

# Chapter 2

## Luxury Fashion Branding: Literature Review, Research Trends, and Research Agenda

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### 1 Introduction

The luxury fashion industry is very important in terms of its monetary sales volume (more than US\$ 252 billion annually in 2011 (The Economist 2011)). The global luxury industry has seen steady growth over the past 16 years (Kim et al 2012) and it is commonly believed to be one of the most appealing and profitable industries in the world. In addition to its economic value, luxury fashion brands help develop the best fashion products for the market. They are leaders in the fashion world and drive a lot of mass-market imitators. Undoubtedly, luxury fashion is a critical part of modern fashion world and luxury fashion branding is a timely and important topic (Emond 2009; Ko and Megehee 2012).

Motivated by the importance of luxury fashion industry in practice and the popularity of luxury fashion branding related studies in the recent literature, I extensively and systematically reviewed the related literature in this paper. I classified the research types into three categories, namely: (1) qualitative empirical research (QLE), (2) quantitative empirical research (QTE), and (3) analytical modeling research (AM). From the examination of the vast literature, I identified the research trend in the area and proposed new research directions in a “research agenda.”

When preparing this literature review paper, I extensively searched the following portals from 25 February 2013 to 4 March 2013: *Google Scholars*, *ScienceDirect.com*, *EBSCO Business Source Complete* databases with the following set of keywords: *luxury fashion*, *luxury clothing*, *luxury apparel*, *luxury fashion brand*, *conspicuous fashion*, *conspicuous clothing*, *conspicuous apparel*, and *conspicuous brand*. I focused only on the peer-refereed papers in archival journals written in English. My initial search identified 215 papers. After initial screening, only 68 of them were retained as the majority of the other papers were not in peer-refereed archival journals written in English. After further checking of the titles and

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abstracts, only 38 papers remained (because the other 30 are neither in fashion nor closely related to the topic). From the cited references of these papers, we further found a few more related papers and included them in the review.

This paper is organized as follows. Section 2 reviews the qualitative empirical analysis on luxury fashion branding. Section 3 examines the quantitative empirical studies related to luxury fashion branding. Section 4 presents the analytical modeling research on luxury fashion branding. Section 5 discusses the research trends based on the reviewed literature in Sects. 2–4. Section 6 proposes the research agenda and concludes the paper.

## 2 Qualitative Empirical Analysis

I divide the qualitative empirical research literature on luxury fashion branding into two major subsections with respect to whether the studies focus on company (e.g., luxury fashion brands) case study or not. For those focusing on company case studies, I further classify them into a single case study scenario and multiple cases scenario.

### 2.1 *Company Case Study Research*

#### 2.1.1 *Case Studies on a Single Brand*

In a very popular paper, Moore and Birtwistle (2004) explored the performance of the British luxury fashion brand Burberry. They studied the development and brand revitalization of Burberry with reference to many publicly available official documents published by Burberry. They evaluated Burberry's repositioning strategy and critically investigated Burberry's revised business model at that time. Moore and Birtwistle (2005) focused on Gucci to study the nature of "parenting advantage" in luxury fashion. They reviewed Gucci's annual reports and other secondary information sources, and identified the "ten-year renaissance" in Gucci. They argued that there is an intrabusiness group synergy in Gucci and this synergy is crucial for saving Gucci from the financial crisis that it faced at that time. They also established a multidimensional luxury fashion branding model which identifies various critical components and their interactions for luxury fashion brands. They believed that their proposed model can help luxury fashion brands to better shape the branding strategies and develop a competitive edge. Recently, Savelli (2011) conducted a case study on an Italian luxury fashion firm called Aeffe. She collected data from two means. First, she studied the reports, documents, and publications that she had found from publicly available source. Second, she conducted face-to-face interviews with several marketing managers of Aeffe. She proposed three interrelated critical dimensions which are necessary for effective brand management for luxury fashion companies similar to Aeffe. She argued that these dimensions could assist luxury fashion brands to succeed by, e.g., enhancing the brand awareness.

