

# Fashion Marketing

THEORY, PRINCIPLES, & PRACTICE | Marianne C. Bickle



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I dedicate this volume to

**Diane Claudia and William Charles Bousquette.**

They continually demonstrate commitment to family and friends,  
live life to the fullest, are grateful for all life's experiences,  
and look at the glass seven-eighths full.

Thank you for inviting me to the party.

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# Preface

Since I received my bachelor of science in Textiles and Clothing in 1980 from Michigan State University, undergraduates in textiles and clothing, retail management, fashion merchandising, and related programs have been required to complete a marketing course. There is excellent justification for this course requirement. Professionals in the fashion industry conduct some of the most elaborate and expensive marketing campaigns throughout the globe. Throughout the years of teaching, my students have frequently commented that they would like a marketing textbook that featured fashion-related examples. After all, while Kodak, for example, does indeed market its product, most of our students don't work for Kodak. They work for Nordstrom, Neiman Marcus, and Bloomingdale's. While a course on the principles of marketing taught in a different college provides our students with the concepts, the application of the concepts are not as beneficial as when fashion companies are applied to the concepts.

## THE MARKETING CONCEPT

The marketing concept remains the same regardless of the product. The marketing concept addresses the four *Ps*—price, product, promotion, and place. This concept assists the marketing team in organizing, arranging, and delivering products and services. These actions focus on two objectives: satisfying consumers' wants and needs and fulfilling the organization's primary goal.

This text was written for the purpose of presenting the marketing concept to textile and clothing, retail-management, and fashion merchandising students. Stories of fashion designers, manufacturers, and retailers are applied to marketing concepts throughout the text. For example, Ralph Lauren's marketing concept focuses on understanding how to satisfy the

wants and needs of the classic fashion domestic and international target market. The nature of these fashion-oriented products, influences how we implement the marketing concepts. One wouldn't approach a marketing campaign for Piggly Wiggly supermarkets the same way one might approach a campaign for Victoria's Secret. Product placement, timing, location, pricing, and message are influenced by the nature of the product.

Fashion is a billion-dollar industry. It crosses over product categories, lifestyles, generations, income brackets, and continents. Products that are considered fashionable by one target market may be considered passé by another target market. One common characteristic that binds people who enjoy fashion is that they all have an opinion regarding what constitutes fashion.

I've been teaching retailing and fashion merchandising students since 1989. A required course in the curriculum is Principles of Marketing. Throughout each glorious year, students have requested a marketing text that emphasizes fashion examples as opposed to nonfashion products. The purpose of *Fashion Marketing: Theory, Principles, and Practice* is to provide retailing and fashion merchandising students with a marketing course that focuses on the fashion industry.

## The Market Planning Process

The marketing concept is a process. That is, the marketing team prepares the marketing campaign in stages. Some stages are completed simultaneously while other stages are considered later in the decision-making process. I have designed a Market Planning Process table to assist students in learning how to compartmentalize marketing decision-making efforts. Many students in textile and clothing, retail management, and fashion merchandising have told me that they are visual learners. I, too, am



a visual learner. The Market Planning Process table provides students with: (1) a list of activities that the marketer accomplishes at each stage, (2) the associated topics discussed in the chapter, and (3) a pictorial diagram showing the flow of information and/or activities. At the conclusion of the chapter, if the student is unaware of information on the Market Planning Process table, he or she should reread some or all of that chapter.

### Organization around the Market Planning Process

The text is divided into 12 chapters. With the exception of Chapter One, “Introduction to Fashion Marketing,” each chapter focuses on one aspect of the marketing concept. At the conclusion of the text, the student will have thoroughly learned the marketing concept.

The first two chapters focus on introducing and describing the impact of the fashion industry. Throughout Chapter One, “Introduction to Fashion Marketing,” the reader will learn about fashion marketing efforts as they relate to the market, the basics of marketing (i.e., product, price, promotion, place), a company’s mission statement, and a company’s strategic plan. The marketing concept and SWOT analysis are also examined in relation to the dynamic nature of the fashion industry. Chapter Two, “The Impact of Fashion,” addresses the market planning process. *Inspiration* is Step One of the market planning process. Sources of inspiration are also addressed in this chapter.

Chapters Three, Four, and Five focus on fashion marketing efforts. Chapter Three, “Product, Price, Distribution, and Placement,” focuses on traditional marketing efforts. The target market, geographic distribution, the proportion of products carried, and product placement are examined in relation to marketing efforts. Chapter Three corresponds to Step Two on the Market Planning Process table.

Perhaps at no other time in history have different social classes crossed so many

boundaries through the adoption of fashion. Theories that influence the fashion industry and consumers’ behaviors are presented. In Chapter Four, “Public Relations, Promotion, and Advertising,” specific marketing campaign techniques are addressed. This section of the Market Planning Process corresponds to Step Three.

Similarly, the rich and famous are a making significant impact on all target markets’ purchasing behaviors. Fashion marketers have taken notice and taken action. The influence of Hollywood, celebrities, television shows, and the overall media is aggressively used in the marketing of all types of fashion products. Step Four of the Market Planning Process is analyzed in Chapter Five, “Fashion and the Entertainment Industry.”

Where merchandise is purchased, the quantity of merchandise purchased, and the number of competitors selling the same fashions all influence how a retailer decides to market its garments (Step Five of the Market Planning Process). Chapter Six, “The Buying Season: Marketing Fashions to Retailers,” provides students with information regarding different buying sources, methods of gaining valuable information, and the impact buying sources have on their marketing efforts.

Having a clearly defined target market is perhaps one of the most important decisions a retailer can make. When a retailer states, *everyone is my target market*, I usually think that the retailer: (1) doesn’t have a clear idea of the target market, (2) doesn’t have effective marketing results, and/or (3) is offering inconsistent merchandise. When a retailer doesn’t have a clear and well-defined target market, the company is literally giving sales and profits to its competitor. Chapter Seven, “Targeting the Fashion Consumer,” discusses the importance of and methods for identifying and marketing to a specific target market (Step Six of the Market Planning Process).

The nature of retailing has evolved dramatically with the improvement of technology.

