prada and will take as its prime point of reference the original motive of Prada since it was founded in 1913. In addition and in conclusion, it will illustrate the similarities between luxury brand retailers and their drive to increase consumption of their goods marketed as exclusive in a changing consumer market. Furthermore, a distinction will be made to define Prada as a luxury brand retailer as opposed to a purveyor of luxury goods.

In the course of the analysis, a distinction is to be made between a time when traditional methods of customisation and customer needs were the focus of Prada's business, to the contemporary global company, where the focus is on mass production and consumption of seasonal fashion goods. As with Louis Vuitton, Prada has introduced fashion collections, specifically clothing and accessories, that cater to an ever changing fashion market. (fig. 67) In this instance, the introduction of fashion items is 'fashion led' implying that seasonal change influences purchasing habits, which in turn increases retail sales and the consumption of goods.



**Figure 67. Prada Spring Summer 2013 womenswear fashion collection. 2012.**

Both Prada and Louis Vuitton have increased their production of goods in order to both increase, and satisfy consumer demand. The increase of the consumption of fashion goods leads to increased revenue, as has been the case with Prada and Louis Vuitton, where their financial gain is evident through their year end financial results. This will be discussed later in the study.

## Prada - A Short History, The Company and The Original Idea



Figure 68. Prada store opened in 1913 by Mario Prada in the Galleria Vittorio Emanuele II in Milan.

From the outset, Prada set out to retail premium quality gifts and leather goods. This is clear from the limited information available on their website where the following is stated: 'In 1913, Mario Prada opened a luxury store in the Galleria Vittorio Emanuele II in Milan, selling leather handbags, travelling trunks, leather accessories and beauty cases, luxury accessories and articles of value.' (Prada, 2012), (fig. 68) What is not clear is whether Mario Prada made any of the items offered for sale himself or whether he bought all of them from other craftsmen. Finding information relating to the manufacture of Prada products has been a challenge as there is no literature available that articulates clearly what it was that Prada set out to do other than supplying goods to 'European aristocracy and the most elegant members of the haute-bourgeoisie in Europe [as well as becoming] an official supplier to the Italian Royal Family in 1919.' (Prada, 2012) Being 'designated an official supplier to the Royal Household gave Prada the right to incorporate both the coat of arms and the knotted rope insignia of the House of Savoy into its trademark logo. (fig. 69)

These emblems remain part of the Prada brand livery.' (Doyle et al., 2010) This is significant as the use of a coat of arms illustrates the importance of association with the aristocracy adding value to the products through association. Both Prada and Louis

Vuitton share common ground in that they both originally set out to supply products to the aristocracy and elite when they were established. During this time the goods sold by Prada were reserved for the privileged members of society due in part to the cost of the items sold. This is in stark contrast to the product offer today where Prada products can be purchased at all levels of the market.



**Figure 69. Prada Coat of Arms used in some items as part of the brand identity.**

What is clear is that when Prada opened his store as a retailer he set out to provide what were defined as 'exclusively designed goods, handcrafted using fine materials and sophisticated techniques.' (Prada, 2012) How this was achieved, is again unclear. In an interview with Dana Thomas, Miuccia Prada, the granddaughter of Mario Prada says that when the first Prada store opened in Milan, Italy, it was 'a boutique that specialised in luxury objects.' (Thomas, 2007: p.63) From Thomas's interview with Miuccia Prada, it appears that her grandfather sourced products for the store. 'He went to Vienna to find the best leather cases and Poland for crystal for bottles. He sold watches and evening bags and he worked with artists as well as artisans.' (Thomas, 2007: p.64) Interestingly, Thomas claims that, aside from giving sketchy details of the family and origins of the business, Miuccia Prada 'became vague about family details, she claimed it was because she's not interested in the past, which does have some resonance: as the only thing historically referential in her designs is the little enamel triangle label, (fig.70), which is based on her grandfather's trunk labels.' (fig. 71), (Thomas, 2007: p.64)



Figure 70. Prada enamelled label updated and used on Prada bags and luggage.



Figure 71. Trunk showing the original Prada enamelled label.

Thomas goes on to explain that she felt a bit of mystery, something the family – or at least Miuccia – was hiding and when pressed for an answer ‘she bristled and answered hesitantly, if at all.’ (Thomas, 2007: p.64) What is evident through the research conducted for this case study is that luxury brand retailers are shrouded in secrecy. Despite numerous attempts to contact both Prada and Louis Vuitton to try to arrange interviews, my correspondence was not replied to. This raises numerous questions; firstly, why are luxury brands resistant to openness apart from the publicly accessible information that could be defined as ‘marketing speak’ used to promote the brand. In the case of Prada, the image portrayed by the company is very closely guarded with

little or no information available, aside from financial reports, about the company or its history. And why do Prada and Louis Vuitton not want to engage with external parties who are interested in opening up dialogue to establish and discuss the changing landscape of the luxury and luxury brands market?

Despite what appears to be Prada's reticence to speak about the company and or her family, the continued use of the original Prada logo with the date that the company was founded could be said to capitalise on its history and the value history and heritage has in defining a luxury brand today. This model is similar to that of Louis Vuitton where the original 'LV' logo is still currently in use. It is clear that Prada operate a 'closed door' policy with regards to disclosing information about their company enforced by caginess to speak of the history of the company Miuccia Prada inherited. It is evident that Prada continue to trade on the name of the founder and the continued use of the 'established' date and original logo also illustrates the importance of history and heritage in maintaining a perception of authenticity and brand value. What is also apparent is that Prada have continued to sell products from the shop opened by the founder in 1913. This also illustrates the importance of a constant retail presence, the implication of which is the importance of the historical association of being situated within an elite shopping environment. These factors clearly illustrate history and heritage and could be seen to contribute to today's public perception of Prada. The location of all luxury brand retailers plays an important part in positioning a brand at the top end of the retail fashion market.

### **34 Years of Prada – 1978 – 2012**

In their paper published in the *International Journal of Retail and Distribution Management*, Christopher Moore and Stephen Doyle suggest that 'by the early 1980's, Prada was a business that was little known outside of Italy. With its reliance upon imported finished goods, largely from England, Prada's product range was indistinguishable and a distinct brand identity was indiscernible.' (Doyle, et al., 2010) What is evident from both the paper written by Moore and Doyle and the book written by Thomas is that there is no consistency with regard to the source of Mario Prada's supply chain. Prada did not produce clothing and were not regarded as fashion leaders as they are today. Over the past twenty years the company has been transformed and is widely regarded by the fashion press and their followers as a leading force in the fashion world. The company continues to grow and today they consider themselves to

be producers of luxury products. They no longer rely on external parties for the design of their merchandise. They are however reliant on external parties to manufacture certain products that are designed in-house. These may include shoes, travel adaptors or gift items. In some instances however, as is the case with a Prada travel adaptor, the item is outsourced and 'packaged' by Prada.

Prada has undergone significant change under the direction of Miuccia Prada. She took the company over from her mother in 1978 and 'started updating the conservative merchandise with her own designs, and in 1985, as will be discussed in more detail later, she introduced a line of lightweight backpacks in fine-gauge nylon satin, trimmed with leather, (fig. 72), that pretty much transformed urban life for the kind of woman who walks everywhere ... and sees the point of spending hundreds of dollars on a satchel.' (Bolton, et al., 2012: p.30)



**Figure 72. Lightweight Nylon Prada Backpack. 26.6 x 44.4 x 16.5 cm. Nylon with Saffiano leather trim, 2 outside pockets, polishes steel hardware, enameled triangle logo. 1985.**

Miuccia Prada is responsible for the creative direction of the company and has, with Patrizio Bertelli, her husband, overseen the transformation and repositioning of their company. 'In the early 1980's Miuccia Prada began work on an utilitarian luggage collection that was stark yet technically advanced. Totes, holdalls and backpacks made from industrial black nylon cloth were developed and these were branded clearly, but discretely. The black triangle shape of the Prada insignia placed against the black of

the nylon provided an understated, but potent branding device. These new products, distinct both in its design and branding, were a startling counterpoint to the logo-branding excesses and the ostentatious product designs that dominated the luxury market at the time.' (Doyle, et al., 2010) However, according to Dana Thomas, the nylon bags did not sell for a while, she quotes Holly Bruback who wrote in *The New York Times* that 'these were upstart bags: by their design they demanded to be taken seriously, but they were made of material that, according to most people's taste at the time, undermined their credibility' as 'the sort of bags people were proud to carry came in leather or crocodile or silk.' (Thomas, 2007: p.191)

What is interesting is that Thomas asserts that 'fashion editors urged Miuccia Prada to put the company's initials on the sack like Chanel and Gucci did to give it more cachet, but she refused as she hated logos on luxury items.' (Thomas, 2007: p.191) For a brand not to have a recognisable logo was deemed not to be acknowledged. The value that a logo adds is implicit in that it adds kudos and is seen as a status symbol. This is of course evident with not only Chanel and Gucci, but also Louis Vuitton and most other luxury brands in existence today. Prada obviously succumbed to the demand for the logo to be placed on her products as nearly all of their merchandise now carries the Prada logo. The three companies mentioned have always relied on the placement of their logos on their products and their customer's willingness to publicly display the brand identities. Thomas goes on to state, as have Moore and Doyle, that Prada 'chose to use the tiny triangle label that her grandfather affixed on his trunks, it was the black enamel, with the name Fratelli Prada, a crown that signified that the company was an official supplier to the Italian royal family and "Milano".' (Thomas, 2007: p.191) To attach further value to the brand 'Prada added a line stating that the company was founded in 1913 to validate its place among luxury brands.' (Thomas, 2007: p.191) The public display of logos has become incredibly important to all luxury brands adding value to items that would not normally be recognised as luxury had there not been a visible name, logo or clear marking placed on the products to clearly identify the product with the brand.

In her book *Brand New*, Jane Pavitt suggests that, 'often a particular brand logo on a product or service enhance the consumer experience.' (Pavitt, 2000: p.73) She goes on to assert that there are 'symbolic associations that the consumer attributes to the branded good – attributes that they may not associate with a rival ...' (Pavitt, 2000: p.75) What is clear is that all luxury brands have distinct logos that are easily

recognisable wherever they may be placed. 'Increasingly consumers seem to base their retail decisions on the advertising that sells a particular lifestyle to a 'cohort group' through a logo the company extends into its packaging.' (Pavitt, 2000: p.140) In this instance, 'packaging' may be interpreted as any item that carries a logo, as shown in figure 73, be it a bag, on an item of clothing or elsewhere through product placement.



**Figure 73. Prada, Gucci, Louis Vuitton and Chanel logos all used on both the exterior and interior of certain products.**

The nylon Prada bags were first shown 'as part of the first women's wear collection in 1988.' (Thomas, 2007: p.191) In addition, as Thomas observes 'Prada increased the buzz by sending backpacks to key editors as a Christmas present.' (Thomas, 2007: p.191) The bags became incredibly fashionable and were the 'must have' pieces that dominated the fashion market at that time. They were more accessible than other luxury items sold by Chanel, Gucci, Louis Vuitton or Hermès, but still held the cache that aspirational consumers were looking for. Prada's director for public relations for North America was quoted as saying to Thomas that Miuccia Prada 'hated to see certain women carrying her handbags'. Despite this, the 'company's global expansion was funded with backpack sales.' (Thomas, 2007: p.191) Thomas goes on to declare

that 'the Prada backpack, in fact, unknowingly became the emblem of radical change that luxury was undergoing at the time: the shift from small family businesses of beautifully handcrafted goods to global corporations selling to the middle market.' (Thomas, 2007: p.192) The implication was that luxury items were no longer required to be exclusive and handmade. Prada continue to produce the nylon bags as they are still an important part of the core business. Furthermore, although they may not feature so predominantly in the seasonal fashion shows or advertising campaigns anymore, they continue to be sold. Moore and Doyle go on to suggest that 'having developed a new, modern and highly distinctive accessories collection, Miuccia in collaboration with her husband, Bertelli, sought to put in place the elements critical for the future international development of the Prada brand. The starting point was to secure wholesale accounts within the leading department stores and fashion boutiques in the USA and Europe. This provided an opportunity to establish brand interest and awareness at minimal cost and risk.' (Doyle, et al., 2010) This approach differs to that of Louis Vuitton a company that did not, and do not, wholesale their products. Prada engaged in what could be seen to be an aggressive sales and marketing campaign that would see the international expansion of the company in an ever growing and competitive luxury brands market. In addition to the wholesale market, Miuccia Prada focused on developing the creative direction of the brand and brand values.

This turn of events where products were, and still are, mass produced and turned into fashion items available to the masses changed the luxury market into a fashion led luxury brands market creating a tier of differentiation between the two. Luxury products continue to be exclusive, limited in number and handmade by craftsmen as is illustrated in the Tanner Krolle case study, whereas luxury branded products are mass produced on a production line and sold in great quantity.

Today, the Prada mission statement states that, for Prada, fashion, luxury and style have always been core aspects of a project that goes beyond production of clothes, footwear and handbags.' (Prada, 2012) What is questionable is whether they are in fact producers of luxury products where consideration is given to the mass production processes that have been adopted to supply a continually growing fashion led market. As has already been established in the Louis Vuitton case study, Louis Vuitton market themselves as a luxury brand and is therefore considered to be a luxury brand and not a purveyor of luxury goods. It could therefore be argued that, as both Prada and Louis

Vuitton employ similar manufacturing, marketing and retail techniques, Prada could also, in this instance, be considered to be a luxury brand. Both companies have increasingly become fashion led and engage in mass production, global marketing campaigns and ever increasing global retail presence. The ultimate aim of mass production is to produce multiples of products to reduce costs of materials, labour and distribution and to increase profit. The global marketing campaigns employ homogenous tactics to entice the customer into their stores through an expression of aspirational lifestyles.

### **The Power of Celebrity – Selling Aspiration**

The use of celebrity endorsement further enhances the aspirational values of the brand. In their 2012 autumn / winter campaign, Prada have featured Gary Oldman, Jamie Bell, Garret Hedlund and Willem Dafoe (fig. 74) to promote their fashion clothing lines.



**Figure 74. Prada menswear advertising campaign, winter 2012, featuring the actors Gary Oldman, Jamie Bell, Garret Hedlund and Willem Dafoe. Photographed by David Sims. 2012.**

The use of celebrity to promote a brand is a common tactic employed by the four major luxury brand conglomerates. Also, as discussed, the contemporary luxury brand market is made up of conglomerates that include The Prada Group, Louis Vuitton Moët Hennessey, (LVMH), PPR and Richemont. Their aim, it could be argued, is to increase their global presence through the expansion of their product lines and retail outlets

across the world in order to increase sales and to satisfy their shareholders. The positioning of their brands in all areas including the media, public sponsorship of events, product placement has become a focal point to drive sales. In the current climate, as already mentioned in chapter one, and despite the global recession, the global luxury brands market continues to grow. According to financial reports published in August 2012 in *Business Week*, 'Prada S.p.A announced sales results for the first half year of 2012. For the first half year, the company recorded revenues of €1.547 billion (\$1.9 billion) in the first six months of the year, a gain of 36.5% from the same period a year earlier. Sales leapt by a provisional 36.5% amid strong demand in most regions of the world, and Asia in particular. The results were driven by soaring sales in the Asia Pacific region, which gained 45%, as well as a significant sales increase in Europe (up 37.3%, Japan (up 34.2%) and the Americas (up 31%).' (Textiles, Apparel and Luxury Goods - Company Overview of Prada S.p.A, 2012) These figures illustrate the continued growth of Prada and is in line with the predictions of the Verdict report published in 2007. The figure is predominantly made up of fashion which includes beauty products, watches or timepieces as they are now referred to and automotive and travel. Verdict suggested that the 'global expenditure on luxury branded products will hit \$450 billion by 2012. As wealth increases across the globe, the demand for luxury products will accelerate and the market, currently worth \$263 billion, will be boosted by high demand from emerging economies.' (Verdict, 2007) Before the formation of these conglomerates, the constituent companies, including Prada (which became a subsidiary of the Prada Group in 2003), were made up of independent companies that included Car Shoe and Churches Shoes, producing products, limited in number and defined as luxury. Prada also own Miu Miu set up by Miuccia Prada in 1993 as 'a brand with an autonomous identity from Prada.' (Miu Miu) 'The Prada Group operates in 70 countries through 388 (as of 31 January 2012) directly operated stores, 30 franchise stores and a network of selected high-end multi-brand stores and luxury department stores.' (Group Profile) The Prada Group shares a common business approach to that of LVMH and Richemont in that they all own various and numerous luxury brands with global profiles and continue to grow each of the businesses expanding their international reach.

What is evident, and again a common strand that features with all luxury brands, is the diversification of product lines. When Mario Prada opened his first store the product offer did not include fashion clothing, but concentrated on leather goods and gifts. Today, Prada is considered to be a fashion house showing collections during Milan

Fashion Week with little emphasis on gifts although handbags do feature as they are considered to be fashion items. The marketing and promotional campaigns all feature clothing with some emphasis on handbags as illustrated in figure 75.



Figure 75. Prada Spring Summer Print Campaign 2012. Photographed by Steven Meisel. 2012.

Modern marketing and advertising campaigns were for example one of the visual narratives used by Prada specifically in their *Real Fantasies* Fall Winter advertising campaign. (fig. 76) It is defined by AMO as 'an essay in handcraftsmanship' (Prada, 2012) and considers the production process of the 'look book' in order to define the products portrayed. The 'look book' is a specific term used to describe a definitive visual illustration of, in this instance, a collection of items showcased for a particular season or range of products.



Figure 76. Prada *Real Fantasies* Fall Winter 2011 – motionbook. Director / producer James Lima, Art Direction / Artwork by OMA and photography by Phillip Meech. 2011.

The difference in the approach to communicating the brand values to that of Louis Vuitton is the ways in which the campaign is communicated. Prada state that ‘the handmade effect of the imagery echoes the inherently haptic nature of the fashion it portrays.’ (Prada, 2012) Although there is no visual communication of the manufacturing process, the marketing of these products is communicated by Prada as having a crafted approach. This approach could be seen to be a contemporary method to promote products where the implication is that the product is handcrafted through association rather than the reality. There is little or no evidence in the *Real Fantasies* advertising campaign to suggest that Prada is anything, but a fashion label. This is in direct contrast to, for example, Tanner Krolle, who do not advertise, but consider themselves as purveyors of luxury goods producing exclusive goods, limited in number and only available through select outlets. The lack of advertising by Tanner Krolle illustrates their reliance on their website and word of mouth to promote their products.

Additional visual narratives that include advertising in print and film, can lead certain customers to believe that through association and collaborations with artists, such as, Vahram Muratyan (fig. 77), Mattia Buffoli and Tassili Calatroni, specific Prada products could be defined as art. This method of promotion where collaboration with artists is a focal point of a marketing campaign could increase the perceived value of the products. Louis Vuitton have also adopted a similar approach to their product development and marketing campaigns.