### 2.1.2 Case Studies on Multiple Brands

Brun et al. (2008) studied the Italian luxury fashion industry with a multiple-case study approach. They explored 12 Italian luxury fashion retailers. They revealed the main operational features of these companies and identified their critical supply chain management strategies. They argued that for the Italian luxury fashion companies to move up the “brand ladder” so as to be even higher ranked in the “brand tier,” marketing efforts alone are insufficient. They hence further derived the list of critical success factors, including those from supply chain management, for this purpose. Fionda and Moore (2009) adopted a qualitative multiple-case study approach to investigate the most important dimensions for the success of luxury fashion brands. They studied 12 international luxury fashion retailers and collected data via both semistructured interviews with managers of the target companies and reviews of some secondary sources such as internal documents and media reports. They successfully obtained nine interrelated attributes which are critical to the success of luxury fashion branding. They concluded their study with a comment on the fact that luxury fashion brand management is complex in general, and the luxury fashion brands should adopt a coherent approach in order to succeed. Later on, Moore et al. (2010) investigated the use of flagship stores as a market entrance strategy in luxury fashion retailing. They studied 12 luxury fashion retailers and obtained the primary data via semistructured interviews. From the collected data and observed industrial strategies, they proposed several characteristics of the flagship stores of the luxury fashion retailers. They revealed that luxury fashion retailing flagship stores can be treated as a strategy which can provide substantial support for the development of luxury fashion retailing in a foreign market. In other words, these flagship stores play a crucial role in helping the luxury fashion retailers to enter another market and go international. They also interestingly showed the interdependence of flagship stores and the wholesaling method for luxury fashion brands. Stankeviciute and Hoffmann (2010) explored brand extension strategy in luxury fashion. They examined several famous international luxury fashion brands, namely Giorgio Armani, Calvin Klein, and Jimmy Choo. They found that luxury fashion brands can collaborate with nonluxury brands to develop an extended co-brand. This extension can achieve a positive impact on themselves if the co-brand possesses the luxury fashion’s features, and the nonluxury brands have good reputation. They further revealed that a downward brand extension can enhance the parent luxury brands if the extension keeps the parent brands’ luxury fashion elements and other critical core brand elements. They also studied the brand dilution effect and argued that the luxury fashion brands have to continuously improve themselves so as to yield a successful portfolio of their brands under the brand extension strategies. Recently, Nobbs et al. (2012) explored the essential elements of the luxury fashion flagship store’s format. They revealed that the luxury fashion flagship store’s scale and size in practice are more than sufficient compared to its functional requirements. They argued that the luxury fashion flagship stores treasure exclusivity and uniqueness most and help attract customers’ visit. They explored the characteristics of the luxury flagship store format and demonstrated how the flagship store helps generate and communicate differentiation. Table 2.1 shows a summary of the case study research reviewed in Sect. 2.1.

**Table 2.1** The summary of the company case studies research reviewed in Sect. 2.1

Paper	Type	Details of the brands	Research focus
Moore and Birtwistle (2004)	S	Burberry	Revitalization of the brand
Moore and Birtwistle (2005)	S	Gucci	The importance of intrabusiness group synergy in saving the brand
Savelli (2011)	S	Aeffè	Identifying the three interrelated critical dimensions for the brand's success
Brun et al. (2008)	M	Twelve Italian luxury fashion retailers	Developing a list of critical success factors, especially those in supply chain management, for successful luxury branding
Fionda and Moore (2009)	M	Twelve international luxury fashion retailers	Deriving nine interrelated attributes which are critical to the success of luxury fashion branding
Moore et al. (2010)	M	Twelve luxury fashion retailers	Confirming the role played by flagship stores in helping luxury fashion retailers to enter foreign market and go international
Stankeviciute and Hoffmann (2010)	M	Giorgio Armani, Calvin Klein, Jimmy Choo	Studying the brand dilution effect and proposing that the luxury fashion brands have to continuously improve themselves so as to yield a successful portfolio of their brands under the brand extension strategies
Nobbs et al. (2012)	M	Seven related fashion companies	Identifying the characteristics of the luxury flagship store format and demonstrating how flagship store helps generate and communicate differentiation