Brick-and-mortar stores, direct marketing, and Internet retailers offer consumers a variety of ways to view, analyze, and purchase fashions. These cross-channel shopping options lead manufacturers and retailers to select a variety of different methods of communicating marketing messages to the consumer. Throughout Chapter Eight, “Cross-Channel Shopping,” the impact of multiple channels on marketing efforts is examined (Step Seven of the Market Planning Process).

Branding designers’ names, images, and fashions has become an important component of the fashion marketing concept. Branding is used as an effective tool to help consumers readily recognize specific fashions and become loyal purchasing consumers. Ralph Lauren, Donna Karan, and Chanel have built international fashion empires through effective branding. Chapter Nine, “Image and Branding,” illustrates the concepts, tools, and outcomes used throughout the fashion industry (Step Eight of the Market Planning Process).

While branding has helped build consumer loyalty, designers and manufacturers have further expanded their fashion empires by crossing product boundaries. Fashion style has bolted out of the closet and exploded throughout the entire home, yard, and consumer’s lifestyle. Designers and manufacturers either lend their names to licenses or develop fashion products for an entire lifestyle. The results lend themselves to marketing multiple product categories simultaneously, as well as to increasing the number of target markets obtained. Chapter Ten, “Crossing Product Boundaries,” addresses this subject (Step Nine of the Market Planning Process).

Two trends continue to grow in the fashion industries: counterfeit merchandise is flooding the marketplace, and fashions are marketed globally at an increasingly rapid pace. China is a primary source of counterfeit high-end merchandise. These products harm sales of genuine products, as well as companies’ images and reputations. Chapter Eleven, “Counterfeiting,

Legislation, and Ethics,” addresses the ramifications of counterfeit merchandise on fashion marketing (Step Ten of the Market Planning Process).

The final chapter, Chapter Twelve, “Marketing Fashions Globally,” focuses on the international marketing efforts of the fashion industry. The advanced use of technology has allowed fashion designers, manufacturers, and retailers to expand their marketing efforts globally (Step Eleven of the Market Planning Process).

Designers, manufacturers, and retailers may have fabulous products to offer their target markets. If the products aren’t successfully marketed to the consumers, the products may forever sit on shelves, in warehouses, or in distribution centers. Successful marketing efforts can mean the difference between regional, national, and international product recognition.

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TABLE 3.1

## THE Market Planning PROCESS

- step 1** CHAPTER 2 | Be inspired; become passionate regarding a product/service; be driven to succeed and committed to working toward a goal.
- step 2** CHAPTER 3 | Intrinsic attributes of the products and services are marketed in terms of value, satisfaction, and quality. Building upon the mission statement, in this step you will make decisions regarding the pricing, communication, value, satisfaction, and quality associated with the purchase or the products and/or services.
- step 3** CHAPTER 4 | Identify a comprehensive list of products and services offered by the company.
- step 4** CHAPTER 5 | Examine the products and services component of the core marketing concept related to the trickle-down theory, media and celebrities, and the belongingness theory.
- step 5** CHAPTER 6 | Examine the buying season in relation to the marketing process.
- step 6** CHAPTER 7 | Examine marketing methods of targeting the consumer.
- step 7** CHAPTER 8 | Examine the methods of exchange and relationships with the consumers. This includes making decisions to sell products and services through brick-and-mortar retail operations, direct marketing, and the Internet.
- step 8** CHAPTER 9 | Examine the image and brands of the company in relation to marketing efforts.
- step 9** CHAPTER 10 | Conduct a market analysis of how companies are able to successfully cross product boundaries.
- step 10** CHAPTER 11 | Examine trends in the fashion industry regarding a) counterfeit merchandise and b) the impact of such merchandise on the industry's sales, profits, product design, consumers' attitudes.
- step 11** CHAPTER 12 | Conduct a market analysis of fashions in the global environment in order to determine impact to the company's existing marketing efforts.

# Product, Price, Distribution, AND Placement

“Genius is 1 percent inspiration and 99 percent perspiration.”

—Thomas A. Edison

## chapter objectives

After reading this chapter, you should be able to understand Step Two of the Market Planning Process. This includes being able to:

- + Identify differences among product lines.
- + Differentiate characteristics of pricing strategies.
- + Evaluate strengths and limitations of distribution decisions.
- + Analyze differences among product placement decisions.

## figure 3.1

The Products and Services component of the Core Marketing Concept consists of the implementation of the product, price, distribution, and product placement associated with the marketing efforts. Step 2 of the Market Plan is conducted to assist in endeavor.

Some may think Ralph Lauren, Gucci, Versace, Chanel, or Dolce & Gabbana are genius fashion marketers. These companies have international product distribution and excellent acceptance by their target markets. They are excellent fashion marketers because of their attention to detail and their commitment to a marketing concept. They don't take shortcuts or skimp on products, quality, or service toward their target markets. One percent of a marketing message may be the result of genius. Ninety-nine percent of the outcome is the result of perspiration.

Fashion permeates our lives. Consumers who enjoy fashion read about it, watch trends on television and in the movies, and tear out

pages from magazines as a reminder of what to wear and, more importantly, what to avoid. Fashion, regardless of the quality or style, will not be widely accepted by the target market without a successful marketing strategy. At times, even bad fashion can be sold if the marketing efforts are good. Four components of the Marketing Concept that will be addressed in this chapter relate to how consumers identify with (a) the marketing of fashions (i.e., products), (b) the pricing of fashions, (c) access to fashions (i.e., location), and (d) the ease of finding products within a store (i.e., product placement). Promotion and advertisement of fashions, an important component of the Marketing Concept, are addressed in Chapter Four.





**figure 3.2**

This Prada billboard emphasizes image and fashions. Consumers can clearly recognize the brand from a distance.

## PRODUCT

Fashion marketers rarely market just one product. One product alone can rarely, if ever, be successfully marketed for the company. Multiple products are needed to stimulate interest in the products and company. The more products a fashion marketer offers, the greater the probability the target market will purchase multiple items, increase repeat sales, and generate loyal consumer behavior. The product line has a strong presence for the company's image and brand. Image and brand are addressed in depth throughout Chapter Nine. Prior to discussing image and brand, it is important to have a clear understanding of how a product line evolves and influences marketing efforts.

