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Successfully positioning & extending a young luxury fashion brand

Case: Kaviar Gauche

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<p>This research revolves around a case study provided by <i>Kaviar Gauche</i>, a young luxury fashion label from Berlin. While initially releasing regular ready-to-wear collections in the first years of existence, the brand is nowadays mainly known for its contemporary bridal couture designs.</p> <p>The literature review intends to give the reader an understanding of basic marketing theories connected to customer needs, as well as the methods of branding – both in general and in the context of the luxury industry. Additionally, the role of the relationship between firms and consumers in connection to building brand equity and position is examined. It is also illuminated why and how brands can or may have to change through repositioning or extending.</p> <p>With information based on an interview with <i>Kaviar Gauche's</i> marketing manager, the results describe the brand's beginning endeavours on the high fashion market, its transition to a new segment, as well as current brand developments. In connection to these findings, success factors of <i>Kaviar Gauche</i> are analysed with connection to additional sources.</p> <p>The research finally concludes how branding techniques in literature compare to <i>Kaviar Gauche's</i> real-life example, as well as the role of branding, positioning and customer needs for newly founded companies. The last chapter exhibits recommendations for start-ups, as well as for <i>Kaviar Gauche's</i> future.</p>	
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Contents

1	Introduction	1
2	Literature review	3
2.1	Role of Marketing	3
2.1.1	<i>Customer needs</i>	3
2.1.2	<i>Target market</i>	4
2.1.3	<i>Levels of product</i>	5
2.2	Branding	6
2.2.1	<i>Brands through time</i>	6
2.2.2	<i>Luxury branding & High fashion</i>	8
2.3	Brand equity	10
2.3.1	<i>Customer-based brand equity</i>	12
2.3.2	<i>Keller: Brand equity pyramid</i>	12
2.3.3	<i>Luxury brand equity</i>	15
2.4	Brand positioning	16
2.4.1	<i>Finding a position</i>	18
2.4.2	<i>Positioning mistakes</i>	19
2.4.3	<i>Luxury brand positioning</i>	20
2.5	Why do brands change?	21
2.5.1	<i>Brand repositioning</i>	22
2.5.2	<i>Brand extension</i>	23
3	The brand: Kaviar Gauche	25
3.1	Marketing strategy	26
3.2	Case Introduction	27
4	Methodology	28
4.1	Research question & design	28
4.2	Qualitative Research	29
4.3	Qualitative Analysis	30
4.4	Validity & Reliability	31
5	Results	32
5.1	Establishing the firm	32
5.2	The pathway to the Bridal Collections	33
5.2.1	<i>Adaptation to new target market needs</i>	35

5.2.2	<i>Impact on Brand Position</i>	36
5.3	Recent brand developments	37
6	Discussion & Analysis	40
6.1	Same position – new context	41
6.2	Connections to wedding industry developments	42
7	Conclusions	44
8	Recommendations	46
	References	47
	Figure Reference	50
	Appendices	
	Appendix 1. Interview Questions	

1 Introduction

Brands as we know them today have resulted from developments only during the past century. Companies ranging from Coca Cola to Chanel have not only established a refined system of production, distribution and supply, but also possess a certain character that allure consumers worldwide to the sphere those businesses have created around their core functions. These organisations are no longer mere “companies” but are more often referred to as “brands”.

The fascination consumers as well as growing businesses have about brands is bigger than ever. It goes as far as individuals emotionally identifying with the values and images represented and showing loyalty and relationship towards the organisation. In addition, the products connected to the brand exhibit a higher value – if the brand’s image is favourable. The actual value of a product may be much less than the sales price and still, consumers are willing to purchase it.

Throughout the years however, brands have often grown, transformed or in some cases even have vanished. Surrounded by strong competitors and changing economic situations, firms need to establish a strong branding system and a position that is going to maintain for the long term. These factors are the most important factors to connect with customers. The challenge for brands here is to balance possible new directions, images or positions properly, so that they do align with the brand’s values, keep on attracting customers and in the end, generate a sustainable competitive advantage. Depending on the circumstances, there are several ways to induce growth and change.

Supported by a case study provided by *Kaviar Gauche*, the main intention of this research is to investigate how a young high fashion brand is positioned and can extend their operation focus leading to success. Additionally, the specific role of the customers is examined as well. Founded 2004 in Berlin, the luxury fashion label started out as a business selling high-end ready-to-wear garments, whereas nowadays, the brand is mainly known for its bridal couture – a rather specialised industry with a lower customer frequency than usual. This development drew the author’s interest in investigating the strategies of the new business and, furthermore, the factors leading to an effective expansion of the brand. Moreover, to provide enough understanding about the principles

of brand building, the thesis is looking into theories about branding provided by literature sources, as well as the background of changing brand structures.

2 Literature review

To answer the question of how a fashion brand can be successfully positioned and extended, it is important to understand and review marketing and branding literature.

2.1 Role of Marketing

The creation and updating of branding is nowadays part of the consistent duties of the marketing departments in companies.

Within highly competitive industries such as the fashion industry, marketing acts as one of the driving forces to attract and communicate with customers and stand out from the competition. Whereas in older times, marketing was viewed to simply aim at inducing a purchase, it is important to understand that there are additional intentions designated by marketers in modern days. Marketing not only intends to build a one-sided relationship directed by a company, but moreover, the clients need to feel a satisfaction for their wants or needs in return. Thus, marketing in general can be established as an exchange process between a business and their customer. (Kotler & Armstrong, 2011: 5). For this reason, marketers seek to identify and satisfy such needs.

2.1.1 *Customer needs*

A business can regulate its set of marketing activities targeted to customers, but the final decision to purchase the product or service offered is always down to the individual in the end. For this reason, it is essential to thoroughly study the target market beforehand and to comprehend what is feasible. Philip Kotler and Gary Armstrong (2011: 6) draw attention to one of the most basic concepts in marketing which include three main points of a client's motivation to purchase and are based on each other: *Needs*, *wants* and *demands*. Whereas needs come down to a basic requirement of individuals to survive – such as food or safety –, wants exhibit a progressed state of those basic desires where the longing is influenced by cultural or personal perceptions. The third term, demands, describes additional yearnings which remain when all needs are fulfilled and the financial status allows purchases with additional benefits that make clients achieve as high satisfaction levels as possible. This is comparable to Abraham H. Maslow's (1943) pyramid (Figure 1) that shows the chronological order of people's desires.



Figure 1. *Maslow's Hierarchy of needs, representing most essential needs in the lower part ascending to final self-actualisation*

Starting from the lower and most essential stage, each of the needs have to be fulfilled first, in order to ascend to the next level. Maslow (1943) is convinced that it is part of human psychology to strive for accomplishment. The top of the pyramid, *self-actualisation*, would imply to have reached all essential needs and the opportunity to focus on turning into a character that is personally perceived as an ideal state (Maslow, 1943). Marketers often make use of the drive to fulfil those needs and offer products for customers to pursue them.

2.1.2 Target market

Even though consumer needs can be categorised with Maslow's pyramid, it depends on an individual's personal judgement what they consider as fulfilment. Therefore, companies identify market segments that define several individuals with equal characteristics. The product needs of consumers within a subdivision usually strongly resemble each other. When a company has decided on the segments to concentrate their marketing strategy on, those are referred to as the target market. As an example, Vogue fashion magazine's target market subsumes young women fascinated by style. (Lamb, Hair & McDaniel, 2014: 27)

2.1.3 Levels of product

While redeeming certain needs of different market segments, the offered products should be constructed to meet the demand as accurately as possible. Next to the *core customer value*, which is the initial purpose why a customer may purchase (Kotler & Armstrong, 2011: 225) firms can adjust their goods to build up additional attractive features. Several meanings (Figure 2) can be attached to adjust and differentiate the product.

