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Chapter 4

Critical Success Factors in Strategic Brand Management in Luxury Fashion Markets: The Case of Isaia

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Abstract

This chapter examines the critical role of branding in sustaining the competitive advantage of firms in the luxury fashion markets. This can include brand communication, the flagship store, channel relationships, the customization and the event marketing. The chapter sets out an analytical framework that can be used to identify the main critical success factors in the fashion luxury market. Adopting the case study method, we validate this framework by studying a pilot firm, Isaia, which is a traditional Italian firm operating in the fashion luxury industry (clothing for men). Isaia is an interesting case study of the branding strategies of a niche fashion firm in the face of global competition. Through the original framework, we have identified the company’s main critical success factors that—in the exploratory stage of our research—support the work purposes. In particular, the main findings from the case study demonstrate that Isaia’s competitive advantage is found on customized products (luxury traditions), events (dinner parties, in-store entertainment, etc.) and retail strategy (flagship showrooms in Milan and Moscow).

Keywords: brand management, critical success factors, luxury brand, luxury fashion brand, case study

1. Introduction

A brand is an entity which is a set of functional and experiential features with a promise of a value reward relevant to customers, and an economic return to its producer through the brand equity [1–3]. It is one of the most important intangible marketing resources. Branding is employed as a growth strategy by firms and is used to create a unique selling proposition,
based on point of parity and point of difference [4]. In the fashion industry, a brand will attempt to satisfy the fashion needs of target customers [5, 6].

This chapter considers the multifaceted relationship between a fashion brand and customers. The research model is based on the notion that fashion brand success requires the synchronizing of the brand equity approach with some critical success factors (i.e., customization, event marketing and flagship store). The chapter examines the role of branding in sustaining the competitive advantage of firms in the niche fashion market [7, 8]. This approach permits us to specify the precise role of branding in creating and maintaining good consumer relationships in the specific context of the fashion industry.

Gao et al. [9] define luxury fashion goods as apparel, accessories, handbags, shoes, watches, jewelry and perfume for which mere use or display of particular branded products brings prestige to their owners, apart from any functional utility.

According to the paradigm of the experience economy, postmodern consumers are interested in receiving symbolic value from the consumption of goods. In this context, luxury goods are an expression of one’s own status [10–13] and brands are used to construct one’s identity [14, 15]. In line with these assumptions, the aim of this chapter is twofold: to identify the main critical success factors underpinning competitive advantage in the luxury fashion markets, and then to analyze these factors in a case study.

2. Theoretical background

In order to analyze the role of the brand in the luxury fashion context, it is necessary to review: brand management and the role of consumer-brand relationships, the luxury fashion brand, the role of customization, event marketing and the flagship store. “Customization” refers to the exclusivity and the high quality of the craftsmanship of luxury goods; event marketing and the flagship store refer to the aspects of the brand communication environment and the methods used to attract, engage and keep customers. Finally, a new framework of the critical success factors for luxury fashion goods is proposed.

2.1. Brand management and consumer-brand relationships

In the consumer marketing literature, brands can be critical to the success of companies because they provide a point of differentiation between competitive offerings and bring important intangible value to the consumer market. So, it is important that the management of brands is approached strategically [16]. Knowledge of the intangible relationships between brand and consumers is required for an understanding of consumer needs and to manage customer-based brand equity [17, 18]. In the marketing literature, studies on brand equity have interested academics for more than two decades [17, 19] because they analyze the added value of competitive signals provided by the firms to their customers and/or the trade. Keller [18] defined customer-based brand equity (CBBE) as “the differential effect of brand knowledge on customer response to the marketing of the brand.” The same author [4] delineated the CBBE pyramid to manage the consumer-brand relationship [20, 21].
In the last two decades, marketing researchers have asserted the importance of consumer-brand relationships to a successful business [20]. To the best of our knowledge, there is still an unclear definition of what consumer-brand relationships are [21, 13]. Fournier proposed that continuous interactions between individuals comprise a relationship, which develops over time due to variations in surroundings and in people’s behavior [20]. Fournier also pointed out that relationships are personal and provide different meanings. Hanslin and Rindell [13] proposed that a consumer-brand relationship can be seen as a cognitive relationship the consumer has with certain brands over time. The cognitive dimension in a brand relationship is especially relevant in a luxury brand context because consumers might have admired certain luxury brands for an extended period, even at times when those brands were too expensive for a purchase to be considered. Therefore, a brand relationship is defined in this chapter from a supply-side perspective as the ability to engage customers in an experiential way through some critical success factors.