**Figure 77. Vahram Muratyan menswear t-shirt for Spring / Summer 2012.**

Louis Vuitton have over the past twenty years collaborated with artists, such as, Stephen Sprouse, Haruki Murakami and Yayoi Kusama. Collaboration is all about

public image and does not publicly address, and nor should it, the economic value of the collaboration. However, there would be little point in aligning oneself with an artist or public figure if there were to be no financial gain. The ultimate goal is to produce more products that reap the financial reward. As a result of collaborating with artists, luxury brands promote the products produced seasonally as part of their fashion collections. This could be seen to be an attempt to raise further their profiles as they are able to generate press interest and redefine their product offer as something extraordinary. The products are still mass produced and sold throughout their retail outlets around the world.

### **Mass Production**

The idea that luxury branded goods like handbags, luggage or clothing represent something exclusive, rare and made from the finest materials is largely lost due in part to mass production and the global availability of the goods produced and marketed by companies, such as, Prada which are nonetheless branded as luxury. As with the majority of luxury brands, Prada mass produce their products to satisfy global demand. As luxury brands expand, increasing the availability of their goods, the requirement to produce more product increases.

In his book *Mass Customisation*, Joseph Pine goes into great detail describing the process of mass production. He states that 'in mass production, companies increased output not only by adding inputs, but by increasing the throughput of machines and the productivity of the workers so that fewer workers were needed per unit produced.' (Pine, 1999: p.16) He goes on to explain that 'this greatly increased fixed costs and the capital-to-labour (machine-to-worker) ratio, but also greatly lowered costs of each unit.' (Pine, 1999: p.16) What is questionable, in relation to luxury brands, is Pine's claim that 'as (production) prices were lowered, more people could afford to buy the products, resulting in greater sales and therefore greater production, even lower costs, and prices and so on.' (Pine, 1999: p.16) I do agree with Pine's assertion that as production per unit increased the manufacturing costs per unit would be reduced. However, in the case of luxury brands the reduction in production costs, as I have illustrated, is not passed onto the customer despite the final costs to produce each item being reduced. A reduction of price at retail could devalue the brand.

What is evident, however, is the introduction of lower cost items, such as, key rings that could be considered to be entry level pieces satisfying the wants of the aspirational customer. These items have a lower production cost as they are mostly made by a machine as part of an automated production run. They are cheaper than the leather goods, but still yield a high profit. There is of course the argument that it is more expensive to produce better quality products. However, one could argue that there is little autonomy involved in producing goods on a production line utilised by the luxury brand companies, such as, Prada where they mass produce products for their retail outlets around the world. Different products do require different approaches to manufacture. Certain products, like for example, leather goods may require additional hand finishing, whereas key rings and other jewellery items that are produced on a fully automated production line may require no hand finishing at all.

What luxury brands fail to acknowledge or disclose is that the majority of their products are not exclusive and are in fact mass produced. Communicating exclusivity has to do with the global, branded, marketing strategies they employ. To achieve the margins required and maintain profitability and their position in the market 'the product must be as standardised as possible and the manufacturing process broken down into small specified tasks. Workers and machinery must be highly specialised to drive down the time and expense of each individual task.' (Pine, 1999: p.26) There is no denying that an element of skill is needed to make a mass produced product be it Prada or Louis Vuitton, however, the skill is purely mechanical.

To clarify, and in the context of my argument, mechanical production is considered where a production line is implemented in order to increase production, consumption and in turn see an increase in profits from the sale of their products. The maker is skilled in what could be defined as production line manufacturing. That is to say the traditional notion of handmade is not applied to the manufacturing process as before. In her book *Luxury Fashion Branding*, Uche Okonkwo suggests that 'it is interesting to note that the majority of the successful luxury brands of today were started by skilled artisans and craftsmen who produced made-to-fit goods mainly by hand' and that this process is 'time consuming, expensive and labour intensive.' (Okonkwo, 2007: p.248) She goes on to elucidate that as manufacturing techniques have developed, the luxury brand companies have employed 'the use of machines that produced more goods at less cost without compromising the product qualities and styles.' (Okonkwo, 2007: p.248) However, if these companies were to reduce what could be defined as work

intensive production techniques thereby simplifying the designs, the manufacturing demands would be reduced resulting in reduced costs, but increased output. What is lacking is the evidence to suggest that quality is not compromised. Production lines are more inclined to produce a number of items that do not pass quality control and are therefore not deemed fit for sale. There are suggestions that items that do not pass quality control are destroyed. However, there are also insinuations, and through my own research I have discovered that these items are sold through discount outlets. This information is not released to the public and is a guarded secret thus maintaining the 'aura' of perfection of the luxury brand.

### **The Skill of the Maker**

If consideration is given to the notion that luxury goods as opposed to luxury branded goods were, and in some instances still are, made by hand it is important to consider how skills are defined by Richard Sennett in his book *The Craftsman*. Sennett argues first, that 'skills, even the most abstract, begin as bodily practices; second, that technical understanding develops through the powers of imagination.' (Sennett, 2008: p.10) If the maker is producing goods on a production line there is no real need for them to be able to employ what Sennett describes as 'bodily practices' or even 'powers of the imagination'. One could consider the notion of bodily practices as tacit knowledge as described by Krogh, Ichijo and Nonaka in their book *Enabling Knowledge Creation* (Ichijo, et al., 2000) where they state that tacit knowledge is 'tied to the senses, skills in bodily movement, individual perception, physical experiences, rules of thumb, and intuition' and that, as such, tacit knowledge is often very difficult to describe to others. They go on to assert that this kind of 'knowledge cannot be found in a manual or easily conveyed to a novice.' (Ichijo, et al., 2000: p.6) The production process is such that although the products are produced in part by hand, it could be described as mechanical in order to fulfil the requirements of the production line.

Production lines are explicit in an approach that leaves little or no allowance for change in the manufacturing process as this could impede the production process to the detriment of fulfilling the required number of units per hour as determined by the production manager. Pine suggests that 'the product life cycle should be lengthened as much as possible, reducing per unit development costs as well as investments in product and process technology, allowing the experience curve to operate to its fullest.' (Pine, 1999: p.26) This process of production is visible, specifically in the continuity

items, such as, the nylon handbags, produced by Prada and the Louis Vuitton monogram bags that are continually available for sale. The continuity items form part of the non-seasonal merchandise. Non-seasonal merchandise are not considered by the luxury brands to be fashion items as they are always available, do not change with the seasons and in most cases have been offered for sale for many years. As the production of these items is constant, the company is able to produce and purchase larger quantities of materials, trims and packaging; thus reducing the overall cost of a specific item. The final manufacturing cost is also reduced, but the profit margin increases. The impact of adopting this mode of production allows the company to produce more goods at a lower cost. The retail price is maintained and in some instances increased. The reduction in manufacturing costs is not passed onto the customer.

### **Prada; Satisfying an Increasing Consumer Market**

Today, Prada has ten manufacturing facilities that produce Prada products in Italy. Their website states 'we maintain our production know-how and industrialization capabilities internally for each of our product categories through our eleven directly-managed production facilities, of which ten are located in Italy and one, specifically for the manufacture of Church's footwear, is located in the United Kingdom. We have three distinct in-house production divisions for leather goods, footwear and ready-to-wear products, which enable us to develop the vast majority of our prototypes and the majority of our collection samples that are presented in the showrooms during the order collection period, as well as to produce a portion of our final products.' (Prada, 2012)

It is evident that Prada do produce some products in Italy, but if one investigates, and although the product development facilities may in fact be in Italy, not all of the product development and manufacturing takes place there. Prada do not disclose where or if they outsource product development and manufacturing. The Prada Group website is explicit in saying that they produce the majority of their prototypes and a portion of their final products. This would lead me to believe that not all production is carried out in-house. What is unclear, or at least not stated on the Prada website, is the use of production facilities in China or elsewhere in the world. I believe that this is due to the value *Made in Italy* adds to the worth of their products. In an article in the Wall Street Journal, Christina Passariello suggests that 'European luxury fashion labels, such as, Prada, Gucci and Louis Vuitton have built their reputations on goods crafted at home in

France and Italy.’ (Passariello, 2011) What is clear is that European laws surrounding origin of manufacture do not stipulate that the entire product must be made in the country of origin. Passariello goes on to state that ‘to be labelled "Made in Italy", only a majority of the cost of an item's production must take place within the country's borders.’ (Passariello, 2011) This is common practice with most manufacturers of product, be it for a luxury brand or a high street retailer. Alleging that, in an article in *The New York Times* in 2010 the paper is quoted as saying that Miuccia Prada announced that the company would start to clearly label items under the *Made-In* label that were made in Japan, India, Scotland and Peru (fig. 78). The paper quotes Prada as saying that ‘it’s taking away hypocrisy.’ (Menkes, 2010)



**Figure 78. Prada using different country of origin to highlight the place of manufacture in the *Made in Japan* and *Made in Scotland* labels. 2012.**

There is evidence to suggest that certain items do clearly state where they are made if the country of origin has an affinity or tradition reflected in the product. This could be cashmere from Scotland or jeans from Japan. In 2010, the company released a range called the *Chikan* embroidery collection of items made in India. (fig. 79)

In 2012, the printed insert that accompanied the shoes offers the following explanation; 'a compliment to the *Chikan* embroidery collection, the Prada - Made in India footwear line offers a vast range of multi-coloured ballerina flats and sandals handmade by small artisanal workshops using a traditional weaving technique'. In an article in the *Daily Telegraph* Tamsin Blanchard writes, 'How to put the work of the local Indian artisan on a pedestal? Sew a pale blue Prada label inside her product, and proudly declare it 'Made in India' underneath.' (Blanchard, 2010) Not only does this help to position Prada as patrons, but it illustrates the power of the Prada brand. Menkes goes on to claim that Prada and her husband acknowledge that there is nothing to be ashamed of in 'tapping' international artisans. This may be true, however, there is still no mention of the manufacturing facilities used in China as has been widely reported and will be discussed.

On their website, Prada go on to state that 'we rigorously monitor our entire production cycle with our quality control team and inspectors to ensure our in-house and outsourced production maintains the same high quality standards that we and our customers require. We believe that our production model enables us to retain control over our production know-how, production costs and maintain a flexible capacity throughout the entire manufacturing process, while assuring high product quality.' (Prada, 2012) See figure 80, a screen grab from the Prada website.



Figure 79. Prada *Chikan* embroidery shoe Made in India. Taken from an insert placed in a Prada shoe box. 2012.



**Figure 80. Screenshot – production sites - from Prada website.**

Once again Prada do acknowledge, albeit in a way that does not address the specifics, that not all products are manufactured by them. It would appear that an admission to outsourcing suggests that product is made elsewhere and not by them. Outsourcing is common amongst all fashion brands where they do not have the facilities or indeed the capability or capacity to manufacture everything in house. In addition, outsourcing may reduce manufacturing costs where specific machinery may be required to produce the goods. Maintaining control over production costs is crucial where mass production is implemented. This could be read as cutting the overall costs of production as the overheads are reduced even though the resources would be needed to monitor production quality. As has been previously mentioned, the reduction in costs is not passed onto the customer; it increases the overall revenue and ultimate profitability of the company.

The statement on the Prada website defining the production methodologies continues, explaining that ‘our in-house production capability is of strategic importance to us. On the one hand, we can retain and upgrade our technical know-how through our own production, while on the other hand, it provides us with more control over quality, production costs and timing, particularly in relation to production outsourced to external

manufacturers. Our production staff based at our production sites also support and supervise our external manufacturers and enhance the flexibility of our overall production capacity.’ (Prada, 2012) What is apparent from this statement and an interpretation thereof suggests that Prada engage in large scale product development and manufacturing. This includes clothing, leather goods, cosmetics and perfumes and other items comprising of gifts that Prada offer for sale both in store and online. The gift products are no longer sourced from purveyors of luxury goods as Mario Prada did in the early 1900’s. This is evident as the product offer that is classified as gift items and include a travel plug adaptor or a USB key are generic items manufactured by companies in, for example, China. These products are not made solely for Prada. One could describe these items as corporate gifts that many corporations around the world commission to either sell or give as gifts albeit branded as their own. For example, Fujifilm offer for sale a travel adaptor for £30.99 whereas the Prada one costs £155.00. There is a £124.01 difference in price. (fig. 81) The Prada travel adaptor itself is not that much different, the functionality is similar if not the same. The difference is that the Prada version is housed in a Prada leather case. It is obvious that the name Prada adds value to the perception of a product where the functionality, in this instance, plays little or no part in the purchasing decision.



**Figure 81. Prada travel adaptor £155.00 sold in leather case and Fujifilm travel adaptor £30.99. 2012.**

Where products are outsourced the role that a supervisory team plays is crucial, as the quote above confirms. Moreover, as already stated, Prada do not manufacture all their products themselves. Despite having their own production facilities that are capable of producing clothing and leather goods, other products like cosmetics, eyewear and travel adaptors would have to be outsourced. Prada perfumes, for example, are manufactured by the Spanish company Puig. It is common for luxury brands to employ specialists in their fields to develop, manufacture and in some instances distribute their products. These could be produced under a licence agreement where a percentage of profits goes to the company or manufactured for a company where they then buy the products and sell them on.

### **Made In –**

In the United Kingdom, the Trade Descriptions Act of 1969, Section 36 states that ‘for the purposes of this Act goods shall be deemed to have been manufactured or produced in the country in which they last underwent a treatment or process resulting in a substantial change.’ (Trade, 2012) What is not clear is what a substantial change may be. This lack of clarity could lead to the customer being misled about the country of origin of a product. I am aware through my own experience in industry that manufacturers may produce an item in China, finish it in Europe and sew in a label that states, for example, *Made in Italy*, *Made in France* or *Made in England* on or in the product. I have a pair of Prada shoes that have no country of origin or manufacture label in either shoe. This would lead me to believe that the country of origin is not in Europe, but in Asia or the Far East as all Prada products that are made in Italy have labels that affirm *Made in Italy*. In addition and as already stated, where Prada consider the place of origin to add value to a certain product, as with the *Chikan* embroidery from India, the country of origin will be clearly stated. Thomas reinforces my point where in an article for the *New York Times* she asserts that despite Prada stating that they do not manufacture in China ‘if you look inside one of Prada’s popular nylon toiletry cases, you’ll sometimes find a small tag that states otherwise.’ (Thomas, 2007) In an article in *The Wall Street Journal* Passariello goes on to suggest that ‘about 20% of Prada’s collections — which range from bags and shoes to clothes for men and women — are made in China. The Milan-based company manufactures outside Italy in other cheaper countries, such as, Vietnam, Turkey and Romania, according to the IPO prospectus.’ (Passariello, 2011) She goes on to quote an interview with Miuccia Prada where Prada declares that ‘sooner or later, it will happen to everyone because

[Chinese manufacturing] is so good.' (Prada, 2011 cited in Passariello, 2011) This is in direct contrast to the public information published on the Prada Group website. As already stated Prada only disclose the European manufacturing facilities, but in what could be seen to be a 'guarded' comment they do as already stated acknowledge 'production outsourced to external manufacturers.' (Production Sites) There is no mention on their website where these external manufacturers are. In what appears to be a contradictory disclosure of information between what Miuccia Prada herself has said in public and the information available on their website; despite her praising the skills of artisans in other countries. One could assume that the value of the specialist outsourcing in China, for example, is not considered to be worthy of disclosure.

### **Mass Exclusivity**

There is no information on the Prada or Prada Group websites detailing exactly how many stand-alone Prada stores there are. From my own calculations, and in contrast to the information available on the Prada website, as of July 2012, I have concluded that Prada has stores in about 32 countries around the world. These include 263 stand-alone Prada stores and concessions worldwide and a further 22 outlet stores. This does not include all the stockists of their fashion clothing items. The outlet stores offer discounted goods that include excess stock items and goods made specifically to be offered at reduced prices. Prada, according to Uche Okonkwo in her book *Luxury Fashion Branding* states that, the company bought a piece of land in Tuscany, Italy that now serves as an outlet shopping mall. She goes on to explain that Prada and Miu Miu products are sold at prices up to 60% cheaper than in their other stores. Okonkwo says that 'these discount outlet shopping centres ... do not advertise themselves as Prada owned. This is because the strategy of discount shopping centres is in contrast with the brand attributes that form part of the desire for luxury goods, like exclusivity and enhanced image.' (Okonkwo, 2007: p.98) Okonkwo suggests that the Prada outlet stores are not advertised as being Prada owned, this is in fact not correct. The Prada website clearly identifies where their outlet stores are (Store Locator). Although one would consider outlet stores as not being exclusive, one could argue that irrespective of selling through their own outlet stores, Prada is not in fact exclusive. The availability and perception of exclusivity of Prada products does not seem to be affected by stand-alone outlet stores offering their products at a reduced price. In most instances the customer purchases items based on the value of the brand and what it represents.

The majority of Prada stores are in Japan and Asia where there are about 116 outlets. There are 26 stores in North America. The remaining 106 stores are in Europe and the Middle East. Finding this information, as with Louis Vuitton, proved to be difficult which suggests that there is a lack of transparency. I have collated the data through cross analysis on the Prada website and searches by country and city on the web (see appendix 3). When one considers the number of styles manufactured in one product category of Prada, as is also apparent with Louis Vuitton, it is clear that the products must be mass produced in order to fulfill the demands of their global retail outlets. These outlets may be stand-alone stores, concessions in department stores, product bought for boutiques (this differs from Louis Vuitton as they do not sell through boutiques), airport duty free stores or the Prada website.

### **Customisation**

Prada offers products within three distinct categories: men, women and children. Also, included in these three categories are sub-categories that consist of travel goods, business products, gifts and a variety of products categorised as a customisation offer. These categories are then split up into product specific differentiation. For example, within the women's collection there are eight product categories that are made up of fashion clothing, footwear, handbags, wallets, jewellery, cosmetics and perfumes, small accessories, gifts and sunglasses. Included within the handbag product offer are handbags that are itemised as top handles, totes, shoulder bags, clutches and evening bags, bring your own bag and mini bags. Within each of these categories there is an expansive offer that encompasses multiple colour and fabrication choices. In the shoulder bag and totes category, there are roughly 95 style options. If each outlet were to order one bag of each style in one colour way, Prada would need to produce 782,1920 bags. This is the equivalent of 16,295 bags a week over 48 working weeks per annum. By implication, while Prada today market their products as exclusive, evidence suggests that from data compiled this is far from the reality. The contemporary production line where large numbers of products are manufactured is in direct contrast to the original intentions of Mario Prada when he opened his first luxury gifts store in Milan in 1913. He focused on the production and sale of luxury luggage and exclusive gifts that he sourced from around the world. In order to situate the changes in mode of production and as a comparison to illustrate that this is not unique in the luxury brand market, the following example is offered. Burberry opened their flagship store in London in September 2012 and are reported to stock '24,000 pieces of

clothing in store at any one time.' (Urwin, 2012) The scale of the store is illustrated in figure 82.



