The Marketing Strategy of Fashion Luxury Brands - A Case Study of Balenciaga

Maoqiang Hu *
Faculty of Business and Management, Beijing Normal University-Hong Kong Baptist University
United International College, Zhuhai, China

* Corresponding Author Email: s230024463@mail.uic.edu.cn

Abstract. In the highly competitive luxury industry, brand managers' control of marketing strategies will directly affect consumer behaviour. As the luxury industry continues to grow, brands are faced with the challenge of capturing share in the industry. The use of marketing strategies has become a key tool for brands to achieve this. By systematically breaking down the Balenciaga brand strategy into the four C's (Consumer's need, Cost to satisfy, Convenience to buy, Communication), the aim of this study is to extract the rules in luxury brand marketing using the brand as an example. In other words, to summarise the successful business marketing model by extracting the successful strategies of the brand. In addition, this study suggests the current room for improvement of Balenciaga, which will bring innovation points to the luxury industry. This study concludes that the marketing strategy of the luxury industry should be based on the interests of consumers while building a good brand image.

Keywords: Marketing Strategy, Luxury Management, Brand Identity, Balenciaga Brand.

1. Introduction

Global luxury is growing, with luxury brand sales surging and profitability increasing. Comprehensive reports show that in 2022 the top 100 global luxury brands reached $347 billion in sales [1]. The growth of the luxury market in an increasingly globalised economy is accompanied by challenges in marketing strategies. Changing consumer preferences, an expanding digital market landscape and the concept of sustainability are taking hold, and for luxury brands this means that they need to rethink the way they implement their marketing tools.

In previous studies, it is easy to see that luxury brands are marketed in ways that match their attributes and cater to consumer preferences. All these different luxury consumer preferences and behaviours are related to the diversity of symbolic value claims conveyed by modern luxury brands, such as authenticity, sophistication, and exclusivity [2]. How to design a marketing direction that matches consumer preferences while taking into account evolving and emerging marketing strategies is a dilemma that all brands have to think about.

One of the leading luxury brands, the Balenciaga brand, is gradually attracting young people's favourites. Balenciaga is a brand founded in 1919 by Spanish designer Cristóbal Balenciaga. Known for its forward-thinking designs and quality craftsmanship, the brand's product line encompasses ready-to-wear, accessories, bags, and shoes. Balenciaga is known for its ability to create a buzz online, using new and innovative clothing or accessory designs to gain the attention of the public. Balenciaga is a brand that balances its luxury credentials with its trendiness. As a result, there are many opinions on the internet that Balenciaga has evolved into a designer fashion brand rather than a luxury brand. This is clearly a mistake to judge the brand's attributes solely on the basis of its design style.

While exploring the constantly renewed marketing tactics of luxury brands and their impact, through a case study of the French luxury brand Balenciaga, the deep logic of the brand's marketing strategy can be traced, as well as key events in Balenciaga's founding history, sales, global branding, and sales tactics. Finally, through analyse the Balenciaga brand to uncover shortcomings in its marketing strategy and offer ways to improve it to independent-minded readers who follow contemporary trendy luxury brands such as Balenciaga.
This paper will consist of three main structures. The first one is to make a comprehensive introduction to the Balenciaga brand, including brand background, customer group analysis and so on. This will provide a clear understanding of Balenciaga; then the theoretical framework will be used to analyse Balenciaga's product line and pricing strategy from multiple perspectives. After completing the reading of the brand, in the last part, this paper will suggest the improvement of Balenciaga's marketing strategy from the perspectives of product line expansion, brand co-branding strategy, etc., and put forward the future agenda.

2. Brand Introduction of Balenciaga

2.1. Brand Basic Introduction

Balenciaga was born in 1917 as a small shop in the Spanish coastal town of Getaria. The designer was Cristóbal Balenciaga, who by the mid-1920s was already working as a fashion designer for Spanish royalty and high nobility [3]. Thanks to its unique design concept and excellent craftsmanship, it began to make a name for itself in the fashion world and in 1936 it moved to Paris, France, the capital of fashion, where in 1937 Balenciaga opened his haute conture house at 10 George V in Paris, France, which was a great success.

In 2001, after several designers, the Kering Group took charge of the Balenciaga brand, establishing it as an influential player in the fashion world. To this day, Balenciaga continues its quest for modern creative aesthetics and the exploration of shapes, making it a preferred brand for fashion seekers around the world.

2.2. Analysis of the Main Customer Groups of the Brand

Balenciaga, as a brand that combines the attributes of a luxury product with those of a designer brand, its customer profile can be categorised by the following two indicators:

Firstly, measured by age and income, Balenciaga's clientele is mainly concentrated between the ages of 20 and 40, with a larger portion in their 30s and 40s. Consumers in this segment tend to be financially capable and have incomes that can afford the high prices of luxury goods. Their purchasing decision process is not only considering the actual use of the product, but also the brand value behind the product.