2.2. Luxury fashion brands

The concept of luxury has been widely discussed and conceptualized [22–25]. According to Vigneron and Johnson [22], “luxury” refers to something that provides more than functional/utilitarian benefits because of the signal value inherent in a luxury brand [9]. Similarly, Fionda and Moore [24] explained luxury brands in terms of: psychological value; status symbol; high quality; exclusivity; craftsmanship and consumer consumption experience. After a literature review of the history of the concept of the luxury brand, Arrigo [23] defined luxury brands as “images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity and specialty.” Arrigo [23] pointed out some attributes that define the critical success factors for luxury: premium quality; craftsmanship; emotional marketing; global reputation; style and design; country of origin; uniqueness and the creation of a lifestyle. Tynan et al. [26] considered luxury goods to be symbols of personal and social identity. They proposed a differentiation between luxury and non-luxury goods on three dimensions: functionalism, experientialism and symbolic interactionism. In their study, the key factors used to identify luxury brands are: high quality, expense and nonessential products and services that offer an exclusive experience with a symbolic value, i.e., customization. According to [26], even though luxury brand management depends on various attributes, operational marketing (i.e., communication, point of sale, events) is judged by many academics as decisive for a luxury brand’s success [27–30]. According to literature, we have identified some critical success factors: customization (to provide an exclusive experience), events (to create brand engagement) and the point of sale (in particular the flagship store). In next subsections, we provide a short literature review of the three critical success factors by which branding in the luxury fashion industry should be monitored if a firm is to improve its brand relationships with consumers.

2.2.1. The importance of customization

There is a growing body of literature in marketing investigating how customization can influence consumer behavior and firms’ returns on such investment. Belk [31] argued that people buy products to build and express their identity. Oliviero and Russo [32] argued that
goods may be considered a self-extension because goods enter into a relationship with consumers and thereby assume meanings beyond those asserted by the branding alone. At an early stage, brand communication may influence consumers in their purchase process; then people personalize and give symbolic meanings to the relationship and the interaction with the brand [31–33]. Similarly, we argue that customization and tailor-made goods are part of a process by which consumers adopt a brand to extend their personal identity [25].

Customization can be interpreted in different ways [34, 35]. Fine [34] defined mass customization as an extreme approach to differentiation that became possible with the introduction of the flexible manufacturing system [36]. Pine [34] pointed out that mass customization allows firms to provide customers with products tailored to their own needs on a large scale while still attaining substantial scale economies. On the other hand, Peppers et al. [35] examined the one-to-one marketing personalization that is used to enhance the interaction between consumers and the brand. Wind and Rangaswamy [37] considered one-to-one personalization as mainly being focused on interactional flexibility and close communication in the customer-brand relationship.

During the customization process, the consumer is part of the product design process and this kind of experience increases the hedonic value of the brand [38, 39]. According to the key literature, consumers perceive four benefits from mass customization [39–41]: functional benefit, uniqueness, the process benefit of self-design and pride of authorship. Merle et al. [38] proposed the Consumer-Perceived Value Tool (CPVT), which divides mass customization into two categories: mass-customized product value and co-design process value. Mass-customized product value includes utility, uniqueness and self-expressiveness, while co-design process value includes hedonic value and creative achievement [39]. Mass-customized product value focuses on a consumer’s perceived benefits from engagement in the customization process. Utilitarian value refers to whether a mass-customized product fits a consumer’s aesthetic and functional preferences [40]. Consumers can perceive uniqueness in a mass-customized product, and the uniqueness value of mass customization is widely recognized. Self-expressiveness pertains to self-congruity theory [42], where consumers create a product similar to their self-image in a mass customization program. Regarding the co-design process value, hedonic value refers to consumers’ enjoyment experienced during the customization process, and creative achievement is associated with their feeling of pride in creating and personalizing their own product [38]. Luxury products provide additional benefits to consumers compared with non-luxury products [22], even in terms of customization, because often they are made by hand [43–45]. Customization increases consumers’ desire to express their social image as their extended-self [22, 25].