**Figure 82. Burberry Flagship store on Regent Street in London. 44,000 sq ft, 25 staircases, 17 fitting rooms, 22ft height of retail screen with 24,000 individual items for sale. Opened in 2012.**

In order to maintain stock levels in all luxury brand retail outlets mass production is necessary. What remains questionable is the idea that all the products sold are exclusive. Reverting back to Prada, the analysis is based on the shoulder bag and tote category offered by Prada online. This is an indication of the scale of the production line processes and requirements needed to fulfil the demand of their retail outlets to maintain stock levels.

There are differences in the way in which Prada and Louis Vuitton describe their products. Louis Vuitton name their bags, whereas Prada assign theirs a style number. This differentiates all the products and makes it easier for the customer to distinguish between items within a single product category. Prada, for example, as part of their spring summer 2012 collection in the shoulder bag category offered 29 bags in a variety of materials ranging from leather and exotic skins to nylon (as shown in figure 83).

In this category alone there are 81 colour options. In the totes category there are 66 bags offered, again in a variety of materials including calfskin, deerskin, ostrich, crocodile and snakeskin. In this category there are 251 colour options.



**Figure 83. Prada bags of same shape shown in a variety of materials and colour ways. 2012.**

As it is impossible to gather precise information about the units manufactured an assumption has to be made to illustrate the scale of production needed to manufacture and supply all of the Prada stores worldwide. In the shoulder bag category, Prada would need to produce 669,465 units supplying one bag of each colour in each style. In the tote's category Prada would need to manufacture 4,721,310 bags, again manufacturing one of each bag for each store around the world. Satisfying a global market not only requires the ability and capability to supply product it also demands that a clear message is communicated to the customer. In the case of luxury brands this message is one of luxury, aspiration and exclusivity. All luxury brands, including Prada, capitalise on amongst other things, the notion of luxury, exclusivity and encompass options described as customisation and communicate this to customers across the globe. These are mere perceptions increasing the value at the point of sale of all products sold bearing a luxury brand label.

### **Prada Customisation**

Increasingly luxury brands have started to offer what they describe as customised products. Allowing the customer to engage in the 'design' process adds value to the shopping experience and justifies the premium charged for the experience. Joseph Pine suggests that 'no longer do (companies) focus on producing standardised products ... for homogeneous markets. Through the application of technology and new

management methods, they have found their way to a new paradigm by creating variety and customisation through flexibility and quick responsiveness.’ (Pine, 1999: p.44) This model has been adopted by all sectors of the fashion industry, however, it could be argued that in some cases the products remain standardised. Prada, and as discussed in the Louis Vuitton case study, offer for sale products that allows the customer to add initials or make slight alterations to existing products. Despite the introduction of the option to customise one’s product, the options are limited. This differs to the customisation offer at Tanner Krolle as will be discussed in that specific case study. For clarity, it would be useful to analyse the Prada customisation offer to better understand what it is and how it works.

Prada offer two product ranges that they call *Customisation*. They are the *Lettering Project* and the *Lace-Up Project* both available to order on-line with limited facilities to order in-store. In addition, there is a bespoke offer that is only available to order in-store. The *Lettering Project* (figs. 84 and 85) and the *Lace-Up Project* (fig. 86) give the customer a standard set of components to choose from. They could be letters as in the *Lettering Project* or uppers, soles and laces in the *Lace-Up project*.

### The Lettering Project



Figure 84. Prada *Lettering Project*. Shopping bag; fabric tote with Saffiano leather trim, personalisation with Saffiano leather letters, double handle, detachable adjustable strap, polished steel hardware, enameled triangle logo, zipper closure, 1 inside pocket, Prada logo lining. 38 x 42 x 16 cm. £585.00. Backpack; with Saffiano leather trim, personalisation with Saffiano leather letters, 1 outside pocket, polished steel hardware, enameled triangle logo, nylon and metal technical closing, 1 inside pocket, Prada logo lining. 27 x 45 x 17 cm. £620.00. Trolley; fabric trolley with Saffiano leather trim, personalisation with Saffiano leather letters, two handles and telescopic trolley handle, 1 outside pocket, polished steel hardware, enameled Prada logo, zipper closure, 1 inside pocket, Prada logo lining. 35 x 48 x 18 cm. £1570,00. 2013.

The *Lettering Project* is described on their website as ‘twenty six possibilities for selling iconic items from Prada’s travel collection.’ (Lettering Project) There are three items to choose from, a backpack, a ‘trolley’ suitcase and a shopping bag. All three items are made in nylon and trimmed with Saffiano leather. Each of the twenty six letters is available in one design and one colour way. The customisable camouflage backpack costs £645.00, whereas the same backpack without customisation costs £495.00. What is interesting to note, and through a comparison of the two items as described on the Prada website, is that although the items appear to be the same, the descriptions are slightly different. The *Lettering Project* backpack has nine bullet points describing the item, whereas the ‘standard’ backpack has seven bullet point descriptions. Taking into consideration that the one feature of the *Lettering Project* is the option to have one’s initials sewn onto the outside of the backpack, one main feature of the bag is missing from the standard offer, that of an outside pocket that is clear to see in the figure 84. Table 10 illustrates the similarities of the two products showing the minimal changes to the end product.



**Figure 85. The Prada *Lettering Project* backpack on the left and the same backpack without initials on the right. Both are camouflage print fabric with Saffiano leather trim. The personalisation option with Saffiano leather letters, 1 outside pocket, polished steel hardware, enameled triangle logo, nylon and metal technical closing, 1 inside pocket, Prada logo lining. 27 x 45 x 17 cm. £620.00. The same backpack not personalised, Backpack; with Saffiano leather trim, personalisation with Saffiano leather letters, 1 outside pocket, polished steel hardware, enameled triangle logo, nylon and metal technical closing, 1 inside pocket, Prada logo lining. 27 x 45 x 17 cm. £430.00.**

**Table 10. Comparison of Prada Personalisation and Standard Product Offer**

<b>Prada</b>	<b>Lettering Project</b>	<b>Standard</b>
	BACKPACK	BACKPACK
	FABRIC BACKPACK WITH SAFFIANO LEATHER TRIM	CAMOUFLAGE PRINT FABRIC BACKPACK WITH SAFFIANO CALF LEATHER TRIM
	PERSONALIZATION WITH SAFFIANO LEATHER LETTERS	ANTIQUED SILVER HARDWARE
	ONE OUTSIDE POCKET	REAR ENAMELLED TRIANGLE LOGO
	ENAMELLED TRIANGLE LOGO	TECHNICAL NYLON AND METAL CLOSURE
	NYLON AND METAL TECHNICAL CLOSING	PRADA LOGO LINING
	ONE INSIDE POCKET	ONE INSIDE POCKET
	PRADA LOGO LINING	
	L 27 H 45 D 17 CM	L 45 H 27 W 17 CM

Although the bags appear to be exactly the same there is inconsistent information available to describe the items. This raises the question about how luxury is communicated today. Where one would expect the level of service that includes product descriptors to be in line with the company's ethos of providing 'its customers products of unequalled quality, creativity and exclusivity.' (Group Profile) One would expect this statement to apply to all areas of activity within the Prada group including the communication and descriptors of product.

### The Lace-Up Project



Figure 86. Prada Lace-Up Project.

The *Lace-Up Project* offers customers the option of customising a pair of shoes and described on their website as: 'the British-inspired lace-up with double sole in cord and micro, seen in the Spring Summer 2011 fashion shows, are exclusively available on Prada.com and in the Prada store Corso Venezia 3 in Milan.' (Lace-Up Project) The description of the customisation offer reads as, 'customers have twelve different colours to choose from; the shoe can be made in either one single colour ... or in one of five colour combinations.' (Lace-Up Project) *The Lace-Up Project* differs in that the shoes are not offered as standard items for sale in store. It is not clear how Prada consider the *Lace-Up Project* to be customisable as the customer has a limited choice, albeit that there are twelve different colours. There is, however, a wider colour choice than the shoes offered in store and on-line where there are in some instances, only three colours to choose from of any one style of shoe. With the *Lace Up Project*, there

is no option to change the colour of the sole, upper, laces or any other component that makes up the shoe. This is in contrast to the extensive shoe customisation offer available on the Nike website where there are numerous choices available to the customer. (fig. 87) These include two choices of the fabric for the upper and ten colour choices, eleven colour choices for the Nike *Swoosh* logo, eleven colour options for the upper accent, twelve colour choices for the midsole rim and lining, four colours for the midsole, two choices of sock liner (one cushioned and the other responsive), two choices of outsole with seven colour choices, eleven colours of laces with the option of a second pair of laces and two choices for the tongue iD – the customer can have the Nike logo or their initials (Nike iD). There is also the option to capture two customised designs, as illustrated below, and send them to friends for comment.



Figure 87. Nike customised trainer. Screenshot from Nike iD website. 2012.

It could therefore be argued that customisation within the realms of the luxury brand do nothing more than offer variations on a theme. The *Lace Up Project* offers one style of shoe and is a constant offer that does not change with the season. The shoes could be seen to be a core part of their collection as they are continually on offer for sale. The tender is similar to that of the *Lettering Project* in that the component parts that make up the items are what could be considered as constant and can be produced irrespective of an order. The three items that Prada offer as part of the *Lettering Project* are core pieces in their collection available for sale without being customised. Prada

can therefore manufacture additional pieces of the items and allocate them to customisation. The customisable component pieces are the letters that are selected by the customer and sewn onto the item of their choice. In my view, both the *Lettering Project* and the *Lace-Up Project* are limited and do not fully address the notion of customisation.

Ultimately, the customer's perception of a product is crucial. Offering a customised product changes the perception of the purchaser. They believe they are buying something different. Pine suggests that 'what used to be large demand for standard mass-market products has fragmented into demand for different "flavours" of similar products.' (Pine, 1999: p.45) As I have elucidated, and in this instance, the use of customisation is there simply to add value to the product offer by implying that customers have more choice, when in fact there are limits. It is the 'modular' form of customisation as previously discussed. The Prada customisation offer attempts to offer the buyer a product that, on the surface at the very least, appears to be different from the core product, but on inspection is not different at all. Pine goes on to suggest that 'because demand has fragmented, the large, homogeneous markets have become increasingly heterogeneous' and that the 'niches are becoming the market, shifting power to the buyers who demand higher-quality goods that more closely match their individual desires.' (Pine, 1999: p.45) Luxury brands are attempting to address the changing markets through expanding their product offer. What is evident, however, is that luxury brands are not innovating in their 'enhanced' product offer. They are in fact competing with high street, sports and fashion retailers, like Nike, who have been offering enhanced customised products for some time.

Luxury brands have only recently introduced customised products online. Both Nike and Levis have been offering a much more extensive customisation service since the 1990's. Through the introduction of mass-customised services, luxury brands are trying to capture what was once an important element of their original service, one of exclusivity and catering to the customer's wants and needs. As more and more disposable goods and services become available and the customer tires of seeing multiples of products carried or worn by other customers; they need to feel that what they are buying into, in a world where more luxury branded products are available than ever before, is superior and lives up to the expectations that they set for themselves.

One must not forget, and as already discussed, customisation was at the heart of the original Louis Vuitton business. Louis Vuitton did customise his products to satisfy his customer's needs. Vuitton's 'principle of designing the trunk, specifically ordered by the customer, around the objects that it would contain, rather than trying to fit objects into an existing trunk design.' (Pasols, 2005: p.31) was one approach that addressed customisation. On the other hand, Mario Prada did not offer a customised service; he simply provided premium quality goods to his customers.

The notion that luxury brands supply goods that are exclusive is questionable especially where, in the case of Prada, the products are mass-produced. Pine offers an interesting insight into the contrast between mass customisation and mass production. Although he does not consider luxury brands, the analysis provides a thought provoking argument. If one were to consider Prada as a company that mass produces the majority of their products, including those that are offered for sale as customised, the notion of exclusivity remains questionable. By its very nature an exclusive product is limited in both manufacture and supply. Pine suggests that a focus of mass customisation should provide variety through flexibility and quick responsiveness. It may be that Prada do in fact provide flexibility, however, it is evident that they do not, in the greater scheme of things, provide variety as is evident through their customisation offer. They do provide variety across their fashion products as the very nature of what a fashion company does it to change the products offered for sale each season, or in some cases more often.

As a point of reference, I have used Pine's diagram from his book *Mass Customisation*. He considers three areas of activity, *Focus*, *Goal* and *Key Features* in two categories of production, mass production and mass customisation. There are obvious principles of mass production and mass customisation that could be applied to luxury brands, such as, Prada and Louis Vuitton. In the first instance the focus of all areas of mass production, whether a product is customised or not, must consider putting in place efficiency measures to ensure that production is controlled to make certain that the production line is managed in a way that maximises output. In addition, the goals of both mass production and mass customisation must also consider areas of product development where consideration is given to innovative manufacturing methods. Mass customisation could be seen to enhance the product offer through a customisable product that gives the end user choice of product. The choice is, however, limited as the product must remain true to the brand and at the same time retain the brand

identity. Luxury brands adoption of mass customisation is not as diverse as Pine suggests when he asserts that 'everyone finds exactly what they want.'(Pine, 1999: p.44) It is evident from my research, as illustrated in both this case study and that of Louis Vuitton, that the customisation offer is limited. A common feature is that nearly all manufacturers of mass customised products consider the end cost. Fashion companies, and in this case a luxury brand, whose aim it is to sell products seasonally, or who have the capability and capacity to introduce new lines on a regular basis does not appear to change their customisation offer. Consequently, this is not a short product life cycle. The opposite is in fact a more realistic view to be considered where luxury brands are concerned. The products are mass produced with additional components added.

I offer an additional category to Pine's diagram in Table 11, that of *Luxury Brand Mass Customisation* to establish similarities between mass production techniques that are used to maximise output and mass customisation methods of production which are very similar.

Where consideration is given to the three main areas in the two modes of production that Pine considers, the notion of luxury brand mass customisation is not so distinct that one would not be able to reconcile the differences. I suggest that the similarities between mass production, mass customisation and luxury brand mass customisation adopt similar, if not the same, principles of production. Although the goals may be different to what Pine suggests, the ultimate aim of a luxury brand could be interpreted as one that focuses on minimal disruption to the production cycle where the product has a long lifecycle. The price points of a luxury brand product remains high despite mass production. It is the marketing and communication of the brand values that elevate the value of the product.

**Table 11. Differentiating Mass Production, Mass Customisation and Luxury Brand Mass Customisation**

	<b>Mass Production</b>	<b>Mass Customisation</b>	<b>Prada - Luxury Brand Mass Customisation</b>
<b>Focus</b>	Efficiency through stability and control	Variety and customisation through flexibility and quick responsiveness	Standard product with a limited customisation offer - initials
<b>Goal</b>	Developing, producing, marketing, and delivering goods and services at prices low enough that nearly everyone can afford them	Developing, producing, marketing, and delivering affordable goods and services with enough variety and customisation that nearly everyone finds exactly what they want	Price points increase Limited customization Greater profit Minimal disruption to production cycle
<b>Key Features</b>	Stable demand Large, homogeneous markets Low-cost, consistent quality, standardised goods and services Long product development cycles	Fragmented demand Heterogeneous niches Low-cost, high quality, customised goods and services Short product development cycles Short product life cycles	Stable demand Low-cost High return Short product development cycles Long product lifecycles

## **The Loss of Innovation at the Expense of Financial Gain**

It could be argued that when Mario Prada first opened his store in Milan he was an innovator, perhaps not in his personal making of products, but in the way he commissioned and or bought items to re-sell. Although Prada's approach to supplying products to the social elite was different from that of Louis Vuitton who was himself a master craftsman, he did appreciate the needs of his customers. As the focus of Prada has changed over the past twenty years to fashion clothing and related products (including leather goods, accessories, beauty products and gifts) the need or want to innovate has diminished. Prada undoubtedly leads fashion trends, but they are not first adopters of innovative approaches to product development. This is evident in the customisation offer where, as discussed, the offer for sale of standard products with slight embellishment appears to be an add-on to the existing product range. When compared to Nike and Levis, Prada's offer is minimal. One could conclude that the Prada customisation offer has been introduced to align themselves with their competitors like Louis Vuitton. Therefore, it could be argued there is minimal investment required to implement the production of these products. In an anonymous article entitled, *Finding the Luxury in Mass Customisation*, the Business of Fashion website suggests that 'the rise of a new mode of production called mass customisation promises to restore individuality to the product design process.' The article does go on to state that 'these brands offer only light aesthetic customisation.' (Business of Fashion, 2011) Companies like Prada and Louis Vuitton who currently offer the customisation service still simply provide a product with variations on a theme. It could therefore be attested that mass customisation goes against the grain of exclusivity and indeed what luxury represents. What is still unclear is how their offer really addresses the true notion of customisation. There may be a select number of options to choose from, but they are still the same branded product. The customer is therefore still left with a very distinct branded product that carries the logo of the provider.

Customisation of products as offered by, for example Tanner Krolle and RBJ Simpson are quite different in that there is no distinct logo on display and the customer is able to discuss, with the craftsman, the detail of their specific requirements before the product is customised to suit their wants and needs. Business of Fashion acknowledges the role of the craftsman and their relationship with their client. There is the suggestion of 'an ongoing connection between the customer and the retailer that becomes smarter as the two interact with each other, collaborating to meet the consumer's needs over time.'

(Business of Fashion, 2011) It is not clear from the article how this is done. However, they go on to claim that 'luxury is not just about perfectly serving the needs of the client.' (Business of Fashion, 2011) This statement is questionable, as I believe that the customer's needs must be at the forefront of the mind of the craftsman.

The customisation tools that luxury brands offer are simple and straightforward and maintain the brand position. Crucial to the notion of luxury brand mass customisation is that the customer still wants their product to be recognised as belonging to a specific brand. Luxury, as opposed to a luxury brand is concerned with satisfying the customer in a very specific way. This could include direct contact with the maker where decisions about the product, including detailed discussions about process, materials and craft skills are openly discussed and disseminated to the end user. It could therefore be argued that contact with the maker is crucial to maintaining the luxury ethos, something that a luxury brand, despite extending their product offer to include superficially customised products, such as, Prada is not really able to do.

### **Case Study Three: Tanner Krolle**

#### **Introduction**

This case study builds on the previous studies of Louis Vuitton and Prada where distinctions between manufacture, innovation and the needs of the customer have been explored. The organisational structures of the three companies trading today will be compared and consideration will also be given to production methods, mass consumption and servicing the needs of a global consumer economy.

This case study sets out to examine the commercial strategies of Frederick Krolle who founded his leather workshop near St Paul's cathedral in London in 1856. As with those of Prada and Louis Vuitton, this case study, will consider three areas of discussion: construction and manufacturing, materials and addressing the needs of their clients. These areas will be explored in both historical and contemporary contexts and will include the role Tanner Krolle has played in retaining the original aims laid out by Frederick Krolle himself when he started the company, including the degree to which the levels of craftsmanship determined by him have been maintained. This includes focusing on the handcrafted nature of each product made to address the needs of his individual customers.