Companies make a strategic plan regarding their product strategy. The majority of fashion companies offer 70 percent new or updated products each season. The remaining 30 percent of the product offerings consist of **classic product lines**. A classic product line is a product line that is offered consistently over a period of time. Styles within the product line remain constant over time.

Updated styles are typically marketed at least six months prior to the season the consumers will wear the products. The styles are featured in print advertisements and billboards shortly prior to, or immediately upon, their arrival in the stores. Classic product lines are

an important component to the fashion marketer's product strategy. Classic lines remain popular over an extended time frame—sometimes years, sometimes decades (Jarnow & Dickerson, 1997). Classic styles are marketed by mixing them with updated fashions. The fashion marketer's goal is often to encourage the target market to realize that the new styles can be added or used to enhance pieces purchased from prior seasons. The emphasis can then be on building a wardrobe, rather than simply purchasing products.



**figure 3.3**

Gap marketed striped knit sweaters, hats, and scarves during the holidays. The recognizable striped knit sweaters, hats, and scarves were used in television and print advertisements. They became as recognizable as part of Gap as the logo itself.



Gap, Burberry, Ralph Lauren, and Coach have all marketed classic styles with an emphasis on being fashion forward. During the early 2000s, fashion marketers at Gap focused heavily on featuring items that were striped. Striped cardigans, sweaters, and scarves were featured in print and television advertisements. The products were classic, but the striped designs added a contemporary flair. Burberry, known for its plaid, is also well known for its classic trench coat and accessories. The formerly staid company has become fashionable by marketing its plaid fashions in pink, red, gray, and pale blue, as well as the traditional camel.

Gabrielle “Coco” Chanel, internationally known as “Coco,” designed fashions that were ahead of their time. The classic Chanel suit combined comfort, chic sophistication, and modern design, and continues to be sold internationally more than 50 years later. The Chanel suit also continues to be copied by mass-market designers. According to Coco, “I have always been copied by others. If a fashion isn’t taken up and worn by everyone, it’s not a fashion but an eccentricity, a fancy dress” (Watson, 1999/2000a, p. 30).



**figure 3.4**

The Burberry trench coat is popular with a wide variety of demographic groups.

The classic style offers quality, craftsmanship, and long-term fashion appeal.

The Chanel suit’s characteristics are: (a) a simple cut, (b) a collarless design, and (c) braid trim around the edges of jacket. The Chanel shoes are two toned.

**As you look at the fashions being marketed in magazines, store windows, or on television, do you see any variations of the Chanel design?**

- Do you see any sweater, shirts, or jackets that are collarless?
- Do any of the fashions use braid around the edges?
- Can you find shoes that are two toned?
- Are the two-toned shoes ballerina flats, medium heels, or high heels? What is the implication?
- How would you classify the products that you identified (e.g., classic, fad)?
- How would you market these fashions?
- Prior to reading this chapter, would you have thought the products evolved from the Chanel suit?
- Can you identify other designers’ products that have evolved into current products?

### Logo

A **logo** is defined as “generally one or more letters worked into some distinctive typographic or calligraphic design” (Ostrow and Smith, 1988, p. 138). A logo is particularly important to a product line. A company’s logo is traditionally used uniformly throughout the company. That is, one logo is used on the same brand. It provides (a) visual representation of a company, (b) brand awareness, (c) marketing presence, and (d) potential enhancement of the product’s status or value. Logos also help the company fight against counterfeiters. Logos act as verification of the actual merchandise. Counterfeit merchandise will be address in depth in Chapter Eleven, “Counterfeiting, Legislation, and Ethics.”

Logos play an important role in the marketing process. Logos are typically displayed

prominently on the product as well as throughout the promotion and advertising of the product, which is addressed in Chapter Four. Perhaps the ultimate marketer of classic fashions is Ralph Lauren. In 2008, he enlarged the polo logo on selected garments. The logo is embroidered in gold thread and covers approximately one-fourth the size of the front of the garment. The classic garment's statement is "loud and clear."

**As you think about different product lines, visualize their logos.**

- How many logos can you identify?
- Of the logos you identified, which are designer/luxury products and which are products for the mass market?
- Which attributes do you recognize in designer/luxury fashion logos?
- Which attributes do you recognize in fashions produced for the mass consumer market?

**Hangtag**

A **hangtag** is an information tag generated by the manufacturer and attached to the product. Technically the hangtag is not a part of the product. It is, however, an important component of the marketing process of the product. Information that is always included on the hangtag includes (a) the company's name, (b) its brand, (c) product information (e.g., size), and (d) the logo. This identification information provides consumers with further loyalty-generating reminders of the company. Hangtags are typically small and easy to store for consumers to remember product information.

**What are your initial thoughts regarding the importance of a hangtag? Let's say that in the December shipment, Benetton sweaters**

**were delivered without hangtags. You are the marketing director for the sweaters.**

- Could you be 100 percent confident that the sales persons would know how to effectively sell the sweaters?
- Would consumers be willing to take additional time to search through the labels?
- Can you identify other negative repercussions from the missing hangtags?

**Packaging**

Like hangtags, **packaging** is technically not a part of the product. It is, however, a very important component of the product. Packaging is a subtle yet highly effective method of fashion marketing. Packaging includes bags, boxes, gift wrap, tissue paper, and any other form of material used to hold the target market's purchases. The image of the packaging provides the purchasers with the statement, *We care about you after you have left our store.* Consumers respond to the visual sensation of a product as well as to the touch and scent of a product. The only thing better than receiving new fashions is the anticipation of opening the packages. Fashion marketers understand the importance of packaging. Packaging is an extension of the product. It adds value to the product. The packaging also adds widespread

**figure 3.5**

Although not technically considered part of the product, hangtags are an important marketing piece. The brand name and logo on the hangtag reinforce the name recognition on the consumer's purchasing pattern.





**figure 3.6**  
Product packaging is an important component of marketing efforts. Color, style, and design influence consumers' perceptions of the merchandise value. The Tiffany Blue Box is symbolic of sophistication and style.

recognition of the corporate brand to others. Packaging can be simple or complex. The most important aspect of packaging for fashion marketing is that the packaging be consistent regardless of the product. Examples of successful fashion marketing through packaging include the bird's-egg-blue box of Tiffany & Co. and Bloomingdale's "big brown bag." The Bloomingdale's brown paper bags are completely void of the Bloomingdale's name, yet consumers nationwide are familiar with them.