2.2.2. Event marketing

Events should not be considered in isolation but as part of an integrated marketing communication strategy. Firms are increasingly switching a large proportion of their marketing budget from advertising and other traditional methods to experiential events, and event marketing is one of the fastest growing forms of marketing communication. According to Getz [46], events may be defined as “planned and temporary occurrences with a predetermined beginning and
end. Every such event is unique, stemming from the blend of management, program, setting and people." The author identified eight categories of planned events (cultural celebrations, political and state, arts and entertainment, business and trade, educational and scientific, sport competition, recreational, and private events). The event-related communication represents a critical marketing tool able to help a firm to build and reinforce the relationship between brand and customers. In fact, events offer opportunities for personal interaction with products and people and so become an experiential communication platform. Wood [47] argued that marketing events are strategic tools to create experience and engagement and to improve consumer-brand relationships. They support the brand image through association with the qualities of the event. From the firm’s perspective, events support corporate objectives, including sales, brand awareness and image enhancement. For small- and medium-sized firms, event marketing may be seen as a unique opportunity to integrate the firm’s other marketing communication activities (such as advertising, public relations and direct marketing) with an active experience provided by an event. Recently, some important global luxury fashion firms (Dolce and Gabbana, Fendi, Dior) have increasingly invested in large destination events, where the presentation of a new collection has become an opportunity to present the brand to a wider target market, to attract a wider media audience and also to create a unique and memorable experience for the participants.

2.2.3. The flagship store

Store management is becoming an increasingly important issue in retail marketing because it affects the customer brand experience [48]. The pioneer of the “servicescape” [49] proposed that the physical retail environment affects customer behavior and purchase intention. That environment should be able to offer a description of the whole offering of the firm, and customers should be able to look around freely, in pleasant surroundings. The creation of the best store environment is therefore a crucial element of the luxury marketing strategy since it contributes to the development of a sense of prestige.

In the service literature, more recent works have focused on the importance of the environmental aspects of the store as key drivers influencing the overall customer experience. Pine and Gilmore [50] said that the in-store experience is the sum of the interactions with the environment and responses to various stimuli, such as physical things (ambience, facilities), processes (services) and people (crew). Mossberg [51] confirmed this framework and argued that customers are engaged in a context-defined “experiencescape,” where interactions with physical and social elements create the experience and affect the customer’s emotions, feelings and behavior. Russell and Mehrabian [52] proposed a stimulus-organism-response (S-O-R) model to explain how environmental stimuli influence an individual’s emotional state and re-patronage intentions (avoidance vs approach response). In their model, the stimuli are considered to be external elements—physical atmosphere—while the organism is the subjective internal processes that react to the stimuli. Thus, the effect of the physical atmosphere on consumer behavior is mediated by the consumer’s emotional state. In the service and retail literature, various studies have shown that perceived quality of the physical environment influences consumer behavior, above all in determining the shopper’s desire to stay longer in a shopping area. In the luxury fashion industry, the store is considered one of the key elements necessary
to create and maintain a successful brand, as it is the meeting point between the customers and the firm. Consumers go to do shopping not only to purchase something, but also to experience the brand. So, the store’s physical environment is considered the most important vehicle of brand communication because it affects the use of other marketing tools, such as advertising, promotions and cause-related marketing activities.