I suggest that Tanner Krolle, unlike Prada and Louis Vuitton, has been instrumental in retaining an element of exclusivity and luxury that lay at the heart of his original intentions when he set up his company. The differences between Tanner Krolle, Prada and Louis Vuitton, for example, are clear in that the size of each of these companies defines them in particular ways. Prada and Louis Vuitton manufacture goods in order to satisfy a global market, thus mass producing products to supply their retail outlets around the world. Tanner Krolle, on the other hand, has one store in London and supplies two others, Fortnum and Mason and Harrods. Tanner Krolle's production of goods is limited thus maintaining the notion of exclusivity as the goods are only available in limited quantity.

Unlike Prada and Louis Vuitton, and according to the Chief Operating Officer, John O'Sullivan, Tanner Krolle have not, and do not intend extending their product offer. He suggests that 'they have not attempted to move away from their core business and continue to adhere to a strict business model catering to a niche clientele through very select retail outlets, bespoke, customised and personalised product.' (O'Sullivan, 2011) They do not, unlike Prada and Louis Vuitton, cater to a fast moving global fashion market. Prada concentrate on fast moving fashion items produced both seasonally and throughout the year supplying products to their own stores, concessions in a variety of retail outlets that include department stores, airport shopping malls, discount outlet stores and retailers who purchase their products for re-sale. Although Louis Vuitton own all their retail outlets, they too have moved away from solely producing handbags and luggage to producing fashion collections and various goods that include jewellery, city guides and gift items as part of their product diversification initiative. These items are again mass produced and sold globally.

Analogous to the previous case studies, this study also addresses the changing landscape of luxury products, ranging from luxury, understood during the 17<sup>th</sup> century as goods and services catering to the needs of the customer, to contemporary luxury brands where the focus is on mass production and mass consumption. This case study specifically addresses Tanner Krolle and will take as its prime point of reference the original motive of Frederick Krolle since the company was founded in 1856. It will also illustrate the distinction between a manufacturer of luxury goods and luxury brand retailers. The research conducted has been predominantly primary as most of the Tanner Krolle archives were destroyed during the Second World War. Interviews have

been conducted with the current Chief Executive Officer, John O'Sullivan, Robert Simpson who is married to Frederick Krolle's great granddaughter and the master craftsmen at Tanner Krolle's London workshop. I have also been given access to the limited archives of Harrods and Asprey who were two of the retailers that first commissioned Krolle's work for their stores in the early 1900's.

In the course of the analysis, a distinction is to be made between a time, specifically the early 19<sup>th</sup> century, when customisation and customer needs were the focus of Frederick Krolle's business and how it has maintained that focus today. The difference between Tanner Krolle, Prada and Louis Vuitton is that Prada and Louis Vuitton have introduced fashion collections, specifically clothing and accessories that cater to an ever changing fashion-led market. As I have already stated, both Prada and Louis Vuitton have shifted the focus of their businesses to a model that serves to satisfy a capricious market that is fashion-led implying that seasonal change influences purchasing habits which in turn increases the consumption of goods. As determined in the previous case studies, both Prada and Louis Vuitton have increased their production of goods in order to increase and satisfy global demand. The increase of the consumption of fashion goods leads to an increase in sales. This has been the case with Prada and Louis Vuitton where their financial gain is evident through their year-end financial results. This case study aims to clarify the continued approach of Tanner Krolle to maintain the exclusivity of their products as a means of satisfying their existing client base through adhering to the notion of exclusivity and luxury defined by the limited production of their products.

### **Tanner Krolle – A Short History, The Company and the Original Idea**

According to the Tanner Krolle 'handbook' (Tanner Krolle, 2011), Frederick Krolle was a second generation master saddler who opened his first workshop near St Paul's Cathedral in London in 1856. 'He foresaw that the advent of steamships and railways would fuel the elegant traveller's needs for handcrafted luggage and he sought to serve that market.' (Tanner Krolle, 2011) Krolle's workshop 'began by famously crafting the portmanteau, a solid hand-stitched dresser case made of heavy bridle leather that would become a hallmark of wealth and respectability and a fitting companion for the Grand Tour.' (Tanner Krolle, 2011) What is clear from the Tanner Krolle archives, the interviews I conducted with John O'Sullivan, Robert Simpson and one of the workshop craftsman is that Frederick Krolle set out to make luggage that was made to order for

his affluent clients. O'Sullivan notes that 'Frederick Krolle moved to London from Germany in 1856 with the aim to cater to customers who were travellers, touring Europe and wanting luggage that was made for them addressing their needs.' (O'Sullivan, 2012) The focus of what Krolle made, is explained in a current historical overview of the company published to coincide with the opening of their shop in Shepherd's Market in London, was the portmanteau, 'a solid hand-stitched dresser case made of heavy bridle leather that would become a hallmark of wealth and respectability.' (Tanner Krolle, 2011) Krolle worked from a small workshop producing hand-crafted lid over body suitcases using what they purported to be the finest leathers from the best British tanneries. The majority of what Krolle produced was made to order although, as with Louis Vuitton, a small amount of stock items were available for sale in store. The customer base was and still is, according to O'Sullivan, predominantly 'the cream of London society; royalty, aristocrats, foreign leaders, bankers and businessmen from around the world.' (Tanner Krolle, 2011) Due to confidentiality, O'Sullivan was reluctant to provide details of their client base, but there is evidence to suggest that customers included The Princess of Wales and Jacqueline Onassis and more recently Daphne Guinness and the Saudi royal family.

What is evident from the research conducted is that Krolle felt it important to 'keep pace with the changes in 20<sup>th</sup> century travel and the early days of motoring.' (Tanner Krolle, 2011) As the needs of his discerning, socially elite customer altered due to the changing nature of their modes of transport, Krolle introduced new products that better reflected the times he was working in. Simpson says that during the 1920's picnic baskets with small primus stoves that could be put in the back of the motorcar were very popular. Krolle addressed the varying needs of his customers by developing suitcases and smaller attaché cases that were lightweight and better suited to 'modern' travel. 'Krolle also capitalised on a market that could today be considered as one that is defined through heritage by supplying elite newlyweds with their suites of personalised suitcases.' (Simpson, 2012) Simpson maintains that their luggage is still passed down from generation to generation. The tradition of heritage remains today. Tanner Krolle continues to supply products to families that remain traditionally loyal to the company.

As the company's reputation grew Krolle forged relationships with two of the most prestigious stores in London namely, Harrods and Asprey. These relationships were important as they further established Tanner Krolle as one of the finest manufacturers of luggage in England. Krolle produced luggage, business pieces and jewel boxes for

Harrods and was commissioned by Asprey to produce exceptional pieces for their customers. The relationship with Harrods continues today. Tanner Krolle's products continue to be understated, in that they no longer advertise, and although they do have a clearly distinguishable logo it is not used to brand their products. This is in contrast to the branding strategies employed by both Prada and Louis Vuitton who have very clear branding guidelines. They use their logos to add value to their products through creating an aspirational product associated with the brand values of their companies and the desire of their customers to be seen to be fashionable. See figure 88 for examples of the Prada, Louis Vuitton and Tanner Krolle logos.



Figure 88. Prada, Louis Vuitton and Tanner Krolle logos.

Rather, Tanner Krolle focus on reworking their contemporary collections in line with their archive and do not produce seasonal offerings associated with fashion trends – this is one of the distinguishable differences between a fashion led luxury brand and a purveyor of luxury goods.

### Tanner Krolle Today – 1992 – 2012

Chanel, according to Simpson, bought Tanner Krolle in 1990 with the intention of turning it into a global retail brand. The relationship with Chanel was to last ten years during which they spent in excess of £3 million on an advertising campaign created by the agency Leagas Delaney. (fig. 89)



Figure 89. Leagas Delaney Advertising Campaign for Tanner Krolle. 1998.

Simpson acknowledges the impact of what he describes as the 'x-ray photographs of various bags' saying that the company was able to continue with fairly good sales on the back of the campaign, but states that once the advertising stopped the sales began to diminish. Under the ownership of Chanel, a Tanner Krolle flagship store was first opened on Bond Street in London with the intention of opening more stores around the world. A continued drive to open retail outlets is a common occurrence with global luxury brand conglomerates as is evident with Prada and Louis Vuitton. Although John O'Sullivan concedes that Tanner Krolle is a brand, he goes on to claim that 'their customers are more educated and want individualism and something that is an expression of their own values and that they are not looking for brand endorsement.' (O'Sullivan, 2011) He goes on to assert that their customers are looking for something that has enduring quality, that has heritage which is understated, but has the same values and qualities that they expect from a luxury product. There is a distinction to be made here between Prada and Louis Vuitton where individualism is not possible unless you are buying into the very top end of the product range. Unlike Prada and Louis Vuitton, the top end of the product range is far beyond the reach of the 'average' customer who purchase from their stores around the world and on-line. Without wanting to go into the detail about the definitions of the customer demographic, the 'average' customer is considered to be one that has limited disposable income, but has aspirations to buy into a luxury brand to fulfil their ambitions of both being fashionable as well as appearing to be fashionable. This is in direct contrast to the Tanner Krolle customer who, according to O'Sullivan, has no ambitions to be fashionable. The retail outlets not only increase, but also satisfy the demand for fast moving fashion goods that change each season. Both Prada and Louis Vuitton have appropriated a fashionable image in order to increase sales.

The retail model that Tanner Krolle have adopted is much more discreet than those of Prada and Louis Vuitton. The shopping environment is described by John O'Sullivan as being private and discreet, catering to a customer who is very sensitive to being seen to consume. It is difficult to ascertain whether this is in fact the corporate view or in fact the view of the client as I was not given access to clients to be able to get their personal views. When asked whether exclusivity and luxury go hand in hand O'Sullivan comments 'absolutely and that in (what he termed as) true luxury, like couture and bespoke there is definitely a no speak policy where we do not speak about our clients as it could have a negative impact to talk about things that we have done for a certain customer.' (O'Sullivan, 2012) This negative impact could be the loss of a loyal

customer as, according to O'Sullivan, their purchasing decisions are not based on public displays of consumption. Defining 'public' in this context is the customer who makes a purchase of a highly recognisable product bearing a well known logo attributed to a luxury brand. As with all brand logos, the customer irrespective of their social status would be able to recognise a product as long as they were part of that purchasing demographic. A Tanner Krolle customer would be able to recognise a Tanner Krolle product just as a Louis Vuitton customer would recognise a Louis Vuitton product – although the Tanner Krolle product is not as widely recognised. O'Sullivan considers his customers to be connoisseurs and that the Tanner Krolle customer has turned away from the 'predictable offer' of the luxury brand retail outlets like Harrods and Selfridges, both of whom sell Prada and Louis Vuitton. With reference to the 'predictable offer' this could be interpreted as one where the retailer mimics the shopping environment in multiple shopping destinations. These shopping destinations could be anywhere in the world, but are intrinsically the same. Many of the luxury brands are easily recognisable wherever they are in the world. The shop fronts, the interiors and the positioning in shopping destinations are all the same. These shopping destinations could be up-market or fashionable shopping streets in all the major cities of the world. The Tanner Krolle distribution channel includes private sales and events in key markets around the world. This kind of selling is geared either towards customers who have been buying Tanner Krolle products for many years, or new customers who have either read about or heard about the company through word of mouth. This type of selling happens twice a year and is called a 'trunk show' because of the way the company travels with their goods - in a trunk. In the case of Tanner Krolle, the trunk is custom made to fit a selection of their products. This particular trunk is used solely to display products to potential clients and it could also be a useful example of how a trunk may be customised.

In 2000, Tanner Krolle was sold by Chanel to a private equity group based in the United Kingdom. This event is curiously undocumented and as a result it has been difficult to find any information about either the acquisition of Tanner Krolle by Chanel or the sale to the private equity group. Robert Simpson is clear about the sale. He suggests that Chanel sold 'the brand name to Rupert Hambro and Partners and they sold the factory to Dunhill who wanted a manufacturing base to produce bridle leather items.' (Simpson, 2012) The sale divided the company into two separate entities; Tanner Krolle the retailer and R B J Simpson the manufacturer. Simpson goes on to state that when he set up his company he re-employed the Tanner Krolle craftsmen

and acquired the Tanner Krolle patterns and knowledge required to continue to produce goods under the Tanner Krolle label. This could be seen to be a turning point in the company's history, where, rather than trying to increase its global presence, it has reverted to the original intentions of its founder focusing on limited manufacture of luxury product and goods made specifically for their loyal customer base. One other reason for Chanel selling the company, and again, this information is not readily available, could be that Tanner Krolle was not in a position to be marketed globally due to the name not being widely recognised. Simpson explains that Chanel 'brought in someone to run the company who wanted to expand the product offer into more fashionable areas and that they threw a lot of money at handbags and advertising, but it did not work.' (Simpson, 2012) Simpson also maintains that running a company like Tanner Krolle needs 'quirky eccentrics' like himself who understand the intricacies of running a small business. He goes on to explain that no matter how good the professional managers of large corporations are their motivation is not the same and that is it quite common for smaller companies bought out to fail as corporate management do not understand the business. In addition, it could also be the case that Chanel did not want to invest the large amount of capital as it deemed the expansion too risky. This information is also not readily available and neither Tanner Krolle nor Chanel wished to discuss the detail of the acquisition and consequent sale with me. On the other hand, one could view the re-sale of Tanner Krolle to a private equity company in the United Kingdom as positive due in part to the company remaining British owned in contrast to being owned by an international consortium looking to impart their methods of working on the company. Another positive view could be that not being widely recognised means that the company is able to maintain the small workshop in London producing limited product runs, thus maintaining exclusivity. In addition, with the distinct operations, that of R B J Simpson and Tanner Krolle, it allows the manufacturer to expand its reach, thus producing products for other retailers, including Ralph Lauren and William and Son. (fig. 90)



**Figure 90. R B J Simpson IPAD cover for William and Son. Conker hide with magnetic flap. £375.00. 2013.**

The possible negative aspect of this in terms of financial benefits to Tanner Krolle is that without expanding to cater to a global market the income revenue is limited, thus inhibiting growth. O'Sullivan says that it is important to build global awareness even if they are not opening new stores, but says that the growth of the business is restricted due to a lack of capital that is being invested in it. My research uncovered limited financial detail and O'Sullivan was not inclined to disclose any of this information to me. However, I did discover through a personal profile of William Angus on Linked-In that Tanner Krolle became insolvent in 2008. Further searches through the Companies House database in England shows that the company was dissolved twice, once on May 7<sup>th</sup> 2009 and again on November 22<sup>nd</sup> 2011. Again, trying to find information on how and why this happened has proved to be difficult. All O'Sullivan was prepared to admit was that 'if the capital is not there and investors do not necessarily want to expand or put the money in then you are managing a small business with fabulous customers and beautiful products and projects.' (O'Sullivan, 2012) This mode of operation could be seen to be similar to those of the 18<sup>th</sup> century where specialist, niche production was at the heart of a purveyor of luxury goods. Simpson explains that it was, and is common practice for specialist craftsmen to produce goods not only for themselves but also other retailers under their own label. As already mentioned, Tanner Krolle in the past, produced goods for Asprey, Harrods and Fortnum and Mason and continue this relationship with other retailers around the world. The focus here remains on small batch production and custom made products and developing a

one on one relationship with the customer be it a single customer or retailer. Simpson states that what is almost unique is their ability to produce small production runs for other retailers who are looking for ten of an item as opposed to hundreds.

O'Sullivan goes on to suggest that the importance of this is to know the customer and understand their needs. He says that their business is not a 'cash and wrap business' like the major luxury brands. It is this that sets them apart. O'Sullivan says that there is a lot of theatre behind the luxury brands, whereas Tanner Krolle 'like their products to be the hero, not necessarily too much glitz and theatre.' (O'Sullivan, 2011) In what appears to be a guarded response to my question relating to the acquisition of Tanner Krolle by Chanel and the later sale to a private equity company, O'Sullivan like Simpson asserts that he 'thinks there have been other people placed in certain positions with expectancy to deliver huge growth and returns in a small period of time, and the preservation of what the brand means, or the longevity of the brand has not really been guarded. So you have brands that perhaps have had a similar heritage to us, but someone buys them and says 'okay, in five years I want this to be worth this amount of money', which is an enormous amount of money and this point of view sometimes creates losses.' (O'Sullivan, 2012) The acquisition of smaller, traditional purveyors of luxury products like Tanner Krolle is commonplace amongst conglomerates. Louis Vuitton Moët Hennessey group have, for example, over the years acquired smaller companies, such as, Berluti, a traditional French cobbler run by Olga Berluti, the niece of the founder. Berluti currently have twenty two stores around the world and under the ownership of the LVMH group continue to grow. This will be discussed in more detail.

Reverting back to Tanner Krolle and O'Sullivan's comments relating to what could be interpreted as the ambitions of Chanel to implement huge growth; these ambitions are not always realised. O'Sullivan goes on to state that 'we are in a saturated market today as it is, so what you are doing is fighting for space in department stores.' (O'Sullivan, 2012) This is evident where on inspection, all of the department stores around the world that focus on the top end of the market seldom offer for sale items that are not globally recognised. In the designer sections, little space is given to brands that are not able to attract the customer or who do not have the selling power. This is especially the case with brands that cannot fulfil the requirements of sales per square metre where all sales calculations are made on the amount of space a brand takes and the financial return it generates. The positioning and size of a luxury brand concession

in a department store is often an indicator of its importance and ability to generate substantial sales and profits. According to an industry source who does not wish to be named, in 2011, Chanel opened their concession on the ground floor of Harrods and in the first week took over £1 million. Furthermore it would be expected that a luxury brand concession in a department store turnover in excess of 60% of the cost of their floor space when compared to a high street fashion label. Luxury brands typically pay around 20% to 30% of turnover to a department store for the rental of their concession space. That Chanel may not have been able to turn Tanner Krolle into a global luxury brand, for whatever reason that is not forthcoming, is one that has according to O'Sullivan, allowed them to remain true to their roots. The story that the company follows is simply about maintaining exclusivity and that it could be seen to be counterproductive for the products to be on display and obviously represented in a department store.

Tanner Krolle no longer advertise nor do they use celebrity endorsement to promote their products. This is in contrast to the advertising and promotional activities of both Prada and Louis Vuitton. Both companies spend hundreds of millions of dollars each year to promote their various products. O'Sullivan claims that his prime concern is customer care and the legacy of the 154 years of Tanner Krolle. He goes on to suggest that nurturing the customer and promoting the heritage to the customer with an extremely high level of service is more important than advertising. In addition, he adds that word of mouth and recommendation is more important than taking out advertising. It may well be the case that word of mouth recommendations and the promotion of the company's heritage and high levels of service is of tantamount importance to O'Sullivan. However, advertising it could be said, is not by any means a replacement of these modes of communicating the values of the company. Advertising may not always generate sales, but it does promote a company, its products and services. It may be that Tanner Krolle simply does not have an advertising budget.