When developing a shopping bag as part of a fashion marketing effort, it is important to keep in mind the company's logo and dominant color, font, and name. A shopping bag can be a long-term reminder of an enjoyable fashion purchase, shopping experience, or consumer service. The shopping bag embodies the memories of a company; it does not sell a product. Once a design is decided upon, consumer recognition of the shopping bag is important; the bag acts as a fashion marketing device. Unlike other fashion marketing efforts, the shopping bag should remain relatively constant over time.

### PRICE

The price of fashions begins with the cost set by the designer. The designer's costs related to the design, creation, and production of the fashions are identified. The price that fashions are ultimately set at are historically dictated not by the designer but by the retailer's designation. For example, a **discount store** typically operates on a low profit margin (hence the name *discount store*). Discounters offer merchandise at low, competitive prices. **Department stores** are categorized based on the type of merchandise sold. They offer a wide variety of soft lines (i.e., apparel for the entire family) and hard lines (e.g., home furnishings). A department store features semiannual storewide sales. Continuity in pricing strategy provides security to retailers and consumers. Retailers are able to predict at a relatively good rate of assurance when their competitors will promote



TABLE 3.2

### Summary of Fashion Marketing Efforts

MARKETING CONCEPT	ATTRIBUTE
Product	<ul style="list-style-type: none"> <li>• Brands</li> <li>• Lines</li> </ul>
Pricing	<ul style="list-style-type: none"> <li>• Discount</li> <li>• Market skimming</li> <li>• Market penetration</li> <li>• Product line</li> <li>• Discount</li> <li>• Psychological</li> <li>• Promotional</li> <li>• Membership</li> <li>• Value based</li> </ul>
Distribution	<ul style="list-style-type: none"> <li>• Exclusive</li> <li>• Inclusive</li> </ul>
Product Placement	<ul style="list-style-type: none"> <li>• Destination</li> <li>• High traffic</li> <li>• Impulse</li> </ul>

sales and how much of a price reduction consumers will be offered. As the new millennium approached, fashion retailers catering to various target markets were faced with increased competition from e-retailers, catalog retailers, and stronger marketing efforts by brick-and-mortar retailers. Retail formats are discussed in depth throughout Chapter Eight, “Cross-Channel Shopping.”

Target Corporation looks more like a value department store, but it is classified as a

discount retailer. Once identified as a competitor of Walmart, Target has evolved into a retailer that offers fashion products for less than department stores. Effective November 26, 2007, Target changed its pricing strategy to include “limited-time-only” pricing on 20 selected items. The timing of the strategy was specifically designed to draw customer traffic into stores after Thanksgiving, encouraging holiday purchasing efforts (O’Donnell, 2007).

TABLE 3.3

### Pricing Strategies

STRATEGY	LINE OF ATTACK
Market skimming	Set prices high; generate a larger-than-average gross margin.
Market penetration	Set initial price low; entice consumers to shop.
Product line pricing	Price-point each quality level within a merchandise line.
Discount pricing	Set a low price to stimulate customer traffic.
Psychological pricing	Price merchandise as the basis of making customers “feel more favorable” toward the merchandise.
Promotional pricing	Design prices to encourage customers to purchase a newly introduced product.
Membership pricing	Have customers sign up for a retailer’s membership.
Value-based pricing	Pricing strategy whereby the customer perceives the value of the product to be worth the price.

### Market-Skimming Pricing

A company doesn’t always price its products to maximize market share. Some products are meant to be unique, special, and highly prized by the target market. Products may also be identified as high profit-margin items. Under these circumstances, the fashion marketer will employ a market-skimming pricing strategy.

A **market-skimming pricing** strategy exists when a high price is set, generating a larger-than-average gross margin. The company sells fewer of the products but earns a higher-than-normal profit on each unit sold. This strategy is used only if the product’s quality and image can support the market-skimming pricing. Harrods in London is considered to be the most expensive store in the world: Judith Leiber handbags sell in the \$90,000 range and a Chanel handbag can be purchased for \$260,000 (yes, the zeros are in the correct spot). If this is a bit out of your range, Dolce & Gabbana (D&G) fashion marketers offer cotton and linen dresses ranging in price from \$495 to \$645. While it is true that cotton and linen are not expensive fabrics, the extremely high-quality styling and craftsmanship are characteristics of D&G. In addition, the quality of cotton and linen used by D&G is excellent. A higher pricing strategy is adopted because the high D&G image the company wishes to portray. The D&G dresses are also sold at Saks Fifth Avenue for the fashion-forward female.

**figure 3.7**

Symbolic words are often used in advertisements and fliers to stimulate consumer purchasing. Encouraging phrases such as “deep discounts” and “final days” provide consumers with a sense of urgency to spend.



### Market-Penetration Pricing

Companies that want to capture a deep portion of the target market often choose a **market-penetration pricing** strategy. Market-penetration pricing occurs when the product’s initial price is set low, thereby enticing consumers to purchase. The greater the number of consumers purchasing the product, the likelier the company penetrates the market. High merchandise turnover provides the company with increased profits. As the profits increase, the company is able to continue passing savings on to the consumer. Market-penetration pricing works best when the target is sensitive to price. As is the case in all pricing scenarios, costs (e.g., production, distribution, and marketing) must be covered when considering the markup. Competition is also a consideration when using market-penetration pricing. Some companies use a “meet or beat the competition” strategy at this stage.

Designer Shoe Warehouse (DSW) uses market-penetration pricing. DSW sells men’s, women’s, and children’s shoes at a fraction of the retail cost. Brands carried include Prada, Reebok, Miu Miu, Stuart Weitzman, Frye, and Coach, just to name a few. Prices range from \$30 to \$300. DSW is able to use market-penetration pricing because not all styles and sizes are available (Designer Shoe Warehouse, 2009).