3. Conceptual framework

In line with the theoretical assumptions outlined in the previous section, this study uses an original conceptual framework (see Figure 1) to analyze a firm’s critical successful factors. In order to build strong consumer-brand relationships, we have identified three critical success factors for a luxury brand: customization, event marketing and the flagship store. This approach considers consumers as rational and emotional individuals who are affected cognitively and emotionally by their consumption experience.

4. Case study: Isaia

4.1. Company profile

This case study has been selected to be representative of the framework proposed. Isaia is an Italian firm operating in the luxury fashion industry. Its clothes for men are said to be a reinterpretation of the heritage and excellence of the Neapolitan sartorial tradition, made relevant to the “new gentleman.”
Although it was established only some 20 years ago as a local (Neapolitan) family brand, it is now a global brand. The firm still bases its production in Naples, partly to keep the “country of origin” effect and partly so that it can readily monitor the quality of the raw materials and the production process. Its philosophy is based on values such as creativity, tradition, innovation and work passion. The firm’s value proposition is based on the contemporary.

The Isaia business brand model is based on three assets: collection design, distribution and tailored-made clothes. It offers high level of customization to a specific target market. The Isaia portfolio consists of four categories of product:

1. Tailored clothing (suits, jackets, overcoats, gilets and trousers);
2. Sportswear (knitwear, shirts and trousers);
3. Furnishings (ties, scarves, cufflinks);
4. Accessories (footwear, belts, sun glasses, bracelets).

To sum up, the brand Isaia is based on the concepts of luxury, handmade products, innovation, tradition, details and high quality (Figure 2).

The Isaia brand identity comes from a combination of Neapolitan sartorial tradition and contemporary market needs. Isaia seeks to offer its customers a tailored products defining and selecting of the cloth, by realizing a unique and personal experience for each customer that it defines as “luxurious with meaning.”

4.2. Managing the critical successful factors: customization, event marketing and the flagship stores

The Isaia brand strategy is based on some critical success factors as we have conceptualized in our original conceptual framework: customization, event marketing and the role of its flagship stores.

Figure 2. The Isaia portfolio. Source: our elaboration.
4.2.1. The customization process

The first strength of Isaia is the tailored production. As we have seen in the theoretical background above, consumers are becoming increasingly demanding in their experience of consumption. They want to receive more than simple utilitarian value: they want to perceive feelings and learning [53, 54] and to have positive memories of their experience to share with friends and relatives. It seems reasonable to expect that a clothing brand can and should move beyond the provision of the functions of wearing clothes, by engaging people in a personal experience. A simple clothes purchase can be changed into a service interactive experience for consumers. The customization of the clothing allows the consumer to be involved in the design process by choosing the texture, the color, the size and the details that make the item tailored. Isaia has based its customization program on hand-crafted production, where any detail is tailored to be perceived as symbolic value added by the customer. By way of example, some of the customization elements on an Isaia jacket are summarized below:

1. The breast pocket on all Isaia jackets is slightly slanted, evocative of a typical Neapolitan fishing boat (in fact the pocket is called a *taschino a barchetta* — a boat-shaped breast pocket). This kind of pocket takes longer to sew, and the finishing details require great care.

2. A little extra fabric is hand-sewn on the front under-collar of every Isaia jacket. In the past, a tailor needed this extra fabric in order to be able to reverse the jacket for his less well-to-do customers, to get a few more years of wear out of the garment. Today, it is a mark of class and a symbol of traditional Neapolitan tailoring.

3. The most important attribute is the fabric. A gleaming silk is used, and a classic 45-degree cut is used to ensure that it lies perfectly flat and never twists on its weave.

4. The Neapolitan-style armhole is small and set very high. As the diameter of the armhole is smaller than the diameter of the sleeve-head, the tailor has to hand set the sleeve-head’s extra fabric into the armhole, through the use of a “grinze” in the shoulder.

5. Each piece of cloth is ironed on the top and bottom sides using manual, contoured presses that ensure style and a good fit. The finished jacket is then ironed again by hand for an hour and a half to refresh the cloth and redefine details.