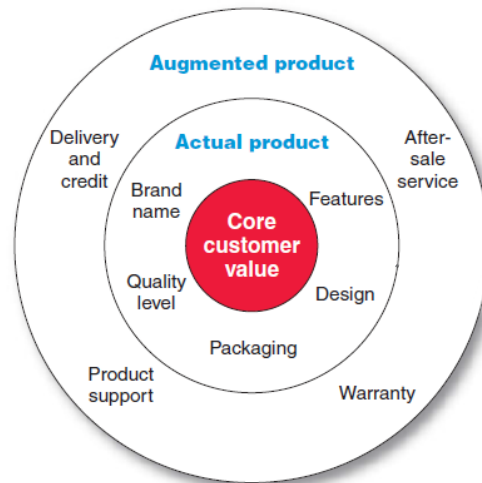


Figure 2. Product levels and their subsections

Next to the core benefit, the next level seeks to develop an *actual product* by adding design, packaging, quality, certain features and the brand name itself (Kotler & Armstrong, 2011: 225). As an example, a T-shirt can become of higher value to an individual if it belongs to a certain brand or style that comes with certain associations, but still exhibits the core customer value, which in this case would be possibly standing out in the crowd as a fashionable individual. The third and last level surrounds all additional services and advantages for clients and create an *augmented product*. By these stages, products appear as a whole package of benefits – the more these stages are developed, the higher is the value perception and satisfaction of clients (Kotler & Armstrong, 2011: 226).

Within highly competitive industries, customers are more likely attracted to products that provide more additional benefits and value. Therefore, firms need to establish a whole system around their offering to attract and maintain customers. This is one major reason why many companies nowadays develop brands.

2.2 Branding

While customers seek to acquire certain products or service, additional characteristics and benefits that enhance the product influence their decision. If companies want to justify higher value and/or, furthermore, target and attract the right consumer base, the strategy of branding deals with providing additional attributes for a product and its company.

Before delving deeper into the terminology, many individuals may see the word 'brand' simply as a synonym for 'company' or 'business'. Nevertheless, a brand is comprising much more abstract concepts rather than describing an institution. In fact, the basic definition of a brand can be described as “[...] a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service. [...]” (Kotler & Armstrong, 2011: 231). Further on, branding helps customers to associate certain meanings with a company and reinforce a connection, as well as a higher perception of value (Kotler & Armstrong, 2011: 231). Thus, this practice does not only assist customers to recognise products but also builds a personal bond with the business itself.

Kevin Lane Keller (2012: 30) wants to deviate from one single classic definition and refers to two slightly altering expressions. While a 'brand' comprises a more limited spectrum referring to the name, logo or design of a company, the term 'Brand' using a capital letter pays regard to a definition which is stronger related to the marketing management perspective. It is an expanded term that can be viewed as an aid to bring attention, raise awareness, relevance and create a status for a corporation. That again shows how branding practices have evolved from a simple classification.

2.2.1 Brands through time

Since trading and exchanging goods has been existed for most of the time humans populated the earth, it is reasonable that branding has always been present in that context. People may have preferred to regularly buy their daily groceries from one certain supplier, as they knew their products would always be e.g. of high quality. Looking at the term itself, 'brand' or 'branding' originates from the procedure of farmers who identified their cattle by a personal and permanent sign burnt into their skin with hot iron (Keller, 2012). By this, it was easy to determine who the livestock belonged to – and certain qualities of the animals may even have been associated with the farmer's agricultural expertise.

Branding as an established business practice has only appeared around 120 years ago. Towards the end of the 19th century, a couple of companies offering distinct products started to grow. Brands that have developed into multinational concerns and whose names ring a bell with consumers even up to the present day such as Coca Cola, Kodak or Kellogg's. Regardless of their history over the past decades, their beginnings can be connected to their first efforts of branding. One of several success factors for these corporations were their euphonious brand names that only later were determined to have attracted investors as a promising opportunity (The Economist, 2009). Furthermore, these brands established a clear image to differentiate from other products and be more identifiable to customers. One case for deeper examination could be for example Kellogg's cereals. Not only did the founder W.K. Kellogg create a new technique of processing wheat berries in 1898 resulting in the creation of corn flakes, but also did he sell the product soon after with a newly founded company (Kellogg NA Co, 2016). The entrepreneur then affixed his signature to each package as a characteristic feature (Figure 3).



Figure 3. Kellogg's Cereal magazine advertisement from 1910

While it was easy for customers to notice the signature on the package, another additional benefit could have been a higher trustworthiness by adding a personal note to the product.

According to Robin Landa (2014), during the last century, customers were also influenced by the advance of companies using an increasing amount of marketing and visual

methods for advertising. In addition, the coinciding growth of mass media usage amongst individuals in developed countries can be ascribed as another contributor for progressing branding efforts. Further on, businesses had to think of sounds and music to attract attention and entertain with the introduction of broadcasting radios; an even more advanced mix of acoustic and visual aspects came along with television slightly later. Those events explain why some businesses managed to grow into such large international organisations and can be identified by most consumers nowadays.

From those developments of companies turning from small factories in the late 1800s into large and renowned brands in succession, it can be concluded that people seemed to not only prefer products per se; yet, they were additionally attracted by certain features and concepts that were created by businesses. Nowadays, branding is seen as a crucial element while building a successful company.

2.2.2 *Luxury branding & High fashion*

While the branding concept has developed into a vital practice over the last century, notable changes have occurred simultaneously in the luxury industry. Up until the 19th century, the luxury industry had existed as a rather secluded segment, only available for the most privileged, and inaccessible to the public at large. (Kapferer & Bastien, 2009: 10). Similar to the general emergence of branding, the luxury industry expanded with an increasing consumer-base through political, societal and cultural shifts in the 19th and mainly 20th century, as for example globalisation and rise of mass media (Kapferer & Bastien, 2009: 11-17). Today, the luxury industry encompasses sales of goods and services, ranging from garments, perfume and jewellery up until travel accommodation, publishing and decorative arts, gratifying customers from all around the world (Chevalier & Mazzalovo, 2012: 51-52). The consultancy Bain & Company (2016) recently published a statement about the global market revenue in 2015, which amounted € 253 billion in total.

To understand the persistence and popularity of luxury brands, it is important to inspect the concept of luxury and its consumers. The Latin term *luxatio* translates into “distance” which metaphorically relates to the initial notion of luxury (Kapferer, 2012: 66). Despite the fact that the industry has become more widely accessible, Kapferer & Bastien (2009: 22) still identify two compulsory functions for a modern luxury product to provide. For one thing, a luxury product should make a social statement about the owner, differentiating it from conventional products and implying a well-off social status. Secondly, customers

seek for a personal fulfilment by purchasing luxury items, resulting from e.g. the customer experience or subjective perceptions. Notably, luxury product or service acquirement exceeds the satisfaction of basic needs and does not happen for sheer survival (Okonkwo, 2007: 7) – it comes close to esteem needs and self-actualisation on Maslow's pyramid.