Tanner Krolle, again unlike Prada and Louis Vuitton, remains an independent company and continues to produce limited products, all focusing on the core business which is leather goods that are used for travel and business. This approach is communicated on their website and in a specially commissioned book titled *Private Property Since 1856*. The company communicates the intricacies of manufacture through the book and on their website. Unlike both Prada and Louis Vuitton, Tanner Krolle invites all customers to visit the workshop and view their archives. There is clear visual and first hand

communication of the manufacturing process. This gives the customer an insight and access to the makers and could be said to be fundamental to the luxury experience. As previously stated, access to the makers is one way that a purveyor of luxury goods is able to maintain contact with their clients and physically illustrate the way in which an item is made. This approach does not seek to imply that the product is handcrafted it states it. The visual narrative is clear in its intention and is easily transferred to a reality. This is in contrast to the example given in the Louis Vuitton case study where they published an advertisement that suggested that their products were handmade when in fact they are not.

### **Production Methods**

Tanner Krolle continue to make goods in a small workshop in London, but also commission a specialist family run company in Florence, Italy to produce the hardware by hand. The hardware could include buckles, zips and locks. None of the production is carried out outside of Europe. The London workshop employs twelve craftsmen who embark on a six year training scheme. Simpson explains that many of the craftsmen who have joined his company come from Capel Manor, a school specialising in saddlery and hand stitching. He emphasises the importance of ‘the older generation of craftsmen passing on their skills and that ‘it is usually the older, more experienced members of the team showing the newcomers how things are done as well as understanding the eccentricities of the tools and being able to get them to do what it is that needs doing.’ (Simpson, 2012) He makes an interesting point that the younger generation of craftsmen often rely on notes or the memories of the older craftsmen to know how something was done. In some instances the instruction can only be passed on by word of mouth and or verbal and physical explanation. Simpson elucidates that it may take at least a couple of years before someone is confident to make an entire piece and that is all depending on their skills – ‘assuming they have the skill to produce beautiful things as it is all in the finish, and the finish is what makes all the difference.’ (Simpson, 2012) All of the craftsmen have the knowledge and skill to produce all products from start to finish, but as O’Sullivan stresses and he concurs with Simpson, some of them are better or more suited to a specific discipline like for example cutting or stitching. Depending on the skill of each of the craftsmen, they are allocated work accordingly. Although this model of production is not unique and is employed by both Prada and Louis Vuitton. As Tanner Krolle has a much smaller production facility they are able to produce all their goods in this way; at the top end of their production for

bespoke and or custom made products. If one is to consider the production methods of the three companies it is evident that as all Tanner Krolle products are produced by highly skilled craftsmen and are not mass produced, the goods remain exclusive due to the limited number of products made.

There is a distinct difference here between the strategies of sellers of a luxury brand and purveyors of luxury goods. The distinction can be explained in the following way. With luxury brands there is little autonomy involved in producing their goods and customisation is only used to mask mass production. In the case of purveyors of luxury goods the work is frequently handcrafted and individualised, sometimes highly limited as with Tanner Krolle where the product can be traced to the craftsman. In addition, what is evident is that purchasing one of ten limited edition *1950 Sportsman* (fig. 91) bags from Tanner Krolle priced at £2,500.00 and made from leather produced in the 1950's enhances the element of luxury as the product is truly exclusive. This is partly as a result of the limited availability of the leather, the leather having been left, forgotten about, in a store room, having aged and developed a patina over over the sixty odd years it had been left. Fortunately for them, Tanner Krolle were the only company to have access to these superb skins. This is in contrast to the Louis Vuitton *Messenger Voyage Waterproof* (fig. 92) bag where the materials are mass produced, the bag is mass produced and is priced at £2,020.00 and sold worldwide.



**Figure 91. Tanner Krolle *1950 Sportsman*. Bulgaro farmed leather, vegetable tanned oiled leather. Interior includes adjustable laptop / paperwork pocket, 3 other pockets. Customers able to request their own choice of materials and internal configuration. 32 x 53 x 25.5 cm. £2,500.00. 2013.**



**Figure 92. Louis Vuitton *Messenger Voyage Waterproof*. Lightweight Monogram canvas, totally waterproof when closed, Louis Vuitton Inventeur plate, adjustable shoulder strap, rubber side patches, 2 waterproof zipped exterior pockets, D-ring for keys and accessories. 40 x 33 x 72 cm. £2,150.00. 2013.**

There is no attempt by Tanner Krolle to implement a production line as used by Prada and Louis Vuitton to increase production in order to satisfy global markets. There is also no attempt to hire a celebrity designer to add kudos and or an element of fashionability to the Krolle name as Louis Vuitton has done with Marc Jacobs, nor is the designer of the products well known as is the case with Prada where Miuccia Prada is the figurehead. The manufacturing process is slow and can take up to six weeks to produce one bag. Another important factor to consider is the acquisition of the leather and hardware that is used to produce the products.

Some of the limited edition products, for example, the *1950 Sportsman* bag are only produced in limited numbers due to the availability of the raw materials. These materials may, as I have already said, be old and forgotten only to be discovered when a customer starts looking through old stock. The leather is sourced from select tanneries in Europe. Line Apelle, the global leather market is a trade fair held in Bologna, Italy, where suppliers and manufacturers meet twice a year to sell and buy leather products. This seasonal showcase is predominantly fashion focused. O'Sullivan explains that instead of being offered the seasonal leathers that are shown to all potential customers in the market place, he is in a unique position to acquire small batches of skins due to the size of the company. He goes on to explain that he is not interested in fashion colours or trends and is in a position to request to see vintage leathers that are limited in number and made available only for Tanner Krolle.

## Mass Production

Although an element of skill is needed to make a mass produced product, be it Prada or Louis Vuitton, the skill is purely mechanical. The Tanner Krolle workshop based in London makes the products from start to finish. Simpson states that their products are not made by machine and that the craftsmen, once confident in their skills, can make a range of products from concept to completion. However, there are occasions where somebody else will cut the job depending on how many pieces need making. (fig. 93) He goes on to explain that ‘an individual craftsman prefers to do the job all the way through; one of the exceptions to that is probably the hand stitching, as they have specialist hand stitchers.’ (Simpson, 2012) He continues by saying that ‘although a lot of the items we make are cut by hand, we have obviously got cutting tools, whereas Louis Vuitton for example the process will all be mechanised. They will have beam presses on their canvas items. (fig. 94) Canvas will be rolled straight into the press and they can chop maybe a hundred bags per hour and then the components will be sent off to the production line.’ (Simpson, 2012)



Figure 93. Beam Press used for mass production cutting.



**Figure 94. Tanner Krolle traditional cutting technique.**

Where Louis Vuitton is concerned, the maker may be skilled in what could be defined as production line manufacturing. Simpson suggests that Louis Vuitton may employ 'the old U – Shaped production line system where a group of people just do one or two operations and pass it on. They would have to do it that way to get the volume'. He goes on to assert that 'if you have the volumes a lot more is automated' and gives the following example 'if you take belt manufacturing, there are machines where you can load a belt, it will machine around to the point, turn it, cut it and then machine it back again. The whole process is mechanised so there is little need for human input. You could get one person overseeing two machines which probably means that they will be able to produce 500 belts in a day.' (Simpson, 2012) The traditional notion of handmade is not applied to the manufacturing process as before. Referring back to Okonkwo and her book, *Luxury Fashion Branding*, she declares that 'it is interesting to note that the majority of the successful luxury brands of today were started by skilled artisans and craftsmen who produced made-to-fit goods mainly by hand' and that this process is 'time consuming, expensive and labour intensive.' (Okonkwo, 2007: p.248) She goes on to suggest that as manufacturing techniques have developed the luxury brand companies have employed 'the use of machines that produced more goods at less cost without compromising the product qualities and styles.' (Okonkwo, 2007: p.248) What is lacking is the evidence to suggest that quality is not compromised.

There is no question that production line manufacturing processes have the ability to produce superior quality products, however, production lines are more inclined to produce a number of items that do not pass quality control and are therefore not deemed fit for sale. Inevitably the products that do not pass quality control are either destroyed or sold as rejects. This information is not released to the public and is a guarded secret, thus maintaining the 'aura' of perfection of the luxury brand. Tanner Krolle maintains the workshop production methods to produce their goods and it is evident from the research I have conducted that there are no issues with quality control due to the size of the workshop and skills of the craftsmen.

Today, Tanner Krolle has one stand-alone workshop in London producing bags, small leather goods and bespoke and custom made items for sale in their London store and for Harrods and Fortnum and Mason (in London). Interestingly, and according to Simpson, in the early 1900's Tanner Krolle produced merchandise for Harrods, Fortnum and Mason and Asprey under their own labels something that was common practice amongst many artisans at that time. Today, O'Sullivan maintains that keeping strict control over the production allows the company to maintain the high standards of quality ensuring the final product satisfies the demands of their customer as well as those of the craftsmen.

The substantial differences between the ways in which Tanner Krolle works, compared to that of Prada and Louis Vuitton, is down to size. Not only the size of the market, but also, importantly, the size of the company and the number of products that each company produces each season in order to maintain stock levels for each of their stores. Where Prada and Louis Vuitton are global concerns, Prada has two hundred and fifty stores and Louis Vuitton has four hundred and sixty stores compared to one stand-alone store for Tanner Krolle. Tanner Krolle has seven product categories that include business, luggage, men's bags, handbags, accessories, bespoke and custom made. This is in complete contrast to that of Prada and Louis Vuitton who simplify their product categories into easily understandable categories. With Prada the offer is narrowed down to three, men, women and children. However, within each of these categories there are hundreds of variations of product that change with each season. The same applies to Louis Vuitton as is shown in my previous case studies. The product offer could include clothing for men, women, children, pets, accessories, footwear, jewellery, homeware, watches, travel goods and toys.

As with both purveyors of luxury goods and luxury brands their products are categorised according to their use. Common descriptors used to describe handbags include totes, shoulder bags, clutches, cross body bags and top handles. Within the handbags product offer, Tanner Krolle produce two types of bag, the shoulder bag and the tote. Each bag within each category is offered in a maximum of four colours and in some instances limited to a production run of ten or five, or even bespoke according to Tanner Krolle's website. In the shoulder bag category there are four styles, one of which is limited to a production run of five. According to John O'Sullivan, Tanner Krolle produce a maximum of 100 units per style per colour. If one were to take the three styles and colour ways where 100 units are produced Tanner Krolle would make a total of 500 units in the one bag category.

To place this in context, and as with the detailed case studies of Prada and Louis Vuitton which place themselves in the same luxury market as Tanner Krolle, the differences between the production runs are clear. It is important to revisit the number of goods that are produced by a luxury brand to compare the scales of production. As I have already stated, in Prada's shoulder bags and tote range, for example, there are roughly 95 style options that are available in a variety of fabrication and colours. In the shoulder bag category, there are 29 bags offered in a variety of materials ranging from leather to nylon. In this category alone, there are 81 colour options; in the totes category there are 66 bags offered, again in a variety of materials including calfskin, deerskin, ostrich and snakeskin. In this category there are 251 colour options. If each of the two hundred and fifty stores were to order one bag of each style in one colour way, Prada would need to produce 782,192 bags. This is the equivalent of 16,295 bags a week over 48 working weeks per annum.

A similar pattern emerges when reviewing the same product category for Louis Vuitton. As previously stated, in the shoulder bag and totes category, there are roughly 288 style options. If each of the four hundred and sixty outlets were to order one bag of each style in one colour way, Louis Vuitton would need to produce 132,480 bags. This is the equivalent of 2,760 bags a week over 48 working weeks per annum. By implication, both Prada and Louis Vuitton today market their products as exclusive and luxurious. However, evidence suggests that this is far from the reality. The contemporary production line where large numbers of products are manufactured is in direct contrast to the original intentions of both Mario Prada and Louis Vuitton when they opened their original businesses as purveyors of luxury goods. If consideration is

given to the notion of exclusivity where something is limited in production and or availability, the mass produced product offer from luxury brands could be considered far from exclusive.

### **Perceptions – Presenting Luxury through an Image or First Hand**

As already stated, Tanner Krolle do not advertise. This is in complete contrast to the conglomerates that own many of the luxury brands. Advertising sets the tone of how a company wishes to be portrayed. The question that is raised is why do Tanner Krolle no longer choose to advertise when their competitors at the top end of the market do? Global luxury brand retailers need to understand the customer in order to encourage them to buy their products as sales are not guaranteed. Okonkwo suggests that ‘the competitive environment of luxury goods is also increasingly rife, making the quest of attracting and retaining the consumer’s interest and loyalty more challenging.’ (Okonkwo, 2007: p.60) She divides the consumers into two groups, the traditional luxury consumer who still reveres established brands, like Hermès and Dior and the new luxury consumer who are ‘no longer lured by only brand names, but also cherish a complete package of products and services that offer solid value through innovation and an exceptional experience in every element of the brand.’ (Okonkwo, 2007: p.60) She goes on to state that these new luxury consumers ‘know exactly what they want and are not fooled by pseudo-luxury offerings.’ (Okonkwo, 2007: p.60) The differences are clear, but Okonkwo does not differentiate between brands, nor does she give examples of a luxury brand that would be purchased by the new luxury consumer. Hermès and Dior could be seen to be similar to Prada and Louis Vuitton, as they are both global entities mass producing product to satisfy a global market. However, Hermès do not produce the quantities of product that both Prada and Louis Vuitton do. If one were to consider the luxury consumer as one that purchases at the top end of the market and the new luxury consumer as one that purchases luxury branded goods, a distinction could be made to clearly define their purchasing habits.

Purveyors of traditional luxury do not advertise, whereas new luxury brands do and do so extensively to increase their market presence with the explicit intention of increasing sales. We could therefore place Tanner Krolle customers in the traditional luxury group and those who purchase Prada and Louis Vuitton in the new luxury group. Okonkwo further confuses the situation by quoting an article and advertisement from an October 2005 edition of *Businessweek* titled ‘The Benefits of Selling to Sheep’ in which she

says that the advertisement for the software company Siebel 'proceeded on a cautionary note to highlight that companies should desist from treating customers like sheep' in which she says that 'the lesson of the advert is simply that consumers are not sheep and should not be treated as sheep by companies, including luxury brands.' (Okonkwo, 2007: p.60) Okonkwo is not convincing in that she is opposed to the notion of treating consumers like sheep and attempts to justify this by saying that 'the days are long gone when luxury consumers exhibited the characteristics of sheep through unbending single-brand loyalty.' (Okonkwo, 2007: p.61) However, it is clear from advertising campaigns produced by both Prada and Louis Vuitton that there are clear attempts by both to try to instil an aspired notion of lifestyle attributed to each of them. Both brands use celebrities to endorse their products both through direct advertising and product placement. (fig. 95 and 96) The celebrities that are used to promote the products are clearly aligned with the targeted customer as well as their aspirations.



Some stars show you the way.  
Muhammad Ali and a rising star, Phoenix, Arizona.

Follow him on [www.instagram.com/muhammadali](https://www.instagram.com/muhammadali)

LOUIS VUITTON

**Figure 95. Mohammed Ali, *Journey* print advertising campaign for Louis Vuitton, 2012. Photographed by Annie Leibovitz.**



**Figure 96. Michael Pitt, print advertising campaign for Prada. Spring / Summer 2012. Photographed by David Sims.**

Advertising, as already explained in the Louis Vuitton case study, is a powerful medium that through the use of images portrays an aspirational lifestyle that is clearly related to the brand. Without this, customer loyalty would arguably be difficult to maintain. Luxury brands must adopt a campaign that induces the sheep like mentality in order to get the customer returning each season to purchase their products. Okonkwo has reduced the complex nature of consumption to one of flippancy. Through the use of the sheep analogy, Okonkwo disregards the systematic approach adopted by all luxury brands where marketing plays a crucial role in securing brand loyalty. One could even go as far as saying that the purchase extends the advertising through the presence of the publicly displayed luxury brand logo. Prada and Louis Vuitton products display their logos in a variety of ways. The size of the logo depends is dependent on the product and the target customer. Twitchel states that ‘a purse with *Prada* on the side in large letters would be considered “Prada”. *Very Prada* might have larger or smaller letters, but the items that are the *most Prada* would have no inscription.’ (Twitchell, 2002: p.93) Regardless of the size of the logo, its placement still acts as advertising code. There are those customers who know the social value of their purchase and depending on where they may wear their purchase sends a message of being fashionable. In any event, this mode of advertising, subtle or not is advertising all the same.

In the first six months of 2010, 'Louis Vuitton spent \$22 million on advertising.' (Finocchiaro, 2010) Information relating to how much Prada spent during the same period has proved difficult to uncover. What is interesting is that both Prada and Louis Vuitton have a visible global presence, whereas Tanner Krolle does not. It could be that as Tanner Krolle is significantly smaller in size they simply do not have the budget to advertise, or taking what O'Sullivan said, they simply choose not to advertise. He suggests that customers remain loyal and pass their knowledge on through family friends and peer groups. New customers may randomly find the website or the London store. They may also find the product in Harrods and or Fortnum and Mason. I am, however, of the opinion that Tanner Krolle do not have an advertising budget.

There is also a fine line between reality and how a company is represented in adverts. As we have seen, in 2010, the Advertising Standards Authority in England requested that Louis Vuitton remove an advert for misrepresenting the ways in which their products were made. Louis Vuitton 'featured a photograph of a woman stitching the handle of a handbag.' (Advertising Standards Authority, 2010) This was obviously far from reality. The power of the image where craftsmanship is implied does not truly represent the mode of manufacture. If Tanner Krolle were to advertise in this way, were their workroom were to be featured in an advertisement it would be closer to reality. Twitchel suggests that the French 'still construct our sense of opuluxe' or new luxury or in this context luxury brands, and that 'opuluxe is owned by the French' who have the ability to associate 'old luxury with tradition, elegance, pedigree and patina' and that 'the business of modern luxury goods, like most successful enterprises these days, is all about adding value to machine made products of the same inherent value'. He goes on to declare that the French have learned much more ... and nothing more important than how to sell the sizzle, not the steak'. This comment is in reference to the advertising strategies in place 'where the aura that surrounds 'luxury brands' now comes, not from the workshop, but from a different kind of machinery – marketing.' (Twitchell, 2002: p.124) Simpson's interpretation of marketing is interesting as he suggests that the mystique of the brand, as with Louis Vuitton, lies in simple recognisable elements of the product they produce. He explains that 'it is just the fact that having the straw coloured leather handle, which is nicely made, and the PVC canvas is instantly recognisable is what attracts the customer to the product' and that 'when people see you with it they have got a rough idea of how much you spent on it.' (Simpson, 2012) Marketing, in all its guises has, of course, become big business for all luxury brands. Whether it be someone carrying a particular product or be it featured in

print, on-line, on film, on billboards or through product placement, advertising plays a major part in encouraging potential customers to part with their money on fashion items each season.