6. The boutonniere loop embroidered with coral-red thread on the back of the lapel is an essential of any Isaia jacket.

7. The buttonholes on any Isaia garment are long-lasting and sturdy. Awl-cutting, stitching using fine cotton and buttonhole-stitch edging in glossy silk thread are all done by hand.

8. With a patterned fabric, cutting the cloth by hand is absolutely essential to ensure that checks, stripes and other designs line up perfectly to create a smooth and continuous pattern.
4.2.2. Event marketing

According to the corporate philosophy, another critical success factor for Isaia is the unconventional communication based on stakeholder engagement. Business-to-customer communication is designed to attract the interest of a particular type of man, one whose lifestyle is based on the concept of “contemporary tradition.” This is principally in the form of strong, direct advertising campaigns that appeal to customer loyalty. For the business-to-business communication, instead Isaia uses informal and customized channels, not exclusively to inform intermediate customers about the clothing details, but also to engage final customers in a memorable shopping experience.

The customized orientation of Isaia also informs its communication and relationship with the media. For instance, the company cooperates with important American press players (i.e., GQ, Forbes, Esquire, Luxos, Hello, Gainer, Leon, Quote, and WWD). In fact, Isaia manages these stakeholders (through so-called press walks) in an unusual way. They are often invited to in-store events to discuss the latest company news, because in this manner they can experience Isaia’s world. There is a special relationship between Isaia and the media; they have contact and constant dialogue about a wide variety of topics, from the choice of the outfits to the choice of exclusive event locations.

It is possible to note the strategic role played by the store, as event space, to support communication between Isaia and its stakeholders. A successful example was the “Sciùscià event,” in 2010, when a professional shoeshiner offered a unique and memorable experience to Isaia customers, in enacting a historical Neapolitan tradition (Figure 3).

![Figure 3. The shoeshine chair during the Sciùscià event. Source: Isaia website.](image-url)
Moreover, there are many frequent events (including social dinners, parties, and special events reserved for premium clients). Examples of experiential events in store for premium clients are: wine tasting organized with the best wine tester in the world, Luca Gardini, and personal styling days, when a professional style designer offers customized recommendations to each customer.

In addition to the events in store, Isaia also uses other unconventional forms of communication. For example, at a dinner party during the Milan Fashion Week 2016, the firm presented a short movie, Tailor-Made-Crime. The movie was a transmedia storytelling tool by which the firm told the story of its production in Naples. The main actor was an active chief of police interested to know the reasons for the success of Isaia’s owner and CEO, Gianluca. Through the story of the firm, the movie also presented an image of the city rather different from the common perception, based on the success of important handicraft firms.

4.2.3. The flagship stores

The Isaia brand operates in Italy, New York and Tokyo through a distribution network of 230 stores (both multi-brand and mono-brand stores). The mono-brand stores are in Milan (Italy), Capri (Italy), Baku (Azerbaijan), Moscow (Russia), Saint Petersburg (Russia), Yekaterinburg (Russia), Kiev (Ukraine), New York (USA) and Beverly Hills (USA). The firm itself actually owns only five of them. The retail strategy draws on the strategic relevance of the country, the location, the market cultural background and in particular the need to be present in particular strategic luxury fashion districts.

For the same reasons, Isaia opened a flagship store in Milan, in the so-called quadrilatero della moda, the world-famous fashion district. The store has 400 m² of floor space on two floors: the first floor is dedicated to display and the second floor has ten windows directly overlooking the main street. A match between a contemporary lifestyle and local Neapolitan tradition is achieved in the internal environment, designed by the internationally renowned architect James Irvine.

The first floor is dedicated to the following product lines: Ready to Wear, Made to Measure, Bespoke, Accessorize and Events. The main relevant element of this store is the experiential room, the so-called Vesuvio room, which is reserved for premium clients. Vesuvio derives from the chandelier (Figure 3), which is reminiscent of Mount Vesuvius.