Secondly, it is sensitivity to fashion. Balenciaga's products bring more than just practicality, their design concept is an expression of culture and art. Customers who choose Balenciaga often have a keen intuition for fashion and cultural communication and have a unique appreciation for the artistic value of things. They are eager to show their cultural taste and artistic aesthetics through the brand's products.

2.3. Brand Philosophy

As a luxury brand, what sets Balenciaga apart from others is its philosophy, which is innovative and avant-garde. Balenciaga's design philosophy stems from the brand's willingness to pursue emerging art, which was also the vision of its founder, Cristóbal Balenciaga. For example, Balenciaga is very good at making changes to the shape of its clothes, in contrast to other luxury brands that focus more on the prints of their clothes. For example, Balenciaga often uses a combination of oversized silhouettes and slanted shoulders [4]. This is undoubtedly not in line with the traditional popular aesthetic. The impact of such concepts is not only to create momentum, but also to explore and push the boundaries of the fashion world.

2.4. Brand Code

Balenciaga's brand code exists mainly in its visual aspect. Firstly, in terms of colour, Balenciaga pursues a simple aesthetic and minimalism, preferring to use black, white and grey. This minimalist colour decision creates a sense of atmosphere and space for the brand.
The hardware on Balenciaga's products is also a reflection of the brand code. Balenciaga uses studs as its brand code for its bags and shoes, which are designed with elements of punk culture and can effectively enhance the visual impact and recognition of the products. In addition, studs reduce the wear and tear of the leather and increase the durability of the product.

3. Applying the 4C Marketing Theory Framework to Analyze Brand Strategy

3.1. Consumer’s Need

Luxury products differ from ordinary products in that the luxury experience is created by providing consumers with experiential value beyond the functional value [5]. This means that the brand has to give the consumer an experience that goes beyond the utility of the product, and the most essential experiential value that Balenciaga brings to its customers is the social identity; Balenciaga's products are designed with a specific colour palette and shape to reflect its cultural values, which is exactly what the consumer's need is. This part of the cultural value is the common values of Balenciaga brand and consumers, when purchasing Balenciaga products, consumers can feel the mutual recognition and emotional transfer between the brand and get a sense of social identity beyond the product itself.

3.2. Cost to Satisfy

Balenciaga, as a very special luxury brand, has a considerable part of cost to be considered when purchasing.

Firstly, there is the cost of decision making, other factors that luxury consumption relies on include satisfaction [6]. When purchasing an expensive product, Balenciaga takes extreme care in maintaining the quality of the product and avoiding low-quality goods to the greatest extent possible. This greatly reduces the pressure of purchase decision and enhances consumer satisfaction. At the same time, Balenciaga offers a flexible return policy, although there are different return rules in different regional shops, but the same essence is that if consumers are not satisfied with the product within a certain period of time after the purchase, consumers can return it to the shop in the form of cash or equivalent coupons.

In addition, the time cost of learning to wear Balenciaga fashion needs to be taken into consideration. Some beginners will feel uneasy with such avant-garde design of Balenciaga, and not everyone has good taste in matching clothes. Faced with the vast amount of fashion items, many people have difficulty in matching complementary fashion items to create a suitable outfit [7]. However, in fact, Balenciaga's official website product model pictures and annual new product launches provide customers with models for matching. It is worth mentioning that the shop assistants in Balenciaga's offline shops also provide advice on how to buy clothes to match.

In summary, Balenciaga has adopted various strategies to reduce consumer cost to satisfaction. On this basis, consumers can make decisions as little as possible without being disturbed by other possible factors.

3.3. Convenience to Buy

The fast-paced society has led to the diversification of buying channels. As a result, Balenciaga has adopted a multi-channel sales strategy to make it easier for customers to buy its products. Firstly, there is the online channel. The official website of Balenciaga provides a direct purchasing channel where customers can pay for the products and have them delivered by the brand. In addition to this, Balenciaga has partnered with luxury e-commerce platforms such as Farfetch, where customers can find discounted items that are also delivered by post. Balenciaga also has official shops on many e-commerce platforms, such as Taobao. Secondly, there are the offline shops. Balenciaga has opened shops in major cities around the world and provides staff to cater to consumers who are keen to buy offline. In some top department shopping mall, such as Harrods, Balenciaga is also present. Consumers can enjoy the convenience of buying multiple luxury goods at the same time inside. This
provides great convenience for consumers to purchase Balenciaga products, saving them time and energy while promoting order transactions.

3.4. Communication

Balenciaga places importance on communication with consumers, starting with social media. Balenciaga actively publishes brand news on Instagram, Twitter and other social media platforms, so that consumers can quickly get information about Balenciaga's products, quarterly releases, etc. This kind of communication creates an effective way for consumers to communicate with the brand. This communication establishes an effective information channel for consumers and also collects real-time feedback on brand dynamics from consumers.