Overall, it is not sufficient for a company to identify as luxurious through a high-priced offering. To attract consumers who seek for the extravagance, it needs certain features that add up to an “aura” of luxury. Such features include, for example, representative creators for the brand, certain brand rituals and, generally, an opulent communiqué forming an extraordinary sphere. Instead of letting operations be consumer-driven, luxury has to be created by the respective brands themselves in order to come across credibly. (Kapferer, 2012: 67).

Building up a brand in the luxury industry therefore means to construct a strong system around its products and services. Branding has therefore a fundamental role for luxury companies to withstand in the long term (Okonkwo, 2007: 4). Both the brand and its image act as major competitive advantage for companies in the luxury industry (Keller, 2012: 114). Next to practical and technical benefits, the luxury products should provide an emotional appeal on top, which leads to consumer getting emotionally committed to the brands (Okonkwo, 2007: 106; Silverstein, Fiske & Butman, 2008: 6). Most importantly, unlike brands in more generic sectors, a luxury brand cannot be founded and built up in a short term, but rather needs to gain value over time by growing reputation and support from renowned personalities and institutions (Kapferer & Bastien, 2009: 118). As it will be documented in later chapters, branding in this industry can slightly differ from the generally applicable concepts.

2.2.2.1 High fashion – not a luxury?

In the context of luxury brands, it is very common nowadays to include established fashion houses into the classification. Nevertheless, Kapferer (2012: 67) argues that fashion itself interferes with the concept of luxury and its classic definition. He observes that the fashion industry is a high-paced environment that needs to make seasonal renewals and thus, low quality and regular discounts to maintain profitable. In contrary, luxury represents persistence in all its operational parts. Furthermore, fashion rather provides consumers an immediate social imitation by following current trends, luxury stands for social enhancement and timelessness (Kapferer & Bastien, 2009: 35).

However, Kapferer & Bastien (2009: 79) themselves state in a later context that as long as consumers perceive a brand as a luxury one, they adopt this view for the products as well. That explains the strong connection of reputable fashion houses as *Hermès* and *Chanel* with luxury. Another important fact to mention is the role of luxury brands in the fashion industry. The head designers of renowned luxury brands are the ones mostly dominating the seasonal trends and innovating designs, which are later adapted by cheaper fast fashion brands (Okonkwo, 2007: 10). Thus, luxury fashion is not following certain tastes but rather directing the ones of the fashion industry.

Another factor influencing the question of luxury is the recent development in the luxury industry. The classic definition does not apply nowadays, as the era of “New Luxury” has emerged, caused by a change in consumer behaviour. Unlike in the early 20th century, modern day consumers are willing to spend more on an item if the product category is personally essential to them (Silverstein, Fiske & Butman, 2009: 6). This development is enabling also new sectors to enter the luxury market, as for example health care or groceries (Silverstein, Fiske & Butman, 2009: 13). Therefore, even though fashion may not fully correspond with the classic definition of luxury, it certainly has set a foot within high-class fashion brands for modern luxury customers.

2.3 Brand equity

As it comes to branding – especially in the luxury industry –, a certain factor appears to influence consumers to return to a brand again and again, even if it could imply higher costs than unbranded products. Kapferer (2012: 7) also addresses this phenomenon while reviewing several sources to seek for a contemporary definition of brands. As a brand implies an abstract term, he takes up the issue of how to measure the influence of a brand.

Brands and their meaning have made advances over the decades and nowadays, branding deserves higher attention in successful businesses. In order to generate and measure the benefits that branding brings to the company, marketers consult *brand equity*. This concept has just recently appealed active attention during the last decades of the 20th century. Since then, branding was also established as a much more vital part in marketing practices compared to before (Keller, 2012: 57). The brand equity of a company can be determined as positive if their products are perceived as more favourable

in comparison to more basic or unbranded versions of the same goods (Kotler & Armstrong, 2011: 244). Thus, the higher the equity, the more appreciative customers are towards the company and its offering.

David A. Aaker (1996) defines brand equity specifically as a combination of four assets that are connected to the brand and influence the perception of value (Figure 4).

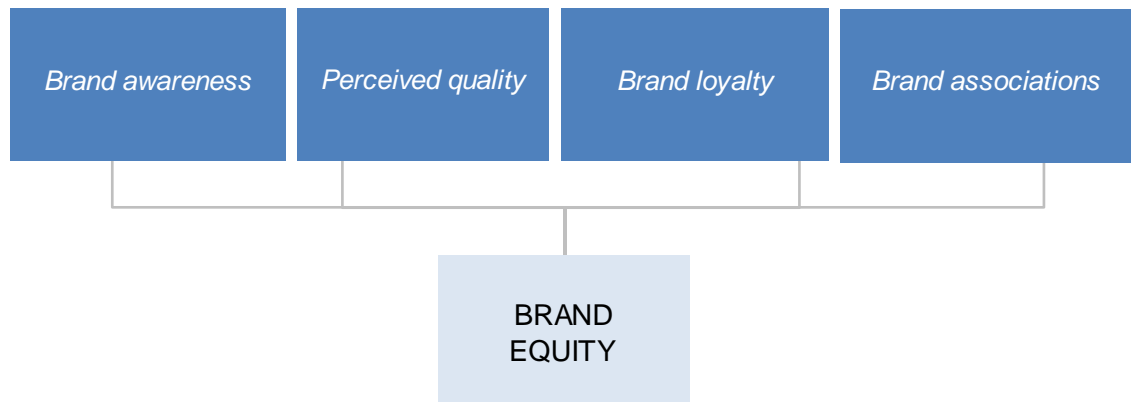


Figure 4. Components of brand equity according to Aaker (1996: 9)

In order to create value to the brand, companies need to invest in shaping and developing these assets accordingly. Each of the mentioned assets inhibit different results of value enhancement for the firm:

Brand awareness describes the extent of how strongly the brand rests in the consumer's thoughts. High awareness gives more familiarity and a higher chance of being preferred by customers. When growing further, it also leaves space for the firm to create additional associations. (Aaker, 1996: 7-8)

Even if *perceived quality* could pass as a brand association, it deserves recognition as an extra asset of brand equity. If consumers perceive products as qualitatively high, it helps to justify possible higher prices of the products. Additionally, it could even provide a differentiation aspect for the brand. (Aaker, 1996: 7; 17)

Brand loyalty occurs when clients remain with the brand in a longer term, regardless of changes. It can reduce costs in marketing, support the attraction of new customers or leave enough time for companies to react to competitive threats (Aaker, 1996: 7; 22).

Lastly, *brand associations* are going to assist firms in creating positive feelings within a client and supports extensions. Positive associations can be influenced by certain symbols or a celebrity endorsement. (Aaker, 1996: 7;25)

In the end, brand equity creates value for customers, on the one hand, by assisting them with information interpretation, making them feel more confident about their product decision and a higher satisfaction while usage. On the other hand, the company is reassured in the efficiency of their marketing practices, the loyalty of consumers towards the brand, the possibility to extend the brand and creating a competitive advantage. (Aaker, 1996: 7-9)

2.3.1 *Customer-based brand equity*

Compared to Aaker's definition, Keller's (2012: 68) approach towards brand equity stresses the importance of consumer perspective, referring to *customer-based brand equity*. In his words, this concept results from suggesting that "[...] *the power of a brand lies in what resides in the minds and hearts of customers*" (Keller, 2012: 69). Thus, with this viewpoint the value and strength of a brand is defined by customer perceptions and feelings, either positive or negative. Generally, the brand's value itself can be measured by two perspectives; one being the associations made by individuals, while the other one takes the corporate viewpoint interpreting the value as an asset (Okonkwo, 2007: 121). Nevertheless, the consumers are usually the most essential part of forming the brand equity, which later results in them defining the value. Companies should therefore always build up their branding strategy in order to satisfy their target market accordingly.