The same shopping experience is designed in the flagship store in Moscow, in the Petrovsky Passage in the city’s shopping center.

The Isaia experience in the flagship stores is in line with key elements of the corporate philosophy: details, innovation, tradition and differentiation. The success of this retail experience is mainly based on the location, the visual environmental design and atmosphere, the internal layout, and the customized relationship with the customer.

Both tangible (i.e., furnishings, physical materials and the layout) and intangible factors (the atmosphere and the “servicescape,” i.e., colors, lights, and sounds) affect the consumer’s cognitive, affective and behavioral response [49, 55]. In the service and retail literature, various studies have shown that perceived quality of the physical environment influences consumer behavior [56].
In the flagship stores, the displays of the clothing are well separated from each other and the lighting is natural because the handcrafted items need wide spaces and natural lights in order for customers to observe the details accurately. Finally, an important role is played by the windows, which are designed both to have a communication function and to be a link between the indoor and the outdoor (Figure 4).

5. Discussion

The basic premise of this chapter is that consumer-brand relationships play a role in the consumption experience in the luxury fashion markets. The case study shows some critical factors that have determined the success of an Italian fashion brand. The empirical and academic evidence shows a radical market environmental change, where consumers are more and more interested in receiving a self-expressiveness value from their purchases [39]. They want to be part of the consumption process and to experience unique and customized purchases. According to Kotler and Keller [57], the supply-side perspective is also changing, resulting in new challenges to marketers to build and manage their brands. The customer-based brand equity model helps marketers to interpret the branding effects of marketing communications in this complex new marketing world. In this sense, the case study of Isaia provides evidence that integrating marketing communications between events and media relationships and the store experience together with the customization of the clothing achieves the desired experience and image in the minds of consumers.

In the particular context of the luxury fashion industry, the theoretical background and the empirical evidence show the need to work on consumer-brand relationships in order to improve the shopping experience, and the need for the co-creation of value between the brand and consumers. The key literature on the service and retail industry shows that environmental design and atmosphere (“servicescape”) and social interactions can have a positive or negative effect on consumers’ cognitive, affective and behavioral responses [49, 55]. In line with our theoretical assumptions, we have validated the conceptual framework by verifying that the critical success factors of Isaia are: a. the customization of its handcrafted clothing,
b. unconventional but integrated communications based on the strategic role of events and c. the flagship store as a place in which to experience the brand. This case study provides empirical evidence that enriches the existing literature on luxury fashion marketing and branding by suggesting an original framework. Moreover, in a managerial perspective, the research findings emphasizes the role of customization, event marketing and store environment as strategic factors to improve the brand experience in luxury fashion industry [25, 58].

6. Conclusion

The present work explores the role of brand management in creating strong consumer-brand relationships in the context of the luxury fashion industry by proposing some marketing tools as critical success factors. The Isaia brand demonstrates that customization, event marketing and the flagship store are the critical success factors to achieve competitive advantage and the co-creation of consumer luxury brand experience. In fact, the firm’s consumer-brand relationships are based on frequent dialogue between the firm and stakeholders (customers, the media, employees, retailers) and unconventional forms of communication which give a high level of engagement because the primary aim is to create no separation between production and consumption [58], which traditionally serves to divide the parties.

Although the findings of the current study have shed light on some important issues, some limitations need to be considered in future research. First, a single case study was used, so the results cannot be generalized. Second, the critical success factors identified could be a minor part of a wider experience strategy. Third, the case study concerns a fashion company but the luxury market segment involves other interesting industries. Based on these limitations, it would be interesting to undertake another case study in the luxury fashion industry in order to make comparisons possible. Moreover, future studies should collect data on a sample of Isaia customers to monitor the brand experience, brand attachment and brand loyalty. Moreover, there is an opportunity to extend the study to investigate and introduce other success elements (e.g., the “country of origin” effect, the role of employees). Finally, the research could be improved by examining a larger number of companies, which would help to identify the extent to which these findings have a wider application, perhaps even providing cross-cultural insights into the marketing of luxury goods.

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