*S* single-brand case study, *M* multiple-brand case study

## 2.2 *Non-Company Case Study Research*

Crane (1997) examined the production of culture theory, and conducted a study on the French luxury fashion market. He showed that a few large companies controlled by conglomerates dominate the French luxury fashion market in terms of sales but have little influence on styles. He found that rather than cooperating with the smaller firms, the large firms can benefit from the global expansion of their market to sell products other than fashionable clothing. Heine (2010) explored luxury fashion brand's personality traits. He employed the repertory grid method which has specified certain guidelines and selection criteria on brand personality. He conducted in-depth interviews with 50 fashion luxury consumers to learn about their associations with luxury fashion brands based on the repertory grid method. He then identified 49 personality traits and five major personality dimensions which include modernity, eccentricity, opulence, elitism, and strength. After that, he conducted further face-to-face interviews with about 60 luxury fashion insiders. Finally, he concluded that there are 52 important luxury brand personality traits and argued that these findings help lay the foundation for future research on luxury fashion brand personality. Morace (2010) studied the dynamics to a new sensibility which is positioned in-between "simplicity" and "luxury." He believed that this new sensibility involves the parallel processes of luxury. Issues such as exclusivity, creativity, authenticity, and craftsmanship are also found to be related to luxury fashion. Counterfeiting is a timely issue and challenging problem faced by luxury fashion brands. Wall and Large (2010) discussed the counterfeiting issues and examined some related issues for criminologists, policy makers, and luxury fashion brand owners. They explored the topic from different perspectives and proposed to locate the public interest in a different way. They argued that one has to thoroughly understand the rationale behind having counterfeit goods before shaping the optimal strategy to fight it. Venkatesh et al. (2010) qualitatively investigated how the consumer attitudes and preferences of females related to their bodily appearance are associated with their perceptions of the aesthetics of luxury fashion. They developed their theoretical framework based on research in aesthetics of production, aesthetics of reception and aesthetic labor. They revealed that bodily appearance and luxury fashion brands are closely linked together. This gives important implications to explore luxury fashion branding from the consumer behavior perspective. Amatulli and Guido (2011) explored the determinants of Italian consumers' purchasing intention for luxury fashion products. They conducted 40 in-depth interviews with consumers in a luxury fashion retailer in Italy. They employed the laddering technique in data collection. They carried out the means-end chain analysis and uncovered that Italian consumers who buy luxury fashion products mainly aim to match their lifestyle and satisfy their inner drives. They further revealed that self-confidence and self-fulfillment are the two core hidden values in their mind when they buy luxury fashion products. They hence proposed that luxury fashion brands may focus on these inner drives in designing their own branding strategies.

In the scope of conspicuous consumption Edgell (1992), Souiden et al. (2011) investigated the conspicuous consumer behaviors towards the purchase of

branded fashion accessories. They explored the problem with the consumers in Canada and Tunisia. They revealed that the conspicuous consumer behaviors in both cultures are positively influenced by social status display associated with the consumption. They also found that consumers in both cultures reckon that their social status may affect their self-image which leads to their conspicuous consumer behavior. They argued that conspicuous consumption appears to be more significant in individualist culture than in collectivist culture. Woodside (2012) explores consumer choice and firm profitability by combining theories in economics, fashion, marketing, and psychology perspectives. He employed an empirical approach to find evidence from available literature to verify the hypotheses. He found that different pricing points which maximize firm's profitability may vary for different product designs which are in the scope of conspicuous consumption. He also revealed that the impacts brought by fashion marketing schemes and price highly depend on the chronic desires of consumers. Carrigan et al. (2013) theoretically extended the "harm chain" study with the incorporation of the institutional forces. They identified a number of harms occurring throughout the luxury fashion supply chains. They found that luxury fashion brands need to enhance their corporate social responsibility and they should no longer focus only on the economic benefits. Al-Mutawa (2013) studied the Muslim female consumers' behaviors towards western luxury fashion brands. She conducted a preliminary qualitative study consisting of 12 in-depth interviews in Kuwait. Her findings revealed that in Kuwait, Muslim female consumers generate "modestly sexy" image that can help recreate certain symbolic meaning for western luxury fashion brands. She argued that luxury fashion brands should recognize the importance of managing "consumer-generated representations." She further illustrated that the construction of consumer representations can be created by advertisement scheme or based on the "actual social users" of the luxury fashion brand. In a different perspective, Arrigo (2011) explored the brand enhancement policies of luxury fashion. He focused on Milan, a renowned fashion city in Italy. He demonstrated by a qualitative study on how different luxury fashion companies adopt fashion brand enhancement policies in Milan. Table 2.2 shows a summary of the case study research reviewed in Sect. 2.2.

### 3 Quantitative Empirical Analysis

In this section, I explore the survey-based quantitative empirical studies on luxury fashion branding. The majority of studies in this category employ the consumer survey as the data collection method and derive findings based on statistical analysis of the consumer inputs. I put these consumer survey-based studies in Sect. 3.1, in which I further organize the literature into various areas, namely the counterfeiting issues, social media marketing, Chinese consumers, and others. In Sect. 3.2, I present the company survey-based study.