### **Personalisation, Customisation and Bespoke – Marketing a Service to Add Value to a Product.**

As a result of what could be termed as a market that is saturated with luxury brands due in part to their global presence and continued growth it has become increasingly important to try to offer services that appear on the surface at least to offer something that is tailored to the individual. Increasingly, luxury brands have introduced services that imply that a product is made or tailored to a customer's needs. This could be something that is bespoke, made for the customer to their specifications or customised, where in the case of Prada and Louis Vuitton initials of the customer are painted, embroidered or applied onto an item. These services, however, do come at a cost. For example, the standard Louis Vuitton *Keepall 50* travelbag (fig. 97) without customisation costs £680.00 whereas the customised *Keepall 50* with 3 painted letters and stripes costs £920.00. (fig. 98)



**Figure 97. Louis Vuitton *Keepall 50* without *Mon Monogram*. 22 x 28.95 x 50 cm. Monogram canvas, brown canvas lining, natural cowhide trim, golden brass pieces, double zip closure, rounded leather handles, removable leather ID holder, padlock. £730.00. 2013.**



**Figure 98. Louis Vuitton *Keepall 50* with *Mon Monogram*. 22 x 28.95 x 50 cm. Monogram canvas, brown canvas lining, natural cowhide trim, golden brass pieces, double zip closure, rounded leather handles, removable leather ID holder, padlock. £980.00. 2013.**

The definition of the terms to describe customisation differ from company to company. Louis Vuitton describe their offer as *Mon Monogram*, a service that is limited to 3 initials and a 2 colour stripe. Interestingly, O’Sullivan has a very clear idea of how the words are used to describe a particular service. For example, where Prada and Louis Vuitton use the term ‘customisation’ to describe a method used to individualise a product, O’Sullivan describes this service as ‘personalisation’. He claims that where Prada and Louis Vuitton offer the customer the option of adding their initials to a product or making a slight change through an existing product offered for sale, this is personalisation and not customisation. He goes on to suggest that these offers have set the parameters of what can be ordered. O’Sullivan describes customisation as ‘working with the customer on their brief and show them the archive to see aesthetically where they want to go and what they want from their product.’ (O’Sullivan, 2012) He goes on to explain that ‘the customer chooses exactly what they like and then build on their brief.’ (O’Sullivan, 2012) Simpson agrees saying that although the item may be customised it is often based on something that has been made before and that ‘it is not really starting from scratch, it is not like commissioning a piece of art that really has not existed before’. He gave an example of a client who had a collection of Fabergé eggs and wanted a special case to put the eggs in as he was carrying them round wrapped in cotton wool in his attaché case. He explains the process; ‘we were given the size of the eggs and based the box on an existing jewellery box, but with special dividers and incorporated a handle on the front and quad hinges.’ (Simpson, 2012) Simpson goes on to clarify that even though the box was based on something that they had already made it was bespoke as it was vitally important for his client to have something in which to transport his Fabergé eggs. This type of personalised service is not available

from either Prada or Louis Vuitton as characterised on their websites, although a customer may be able to commission Louis Vuitton to do this type of work in their Paris workshops. Prada do not undertake commissions in the same way.

The various offers of 'creating' a Prada or Louis Vuitton product that has an element of personalisation is predominantly an on-line service, although with both companies the customer could elect to go into a store to purchase a bag from Louis Vuitton that has their initials painted onto the item. Inevitably, there is no contact with the person who will be undertaking the painting of the initials. This is arranged with the sales person, but this same service is not possible with Prada. However, they do offer *Made to Measure* suits that must be purchased in store. The *Lettering Project* (where the customer can choose their initials and have them applied to a selection of products) and the *Lace-Up Project* (allows the customer to customise their shoes), must be purchased on-line using the software on the e-store.

It is useful to distinguish between the services that Louis Vuitton, Prada and Tanner Krolle offer in order to understand the types of service and how the three companies interpret the notions of personalisation, customisation and bespoke. Tanner Krolle offer three services: customisation, personalisation and bespoke. The customisation offer is articulated as providing 'customisation of our core collection, offering personalised colours, linings and other finishes.' (Bespoke and Custom Made, 2012)

As I have already established, Tanner Krolle's customisation offer is one where the customer has the opportunity to select a product from their archive and make changes to it, these could include 'changing the lining, the colour, or other finishes.' (Tanner Krolle, 2012) O'Sullivan states that they 'offer the customer four options of lining colours, four different leathers, two different pieces of hardware and maybe adding a pocket if requested.' (O'Sullivan, 2012) He goes on to stress that although this is a service that is offered to all customers it is very difficult logistically as they have to go 'into a mini-production of one unit each time as the threads have to be changed on all the machines, the edge stain has to be changed, the leather has to be drummed with a minimum of ten skins.' (O'Sullivan, 2012) Simpson goes further saying that there have been instances where a customer has requested an item to be made from a particular leather not understanding the process. He asserts that where this happens there is a need to explain the process to the customer and if need be tell them that they will not be able to make the item requested. This process is in complete contrast to the Prada

and Louis Vuitton offer as it is only available in store and the customer needs to make an appointment to meet with the craftsman. O'Sullivan suggests that what Prada and Louis Vuitton offer is not customisation, rather personalisation as there is no contact with the craftsman, nor is there the opportunity to discuss how a product may be customised. He says that by implication adding one's initials is personalisation as the initials are the only distinguishing feature of the product.



**Figure 99. Tanner Krolle bespoke jewellery box. 2012.**

The bespoke service is described by Tanner Krolle as 'craftsmanship at its finest, for those who seek the best and demand exclusivity there can be no more treasured possession than a piece created by one of our craftsmen from our extensive archive or from a customer's original concept.' (Tanner Krolle, 2012) The bespoke offer is a service that they describe as a highly specialised and personal service. (fig. 99) Simpson suggests that the bespoke process is akin to producing wine, because the leather is never the same and that sometimes the craftsman has to adapt the way he works purely because of the condition of the leather. O'Sullivan compares their bespoke service to *haute couture* where the customer is at the heart of the decision making and goes back to the original intent of the designer. The process is described by O'Sullivan as 'working with the client on the design, showing leather swatches and then work from there. Once the design is decided we work on what is called a *salpa* where we model the design in almost a cardboard material, a material that works very much like leather where adjustments can be made before making the final product.' (O'Sullivan, 2012) This process gives the customer complete control over the item they have ordered allowing them to make intricate decisions about the product that would

include compartment sizes, pockets or drawers for specific items or to fit into specific places, for example, a boot of a car. The customer also has the option to add finishes; one customer ordered a set of luggage that was set with flawless pink diamonds.

Prada do not define the customization offer in the same way as either Tanner Krolle or Louis Vuitton. The three distinct services offered; the *Lettering Project*, the *Lace-Up Project* and *Made to Measure* are described as stand-alone offers due to the differences of the service and product offered. The *Lettering Project* is described as 'twenty-six possibilities for sealing iconic items from the Prada's travel collection.' (Lettering Project, 2012) Although there are in fact 26 letter combinations there is no function to allow the customer to change any of the letter designs. This could be perceived as the most minimal application of customization as it is, at its most basic level, the application of pre-made letters to a specific Prada product. The *Lace-Up Project* offers customers 12 different colours to choose from; the shoe can be made in either one single colour (of which there is a choice of 7) or in one of 5 colour combinations. (Lace-Up Project, 2012) The *Lace-Up Project* as a customizable offer is questionable as the only thing the customer has a real choice of is their initials on their shoe bag. The *Made-to-Measure* service offers 'suits, coats, jackets, shirts and trousers.' (Prada Made to Measure, 2012) In the suit category there are two style options, the classic and the slim. There are 300 fabric choices.

Louis Vuitton market their customised service as *Mon Monogram* and describe it as combining 'the elegance of Louis Vuitton's most iconic shape and the originality of customisation.' (Mon Monogram, 2012) The service is described in the following way: 'the service invites you to make your own creation in a few easy steps: select your preferred model, pick two colours for the stripes and add your initials. The 200 million possible combinations of *Mon Monogram* ensure the utmost uniqueness.' (Mon Monogram, 2012) The offer suggests that the customer is able to 'make their own creation', however, on inspection and having gone through the process on line the options are limited, despite the claim that there are 200 million possible combinations. In the first instance there are four styles with four choices of customisation to choose from. The styles are; the *Keepall*, the *Pegase*, the *Speedy* and the *Neverfull*. The customer is given a standard choice of 17 colours that can be used to create a variety of stripes with four placement options. In addition, there is the same colour choice for initials that are always placed centred on the product of choice.

It is evident that although Prada, Louis Vuitton and Tanner Krolle market services as personalised, customised, bespoke or made to order the former offer what could be defined as variations of a theme. Standardised, modularised components that are easily assembled with minimum effect on the production line as the products already exist. This is unless the customer is purchasing at the very top end of the product offer, and only Louis Vuitton and Tanner Krolle do this. However, Louis Vuitton charges a considerable amount more for their bespoke service than Tanner Krolle. In 2010 Luxist the webzine reviewed a Louis Vuitton humidor that was custom made and sold by the Pullman gallery for \$68,000.00. (Stern, 2012) (fig. 100) A comparable trunk made by Tanner Krolle would cost £15,000.00. (fig. 101)



Figure 100. Louis Vuitton humidor.



**Figure 101. Tanner Krolle bespoke trunk. 2012.**

The research conducted illustrates a difference between interpretations of terminology within the luxury market. The terms personalisation, customisation and bespoke are used differently by purveyors of luxury goods and luxury brands and should not be seen as interchangeable since they deliver very different product options and services to the customer. Luxury brands use the terminology to capitalise on the value added through the use of such terms. This is confusing to customers as the distinctions are lost through an illusionary offer. The use of these descriptors differ significantly from the various purveyors of luxury goods and luxury brands. The luxury brands describe a service that implies that the customer will receive an individualised product when in fact these represent only minor modifications to a mass market product. It could be said

that the service provided is not transparent since the customer may not fully understand that the products they are buying are permutations of existing products with slight amendments, while implying that something is customised. In addition, there is no contact with the maker, distancing the buyer one level more from experiencing the design and production process first hand. Luxury brands and purveyors of luxury goods share a language, but the words they use have very different interpretations and intentions.

## **Chapter Four: Findings and Conclusion**

### **Introduction**

This dissertation has focused on the inconsistencies in the understanding and interpretation of the luxury and luxury brands market by contemporary commentators like Danziger (Danziger, 2005), Kapferer and Bastien (Bastien, et al., 2009), Silverstein and Fiske (Fiske, et al., 2005) and Okonkwo (Okonkwo, 2007, 2009). The inconsistencies, it was shown, resulted in a lack of clarity needed to distinguish luxury products from luxury branded products, where the latter have capitalised on the original intent of their founders despite the significant changes to their business models.

The findings suggest that definitions of luxury and luxury brands have been created principally by marketers solely to add value to products and or services. The analysis of the characteristics of luxury and luxury brands as proposed by Danziger, Kapferer and Bastien, Silverstein and Fiske and Okonkwo, suggest that if a product is marketed in a specific way and labelled as luxury it would be bought. Although this approach may be of merit, at least in financial terms as the market continues to grow as is evident through the published financial results and forecasts of the luxury brand conglomerates and trade forecasters, it negates the intrinsic qualities of a luxury product. The qualities, all substantiated in the interviews conducted with luxury and luxury brand industry professionals can be attributed to luxury goods to include materials, production techniques and the skill of the craftsmen and women who are central to realising a final product. This is in contrast to that of a luxury brand where mass production, as discussed, is an intrinsic part of guaranteeing the supply of products to their respective retail outlets. Through an analysis of stock, although non-scientific, and as a result of luxury brands not wishing to disclose how many of each product they produce, they are required to mass produce thousands of units to satisfy their markets. This is in contrast to purveyors of luxury goods who make at the very most hundreds of items.

### **Revisiting the Tiered Approach to Luxury**

If luxury is to be segregated it is helpful to begin to define and clarify the different sectors. What is clear is that there are distinct similarities between new luxury and old luxury both of which sit within the luxury brands category. The target market is the

aspirational customer who wants their purchase to be visible as a way of connecting to those around them. There is also a desire to keep up with fashion and fashion trends. Within both the new luxury and old luxury categories, each season new products are produced and the 'must have' items for the coming season are, as has been outlined, advertised in the media, through product placement and celebrity endorsement. The discussions have centred around the notion of fashion and how fashions change each season providing luxury brands with continuous opportunities to design, manufacture and sell their products. It is apparent that the strategic business plans of all the luxury brand conglomerates, and in turn the luxury brands themselves, is to maintain market position as well as market share. There is no need, so it seems, for the design process to be communicated to the customer. It is much more important to promote the notions of lifestyle, aspiration and indeed fashion if one is to capitalise on what could be defined as the emotional aspect of consuming spending patterns.

The definitions used by marketeers to clearly articulate the differences in the luxury brand product market are ineffective as they do not address the intrinsic qualities of the products. New luxury, old luxury, prestige, and masstige may define product categories to the marketeers, but there is no evidence to suggest that an aspirational customer, one who is more inclined to buy luxury branded goods, understands this distinction or in fact employs it when making a purchase. It is not the intention of this thesis to diminish the importance of all groups of consumers, however, it is important to acknowledge differentiation where it exists. The aspirational buyer is more inclined to make a purchase having either been influenced by advertising, promoting the lifestyle communicated through advertising, or through associating a product or service within the social groups or groups that they may aspire to belong to. There are, however, customers who do have an understanding of the design process, the importance of materials, craft and skill, and it is those who are more likely to purchase at the top end of the product market. As has been discovered through the primary research conducted for this dissertation, these customers, in most instances, but not all, have had the opportunity to gain an understanding through first-hand experience of the product lifecycle.

It could, therefore, be said that a tiered approach to luxury has generated itself through those who have experienced first hand, and have an innate understanding of the skill required to produce a luxury good as opposed to a mass produced

luxury branded product. It is these clients who appreciate the importance of the craftsmen and women and the ways in which they apply their skills to a product.

If one is to give further consideration to the impact of mass production within a fashion and luxury brand context, and the limited production of luxury goods it is clear that there are differences that could be made. One could use luxury brands as a generic term to describe product categories that are described by marketeers, and include new luxury, old luxury, prestige and masstige amongst others. Products within this category could be defined as mass produced, better quality, possibly premium and mass artisanal, but do not have the inherent qualities of luxury goods. There is, as has been shown, evidence to suggest that luxury branded products are in the main more expensive than those goods that are available on the high street. However, as has been revealed, there are many price points allowing most consumers the opportunity of purchase. Luxury goods on the other hand are not mass produced, are exclusive and are crafted. In most instances luxury goods are made by hand by exceptionally skilled craftsmen and women. My findings suggest that this process is fuelled by an inquisitive customer who in the main has no desire to consume conspicuously. These findings are not conclusive, but lead the way to further discussion and research.

### **Summary of Findings**

The key research questions set out to explore a distinction between luxury and modern luxury brands and to assess the importance of perceptions of luxury on contemporary marketing and branding.

This research has demonstrated that attempts to date to classify luxury have on the whole been poorly conceived, and further suggests that luxury as a single entity defies definition and is unstable as a category. My research also posits that there has been a substantive and persistent lack of clarity in the secondary literature, in that it focuses in the main on marketing strategies employed by marketeers in the luxury and luxury brand markets. In addition I have documented how the luxury brands market has become increasingly aligned with fashion. This has demonstrably resulted in an unstable market that is exacerbated by branding, marketing and mass production. In response to these conflicts, tensions and omissions I have created a taxonomy that, in short, distinguishes a luxury product from a luxury brand product. Cardinal points on this taxonomy include the creation of a category that clearly differentiates luxury from a

luxury brand and proposes that within the mass customisation category, luxury brand mass customisation be included as they are essentially the same entity.

The taxonomy then enables this differentiation and also addresses the similarities between mass production and mass customisation where I have proposed a new category that of luxury brand mass customisation. This demonstrates the impact of mass production on the luxury brand production cycle. The configurations and contributions in these taxonomies provide an important new platform for future research as they create distinct tables of difference that separate the attributes of a luxury branded product founded on mass production and consumption from a luxury product that is characterized by skill, the craftsman and materials.

In chapter one, the focus of the investigation centred around clarifying the concepts of luxury and luxury branding to gain a better understanding of how the market is structured. It was established that terminology that is used to define and describe products, placing them into categories to add value to them could be seen to be problematic. Descriptors that include old luxury, new luxury, masstige and prestige are all facades masking the true nature of each product. The implication of the use of logos was also discussed to highlight the importance of positioning as a means to distinguish one consuming group from another. The bigger and more prominent the logo determined the price point resulting in a less expensive product than where a smaller, more discreet logo was used. A structure was proposed to separate luxury products through a clear articulation of the distinct features, not only of the product, but also the social value that could differentiate one customer from another. This model clearly suggested that new luxury, luxury brands and old luxury all employ similar if not the same qualities despite being described differently. They are all mass produced and sold globally whereas luxury products are not.

To attract a global consumer market, luxury brands must employ extensive marketing strategies to communicate brand values that suggest exclusivity. In most cases the use of celebrity is prevalent in advertisements. Very seldom is there a mention, or indeed illustration of the design process suggesting that the power of celebrity plays a much more important role. Media exposure speaks to the customer in a very particular way; it tells them how celebrities live, where they live, what they use and what they buy. It is this, amongst other things, that create an aspirational market through the spectacle of lifestyle.

Mass production, mass consumption, celebrity endorsement and the power of advertising has been argued, create what could be seen to be a coherent business package. And it is this that has led to what could be termed as a monopoly of luxury brands. The major players in the global luxury market are all owned by conglomerates whose sole aim it is to sell product through superficial modes of differentiation that they themselves create.

Chapter two examined the relationship between fashion and luxury brands. Evidence suggests that since the early 1990s when luxury brands started to employ high profile fashion designers there was a significant shift away from their core products. The result of this was an increase in the product offer where diversification was prioritised to capitalise on the named designer. Marc Jacobs is the most prolific of these designers having been employed by Louis Vuitton in 1997 to turn Louis Vuitton into a fashion led company. For the purpose of this dissertation, consideration has been given to the publicity generated each season as luxury brands showcase their collections. The seasonal showcases encapsulate an image intended to distinguish one luxury brand from another. In addition the trend towards collaborating with artists increased resulting in products that were no longer solely designed by the company. Louis Vuittons' first collaboration, initiated by Marc Jacobs, was with the graffiti artist Stephen Sprouse in 2001. Subsequent collaborations between Marc Jacobs and Louis Vuitton have included Takashi Murakami, Sofia Coppola and Yayoi Kusama. Although Prada have not employed a high profile designer to design their collections they have also collaborated with external parties. Their approach has been much more complex in that they not only worked with artists such as Vahram Muratyan but also the South Korean electronics company LG creating the first Prada phone in 2006. Since then there have been many iterations of the Prada phone available for sale since the first one was released. One difference between the ways in which Louis Vuitton and Prada operate, specifically with their collaborations, Louis Vuitton maintain control over their distribution whereas Prada are not in a position to do this with the LG collaboration resulting in the Prada phones being sold in mobile phone shops and supermarkets alike. One could question the impact this may have on the image of exclusivity that Prada attempt to portray. With all collaborations there is a distinct *modus operandi*. The luxury brands align themselves with high profile artists and companies, those who add social meaning, with the intention of increasing their profiles through the statements

that are made through the various marketing and communication channels available to them.