2.3.2 *Keller: Brand equity pyramid*

In order to understand what components are needed for building a strong emotional relationship with customers, it is auxiliary to look at Keller's (2012: 107) brand resonance model (Figure 5). Not only does it display essential steps for businesses to create a meaningful brand and building up positive customer-based brand equity step by step, but also the essential components of branding at the same time.

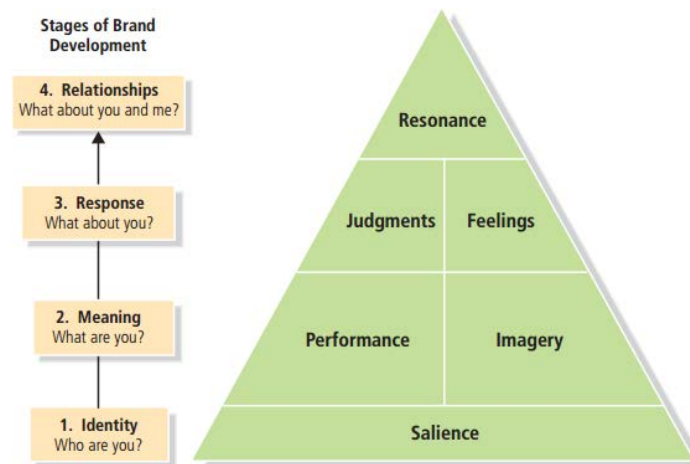


Figure 5. Keller's (2012) brand resonance pyramid

There are four questions in total that, according to Keller (2012: 107) cover the most essential objectives to target the best outcome of resonance in the end. Each of these is inhibits approaches that build up a pyramid up until *resonance* on top.

1. Brand identity: Who are you?

Before anything, a brand needs to establish certain characteristics that generate *brand salience* at the same time. While trying to raise awareness towards customers, it is important to find associations that clients can easily connect to the specific brand and also providing information about what products and services are designed to fulfil (Keller, 2012: 110). The higher the level of *brand salience*, the bigger is also the awareness amongst individuals (Keller, 2012: 110). The best way to raise the awareness towards a brand identity is to focus on a logical bond between the products and branded character, as well as finding ways to target the right clients.

2. Brand meaning: What are you?

Customers want to know what a brand means and represents in most of the times. In order to reinforce a brand's meaning, both *performance* and *imagery* should be considered as a next step on the ladder. For one thing, *brand performance* is an indication for how well the products match with the customer needs in a practical and rather objective matter. For instance, performance can be measured by product reliability, durability or style and design. (Keller, 2012: 112 pp.)

Moreover, *brand imagery* focuses on targeting more abstract assets of a product in order to meet social and psychological customer needs. The targeted individual can connect the images provided by the brand either directly with personal experiences or indirectly through word of mouth or advertisements. Imagery seeks to induce several imaginary situations that an individual directly links with the brand, for example, the situations of buying and using the product, or associations towards one's own background, heritage and experiences (Keller, 2012: 113). In addition, Keller points out that specifically brand imagery plays a big part in companies selling luxury goods.

3. Brand Response: What about you?

With the previously provided information, customers are going to evaluate and make personal *judgements* and *feelings* about the brand. Typically, companies target to induce a response as positive as possible in any encounter with customers in order to influence a favourable position in their minds (Keller, 2012: 120). Customers are going to judge the brand's quality, credibility, consideration and superiority (Keller, 2012: 117-118). Therefore, it should be ensured that these components are adjusted and taken care of accordingly.

At the same time, the *brand feelings* that describe how clients react emotionally to a brand's marketing or other input deserve attention as well. This affects how consumers feel about themselves or towards other individuals (Keller, 2012: 117). Usually, companies try to target affirmative emotions, such as warmth, fun and excitement as well as security, social approval and self-respect (Keller, 2012: 119-120).

4. Brand relationships: What about you and me?

Lastly, the level on top of the pyramid concerns itself with the relationship between customers and a brand: *brand resonance* (Keller, 2012: 120). Being the final stair on the ladder, it rounds out the pyramid and deals with the customer's identification with the brand. If clients can identify themselves with the brand and its components, there is a bigger psychological connection and more active participation (Keller, 2012: 120). High resonance derives from customers feeling attached and causes loyalty by regular purchases, a sense of belonging towards the whole organisation, as well as the motivation to engage actively in broader brand activities and offerings (Keller, 2012: 120-121).

After going through each step, it is clear that the way to a loyal consumer base who will shape and rise the brand equity requires time and resources. It is not possible to reach

the top of the pyramid, unless the previous stages have been dealt with intensively - brands need to evaluate the preferences and desires of their target market thoroughly. If consumers deeply relate to the values, practices and products of a brand, the more intensive their emotional bond gets, which finally results in high customer-based brand equity.

2.3.3 *Luxury brand equity*

Likewise, brand equity is a major strategic part for firms in the luxury industry. Most brand strategies in the industry aim at attaining a high intangible added value (Kapferer, 2012: 67). As a rule, the perception of consumers determines the value of luxury (Kapferer & Bastien, 2009: 79). Therefore, a luxury brand needs to comprehend the means of building brand equity accordingly.

For most individuals, accessing luxury is associated with a “dream”, which does not indicate frequent and instant acquisitions (Kapferer & Bastien, 2009: 129). This implies that the stronger the dream, the more willing the customer is to acquire it, regardless of the conditions as e.g. price. In order to spark off the desire of possessing a product, luxury brands should first specifically focus on raising public awareness. Either the luxury brand designers or a famous clientele present themselves in association with the brand in order to achieve a higher media presence (Kapferer & Bastien, 2009: 80; 129) and as a result, reach a broad range of possibly interested parties. If this step has succeeded, the aim is to generate a distance between the number of individuals who know the brand and the ones who are in fact able to purchase it. Luxury brands establish, for example, high prices or limited product lines, as well as reduce the diffusion of goods in order to remain exclusive (Kapferer & Bastien, 2009: 129). This interplay of factors shapes a higher value perception favouring the brand and resulting in the luxury image.

Nevertheless, the practical approach of brand equity in the luxury industry is dissimilar to the theoretic models, as Uche Okonkwo (2007: 121-122) describes. While being in contact with the upper management of several luxury fashion brands, it appears that the companies are not paying high attention to the brand equity concept. Close to Kapferer's and Bastien's (2009: 129) approach, the management puts most emphasis on growing brand awareness and brand image development to achieve customer loyalty and, thus, additional revenue. According to Okonkwo (2007: 122) many luxury brands in practice associate brand equity and value with the evaluation for an imminent merger, acquisition or reporting. This is also the reason why luxury brand equity is commonly measured

by the financial value, regardless of being in a conglomerate, as *Louis Vuitton* in the *LVMH* group, or privately owned, as *Chanel* or *Armani* (Okonkwo, 2007: 122).