**Table 2.2** The summary of the noncompany case studies research reviewed in Sect. 2.2

Paper	Data source	Research focus	Core findings
Crane (1997)	French luxury fashion market	Production of culture theory for luxury fashion	Showing that a few large companies controlled by conglomerates dominate the French luxury fashion market in terms of sales but have little influence on styles
Heine (2010)	50 fashion luxury consumers and 60 luxury fashion insiders	Luxury fashion brand's personality traits	Revealing that there are 52 important luxury brand personality traits which are influential for luxury fashion branding
Morace (2010)	Multiple sources including the literature	A new sensibility for luxury fashion	Revealing that this new sensibility involves the parallel processes of luxury
Wall and Large (2010)	Multiple sources including the literature	Counterfeiting issues	Proposing that one has to thoroughly understand the rationale behind having counterfeit goods before shaping the optimal strategy to fight it
Venkatash et al. (2010)	Consumer studies	How consumer attitudes and preferences of females related to their bodily appearance	Revealing that bodily appearance and luxury fashion brands are closely linked together
Amatulli and Guido (2011)	Luxury fashion consumers in Italy	How consumer lifestyle and inner drives affect luxury fashion branding	Proposing that luxury fashion brands may focus on these inner drives in designing their own branding strategies
Souiden et al. (2011)	Consumers in Canada and Tunisia	Conspicuous consumer behaviors towards the purchase of branded fashion accessories	Conspicuous consumption appears to be more significant in individualist culture than in collectivist culture
Woodside (2012)	Literature of economics, fashion, marketing, and psychology	Exploring how consumer choice and firm profitability are related in conspicuous consumption	Proving that the impacts brought by fashion marketing schemes and price highly depend on the chronic desires of consumers
Carrigan et al. (2013)	Multiple sources including the literature	Extending the "harm chain" study with the incorporation of the institutional forces	Finding that luxury fashion brands need to enhance their corporate social responsibility and should not just focus on the economic benefits
Al-Mutawa (2013)	Muslim female consumers in Kuwait	Muslim female consumers' behaviors towards western luxury fashion brands	Illustrating that the construction of consumer representations can be created by advertisement scheme or based on the "actual social users" of the luxury fashion brand
Arriago (2011)	Case studies from various sources	Brand enhancement policies of luxury fashion	Revealing how different luxury fashion companies adopt fashion brand enhancement policies in Milan

### **3.1 Consumer Survey-Based Studies**

#### **3.1.1 Counterfeiting Issues**

Yoo and Lee (2009) explored the consumer purchase intention of luxury fashion brands and their counterfeits. They identified three important dimensions, namely the past experience-based behavior, the attitudes towards buying counterfeits, and the individual characteristics. They collected data from 300 and 24 Korean female students. Their statistical analysis proved that the three dimensions are determinants of consumer purchase intention of counterfeits and originals. They specifically illustrated that the consumer purchase intention of counterfeits is positively correlated to the consumer purchase intention of the original luxury fashion brands. In addition, they revealed that the consumer purchase intention of counterfeits is negatively correlated to the consumer purchase intention of original luxury fashion products. Later on, Yoo and Lee (2012) evaluated the business risk associated with fashion counterfeit consumption behavior by examining the effect of past experiences with counterfeit luxury fashion brands and original real luxury fashion brands. Based on the consumer survey data from five luxury fashion product categories, they found that an asymmetrical effect existed in which past experiences with real original luxury fashion brands are negatively correlated to consumer purchase intention of counterfeits. They showed that past experiences with counterfeits do not correlate to consumer purchase intention of original real luxury fashion brands. They further conducted another study, which was based on experimental data from two luxury handbag brands, and confirmed the results to be valid.

#### **3.1.2 Social Media Marketing**

Kim and Ko (2010) studied the use of social media marketing for supporting luxury fashion brands. They conducted a self-administrated questionnaire with visual stimuli to collect data from luxury fashion brands' consumers in Korea. They confined the qualified respondents to be those who had purchased a luxury fashion brand item within 2 years (at the time of survey). They received 133 valid inputs for detailed analysis. Their statistical data analysis confirmed the significance of using social media marketing for luxury fashion brands in enhancing customer relationships and purchase intention. They further proposed a strategy to improve the performance of the luxury fashion brands. Under their study, all properties associated with the social media marketing of the luxury fashion brand can improve customer relationships and purchase intention, with the entertainment element being most substantial. They argued that using social media marketing is a proper way of retaining old customers and attracting new customers. Later on, Kim and Ko (2012) identified the critical attributes of social media marketing for luxury fashion branding. They examined the relationships among the perceived activities: Value equity, relationship equity, brand equity, customer equity, and consumer purchase intention. They studied the problem by using the structural equation modeling approach.