Having acknowledged the importance of the use of visual language to communicate brand values and having considered the impact advertising continues to have on sales, it was also important to address the common factors that contribute to coherent storytelling. Having reviewed the notion of product diversification, what became apparent was the use of visual imagery to communicate a very particular image of exclusivity. Both Louis Vuitton and Gucci advertise their products as being handmade by artisans in small workshops. Gucci's *Forever Now* campaign presents what could be defined as a traditional workshop whereas the Louis Vuitton *Savoir Faire* campaign, although removed from circulation, suggested that all their products are handmade by one person. There are, for obvious reasons, no attempts to portray what could be defined as a realistic production line as this would diminish the value of their products. The goods advertised are in most instances leather goods. There is no attempt to advertise generic products, like for example, denim jeans as this would reduce the impact and potential influence of their statement pieces.

Having acknowledged the importance advertising plays in promoting luxury brands I have also discussed the lack of advertising of luxury products thereby creating differentiation between the two business models. It is also worth, at this point, reiterating Theo Fennell's comment that 'a worldwide conglomerate can weave its magic and get ludicrous prices for things that aren't worth a tenth of it.' (Fennell, 2012) The 'magic' as referred to by Fennell is a manifestation of advertising visible in all public arenas whether it be a fashion magazine, on film or television or through product placement. This is without doubt one of the factors that differentiate a luxury product from a luxury brands. Luxury brands need to advertise to maintain prominence and market position. Purveyors of luxury goods on the other hand operate much smaller businesses where word of mouth is the chosen method used to generate publicity. This could be down to lack of revenue to support advertising campaigns or indeed a deliberate attempt to maintain exclusivity for both the companies and customers. Whatever the reason there are consistencies in both approaches, one that is popularised and the other that is not. Advertising contributes to the fashion cycle and the conspicuous consumption of luxury brands. Having discussed and evaluated the business strategies, that include advertising, behind both luxury branded products and

luxury goods it is evident that their motivations are quite distinct. One centred around the mass market, the other a more distinct and less democratised approach.

The case studies in chapter three presented an analysis of findings where consideration was given to the original intent of the founders of each of the companies. This was discussed and analysed to present an evaluation of current practice. It is evident that Louis Vuitton and Prada share common ground, an important factor when considering the shift away from, what could be defined as a, traditional model of luxury production methodologies to mass production and the implementation of vertical integration. Tanner Krolle on the other hand remains a much smaller concern, sourcing materials from smaller suppliers. This gives them a certain amount of freedom to produce small runs of product due to the limited availability of materials. The *1950 Sportsman* bag is evidence of this. Having compared the three companies what emerges are similar issues, albeit different in scale. The luxury brands must maintain market share due to their size and demands of their shareholders whereas Tanner Krolle may struggle to stay solvent. This may lead to further research opportunities as both the luxury brand and luxury markets continue to evolve.

## **Conclusion**

Through an evaluation of the findings and taking into consideration the factors that define a luxury brand relates to the impact luxury branding has had on contemporary interpretations of luxury. This allows for continued discussion on issues relating to both markets. Nonetheless my research has identified the substantial impact the word luxury has had on a diverse fashion market. It has also illustrated that through my own experience of working in the luxury and luxury brands industries and through the interviews conducted with industry professionals that luxury brands have undoubtedly had an impact on the perceptions of luxury.

The findings suggest that there is without doubt a lack of clarity relating to the classification of luxury and luxury brands. To gain a better understanding of the luxury and luxury brands market, the preceding chapters have addressed the significant changes of the luxury landscape. The intention has been to clearly articulate the different markets to highlight the changes in modes of manufacture and advertising and to highlight the impact of the growing global demand for luxury branded products on the traditional luxury goods market. My research demonstrates that it is evident that luxury

brand manufacturers as opposed to those of luxury goods have increasingly aligned themselves with fashion and in turn mass production techniques to expand their businesses and capitalise on an increasing global market. As one market stagnates, as is the case in Europe, another is identified as is evident in the continued expansion into the BRICS countries (Brazil, Russia, India, China and South Africa). Both Louis Vuitton and Prada continue to grow their businesses in emerging economies marketing their products as luxury and exclusive. The challenges for both is to be able to continue to do so in markets, specifically China, that are seen to turn away from products the educated shopper considers to be too readily available.

What has emerged from my research and working with both purveyors of luxury goods and manufacturers and retailers of luxury branded products, is that there is no clear definition of what constitutes a luxury product in the contemporary market. The confusion, evident in the secondary sources used, suggests that marketing rather than the actual production methods, materials and products themselves, define the categories of luxury. In addition, the use of celebrity to promote products appears to be used to enhance the product offer creating aspirational lifestyles to which consumers aspire. Celebrities, including Jamie Bell, Mikhail Gorbachev, Michael Phelps and Madonna, have all been seen to promote luxury branded products in luxury brand advertising campaigns. Luxury brands have also been known to endorse events to further publicise their brands. Both Louis Vuitton and Prada yachts race in the Americas Cup. The constant promotion of their products could be seen to detract from their core business and further blur the boundaries that define their areas of expertise. It is no longer absolutely clear, as was in the past when they defined themselves as purveyors of luxury goods, what luxury brands define as their core product offer. This could be seen to be problematic as reclassifying luxury branded goods as luxury diminishes the value of the very clear parameters of definitions that have been described by the interviewees included in this dissertation. There is a consensus that luxury products are those that have been made by craftsmen and women using the finest materials. The craft skills employed are often passed down from generation to generation and there is evidence of the human hand. Mass production on the other hand could be seen to mechanise the process through the introduction of a production line to speed up the manufacturing process.

It is also evident that purveyors of luxury goods, those makers who define themselves as connoisseurs, craftsmen and women are increasingly attempting to distinguish

themselves from luxury brand retailers through their work. Evidence of this has also emerged through various public lectures, seminars, workshops as well as publications and exhibitions that have become increasingly visible over the past two years. In 2011, the Victoria and Albert Museum, as part of the *Power of Making* exhibition, held a series of talks focusing on luxury and the value of craft. In 2012 The Crafts Council launched *Added Value* to 'question the value of contemporary craft within the current landscape of branding and luxury.' (Added Value, 2012) The website suggests that 'a desire for authenticity, quality and craftsmanship is redefining our understanding of luxury. The term craft has been adopted as a validation of quality and value by brands and more widely.' (Added Value, 2012) This illustrates that the skill of the maker is once again becoming an intrinsic feature used to describe luxury goods.

As my primary contribution to knowledge is the classification of concepts of luxury that are predicated on new materials and production techniques. It is evident that there is no clear definition of what constitutes a luxury product in the contemporary market. With this in mind it would appear that there is a need to clarify the parameters that are used to describe the different tiers of luxury to distinguish those goods that are mass produced from those that are not. The approach taken in this dissertation gives specific examples of companies, including Louis Vuitton and Prada, whose origins were similar but whose current market position has changed as a result of the importance of global markets. The outcome of the analysis of both companies highlighted the similarities but at the same time exposed some of the differences. It is clear from the analysis of both the Louis Vuitton and Prada case studies, as well as the primary research undertaken that both companies have, since the 1990s undergone significant change and adopted similar business models that focuses on fashion product; those products that change with the season. On the other hand, Tanner Krolle has maintained the original intent of the founder and its position as purveyors of luxury goods despite the acquisition and subsequent sale by Chanel.

Prada and Louis Vuitton employ similar methodologies in their approaches to advertising, where they advertise and how their manufacturing for wholesale and retail satisfies global demand. There have been limitations to this study due to the lack of availability of information relating specifically to manufacture and sales data. As already explained the analysis of stores and stock levels has been non-scientific but was used to give an idea of the scale of operation of both Louis Vuitton and Prada. It is also important to note that both Louis Vuitton and Prada, as has been established, have

employed vertical integration to better manage their production and supply chains bringing more facilities on line through the acquisition of and or increased involvement with companies to which they outsource their supply of materials and manufacturing. This reduces operational costs, increases margins, gives greater control over production and has allowed both companies to expand their operations to increase their product offer. Vertical integration is a significant shift away from traditional modes of production and is more compatible with manufacturing techniques used in the fashion industry.

Extensive research and discussion has highlighted the need for luxury brand conglomerates to continue their global expansions, find new markets and introduce new products in order to continue to satisfy their shareholders and to, at the same time, maintain a share of the market. Increasingly products have come to be redefined to add value to them; the most prolific of these has been the introduction of products that are defined as customised. The results of the analysis suggest that luxury brands have introduced elements of personalisation to add value to their products. The Louis Vuitton *Mon Monogram* offer allows the customer to add their initials. Prada offer a similar service as part of *The Lettering Project*. There is no customer interaction with the maker. This approach differs from that of Tanner Krolle who makes a point of the importance of customer interaction as part of their customisation service. 'While mass production relies on economies of scale, mass customisation focuses on economies of scope. To keep costs low, mass production relies on a standardised product manufactured with processes so fine-tuned that every potential cost saving is exploited and realised. For mass customisation, goods can be inexpensive if the process is designed to allow production of a variety of products quickly and efficiently. Effective use of digital technology can lead to economies of integration, so that design and manufacturing flow seamlessly from one to the other, allowing rapid design changeovers.' (Boradkar, 2010: p.124) The model as described by Boradkar lends itself to the models employed by Louis Vuitton and Prada but not Tanner Krolle. It is important to emphasise these differences as they, it could be argued, distinguish the services offered by luxury brand retailers to those of a purveyor of luxury goods.

The historical notion of luxury has facilitated the growth of the economic mechanism that has fuelled the luxury brand industry. In today's market the focus of luxury brands is driven by marketing rather than the skills of the maker and it is this that differentiates luxury goods from luxury branded products. It is evident from my research that there

are contradictory interpretations behind the meanings of luxury. This has been clearly articulated through the analysis of secondary research where contemporary commentators tend to classify luxury through target markets rather than the evaluation and qualities of particular products.

Having sought expert opinion through the interviews I have conducted, it is apparent that published works that focus on marketing strategies are more inclined to seek to add value through the use of the term luxury regardless of the product. It is therefore clear that definitions of luxury and luxury brands have not been clearly articulated. As already stated the broad research potential of this dissertation exists, for example, in the growing demand for luxury and luxury branded products and services of the emerging economies in the BRICS countries. Furthermore, as the market changes and demand for luxury increases, luxury and luxury brand companies could use this research to connect more meaningfully to their heritage when defining new luxury goods and services. Future research may relate to the growth of the luxury brands market and whether there has in fact been a growth in craftsmen and women setting out to distinguish themselves from the luxury brand conglomerates. While outside of the present discussion, in the future it would also be interesting to assess the impact of the salons, as described in the Louis Vuitton case study, seeking to add another dimension to their shopping experience. It is evident that concepts of luxury will continue to be defined as part of a complex structure of understanding and interpretation. In light of this, one must not lose sight of the importance of the knowledge of the craftsmen and women and their ability to communicate the intricacies of their skills in order to provoke and challenge the perpetuating luxury debate.

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## Appendices

### Appendix One: Participant Interview Questions

1. How would you define luxury?
2. There is a lot of terminology used today to define luxury – luxury brand, masstige, prestige goods, super premium, new luxury and old luxury. What do you think about these descriptors?
3. Is luxury more about the experience than the product?
4. Does advertising encourage consumption?
5. What is the role of advertising?
6. Do you advertise?
7. Is luxury about reinvention?
8. Is the implication if your company does not go global it will fail?
9. Would you say that exclusivity and luxury go hand in hand?
10. Do you think that the consumer demographic is different today?
11. What role if any does the designer then play in the redefinition of luxury?
12. How do you think history has played a role in the way in which the consumer and a 'company' views luxury?
13. Do you think celebrity has played a role in the definition of luxury?
14. Do you think that luxury is an absolute concept or a relative one?
15. How important is the notion of heritage?
16. How is this communicated?
17. Who designs the products? Now and then?
18. How would you define a design ethos?
19. Who is the luxury brand target customer?
20. How many SKUs are produced of each style?
21. How many colour ways?

22. What do you consider to be the main differences between the major luxury brands?
23. Do you know where are all the products made?
24. Can you give an idea of how the leather goods are made?
25. Something about the materials used? - leather – for outer, linings and trims?
26. How are the materials selected?
27. Is each piece made individually?
28. Is the hardware bought or commissioned?

## **Appendix Two: Louis Vuitton Worldwide Outlet List**

### **Argentina**

Buenos Aires

### **Australia**

1. Brisbane
2. Surfers Paradise
3. Cairns
4. Sydney George Street
5. Sydney Bondi
6. Sydney The Rocks
7. Melbourne Crown
8. Melbourne Chadstone
9. Melbourne Collins Street
10. Perth

### **Austria**

1. Kitzbuhel
2. Salzburg
3. Vienna

### **Belgium**

1. Antwerp
2. Brussels
3. Knokke Heist

### **Bermuda**

Hamilton

### **Brazil**

1. Iguatemi
2. Rio De Janeiro
3. Sao Paolo Daslu
4. Sao Paolo Iguatemi
5. Sao Paolo Cidade
6. Sao Paolo Haddock

**Cambodia**

Ho Chi Minh

**Canada**

1. Vancouver (Holt Renfrew)
2. Louis Vuitton Hotel Vancouver
3. Calgary (Holt Renfrew)
4. Edmonton (Holt Renfrew)
5. Toronto (Holt Renfrew Yorkdale)
6. Toronto Bloor Street
7. Toronto Holt Renfrew Bloor Street
8. Montreal

**Chile**

Santiago

**China**

1. Beijing Seasons
2. Beijing Peninsula
3. Beijing China World
4. Changchun
5. Changsha Maison Mode
6. Chengdu Yanlord
7. Chongqing Times Square
8. Dalian Times Square
9. Fuzhou Grand Ocean Plaza
10. Guangzhou Tianhe
11. Guangzhou La Perle
12. Hangzhou Mix-C
13. Hangzhou Tower
14. Harbin Mykal
15. Hohhot Shangri-La
16. Kunming Panlong
17. Kunming Gingko Centre
18. Nanjing Deji Plaza

19. Nanning
20. Ningbo Heyi Plaza
21. Qingdao Hisense
22. Sanya Yalong Bay
23. Shanghai Paza 66
24. Shanghai Pudong
25. Shanghai Huaihai
26. Shenyang Shenhe
27. Shenyang Charter
28. Shenyang L'Avenue
29. Shengyang Luohu
30. Suzhou Tower
31. Taiyuan Huayu Plaza
32. Tianjin You Yi
33. Urumqi Maison Mode
34. Wenzhou Noble
35. Wuhan Times Square
36. Wuxi Yaohan
37. Xiamen Marco Polo
38. Xian Zhong Da
39. Zhengzhou

### **Columbia**

Bogota Andino

### **Cyprus**

Nicosia

### **Czech Republic**

Prague

### **Denmark**

Copenhagen

### **Dominican Republic**

Santo Domingo

## **Finland**

Helsinki

## **France**

1. Bordeaux
2. Cannes
3. Courcheval
4. Deauville
5. Lille
6. Lyon
7. Marseille
8. Nice
9. Paris Champs-Elysees
10. Paris Le Bon Marche
11. Paris Saint Germain Des Pres
12. Paris Printemps Haussmann
13. Paris Montaigne
14. Paris Galeries Lafayette
15. Saint Barthelemey
16. Saint-Tropez
17. Strasbourg
18. Toulouse

## **Germany**

1. Berlin Kurfurstendamm
2. Berlin Friedrichstrasse Q206
3. Berlin Kadewe
4. Dusseldorf
5. Frankfurt
6. Hamburg
7. Kampen
8. Koln
9. Munich Oberpollinger
10. Munich Maximilianstrasse
11. Nurnberg
12. Stuttgart

**Greece**

1. Athens
2. Kifissia
3. Thessalonika

**Guam**

1. Guam Galleria DFS
2. Guam Tumon Sands

**Hong Kong**

1. Hong Kong Landmark
2. Hong Kong 5 Canton Road
3. Hong Kong Pacific Place
4. Hong Kong Peninsula
5. Hong Kong Elements
6. Hong Kong Lee Gardens
7. Hong Kong DFS Chinachem

**Hungary**

Budapest

**India**

1. Bangalore UB City
2. Mumbai 2 Taj Land's End
3. Mumbai 1 Taj Mahal Palace Tower
4. New Delhi 2 Emporio

**Indonesia**

1. Jakarta Pacific Place
2. Jakarta Plaza Senayan
3. Jakarta Plaza Indonesia
4. Surabaya Sheraton

**Ireland**

Dublin Brown Thomas

**Israel**

Tel Aviv (not on LV map)

**Italy**

1. Bari
2. Bologna
3. Capri
4. Firenze
5. Genova
6. Milano La Rinascente
7. Milano Galleria Vittorio Emanuele II
8. Milano Via Montenapoleone
9. Napoli
10. Padova
11. Palermo
12. Porto Cervo
13. Portofino
14. San Lorenzo
15. Roma San Lorenzo
16. Roma Via Condotti
17. Torino
18. Venezia
19. Verona

**Japan**

1. Kobe Kyoryuchi
2. Tokyo Omotesando
3. Asahikawa Seibu
4. Chiba Sogo
5. Fukuoka Hakata Hankyu
6. Fukuoka Tenjin
7. Fukuoka Daimaru
8. Hamamatsu Entetsu
9. Hiroshima Fukuya
10. Kagoshima Yamakataya
11. Kanazawa Korinbo Daiwa

12. Kashiwa
13. Kitakyushu Kokura Izutsuya
14. Kobe Sogo
15. Kochi
16. Koriyama Usui
17. Kumamoto Tsuruya
18. Kyoto Takashimaya
19. Kyoto Daimaru
20. Matsuyama Iyotetsu Takashimiya
21. Mito Keisei
22. Nagoya Sakae
23. Nagoya Matsuzakaya
24. Nagoya Mitsukoshi
25. Nagoya Meitetsu
26. Nagoya Midland Square
27. Nara Kintetsu
28. Niigata Mitsukoshi
29. Oita Tokiwa
30. Okayama Takashimaya
31. Okinawa DFS
32. Osaka Hilton Plaza Umeda
33. Osaka Takashimaya
34. Osaka Kintetsu Abeno
35. Osaka Hankyu Umeda
36. Osaka Shinsaibashi
37. Sapporo Marui Imai
38. Sendai Fujisaki
39. Shizuoka Matsuzakaya
40. Takamatsu Mitsukoshi
41. Tokyo Ginza Namikidori
42. Tokyo Matsuya Ginza
43. Tokyo Takashima Nihonbashi
44. Tokyo Seibu Ikebukuro
45. Tokyo Seibu Shibuya
46. Tokyo Tachikawa Takashimaya
47. Tokyo Roppongi