### Product-Line Pricing

Fashion marketers frequently promote entire product lines. A **merchandise line** consists of a group of products that are similar in style and design; they coordinate with each other and are by the same designer and/or manufacturer. Merchandise lines may be developed at varying quality levels (e.g., good, excellent, luxurious). **Product-line pricing** is used to price-point each quality level within a merchandise line. To be effective, significant price differences should exist between each price point. The price points should also be relatively the same distance apart. The difference between price points allows consumers to make comparisons with ease. Levi’s fashion marketing team aggressively uses product-line pricing. For each style, jeans are marketed at a price point. The product-line pricing provides the target market with an easy method of selecting jeans based on style, design, and price.

### Discount Pricing

Consumers respond positively to symbolic words (e.g., *save*, *value*, *deep discount*). Fashion marketers frequently use discount pricing to stimulate customer traffic, encourage the purchase of multiple products, instill brand-loyal purchasing behavior, and spread positive word-of-mouth promotion. Two types of discount-pricing strategies are popular in the fashion industry: quantity discount and seasonal discount.

### QUANTITY DISCOUNT

A **quantity discount** is provided when merchandise is purchased in bundles or multiple units. Payless ShoeSource builds its entire mission statement around quantity discounts. The company's slogan "Buy One, Half Off Everything" has made the company a favorite among shoe-loving consumers. Victoria's Secret frequently uses quantity pricing as a marketing strategy. The company offered \$15 off each \$100 order, \$30 off each \$150 order, and \$75 off each \$270 order. Other companies that effectively use quantity discounts include Hanes and Just My Size. The bundling of socks, undershirts, underpants, and bras also encourages consumers to purchase in bulk.

### SEASONAL DISCOUNT

A **seasonal discount** is used to sell merchandise that is out of season. Crew-neck sweaters from last season may be discounted by 5 percent because the color is from the prior season. Jeans from two years ago may be discounted by 20 percent because the stitching is not viewed to be as desirable by this year's target market. The discount offered by seasonal pricing eliminates old merchandise. Bloomingdale's online channel markets its seasonal pricing merchandise under the clearance icon. Merchandise ranging from \$75 to \$4,995 is marketed through this link. Seasonal pricing discounts as large as 49 percent have been given in an attempt to move merchandise (Bloomingdale's, 2009).

A popular seasonal sale is a **calendar sale**. A calendar sale is a promotional method whereby during a particular month, a sale is offered every day. Each day, something different is on sale. For example, on Friday, October 4, everything pink in the store is on sale. The computerized register assists with keeping up with the point of sale (POS). The marketing of fashions using a calendar sale helps build anticipation in the target market's minds.

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EARN DOUBLE POINTS™ ON ALL BRA PURCHASES with your Angel VIP card.  
Online • Catalogue • Stores • SHOP NOW

figure 3.8

This Victoria's Secret advertisement allows consumers to receive \$15 off any \$100 order. This marketing is designed to stimulate consumer spending. Consumers who would not traditionally cross the \$100 purchase price may add another item in order to receive \$15 off the order. This marketing technique encourages larger spending patterns and store loyalty.

### Psychological Pricing

One of the first lessons a merchandiser learns about pricing is to cover the **cost of goods sold (COGS)**. The company will soon go out of business if the price is set below COGS. Once COGS is taken into consideration, the amount associated with discount pricing strategies can be identified. While the fashion industry is serious business, many of the products themselves can also be considered emotional. **Psychological pricing** occurs when pricing is used as the basis to make consumers "feel more favorable" about the product. High pricing is often used to denote quality, luxury, and/or superior craftsmanship.

Louis Vuitton (LV) fashion and leather goods are marketed using psychological pricing. No one can deny the superb quality and



craftsmanship of Louis Vuitton products. When a consumer purchases something from 1 of the 60 LV brands, they are making a lifetime investment. Psychologically, purchasers of LV products are saying, *The product is worth the price and I am worth the product* (Louis Vuitton, 2009).

### Promotional Pricing

Whenever a new product is introduced, marketers encourage existing customers of the brand to adopt the product. The marketing campaign may also be designed to entice customers' away from the competition's brand if a similar product is currently on the market. **Promotional pricing** is used during this strategy. Promotional pricing is a method whereby the product is introduced at a lower-than-

**figure 3.9**  
Special events within a store are designed as a marketing effort. The event builds product excitement, reminds consumers about the store, and encourages purchasing behavior.

normal price. The product's price is raised after the promotional time line ends.

### Membership Pricing

A **membership pricing** strategy is a selling strategy whereby consumers sign up for a retailer's membership. Upon membership entrance, the consumer is eligible for discounts. Membership may cost an annual fee or may be free. Membership pricing instills loyal shopping patterns (Nunes & Johnson, 2004).

Consumers are typically required to give the retailers their name, mailing address, phone number, and e-mail address. The target market's information is used as a database. Promotional information and surveys are gathered using consumers in the database. The retailer will send out promotional brochures, e-mail sale information, and update consumers on special events.

The consumer database (e.g., name, address) built by a retailer provides valuable information regarding the retailer's target market. The retailer is able to better understand the geographic location of the target market, its spending patterns (i.e., frequent purchasers vs. infrequent purchasers), preferred brands, price points purchased, and which days the store is patronized. Fashion companies that use a form of membership pricing include: DSW, Saks Fifth Avenue (SAKSFIRST), J. C. Penney (JCP Rewards), and Kohl's (Box 3.1).

### Value-Based Pricing

**Value-based pricing** is a form of pricing strategy whereby the consumer perceives the value of the product to be worth the price (Nunes & Johnson, 2004). Value-based pricing may result in prices in excess of 100 percent of the wholesale cost of the merchandise or in lower-than-average pricing. For some products, this pricing strategy is not sufficient. Customers are looking for value. This pricing strategy is often used on clearance and luxury items.