The excellent customer service center of Balenciaga provides effective communication channels for consumers. For consumers who have not consumed but have registered for a membership account, Balenciaga will push product recommendations to the consumer's email address from time to time, giving consumers a sense of belonging. This helps to maintain potential consumers and increase their willingness to buy. For consumers who have already purchased products, Balenciaga's customer service will regularly collect consumers' feedback on the brand and provide after-sales service for the products, in order to maintain a long-term relationship with consumers and increase consumer loyalty.

4. Suggestions

4.1. Developing Product Lines

Throughout the products of the Balenciaga brand, there is a lack of a product that fully reflects the brand's height, the watch. A huge number of luxury brands dabble in one product line - watches. Wristwatches are a huge market in the luxury industry, with the luxury watch and jewellery market generating $67.98 billion in revenue in 2022 [8]. And the high value of watches can reflect the overall brand grade while bringing high profits. But looking at Balenciaga's product line, there is only one wristwatch-like bracelet. Expanding Balenciaga's offerings to include wristwatches would fill a gap in its category and also bring its innovative design concepts to the high-end watch market. Firstly, the focus should be on the story line and brand storytelling of the watch range, effectively creating an emotional link with the consumer to increase their desire to buy. Secondly, in terms of design, Balenciaga can follow its design style of using flashy shapes while adopting a minimalist colour scheme to match its brand code, and lastly, Balenciaga should maintain its high-end positioning as a luxury brand and use exquisite craftsmanship to guarantee the quality of its watches. This addition to the product line will attract consumers who are looking for high quality accessories and will strengthen Balenciaga's brand position in the luxury industry.

4.2. Adding More Co-branding

Balenciaga is a brand that has been in the fashion industry for a long time, and its influence in the industry can bring different opportunities for the brand. Adding more co-branding projects to the brand, such as collaborations with other luxury brands, artists, etc. is a great strategy for the brand to develop. Co-branding is a means to gain more exposure in the marketplace, to counter the threat of private label and to share expensive promotional costs with partners [9].

On an innovative level, Balenciaga's co-branding is able to keep the brand forward-looking and inspirational, adopting the design ideas of other brands or designers. Balenciaga once co-branded a sports suit with the sports brand Adidas, which not only retained the design elements of the Adidas brand's three-bar design, but also added Balenciaga's This suit not only retained the three-bar design elements of the Adidas brand, but also added the Balenciaga wide fit, which made it extremely presentable and comfortable.

On a market level, cross-border co-branding of luxury brands expands the consumer market, which can be seen as an effective market expansion strategy [10]. In 2022, Balenciaga launched a three-way co-branding with Yeezy and Gap, which took the traditional design elements of the Gap, the hooded
hoodie, and added Yeezy's designer Kanye West's design concept with Balenciaga's version. Many Kanye West fans came to buy it, bringing Balenciaga a new audience and increased awareness.

4.3. Sustainability
In a social context where environmental protection is becoming more and more important, balancing financial gain and social responsibility has become a path that every luxury brand has to consider. One challenge to be faced is that consumers may interpret the use of recycled materials as synonymous with poor quality due to the unique elements of fashion luxury, such as exclusivity and tradition [11]. Although Balenciaga has introduced clothes made with eco-friendly materials, it was just an experiment and Balenciaga needs to implement it into its design philosophy. And Balenciaga's footwear can be considered as a hot selling category. Therefore, Balenciaga can further develop and use eco-friendly materials by taking high-quality materials for its iconic flagship footwear, such as Track, 3XL and so on. Furthermore, Balenciaga can recycle second-hand used clothes and bags by implementing a clothing recycling policy, which will re-make them into new products. This will help to grow the life cycle of the merchandise and reduce the negative impact of discarded clothes on the environment.

5. Conclusion
The prosperity of the luxury fashion industry is accompanied by challenges to brand marketing strategies. The purpose of this paper is to analyse and make suggestions on the limitation of marketing strategies in the luxury fashion industry with a theoretical framework based on the background of the luxury fashion industry, taking Balenciaga as an example. The paper starts with a comprehensive analysis of Balenciaga's background and basic attributes such as brand code. It then analyses the current status of the brand strategy and the consumers' intuitive feedback from four aspects, namely Consumer's need, Cost to satisfy, Convenience to buy, and Communication, in the framework of the 4C's marketing theory. Finally, recommendations are made in terms of product line extension, brand association strategy and sustainability. The significance of this study is to summarise the current situation of the luxury industry by analysing a single brand and to bring innovation and growth to the luxury industry. Although this study analyses the Balenciaga brand from as many aspects as possible, the study still has limitations. A more accurate analysis of marketing strategies needs to be based on more realistic financial data, and the authors were only able to search for data from publicly available databases for their analyses, and therefore may be biased. Also, the rapid changes in market dynamics may have contributed to the short timeliness of the results of this research, which is attributed to unknown factors such as shifting consumer preferences and advances in technology. In terms of future developments, rapid advances in information technology have generated new potential in terms of predictive significance, validity and performance of marketing science. In addition to this, a product of the digital age, digital media will multifacetedly help brands to build their image and directly influence the sales of their products. The luxury industry is changing rapidly, which means that its future research is of unlimited potential.

References