In their study, the five constructs of perceived social media marketing activities of luxury fashion brands include entertainment, interaction, trendiness, customization, and word of mouth. They found that the effects of these five constructs on value equity, relationship equity, and brand equity are positive. They derived that the brand equity has a significantly negative effect on customer equity. They showed that the value equity and relationship equity do not exhibit any statistically significant effect. They also proved that the relationship between purchase intention and customer equity is significant. They concluded by arguing that their research findings can provide a practical guide to help luxury fashion brands better forecast the future consumer purchasing behavior of their customers more accurately. Most recently, Kamal and Chu (2013) studied whether materialism is a consequence of social media usage, and how it influenced consumer attitude towards social media advertising. They conducted the study with respect to American and Arab young social media users with a goal of revealing the relationship between materialism and consumer purchase intention of luxury fashion goods of these consumers. Their studies indicated that the Arab social media users possessed a higher level of materialism and social media usage than the American users; they also exhibited a more favorable attitude towards social media advertising than the American counterparts. For both groups of consumers, they found that a positive relationship existed between materialism and consumer purchase intention towards the luxury fashion products.

### 3.1.3 Chinese Consumers

For luxury fashion brands, nowadays, one most important target group of consumers are the Chinese people (see Choi et al. 2008; Liu et al. 2011 for more details). It is hence not surprising to see many studies on luxury fashion branding focus on Chinese consumers. For example, Gao et al. (2009) explored market segmentation scheme of the affluent Chinese consumers. They developed systematic profiles of the identified segments for luxury fashion products. They obtained data by surveying a representative sample of affluent consumers from 12 largest cities in China. They employed a psychographic segmentation approach to classify these consumers. They found that there are five distinct market segments of these affluent Chinese consumers. They argued that luxury fashion brands can employ these market segmentation results to better formulate their branding strategies. Jung and Shen (2011) conducted an empirical study to examine brand equity of luxury fashion brands and its relationships with cultural orientation. They focused on exploring the consumer groups who are college women from a university in China and a large public university in the USA. They found that the Chinese sample has a greater degree of collectivism and power distance than the American sample. Interestingly, they revealed that the US sample shows a higher degree of uncertainty avoidance. For the consumer-based brand equity dimensions, they further identified the cultural differences in which the American sample possesses higher score in perceived quality, brand awareness, and brand association than the Chinese counterpart. Li et al. (2012) examined Chinese consumers' "willingness

to pay” for luxury fashion branded products in association with their own fashion lifestyle. They revealed that fashion lifestyle, perceived social and emotional value, perceived utilitarian value, and perceived economic value are all significantly influencing the willingness of Chinese consumers to pay for luxury fashion. Chen and Kim (2013) explored how strongly consumers’ personal values and attitudes influence their purchase intentions towards luxury fashion brands. They formulated personal values as a dimension which included materialism, hedonism, face saving, and social connections. They collected data from 201 Chinese consumers for statistical regression analyses. They proved that that hedonism positively influences consumer intention to purchase luxury fashion brands for self-use. Interestingly, they found that face saving and social connection, two important dimensions in Chinese culture, do not have a significant impact on consumer purchase intentions for both self-use and gift giving purposes. Most recently, Zhang and Kim (2013) investigated the factors that influence the Chinese consumers’ attitude towards purchasing luxury fashion goods and their purchasing intent. They collected consumer inputs in three major cities in China and received 161 valid inputs. Their statistical analysis indicated that brand consciousness, social comparison, and fashion innovativeness all have statistically significant impact on consumer attitude towards purchasing luxury fashion goods. They also confirmed that the purchasing intention of Chinese consumers for luxury fashion products is strongly influenced by their attitude towards purchasing luxury fashion goods.

### **3.1.4 Other Consumer Survey-Based Studies**

In addition to the above three subsections, there are also various interesting studies on luxury fashion brands which employ consumer-based data for a quantitative analysis. For example, Kim et al. (2010a) investigated how customer–salesperson relationship influences sales effectiveness. They examined whether individuals’ self-monitoring would moderate the customer–salesperson relationship. They conducted an analysis by collecting 167 valid consumer inputs via the help of the sales managers of 21 luxury fashion retail stores in Korea. They revealed that when customers are “high self-monitors,” the perceived effect of a social relationship is reduced. They also proved that if the consumers have a good social relationship with the salesperson, they would give “credits” to the salesperson for his effort in helping them with their purchase decision. They argued that, based on their research findings, luxury fashion retailers should advise their salespeople to build a stronger social relationship with low self-monitors rather than high self-monitors. Furthermore, since their research findings indicated that high self-monitors tend to have lower levels of interpersonal commitment and less stable social bonds than low self-monitors, they proposed that luxury fashion brands have to realize the difficulty in establishing long-term loyalty from high self-monitors even if there is a strong social relationship between these consumers and the salesperson. Kim et al. (2010b) studied via a quantitative empirical consumer survey the consumer brand value and brand loyalty towards foreign luxury fashion brands in Korea.



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