The following table shows the 10 financially most valuable luxury fashion brands as of 2015:

Table 1. Top 10 luxury brand values in 2015 (Brooke, 2015)

<i>Rank</i>	<i>Brand</i>	<i>Estim. Value (\$ Billion)</i>
1	Louis Vuitton	24.7
2	Hermès	19
3	Gucci	13
4	Chanel	9
5	Rolex	8.5
6	Cartier	7.6
7	Prada	6.5
8	Burberry	5.7
9	Michael Kors	3.8
10	Tiffany & Co	3.2

The values were calculated by the Millward Brown research group and WPP, paying attention to previous earnings of the company, possible future earnings, as well as qualitative factors as significance, uniqueness and brand salience (Brooke, 2015). From this approach, *Louis Vuitton* has the highest brand equity amongst luxury brands in a global comparison, followed by *Hermès* and *Gucci*. However, Okonkwo (2009: 121) points out that the luxury industry could also focus on sustaining positive value from the customers' view, next to keeping track of financial perspective. The factors mentioned by Aaker (1996) and Keller (2012) are all a significant support in growing and sustaining brand equity and applicable for the luxury industry as well.

2.4 Brand positioning

Generally, in the process of establishing a strong brand with high equity, it is important to find a way into the minds of the consumers to enable building an emotional and valuable connection. Even if elements for building equity are clearly defined, the brand will not receive enough recognition without a well-defined positioning strategy. Positioning

refers to designing the company image and offer in a way that creates a valuable and steady place within the target customers' brain (Keller, 2012: 68; 79). This does not imply changes on the product itself but rather a stimulus in the consumers' minds (Ries, Trout & Kotler, 2001: 3). Brand positioning indicates the moment where the brand and customer establish a first connection and the creation of brand equity begins (Okonkwo, 2007: 116). Incidentally, the term should not be mixed up with market positioning which describes the relevance and market share within a segment (Okonkwo, 2007: 116).

The so-called positioning era was announced during the 1980s by Al Ries and Jack Trout as a new way to differentiate from much bigger and reputable brands (Ries, Trout & Kotler, 2001: 28). The main goals of a positioning strategy are for customers to get an understanding of the brand activities, making them care about and identify with it (Grams, 2011: 14). While searching for a promising gap to fill within the customer's mind, brands do not have to come up with completely new ideas. It is also possible to engage in existing dynamics and manipulate them for one's own advantage (Ries, Trout & Kotler, 2001: 4-5). Overall, the design, imagery and character of the brand have to correspond with its position in order to make up a strong brand.

A brand's position can be set around three categories (Kotler & Armstrong, 2011: 244-245):

1. *Product attributes*
2. *Desirable benefits*
3. *Beliefs & values*

Positioning the brand around product attributes underlines the functions of the products or services. However, being the most basic technique, there is a higher risk of competitors being able to replicate product features and threaten a firm's position. Additionally, consumers are rather interested in brand attributes that go beyond simple functionality (Kotler & Armstrong, 2011: 244). A more promising and commonly used positioning strategy is based on presenting additional benefits that are associated with the brand (Kotler & Armstrong, 2011: 245). Providing benefits from interacting with the brand can still be topped by positioning certain beliefs and values within the customers' minds (Kotler & Armstrong, 2011: 245). As it was determined before, encouraging constructive feelings and opinions within the clients is also an essential influence for positive brand equity.

2.4.1 Finding a position

Creating and maintaining a brand position requires an elaborate framework in order to succeed. Chris Grams (2011: 24) provides stages that assist in building up a position (Figure 6). Notably, these steps overlap in some parts with Keller's (2012: 79) guidelines for brand positioning. This results from the authors having cooperated in work life before.

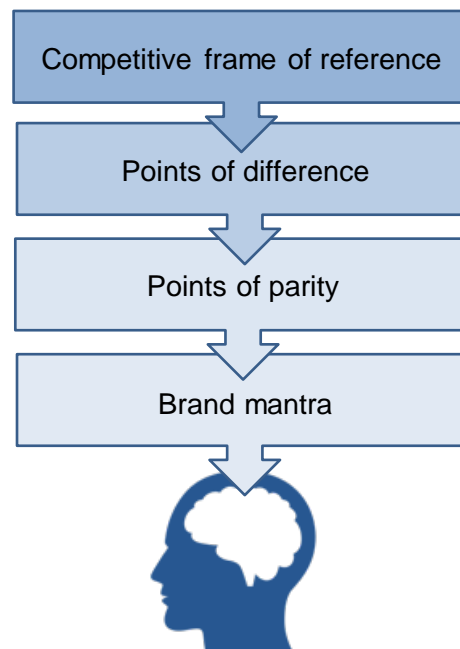


Figure 6. Building a brand's position step by step, after Grams (2011: 24)

To start positioning a brand, Grams (2011: 24-25) suggests to begin with determining the range of competitors that could interfere by offering similar products or benefits. This is important, as companies cannot position themselves without providing a context to the customers (Grams, 2011: 25). The *competitive frame of reference* is not always obvious, as brands can compete on several levels and industries exceeding simple product benefits, but also based on e.g. the experience and services (Grams, 2011: 26).

Once the frame of reference has been set, the *points of difference (POD)* come into play. These determine the factors that evidently distinguish the brand from the competition (Grams, 2011: 29). Customers are going to recognise such points as a factor to choose a certain brand over others. They do so in the belief that only this specific firm offers a certain and protruding benefit (Keller, 2012: 83). A brand's benefit does not have to be of functional nature, but can also result from nurturing emotional needs, a strong brand personality or the bond with customers (Aaker, 1996: 182).

Nevertheless, regard should be paid to *points of parity (POP)* as well. Those indicate the differentiation attempts of competitors which a brand needs to respond to accordingly. Through this, the company can determine and reduce their weaknesses (Grams, 2011: 29). However, it is not compulsory to turn weaker points into strengths, but executives should rather stay aware of these and try to maintain a certain qualitative level (Grams, 2011: 30).

As a final step to locate itself in the consumer mind, a brand needs a *mantra*. Adapted from Keller (2012: 93), it “[...] reflects the essential “heart and soul” of a brand [...]” and it overrides all activities and products of a brand. The shortly formulated phrase is not a public statement used for marketing or advertising, but rather a mantra that defines the brand and can be used as an internal reference for operational decisions (Grams, 2011: 31-32).

2.4.2 Positioning mistakes

If a brand does not follow a thorough positioning strategy, there is a high risk of faults that prevent maintaining or even entering position in the consumer minds. The four main risks are exhibited in the following.

Table 2. Possible risks of positioning

<i>Incident</i>	<i>Definition & Impact</i>
<i>Under-positioning</i>	This occurs when there are only faint associations for customers to make with the brand and no visible specific differences. Even though there may be awareness of the brand, it is not included in the final decision to purchase. (Hooley, Piercy & Nicolaud, 2008: 210).
<i>Over-positioning</i>	It describes the situation when the brand or products are perceived as too exclusive for a narrow market and there is not enough clear information about the whole concept (Hooley, Piercy & Nicolaud, 2008: 209-210).
<i>Confused positioning</i>	Implies a possible risk when a brand either often changes or contradicts its own statements and consequently confuses clients about the actual position (Hooley, Piercy & Nicolaud, 2008: 210).

<i>Doubtful positioning</i>	This makes customers question a brand and its statements (Hooley, Piercy & Nicoulaud, 2008: 210).
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Thus, the better a company analyses both the competition and themselves, the less errors are likely to occur.