48. Tokyo Mitsukoshi Nihonbashi
49. Tokyo Mitsukoshi Shinjuku
50. Tokyo Futako Tamagawa
51. Tokyo Odakyu Shinjinku
52. Tokyo Takashimaya Shinjinku
53. Urawa Isetan
54. Utsunomiya
55. Wakayama Kintetsu
56. Yokohama Takashimaya
57. Yokohama Sogo

### **Kuwait**

Kuwait City

### **Lebanon**

Beirut

### **Luxembourg**

Luxembourg

### **Malaysia**

1. Kuala Lumpur Starhill
2. Kuala Lumpur KLCC
3. Kuala Lumpur The Gardens

### **Marianna Islands**

Saipan DFS

### **Mexico**

1. Cancun
2. Guadalajara
3. Palacio Santa Fe
4. Palacio Polanco
5. Masaryk
6. Altavista
7. Palacio Perisur
8. Monterrey

9. Puebla Palacio De Hierro

### **Monaco**

Monte Carlo

### **Mongolia**

Ulaanbaatar (not on LV map)

### **Morocco**

1. Casablanca Hyatt Place
2. Casablanca Morocco Mall
3. Marrakesh Sofitel

### **New Zealand**

1. Auckland DFS Custom House
2. Auckland Queen Street
3. Queenstown

### **The Netherlands**

1. Amsterdam PC Hoofstraat
2. Amsterdam Bijenkorf

### **Norway**

Oslo

### **Panama City**

Panama City Multi Paza

### **Phillipines**

Manila Greenbelt Makati

### **Portugal**

Lisbon

### **Puerto Rico**

San Juan

### **Romania**

Bucharest Marriott (not on LV website)

**Russia**

1. Ekaterinburg
2. Moscow 1 Stolenshnikov
3. Moscow Gum
4. Kiev
5. St Petersburg

**Saudi Arabia**

1. Jeddah
2. Riyadh

**Singapore**

1. Marina Bay
2. Singapore DFS Scotts Walk
3. Singapore Ion Orchard Turn
4. Singapore Ngee Ann City
5. Singapore Raffles

**South Africa (not on LV website)**

1. Cape Town Waterfront
2. Johannesburg Sandton City

**South Korea**

1. Bundang AK Plaza
2. Busan Shinsegae Centum
3. Busan Paradise DF
4. Busan Lotte Centum
5. Busan Lotte DF
6. Busan Hyundai
7. Busan Lotte Seomyan
8. Daegu Lotte
9. Daegu Debec
10. Daejeon Galleria
11. Gwanju Shinsegae
12. Incheon Airport DF
13. Incheon Shinsegae
14. Jeju Lotte Hotel

15. Jeju Shilla DF
16. Jukjeon Shinsegae
17. Seoul Hyundai Mokdong
18. Seoul Shinsegae Main
19. Seoul Dongwha DF
20. Seoul Shilla DF
21. Seoul Hyundai Main
22. Seoul Lotte Downtown DF
23. Seoul Galleria West
24. Seoul Lotte World DF
25. Seoul Shinsegae Kangnam
26. Seoul Lotte Coex DF
27. Seoul LV Building
28. Seoul Lotte Downtown
29. Seoul Shinsegae YDP
30. Ulsan Hyndai

## **Spain**

1. Barcelona 2 Paseo De Gracia
2. Barcelona 3 El Corte Ingles
3. Barcelona 1 Pau Casals
4. Bilbao
5. Madrid El Corte Ingles Castellana
6. Madrid Ortega Y Gasset
7. Palma De Mallorca
8. Puerto Banus
9. Valencia

## **Sweden**

Stockholm

## **Switzerland**

1. Bale Basel
2. Crans-Montana
3. Geneve
4. Gstaad

5. Lausanne
6. Lugano
7. Saint Moritz
8. Zurich

#### **Taiwan**

1. Taichung Mitsukoshi
2. Taichung Global
3. Tainan Mitsukoshi
4. Taipei 101
5. Taipei Breeze Centre
6. Taipei Tun Hwa

#### **Thailand**

1. Bangkok Oriental
2. Bangkok Gaysorn
3. Bangkok Emporium

#### **Turkey**

1. Istanbul 1 Nisantasi
2. Istanbul 2 Suadiye
3. Istanbul 3 Istinye Park

#### **Macau**

Wynn Resort

#### **USA**

1. New York 5<sup>th</sup> Avenue
2. San Francisco Union Square
3. Aruba Oranjestad
4. Aspen
5. Atlanta Lenox Square
6. Atlantic City
7. Saks Phipps Plaza
8. Austin Domain
9. Aventura
10. Aventura Bloomingdales

11. Bal Harbour Saks
12. Bala Cynwyd Saks
13. Baltimore Towson
14. Beverly Hills Saks
15. Birmingham Saks
16. Boca Raton
17. Boca Raton Saks
18. Boston Copley
19. Carmel
20. Charleston
21. Charlotte South Aprk
22. Chevy Chase Saks
23. Chevy Chase
24. Chicago Northbrook
25. Chicago Nordstrom
26. Chicago Michigan Avenue
27. Chicago Oakbrook Center
28. Cincinnati Saks
29. Cleveland Saks
30. Columbus Saks
31. Costa Mesa Saks South Coast
32. Costa Mesa Saks Bloomingdales
33. Costa Mesa South Coast Plaza
34. Dallas Saks
35. Dallas Galleria
36. Dallas NM Northpark
37. Dallas Northpark Mall
38. Denver Cherry Creek
39. Farmington Westfarms
40. Fort Lauderdale NM
41. Garden City Macy Roos. FI
42. Hackensack Riverside Square
43. Hackensack Saks Bergen Cnty
44. Hollywood & Highland
45. Houston Galleria
46. Houston Saks

47. Houston Neiman Marcus
48. Indianapolis Saks
49. King of Prussia Pennsylvania
50. Las Vegas City Centre
51. Las Vegas Fashion Show Mall
52. Las Vegas Neiman Marcus
53. Wynn Las Vegas
54. Caesars Forum Las Vegas
55. Bellagio Las Vegas
56. Los Angeles Century City
57. Los Angeles Beverly Centre
58. Manhasset
59. Mclean Tyson's Corner Bloomingdales
60. Mclean NM Tyson's Corner
61. Miami Saks Dadeland
62. Minneapolis Macy's
63. Minneapolis Edina Galleria
64. Monterrey
65. Naples Florida
66. Nashville
67. Natick
68. New Orleans Saks
69. New York Macy's Herald Square
70. New York Bloomingdales
71. New York Saks 5<sup>th</sup> Avenue
72. New York Soho
73. New York Walt Whitman
74. New York Saks Lifestyle
75. Newport Beach Fashion Island NM
76. Orlando Saks
77. Orlando Millenia
78. Palm Beach
79. Palm Desert
80. Palo Alto
81. Paramus Garden State Plaza
82. Phoenix Saks

83. Pittsburgh Ross Park
84. Plano Neiman Marcus
85. Portland
86. Raleigh Saks
87. Richmond Virginia
88. Roseville Sacramento
89. Saint Louis Plaza Frontenac
90. San Antonio Saks
91. San Antonio Neiman Marcus
92. San Diego Neiman Marcus
93. San Diego Fashion Valley
94. San Francisco Neiman Marcus
95. San Francisco Bloomingdales
96. Santa Clara Valley Fair
97. Santa Barbara LA Cumbre Plaza
98. Santa Monica Place
99. Scottsdale
100. Seattle
101. Seattle Bravern
102. Short Hills Neiman Marcus
103. Short Hills
104. Tampa Bay
105. Tampa Saks
106. Topanga Neiman Marcus
107. Topanga Plaza
108. Troy Saks Michigan
109. Troy Somerset Mall
110. Tuscon LA Encantada
111. White Plains Westchester
112. White Plains Bloomingdales

## **Ukraine**

Kiev

## **United Arab Emirates**

1. Abu Dhabi Marina Mall

2. Dubai 2 Mall of Emirates
3. Dubai 3 Mall
4. Dubai 1 Burjuman

### **United Kingdom**

1. New Bond Street
2. Birmingham
3. Edinburgh
4. Leeds
5. London Selfridges
6. Harrods 2 Fashion women
7. Harrods Fashion Men
8. Harrods
9. London City
10. White City
11. Sloane Square
12. Manchester

### **Uruguay**

Punta Del Este

### **Vietnam**

1. Hanoi
2. Ho Chi Minh

### **Virgin Islands**

St Thomas

## **Appendix 3: Prada Worldwide Outlet List**

### **Australia**

1. Gold Coast
2. Prada Moroccan
3. Melbourne Prada Crown Casino
4. Melbourne Prada Collins Street
5. Melbourne Prada Chadstone
6. Sydney Prada David Jones
7. Sydney Prada Westfield Sydney
8. Prada Perth

### **Austria**

Prada Vienna

### **Brazil**

1. Sao Paulo
2. Prada Cidade Jardim

### **Canada**

Toronto Prada Colonnade

### **China**

1. Beijing Prada China World
2. Beijing Prada Peninsula Palace
3. Beijing Prada Shinkong Place
4. Chengdu Prada Yanlord Landmark
5. Dalian Prada Times Square
6. Guangzhou Prada Taikoo Hui
7. Hangzhou Prada Euro Street
8. Prada Harbin Charter
9. Prada Qindao Hisense Olympic
10. Shanghai Prada Plaza 66
11. Shanghai Prada Peninsula
12. Prada Shanghai IFC
13. Shenyang Prada Shenyang Jolie
14. Prada Shenyang Mixcity

15. Shenzhen Prada Mix
16. Tianjin Prada Hisense Plaza
17. Prada Wenzhou Fortune
18. Xian Prada Shanxi Zhongda

### **Czech Republic**

Prague Prada Parizska

### **France**

1. Prada Cannes
2. Paris Prada Avenue Montaigne
3. Paris Prada Rue De Grenelle
4. Paris Prada Faubourg Saint-Honoré
5. Paris Prada Le Bon Marché (women's shoes)
6. Paris Prada Le Bon Marché (men's shoes)
7. Paris Prada Galeries Lafayette
8. Paris Prada Printemps
9. Paris Prada Charles De Gaulle

### **Germany**

1. Prada Berlin
2. Berlin Prada Kadewe
3. Prada Dusseldorf
4. Frankfurt Prada Goethe Strasse
5. Prada Hamburg
6. Munich Prada Oberpollinger
7. Prada Munich

### **Greece**

Prada Athens

### **Guam**

Tumon

### **Hong Kong**

1. Prada Alexandra House

2. Prada Hong Kong IFC
3. Prada Pacific Palace
4. Prada Hong Kong Sogo
5. Prada Hong Kong International Airport
6. Prada Elements
7. Prada Canton Road
8. Prada Peninsula Hotel

## **Ireland**

Dublin Prada Brown Thomas

## **Italy**

1. Prada Bologna
2. Prada Capri
3. Prada Florence
4. Prada Women's Forte Dei Marmi
5. Prada Men's Forte Dei Marmi
6. Milan Prada Corso Venezia
7. Milan Prada Galleria Vittorio Emanuele
8. Milan Prada Women's Montenapoleone
9. Milan Prada Men's Montenapoleone
10. Milan Prada Via Della Spiga
11. Prada Women's Naples
12. Prada Men's Naples
13. Prada Palermo
14. Porto Cervo Prada La Passeggiata
15. Porto Cervo Prada Cala Di Volpe
16. Prada Women's Rome
17. Prada Men's Rome
18. Prada Fiumicino Rome
19. Prada Women's Venice
20. Prada Men's Venice

## **Japan**

1. Sapporo Prada Marui Imai
2. Chiba Prada Chiba Sogo
3. Tokyo Prada Epicenter Aoyama

4. Tokyo Ginza
5. Tokyo Matsuya Ginza
6. Tokyo Ginza Mitsukoshi 1F
7. Tokyo Ginza Mitsukoshi 2F
8. Tokyo Hankyu Men's Tokyo 1F
9. Tokyo Hankyu Men's 2F
10. Tokyo Nihombashi Takashimaya
11. Tokyo Isetan Shinjinku (women's accessories and shoes)
12. Tokyo Isetan Shinjinku 4F (women's)
13. Tokyo Isetan Shinjinku 1F (men's)
14. Tokyo Isetan Shinjinku 3F
15. Tokyo Shinjinku Takashimaya
16. Tokyo Ikebukuro Seibu 1F
17. Tokyo Ikebukuro Seibu 6F
18. Tokyo Shibuya Seibu 2F
19. Tokyo Shibuya Seibu 4F
20. Tokyo Tamagawa Takashimaya
21. Tokyo Isetan Tachikawa
22. Yokohama Sogo
23. Yokohama Takashimaya
24. Nagoya
25. Nagoya JR Takashimaya
26. Nagoya Matsuzakaya
27. Daimaru Kyoto
28. Kyoto Takashimaya
29. Osaka
30. Osaka Kintetsu Abeno
31. Osaka Daimaru Umeda
32. Osaka Umeda Hankyu 2F
33. Osaka Daimaru Shinsaibashi
34. Osaka Umedu Hankyu 6F
35. Osaka Takashimaya Osaka
36. Kobe
37. Okayama Tenmaya
38. Hiroshima Tenmaya
39. Fukuoka Iwataya 1F

40. Fukuoka Iwataya 5F
41. Kumamoto Tsuruya
42. Naha Prada Okinawa DFS

#### **Macau**

1. Taipa Prada Four Seasons
2. Nape Prada Wynn

#### **Malaysia**

1. Kuala Lumpur Prada Pavilion
2. Kuala Lumpur Prada Suria

#### **Monaco**

1. Prada Women's Monte Carlo
2. Prada Men's Monte Carlo

#### **New Zealand**

Auckland Prada DFS

#### **Philippines**

Makati City Prada Greenbelt

#### **Portugal**

Prada Lisbon

#### **Russia**

1. Moscow Prada Barvikha
2. Moscow Prada Crocus City
3. Moscow Prada Tsum Women's R-T-W
4. Moscow Prada Tsum Men's R-T-W
5. Moscow Prada Tsum Bags and Accessories
6. Moscow Prada Tsum Women's shoes
7. Moscow Prada Tsum Men's shoes

#### **Saipan**

Garapan Prada Saipan DFS

**Saudi Arabia**

Riyadh Prada Saks

**Singapore**

1. Prada Ion
2. Prada Changi
3. Prada Paragon
4. Prada Marina Bay Sands
5. Prada Scottswalk

**South Korea**

1. Busan Prada Lotte
2. Busan Prada Lotte Centum City
3. Busan Prada Lotte Gwangbok
4. Busan Prada Hotel Lotte DFS
5. Busan Prada Hyundai Busan
6. Busan Prada Shinsegae Centum City
7. Prada Lotte Daegu
8. Icheon Prada Shilla Airport DFS
9. Prada Shinsegae Incheon
10. Prada Lotte Jeju DF
11. Prada Shilla Jeju DFS
12. Seongnam Prada AKPLaza
13. Seoul Prada Cheongdam
14. Seoul Prada East Hall
15. Seoul Prada West Hall
16. Seoul Prada Hotel Lotte DFS
17. Seoul Prada Hotel Lotte World DFS
18. Seoul Prada Hotel Shilla DFS
19. Seoul Prada Hyundai Apgujeong
20. Seoul Prada Hyundai Coex
21. Seoul Prada Hyundai Shinchon
22. Seoul Prada Hyundai Mokdong
23. Seoul Prada Lotte Jamsil
24. Seoul Prada Lotte Main
25. Seoul Prada Seoul Shinsegae
26. Seoul Prada Shinsegae Gangnam

27. Seoul Prada Shinsegae Yeongdeungpo
28. Seoul Prada Islan Kintex Goyang
29. Prada Hyundai Uslan
30. Deajeon Prada Timeworld

### **Spain**

1. Madrid Prada Calle Serrano
2. Madrid Prada Calle Goya
3. Madrid Prada El Corte Inglés
4. Barcelona Prada El Corte Inglés

### **Switzerland**

1. Prada Women's Zurich
2. Prada Men's Zurich
3. Gstaad Prada Trois Pommes
4. St. Moritz Prada Maistra

### **Taiwan**

1. Taichung Prada Shin Kong Mitsukoshi
2. Kaohsiung Prada Star Place
3. Taipei Prada Breeze Centre
4. Taipei Prada Tun Hwa Sogo
5. Taipei Prada New Regent Street
6. Taipei Prada Shin Kong Mitsukoshi
7. Taipei Prada 101
8. Taoyuan Prada Tasa Meng DFS
9. Minquan Prada Ever Rich Pre-Order DFS

### **Thailand**

1. Bangkok Prada Gaysorn Plaza
2. Bangkok Prada Emporium

### **Turkey**

1. Istanbul Prada Abdi Ipecki Caddesi
2. Istanbul Prada Instinye Park

### **United Arab Emirates**

Prada Dubai

## **United Kingdom**

1. London Prada Old Bond Street
2. London Prada Sloane Square
3. London Prada White City
4. London Prada Women's Harrods
5. London Prada Men's Harrods
6. London Harrods bags and accessories
7. London Prada Women's Selfridges
8. London Prada Men's Selfridges
9. London Prada shoes Selfridges
10. London Prada Heathrow
11. Prada Glasgow

## **United States**

1. Prada Aspen
2. Prada Bal Harbour
3. Chicago Prada East Oak Street
4. Chicago Prada Saks
5. Costa Mesa Prada South Coast Plaza
6. Honolulu Prada Ala Moana
7. Prada Honolulu International Airport
8. Prada DFS Waikiki
9. Prada Kalakaua Avenue
10. Las Vegas Prada Crystals
11. Las Vegas Prada Bellagio
12. Las Vegas Prada Neiman Marcus
13. Los Angeles Prada Epicenter Rodeo Drive
14. Los Angeles Prada Saks
15. Los Angeles Prada Beverly Center
16. Prada Manhasset
17. New York Prada Epicenter Broadway
18. New York Prada Fifth Avenue
19. New York Prada Madison Avenue
20. New York Prada 57<sup>th</sup> Street
21. New York Prada Saks Fifth Avenue
22. New York Prada Bloomingdale's

23. San Francisco Prada Post Street
24. San Francisco Prada Saks
25. Prada Scottsdale
26. New Jersey Prada Short Hill

### **Prada Discount Outlet Stores**

#### **Austria**

Parndorf Designer Outlet

#### **China**

Tianjin Space

#### **Hong Kong**

Aberdeen Space

#### **Italy**

1. Barberino Design Outlet
2. Montevarchi Space
3. Sant 'Elpidio A Mare Prada Outlet
4. Serravalle Designer Outlet
5. Caserta La Reggia Designer Outlet
6. Outlet Fucecchio

#### **Japan**

1. Prada Sano
2. Prada Gotemba
3. Prada Kobe-Sanda

#### **The Netherlands**

Roermond Designer Outlet

#### **Switzerland**

Mendrisio Space

#### **United Kingdom**

Bicester Village

**United States**

1. Cabazon Desert Hills Premium Outlets
2. Central Valley Woodbury Premium Outlets
3. Sunrise Sawgrass Mills Outlet Mall
4. Prada Orlando Outlet
5. Prada San Marcos Premium Outlet