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		Points	Rewards
First Saks purchase	Diamond bracelet \$5,000	10,000	\$100
Second Saks purchase	Suit & Handbag \$5,000	20,000	\$200
Third Saks purchase	Dress & Shoes \$5,000	30,000	\$300
Fourth Saks Purchase during Triple Points Event	Watch for Him \$5,000	90,000	\$900
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## BOX 3.1 Saks Fifth Avenue Membership Pricing

Fashion marketers at Saks Fifth Avenue understand that their target market appreciates the latest fashions and superior quality. While the merchandise offered by the retailer is at an above-average price point, it doesn't mean that the target market is averse to saving money. SAKSFIRST is a membership pricing strategy designed to provide exclusivity, privileges, and additional services for people who frequently purchase Saks merchandise. The greater the dollar amount of money spent at Saks during the year, the greater the number of points generated toward a store gift card. The fashion marketers also understand that their target market is segmented into different levels based on spending levels. SAKSFIRST memberships are segmented in a similar manner: SAKSFIRST Premier for persons who spend \$1,000–\$4,999 annually; SAKSFIRST Elite for those who spend \$5,000–\$9,999 at Saks annually; SAKSFIRST Platinum for members who spend \$10,000–\$24,999 annually; and SAKSFIRST Diamond for members who spend \$25,000 or more annually at the fashion company.

The reasoning behind value-based pricing is based on the exclusivity of the product, the designer's name, and/or the quality and craftsmanship of the product. Value-based pricing may also be implemented on items that have a limited geographic distribution. The exclusivity, difficulty in acquiring the merchandise, and perception of the product's uniqueness add to the perception of value (Nunes & Johnson, 2004). When value-based pricing is used on clearance items, consumers are able to purchase fashions at deep discount prices because a limited quantity and/or selection of merchandise is available. Value-based pricing may be used by higher-quality manufacturers to liquidate small quantities of merchandise.

A direct contradiction to value-based pricing is embodied in eBay. eBay is the world's largest online retailer (eBay Investor Relations Report, 2010). The online company offers consumers a Web portal to buy and sell merchandise at or below retail selling price. Merchandise may be new or used. The Web

portal is open 24 hours a day, 7 days a week, 365 days per year. Each second, \$1,900 worth of merchandise is traded through eBay. Value pricing is set based on the buyer and seller. A consumer may bid \$100 on a Chanel handbag that may be value-priced at \$2,500 retail. The difference between the retailer's value-pricing strategy and e-Bay's is that the merchandising on eBay is being traded by either consumers or vendors. Merchandise being traded by vendors is typically sold at cost or higher.

**As you review the various pricing strategies:**

- Does price influence your perception of the quality of the product? Explain.
- Is one pricing strategy superior to another? Explain.
- Log on to the Internet. Identify specific product lines and discuss the pricing strategies used.



**figure 3.10**

Holidays are an important time for marketers to promote fashions and accessories. Key words to stimulate sales include *sale*, *percent off*, *value*, and *special*.



## DISTRIBUTION

Marketing fashions in the correct location is critical. Fashion marketing must reach the target market. Prior to online retailing, retailers were required to carefully assess where the largest primary target market was geographically located. Online retailing and catalog operations now allow retailers to market their fashions nationally and internationally. Fashion marketers are able to greatly expand their reach to target markets and are only restricted by their distribution limitations.

When retailers are located primarily in one geographic location but market fashions nationally or internationally using catalogs or a Web site, there are several considerations. One consideration is culture. The city, state, and/or nation's culture must be considered when marketing fashions. Cultural and societal beliefs and values, as well as slogans, should be considered when developing a marketing message. A particular location can enhance

a company's message if its marketing effort is decentralized or localized to a specific area. Avoiding messages and statements is often useful when considering the social and political nature of a city, state, or country. Fashion marketing efforts rarely involve political statements. One exception is celebrating national holidays: Fashion marketers often use national holidays as an excuse to offer the target market a discount (e.g., a 10 percent discount off all casual wear July 1 through July 5 in honor of Independence Day).

When a retailer carries multiple levels of brands (i.e., store brand, national brand, designer brand), the fashion marketer must identify a strategy regarding (a) how to promote each brand and (b) how much emphasis to place on each brand. The ultimate decision regarding this fashion strategy will be based on the company's desired image. The desired image is not necessarily the same as the actual image. **Desired image** is defined as the image the store is trying to portray to consumers, employees, and stakeholders. The **actual image** is defined as the image that is perceived by consumers, employees, and stakeholders. Image is addressed in depth throughout Chapter Nine, "Image and Branding."

When marketing its jewelry, HandPicked continually thinks about its mission statement. The location of HandPicked stores is just as important to satisfying the company's mission as are the other marketing components. The company's mission and storefront are featured on its flyer. The company wants its female target market to clearly understand why it is in business. Physical brick-and-mortar operations are selected strategically, with specific sites servicing specific target markets. Company offices expand into other regions. HandPicked is determined to maintain a consistent image and measure of quality regardless of the number of its store locations.

**figure 3.11**

Many women have a love affair with shoes. Some women think they need "just one more pair of black shoes." The marketing efforts of the designers in the shoe industry continue to be strong because of consumers who have a passion for fashionable shoes.





**figure 3.12**

Jimmy Choo made history when he designed shoes for H&M. Consumers lined up outside the retailer for hours before the store opened to be first in line for Jimmy Choo shoes at H&M prices.



### Exclusivity

A designer's, manufacturer's, or retailer's image can be influenced by the level of exclusivity of its products. **Exclusivity** refers to the limited distribution of a product. The product may be distributed to one retailer or one location of a retailer.

Fashion marketers often use exclusivity during the introduction of a product line as an attempt to enhance the allure and excitement of the product. Exclusive distribution is typically reserved for fashion capitals like New York and Los Angeles. The exclusive distribution of the fashion merchandise is extensively promoted. Once the merchandise is accepted by the consumers in a particular market, the fashion marketer has two options. One option is to promote the exclusivity of the product and keep selling it in only those markets. Consumers who desire the merchandise must obtain the merchandise from the selected stores. This fashion marketing strategy enhances the brand's image as selective, special, and valuable in both intrinsic and extrinsic value. **Intrinsic value** is value as perceived by the consumer. Each consumer may view the value of a product differently. **Extrinsic value** is the value of the product as viewed by others. An example of intrinsic value is the thinking of a consumer who purchases her fifth pair of black high-heeled shoes because "they make

her feel pretty." Technically, the other four pairs of black shoes are acceptable. The fifth pair, however, makes her happy. The intrinsic value of the shoes is worth spending \$350. An example of extrinsic value in this case might be the compliments her friends give her on the new shoes.