2.4.3 *Luxury brand positioning*

While the previously discussed concepts are effortlessly applicable in competitive and mass-producing industries, luxury brand positioning deserves a specific assessment. Among the reviewed authors, Kapferer and Bastien (2009: 62) dissociate the most from the classic positioning models in relation to luxury. They explain that positioning does not match with luxury, as in this industry, uniqueness prevails over the comparison to rivals. In the authors' words, "*luxury is 'superlative' and not comparative*" (Kapferer & Bastien, 2009: 62). Instead, high-end firms should focus on developing a personal and steady identity that represents the individuality, timelessness and genuineness of the brand. As an example, *Christian Lacroix's* brand identity embodies brightness, vivid colours, paying tribute to the Mediterranean culture – all this was created from within the brand, in place of comparative analysis from the industry (Kapferer & Bastien, 2009: 62).

It is evident, that the luxury industry often possesses specific dynamics compared to other industries. However, positioning is not completely absent. Positioning, after all, mainly aims at the consumer minds, and even luxury brands – especially market newcomers – need to cover a place in the mind and defend it if they do not have a fortified high-status as e.g. *Dior* or *Gucci*. Furthermore, luxury consumers connect different associations to each brand. Combined with personality and image, brand identity makes up one part in the associations leading to a luxury brand's position (Okonkwo, 2007: 116). Several details can contribute to a final place in the consumer mind. As for example, the country of origin of the business. Compared to French luxury fashion, which is perceived as more traditional, Italian luxury fashion, on the other hand, is more often linked with innovation and creativity – represented by brands as *Versace* and *Moschino* (Chevalier & Mazzalovo, 2012: 53-54).

As luxury brands, specifically in the fashion field, each seek to appeal to different tastes, their positioning should logically differ in some ways. To clarify the matter, positioning of luxury brands can be viewed from a broad and a narrow perspective. The broad range

displays the brand positioning by representing factors of the luxury industry and thus separating the brand from mass-producing markets. The position stands out due to high-end, high-priced and artisanship products. Subsequently, the positioning on a narrow level happens within the luxury market and is specific to each luxury brand. Even though all these companies share the high-end character, there is need for personal attributes in each brand, which is reinforced by the brand identity. (Okonkwo, 2007: 116-117)

2.5 Why do brands change?

“If there is one rule for modern branding, [...] it is that brands can never stand still.”

- Kevin Lane Keller (2012: 479)

As the quote implies, current markets hardly allow a continuous strategy and brands have to advance with time. Trout and Rivkin (2010: 1) explain the recent tendency of updating brand strategies with three ‘C’s: competition, change and crisis. These are the three main forces that have influenced business practices over the last decades and accelerated general market dynamics in most industries.

There are certain scenarios when a brand strategy incurs complications. First, if low customer interest, brand sales or awareness reveal an insufficient strategy, it is a clear sign for marketers to overthink a new scheme (Aaker, 1996: 216). Additionally, problems with the position may occur later if the market environment has advanced after some time, with e.g. new tastes or perceptions, and the brand fails to provide an up-to-date presence (Aaker: 216-217). Similar terms apply if the brand enters the market representing old-fashioned values or products (Aaker, 1996: 217). Over time, it also occurs that the brand appears “boring” lacking new input. This could keep new customers from being intrigued and, as a result, the branding loses effectiveness (Aaker: 218). However, in some cases the brand strategy can be perfectly executed and still fail. While targeted towards a limited or shrinking market, perspectives for long-term growth reduce for the company (Aaker, 1996: 217). More influences that can threaten a brand position stem from competitor advancements. As a brand attempts to update and refine their POP and POD, the competitors do likewise (Keller, 2012: 92). Without responsive action, the advantages over the competition could fade.

Likewise, the three “C’s” and their consequences are a possible threat to the luxury industry; especially since its growth during the last decades. The case of *Revillon* exemplifies this point, a once renowned upper-class brand dating back to the 19th century selling fur fashion. During the first decades of the 1900s, pelt fashion in Europe was thriving by high demands and a high indicator of the owners’ luxury status (Dyhouse, 2011). *Revillon* had a worldwide reputation and the firm kept on focusing upon the fur industry throughout the 20th century (Chevalier & Mazzalovo, 2012: 53). However, with time, more factors deposed fur as a fashion statement and caused plunging demands. In the 1970s and 80s, for instance, activist groups were founded and publicly highlighted the cruelties of fur production (Dyhouse, 2011). Nevertheless, *Revillon* remained with their strategy up until the 1990s supplying a reducing market. When trying to seek for a new approach relatively late, the brand could not retreat to its former success and has vanished into irrelevance nowadays (Chevalier & Mazzalovo, 2012: 53).

Changing industry dynamics should concern both young volatile luxury brands, as well as traditional established houses. Especially the luxury market is vulnerable to economic recession (Kotler & Keller, 2014: 156). To avoid drastic cases as the one of *Revillon*, the branding strategy needs to consider possible risks for the long run. In case of impending complications, luxury brands could rely on several approaches to initiate change. Additionally, some methods can be used for reinforcing a growing brand as well. Before deciding on either method, brands need to evaluate the efficiency and strength of their current brand positioning and sources of equity.

2.5.1 *Brand repositioning*

If a firm no longer find success on its target market and/or experiences damaging impacts on its brand equity, Aaker (1996: 216) recommends a shift in the brand position. A repositioning move aims at an alteration of the consumer perception, about either the brand itself or direct competitors (Trout & Rivkin, 2010: 10). In cases that are more drastic it could also imply a move towards a completely new target market (Chevalier & Mazzalovo, 2012: 151). Repositioning can be useful for either returning to an old position or pursuing a new one.

The following case of *Louis Vuitton* describes a repositioning move that was not stirred by sole crisis, but rather an effort at growing. In 1997, designer Marc Jacob cooperated with *Louis Vuitton* in the development of a ready-to-wear fashion line. While the press and public did not see the new collection and traditional leather ware brand making a

good match at first, an unexpected success occurred eventually. After the runway presentations and store openings in the metropolises of Paris, Tokyo and London stimulated bigger media attention, it turned out that the ready-to-wear line was received extremely well by the existing customer base. At that moment, *Louis Vuitton* had managed to rejuvenate its brand image causing a rise in sales volumes over the upcoming decade. (Chevalier & Mazzalovo, 2012: 151)

However, it should be mentioned that repositioning a brand implies major risks. If it is not executed properly or being relied on as a frequent remedy, target consumers could react confused and even distance themselves from the brand (Keller, 2012: 489). Another issue mentioned by Keller (2012: 490) describes that a new positioning is useless if former sturdy brand associations interfere with the new image and simply prevent clients to notice or recall a new direction.

As a change in the brand positioning exhibits high costs and always poses a high threat of failure, Aaker (1996: 216) specifically recommends relying on this practice only if harmful circumstances, which were mentioned in the beginning of this chapter, predestine the current brand strategy. Chevalier and Mazzalovo (2012: 151) refer to brand repositioning as a “*radical remedy*” and identify it as more suitable for phases of deterioration.

2.5.2 *Brand extension*

While brand repositioning implies a rather radical practice, there are also brand strategies that support the makeover of the brand and adapt it to changes in the environment ahead of time, without the necessity to turn around the brand’s identity or positioning completely. Aaker (1996: 274-275) adverts to leveraging a brand as a measure to generate growth and maintain brand equity, as well as establishing resilient companies. This includes several directions for the brand to expand, one of them being brand extensions.