A retailer and its fashion marketer may decide to offer the product through exclusive distribution. **Exclusive distribution** occurs when a brand is offered through only one retailer. The retailer typically features the name of the brand. Exclusive distribution generates a strong and loyal target-market following. In addition, the merchandise brands complement one another.

**Temporary limited exclusive distribution** is a fashion marketing strategy that is often used to create excitement for a new brand. Temporary limited exclusive distribution exists when a product is offered at one retailer for a limited time. Exclusive distribution is marketed heavily, featuring the name of the retailer, the brand, and the product's qualities. Marketing efforts emphasize the fact that consumers are able to obtain the product only at the particular retailer. The objectives of a temporary limited exclusive distribution are to increase customer traffic in the retail store, encourage high merchandise turnover of the brand being marketed, and ultimately



instill a sense of customer loyalty to both the retailer and the brand. Jimmy Choo shoes being sold at a select number of H&M stores is an example of temporary limited exclusive distribution. After a limited time, the line will be extended internationally. According to Joshua Schulman, Jimmy Choo's chief executive officer,

The H&M collection is meant to be a fun, accessible flash for a moment in time. . . . [W]e know there is a different customer who dreams of wearing Jimmy Choo and this is a fantastic opportunity for her to enter our brand for a limited time only. . . . The H&M collection will of course have a different finish from the Jimmy Choo-branded footwear, but it will be more accessible and allow us to reach a broader audience" (Berton, 2009, p. 3).

Exclusivity provides the customer with a perception of individuality. Consumers who desire a fashion garment or accessory that is unique, high quality, and well suited to their personality are willing to purchase an exclusive product (albeit an often-expensive product).

A fashion marketer may also decide to offer exclusivity during a limited time and then offer widespread distribution at a later time. Initial promotion of the product's exclusivity builds anticipation and excitement for the product and additional recognition for the brand. This fashion marketing strategy is typically only implemented when the product is designed to be carried by the company long term.

Online fashion marketers frequently use exclusivity to promote their products. Online and home-shopping networks (e.g., QVC, Home Shopping Network) will often provide merchandise that is either not available in stores or not readily available in a consumer's location. When consumers access some retail Web sites, they will see a meter. The meter displays the number of remaining fashion products available. The number is designed to be an incentive to encourage purchasing behavior and to be a reminder that once the consumer purchases the item, he or she has purchased one of the few items left (Rosenthal, 2006). Online shopping will be addressed in more detail throughout Chapter Eight, "Cross-Channel Shopping."

Because a product is limited in distribution, consumers who have access to the product typically pay a high price for it and often make a significant effort to acquire it. This effort and pricing increase the perceived image. Exclusive fashion products are typically of a high quality. Consumers may keep exclusive garments for years, even decades. For example, a custom-made jacket in the style of the Chanel jacket from 1960 can still be worn and considered highly fashionable in the twenty-first century. Gucci shoes and apparel continue to be timeless. Ferragamo's classic shoe designs continue

**figure 3.13**

Isaac Mizrahi, Mossimo, and Alexander McQueen made shopping for fashions at Target hip, fashionable, fun and affordable. The outfit pictured here is from Alexander McQueen's line.

to be marketed and sell well to the company's loyal customers; whereas the more fashion-forward Ferragamo designs are targeted to a younger, hipper target market.

Fashion designers and manufacturers typically use exclusivity as a strategy to take advantage of small retailers and boutiques. Instead of producing large quantities of a design, small orders (e.g., 100–500 units) are produced. Fashion marketers can then make a more frequent number of design changes and introduce those changes to the consumer sooner and on a more intimate level. Fashion marketers provide boutiques and small retailers with additional product knowledge, selling techniques, and information to offer to their customers (Hamilton & DeQuine, 2006).

Fashion retailers use exclusivity to build customer traffic into their specific stores. For example, Target offers exclusive brands by designers at popular prices. Designer brands the company has offered in the past include Isaac Mizrahi, Mossimo, and Alexander McQueen. Nordstrom, Neiman Marcus, Saks Fifth

Avenue, and J. C. Penney have all been successful in developing exclusivity through the use of store brands.

### Massclusivity

Exclusivity was originally designed as a fashion marketing strategy for expensive products (e.g., perfume, designer clothing). The potential of mass-market sales changed this strategy. The mass market, like the upper-class market, appreciates limited-edition fashion items.

To satisfy the mass market's need for exclusive products and stimulate their purchasing behavior, fashion marketers have designed a strategy called **massclusivity**. Massclusivity refers to a strategy whereby retailers offer limited-edition merchandise to a mass market. The strategy is designed to stimulate consumer enthusiasm toward the limited-edition item(s) and promote merchandise turnover (Boorstin, 2005). An increasing number of mass-fashion retailers are offering limited-edition products in order to create excitement. High-fashion designers Karl Lagerfeld and Stella McCartney



**figure 3.14**

Karl Lagerfeld is known for his expensive fashions and intricate designs. In 2009, he designed and marketed fashions for the hip consumer at H&M.

both created limited-edition lines for H&M. In both cases, the merchandise sold out in a matter of hours (Boorstin, 2005).

## PRODUCT PLACEMENT

The placement of products within a store influences consumers' ultimate purchasing behaviors. Store layout plays an integral part of consumers' shopping ease, enjoyment, and ultimate purchasing behavior. Product placement can serve as the ultimate, most influential, yet subtle, marketing effort.

Fashions that are in high demand are often placed in the back of the the store, department, or area. This placement requires consumers to walk throughout the area, thereby maximizing the breadth and depth of products offered by the retailer. This strategy is called **destination placement**.

Another type of product placement is called **impulse placement**. The items sold by impulse placement are typically located within the immediate vicinity of the cash register. Characteristics of these products include a low price and a high profit margin. While impulse products are rarely the focus of marketing campaigns, they greatly enhance the number of products each consumer purchases.

**Think about the last time you purchased a fashion item (e.g., dress, purse), or, better yet, go to your favorite fashion store.**

- What are the primary products that you would like to purchase at this store? Which products are located near the cash register?
- Which products near the cash register did you pick up and look at, perhaps without even thinking about the price?
- Did you purchase any of the products near the cash register?

- What was the additional cost of the products near the cash register?

## SUMMARY

The success of a company's marketing efforts often means the difference between an average year and an excellent year for the company. Each campaign must be thought of individually, based on the marketing team's goals and objectives. Most marketing efforts are designed to sell a product or service. Regardless of how many industry awards a commercial wins or the number of consumers who enjoy watching a commercial, if the marketing effort doesn't stimulate sales, the marketing campaign is not effective.

The product is typically the first component considered in the marketing mix. Hangtags, logos, and packaging all play a role in the overall marketing efforts of the product and its line.

Pricing strategies vary significantly. The designer's costs related to the design, creation, and production of the fashions are identified. The price fashions are ultimately set at are historically dictated not by the designer but by the retailer's designation (e.g., department, discount). Eight pricing strategies have been discussed: (1) market skimming, (2) market penetration, (3) product line, (4) discount, (5) psychological, (6) promotional, (7) membership, and (8) value based.

Fashions are marketed locally, nationally, and/or internationally. The method of distribution ultimately chosen depends on a company's desired exclusivity or mass appeal. The choice of where to place products within retail operations is based on the classification of the product (i.e., destination, impulse).

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## KEY TERMS

Define or briefly explain the following terms:

Actual image \_\_\_\_\_

Calendar sale \_\_\_\_\_

Classic product line \_\_\_\_\_

Cost of goods sold \_\_\_\_\_

Department store \_\_\_\_\_

Desired image \_\_\_\_\_

Destination placement \_\_\_\_\_

Discount store \_\_\_\_\_

Exclusive distribution \_\_\_\_\_

Exclusivity \_\_\_\_\_

Extrinsic value \_\_\_\_\_

Hangtag \_\_\_\_\_

Impulse placement \_\_\_\_\_

Intrinsic value \_\_\_\_\_

Logo \_\_\_\_\_

Market-penetration pricing \_\_\_\_\_

Market-skimming pricing \_\_\_\_\_

Massclusivity \_\_\_\_\_

Mass marketing \_\_\_\_\_

Membership pricing \_\_\_\_\_

Merchandise line \_\_\_\_\_

Packaging \_\_\_\_\_

Product-line pricing \_\_\_\_\_

Promotional pricing \_\_\_\_\_

Psychological pricing \_\_\_\_\_

Quantity discount \_\_\_\_\_

Seasonal discount \_\_\_\_\_

Stakeholder \_\_\_\_\_

Staple \_\_\_\_\_



Style \_\_\_\_\_

Temporary limited exclusive distribution \_\_\_\_\_

Value-based pricing \_\_\_\_\_

### CLASS OR TEAM DISCUSSION QUESTIONS

**1** | There are an increasing number of young fashion designers successfully designing and marketing products nationally and internationally. Provide your opinion regarding the products, pricing, and distribution strategies one of the successful designers/marketers has used. Examples of young designers who have marketed their fashions successfully include Stella McCartney, Dolce & Gabbana, and Jimmy Choo.

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**2** | Assess the various pricing strategies. Match up the various pricing strategies with specific brand-name and/or designer companies.

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**3** | Is there a fashion designer who you believe is making mistakes regarding his or her marketing efforts in relation to his or her product line, pricing, or distribution? Explain.

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**4** | As a fashion marketer, discuss the advantages of temporary limited exclusive distribution. When would this distribution strategy be a disadvantage?

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### INTERNET ACTIVITIES

**1** | Using the Internet as a resource, examine three different companies in their distribution of products. Where are the products sold? How do the companies communicate in written format to

consumers in different regions, nationally and internationally? Evaluate the methods whereby companies communicate visually and orally (e.g., pictures, sound).

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**2** | Select a company and fashion product category. Access the Internet. Collect data on the company's Internet marketing efforts in relation to pricing, distribution, and placement. Placement can be assessed online in terms of the visibility of items on the Internet site.

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## STUDY QUESTIONS

**1** | What are the purposes of a logo?

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**2** | What are the purposes of a hangtag?

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**3** | How is a product's packaging an extension of the product?

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**4** | What does exclusivity mean in relation to distribution?

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**5** | What is extrinsic value?

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**6** | What is value-based pricing?

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**7** | Give examples of membership pricing. Is this a good fashion marketing technique? Explain.

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**8** | Describe market skimming as a pricing strategy.

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**9** | How can packaging be integrated into fashion marketing efforts?

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**10** | What is the difference between intrinsic and extrinsic values?

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**11** | What role do intrinsic and extrinsic values play in the marketing of fashions?

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**12** | What is an example of market-penetration pricing?

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**13** | Discuss an example of temporary limited exclusive distribution.

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**14** | Discuss the concept of integrated fashion marketing. Provide an example in your discussion.

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### MULTIPLE-CHOICE QUESTIONS

- 1** | What percent of new or updated products are featured each year by fashion companies?
- 30
  - 50
  - 70
  - 100
- 2** | Which of the following statements is accurate about packaging?
- Packaging can add widespread recognition of a corporate brand.
  - Packaging is a subtle yet effective method of fashion marketing.
  - Packaging can make a statement that says, *We care about you after you have left our store.*
  - All of the above are accurate statements regarding packaging.
- 3** | \_\_\_\_\_ occurs when pricing is used as the basis to make consumers “feel more favorable” about a product.
- Value-based pricing
  - Discount pricing
  - Membership pricing
  - Psychological pricing
- 4** | Information included on a hangtag includes \_\_\_\_\_.
- The company’s name, logo, and company history
  - The company’s name, brand, logo, and product information
  - Information about the fashion designer
  - Information about the retailer
- 5** | \_\_\_\_\_ is a form of pricing strategy whereby the consumer perceives the value of the product to be worth the price.
- Discount pricing
  - Value-based pricing
  - Promotional pricing
  - Psychological pricing

### TRUE-OR-FALSE QUESTIONS

- 1 | \_\_\_\_ The Chanel suit has been copied repeatedly by mass merchandisers over the past 50 years.
- 2 | \_\_\_\_ Market-penetration pricing occurs when the product's initial price is set low.
- 3 | \_\_\_\_ H&M uses temporary limited exclusive distribution as part of its marketing concept.