If a brand introduces a new product category under the current brand name, the process is referred to as brand extension (Kotler & Armstrong, 2011: 250). In collected works, the process is also listed as category extension (Keller, 2012: 433) or range extension (Kapferer, 2012: 217). Brand extensions can also contribute to the revival of a brand by initiating new attention and appreciation from both existing and new clientele (Keller, 2012: 440). Other benefits for the brand are the enlargement of market coverage and customer

base, as well as the enhancement of the overall brand image (Keller, 2012: 439). Additionally, brand extensions are a facilitated way to introduce new products because no additional brand development costs occur, as well as a higher probability to be noticed exists due to previous brand awareness (Keller, 2012: 437-438).

Referring to the example of *Revillon*, another brand involved in the fur fashion industry in the mid-20th century was *Fendi*. Initially starting out as a direct competitor, the Italian brand experienced less attention in comparison to the established organisation around *Revillon*. Soon, the small business extended their offering by selling shoes and later, other leather goods – up until the 1970s, where renowned designer Karl Lagerfeld designed a first ready-to-wear line for the house. Although starting out in the fur business originally, *Fendi* now possesses a strong position in the luxury fashion and handbag industry, and has surpassed the once superior *Revillon* in terms of success – by relying on a diverse set of product categories (Chevalier & Mazzalovo, 2012: 53)

Even though brand extensions can bring success for some cases, it also implies the risk for negative outcomes. Amongst many threats, one big issue lies in the possibility to lead to confusion or frustration of customers (Keller, 2012: 441). Through an extended offering, the brand offering may appear cluttered and could cause customers to stick with their usual products nonetheless or, in the worst case, rely on alternatives from competitors. Another negative direction caused by brand extensions could be the dilution of the brand meaning – a specifically harmful jeopardy for luxury brands (Keller, 2012: 446). With several categories, the initial brand may not be recognisable for a particular product any more. The example of the *Gucci* (Keller, 2012: 446) exhibits such threat more detailed: The prestige luxury brand suffered from several damaging issues in the 1980s. Next to sloppy manufacturing and counterfeits, the brand image suffered from a wide-ranging product range with 22,000 articles, which partially did not even fit into the concept. Even cheaper products were promoted with the distinctive *Gucci* design, as for example a 35\$ pocketbook. The brand only recovered after reducing their offering to 7,000 products and strict market approvals. To avoid apparent mistakes, the application of a new category requires analysis about alignment with the current brand structure. In the end, the customer response will decide on the efficiency of an extension.

3 The brand: Kaviar Gauche

Kaviar Gauche is a high fashion brand originating from Germany. Founded in 2004, the brand was established as a Berlin-based fashion label by Alexandra Fischer-Roehler and Johanna Kühn, who met during their studies at the ESMOD Berlin International Academy of Fashion. Both founders have also been functioning as the head designers from the beginning and are publicly representing the brand as a creator duo.

Remarkably, the first runway show 2004 was organised as a guerrilla approach in front of a Parisian department store, which resulted in international media attention. Since then, *Kaviar Gauche* has worked on expanding further on the German and international market targeting regular high fashion customers.



Figure 7. *Kaviar Gauche's official brand logo*

The meaning behind the brand name derives from the French term *gauche caviar* (left caviar) which arose in the 1960s. At the time students were revolting against conservative values at that time, a part of the privileged French upper class – part of the jet set society – adorned themselves with the ideas of that new movement as well. Consequently, that group was referred to as *gauche caviar* in an ironical manner. Likewise, this interplay of contrasts fits to *Kaviar Gauche's* fashion, which aims at uniting rather opposite styles and materials. The brand image and its style could be best described as modern and glamorous, while always exhibiting a touch of unconventionality.

As of 2017, *Kaviar Gauche* mainly focuses on three main product categories that consist of:

1. **Bridal Couture:** Once a year since 2009, Kaviar Gauche designs and presents a new collection of wedding gowns.
2. **Prêt-à-porter fashion:** This section encompasses elegant high quality pieces that can be worn casually as well as on events.
3. **Accessories:** Kaviar Gauche emphasises the importance of accessories, as bags, shoes and belts, finalising an outfit as a whole

Apart from the brand's flagship store close to the headquarters, their products are available in brand-owned stores in the German cities of Berlin, Düsseldorf and Munich. Furthermore, the high-end garments and accessories are globally accessible from an online shop connected to the official website.

3.1 Marketing strategy

A significant part of *Kaviar Gauche's* marketing mix consists of an interplay of promotional activities (Figure 8) that communicate with the public and aim at raising customer awareness.



Figure 8. Overview of *Kaviar Gauche's* promotional activities

PR: Public relations play a big part in *Kaviar Gauche's* marketing practices while cooperating with a PR agency. The interaction with press and media is usually seen as an essential part of luxury brands as a method to raise brand awareness and, thus, the value (Kapferer & Bastien, 2009: 129). *Kaviar Gauche's* products are regularly positioned in the content of women and lifestyle magazines, presented on- and offline. Moreover, during the last years, the brand has been increasingly featured on blogs and social media.

VIP & Opinion Leaders: Along with PR work, another common practice is to dress guests with pieces of the latest collections when attending public events. *Kaviar Gauche* puts high emphasis on selecting representatives who match with the brand and image.

Social Media: The brand communicates on social media with followers via Facebook, Instagram and Pinterest, usually posting about brand related news, events and visual inspirations.

Website Content & Search Engine Optimisation: The *Kaviar Gauche* website acts as a general hub for information. An additional sub item called “Bridal stories” aims at communicating with customers as well. Photos of actual weddings – the bride wearing *Kaviar Gauche* – are exhibited with a description, with the consent of the couple. Furthermore, search engine optimisation (SEO) contributes to a higher ranked listing of the webpage when searching with certain keywords online.

Google AdWords: In combination with SEO, *Kaviar Gauche* relies on Google AdWords in addition. Through this tool, if the key words of the search overlap, the brand is presented as an ad next to the results of the Google listing.

Fashion Show: Over the recent years, *Kaviar Gauche* has presented their recurrent Bridal collections once a year as part of the Paris fashion week each autumn.

E-Mail newsletter: Even though the newsletter via email is not seen as vital as previous practices, marketing manager Franziska Heinz (2017) points out that it is a supportive tool to keep initial admirers of the brand regularly updated about new collections until some of them decide to purchase a bridal dress when the time has come.

3.2 Case Introduction

As it was described beforehand, *Kaviar Gauche* currently has three main product categories, which all are advertised and sold under the same brand name. However, the line focused on most dominantly at present is the bridal couture category. Nonetheless, *Kaviar Gauche* initially started out as a label with luxury fashion for daily or formal usage. The first bridal collection was only released in 2009, which was five years after the foundation of the brand.

4 Methodology

Before delving deeper into research and analysis, the methodology used to gather the research is presented and examined.

4.1 Research question & design

While examining certain issues, John W. Creswell (2012) mentions three different approaches for creating a design for an investigation. The first one is quantitative research and is used if the research problem can be solved by discovering certain tendencies. For a solution, researchers usually collect numeric data from a larger group of individuals through questionnaires (Creswell, 2012: 13). Secondly, qualitative research deals with problem solving through exploration. While doing so, data is being collected from a limited amount of sources in order to consider specific standpoints (Creswell, 2012: 16). The qualitative design is the one used for this specific thesis because of the aim to clarify a certain issue using a real-life example. As a third approach, both research designs can be combined for a study to support and assess a problem on a thorough level. Nevertheless, while using the mixed approach, the investigator needs to identify which technique to prioritise (Creswell, 2012: 20-21).

The aim of this qualitative research is to find out the processes and dynamics behind brands growing and extending. *Kaviar Gauche* serves as a specific case study for this subject. The luxury fashion brand implemented and maintained a new product category that turned out to be a top seller within a short period of time. It could give general insights into how brands develop over time, and which in- and external factors play a part in this process.

Case studies usually imply the investigation of contemporary phenomena within practical settings (Yin, 1994: 13, cited in Gray, 2004: 123). The extent of usage of one or more case studies to support a research can differ. Because the focus here lies on merely one precise example, *Kaviar Gauche* acts as an *intrinsic case*, meaning its specific details awake interest for a particular examination (Creswell, 2012: 465).

The research question including the case states as follows:

How did Kaviar Gauche establish a high fashion brand and successfully implement a brand extension?

The initial idea to examine the brand's history arose after having completed a work placement in the marketing department during spring/summer 2016 for a total of six months. Through this, a preliminary knowledge of *Kaviar Gauche* was already present before starting the thesis. Thus, the majority of the research has been attended to the brand extension process itself.

4.2 Qualitative Research

As the topic of examination contains a developmental process of the brand, the research is supported by qualitative research methods. This sort of research is conducted within a context and details are gathered from a practical setting (Gray, 2004: 320). Another classic characteristic for this research type is the direct contact to the examination area. In the main, it is recommended that the researcher attains a comprising overview of the studied subject (Miles & Huberman, 1994, cited in Gray, 2004: 320).

There are numerous ways to gather qualitative data for supporting case studies, as for example observations or archival records (Gray, 2004: 135). For this thesis, an interview with the Marketing Manager of *Kaviar Gauche*, **Franziska Heinz**, acts as the main and basic source for investigation results. Due to geographical distance, the communication happened via e-mail. From the times as an intern in *Kaviar Gauche*, it was possible to contact the marketing manager directly over her internal company email address. The questions (see Appendix 1) were designed in a targeted way, which directly relate to the subject of the case study (Gray, 2004: 135). In terms of general qualitative research, interviews are usually marked of one or more participants who answer open-ended questions posed by the researcher (Creswell, 2012: 217).

The interview method is specifically useful if the required materials are not accessible by mere observation (Creswell, 2012: 218), which is also essential in this case study, as *Kaviar Gauche* has started the brand extension already years ago. Furthermore, interviews allow the questioned individuals to express information in a more personal and detailed manner, as well as giving the researcher more control of the data obtained through a rather direct contact (Creswell, 2012: 218).

However, when collecting information from interviews, it should be clear that challenges could occur at the same time. In some cases, interviewees can alter their statements for a more favourable view and also, individuals could have problems to clearly express

themselves due to communication or language barriers (Creswell, 2012: 218). For email interviews specifically, Creswell (2012: 219) examines this method as favourable in case of geographic distances and practical for engaging in an active conversation. Nevertheless, he warns about possible ethical issues occurring concerning privacy and data protection.

In order to clear out possible issues mentioned before, the author tried to write the questions clear from the start and giving enough time in advance for the marketing manager to concern herself with the replies. The interview was conducted in German; hence, the author personally translated the questions and answers into English later. Nonetheless, it was put emphasis on conveying the same denotation.

4.3 Qualitative Analysis

After collecting data, the next logical process is to edit the information for analysis. Nonetheless, within qualitative research those steps are not straight-lined but rather imply a simultaneous process to the research process (Figure 9).

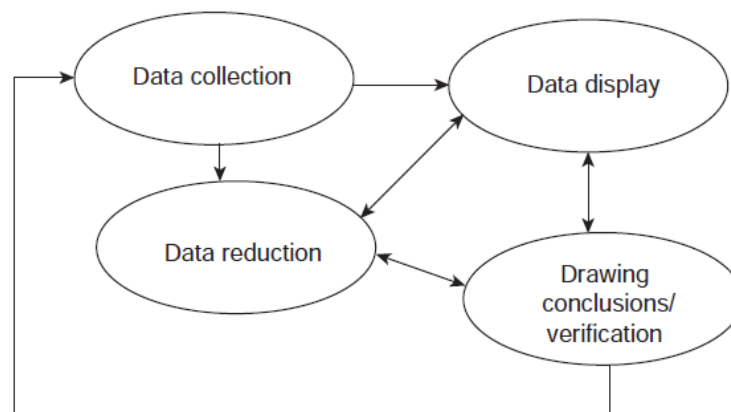


Figure 9. *Interactive processes of qualitative data analysis (Gray, 2004: 321)*

The figure shows how the steps of qualitative analysis are rather interconnected. By the portrayal of David E. Gray (2004: 322), while collecting data, it is necessary to cull excessive information at all stages to focus on certain findings. Supplementary research happens based on those in order to investigate a hypothesis further.

Likewise, John W. Creswell (2012: 237-238) assesses certain details that apply for analysing and interpreting the qualitative data. First, the general outline of the analysis is to

start from a detailed range of data that needs to be transformed into a bigger consolidated picture for a conclusion. During analysis of qualitative information, the process of interpretation and data collection commonly occurs simultaneously. In quantitative research, the steps of collection and analysis of data are distinctly separated procedures. At the same time, the stages of qualitative interpretation are iterative, where the researcher skips back and forth between data collection and analysis. This is for example necessary when open issues need to be clarified. Most of the time, it is advisory to read through and examine the collected material several times in order to gain a thorough understanding of the research results.

The process of this specific qualitative analysis occurred in a similar way. As mentioned before, the interview with *Kaviar Gauche* sets the elementary source of data collection, being the most reliable information from the company directly. While examining the replies, some ideas were investigated further by searching for further qualitative material in press releases and studies.

4.4 Validity & Reliability

As a whole, Creswell (2012: 238) stresses the fact that a distinct approach of qualitative analysis does not exist. Instead, the researcher can choose from several sets of guidelines as an aid. Furthermore, the outcome of the study is always reliant on the assessor's interpretation and, thus, qualitative analysis could exhibit different results from each researcher. Nevertheless, through the direct contact with the company, emphasis was put on providing results from a highly reliable information source.

5 Results

In order to clarify the whole process of introducing a brand extension, the results are structured into chronological order of the business records of *Kaviar Gauche*. By this, it is easier to see the single developments that contributed to the advancement of the brand over the course of a whole decade.

5.1 Establishing the firm

Two fashion design graduates, Alexandra Fischer-Roehler and Johanna Kühl, from the ESMOD Berlin International Academy of Fashion founded *Kaviar Gauche* in 2004. Both designers met before, during their studies, with an identical goal to create a brand of their own. Within the entrepreneurial environment in the German capital during the early 2000s, new business opportunities were in reach due to cheaper rents in the city attracting young and creative entrepreneurs. While many start-ups settled within the IT and online service industry, the founding of *Kaviar Gauche* as a luxury brand in between was a rather daring, yet innovative move.

The initial brand structure and style was set up based on the classic model of French high-end fashion labels. For this, the two designers oriented themselves on the guidelines for successful worldwide fashion brands at the time. Amongst other things, this implied to publish seasonal collections twice a year and visiting internationally relevant fashion fairs. Even though the brand set up an option for acquiring their products online, it was not seen as a common method yet, especially in the luxury industry. During this time, *Kaviar Gauche* focused on two product categories:

- **Ready-to-wear fashion:** During their studies in fashion design, Alexandra Fischer-Roehler and Johanna Kühl mainly focused on the creation of prêt-à-porter outfits. This direction was also intended as the main branch of *Kaviar Gauche*, providing female customers with high quality outfits for a daily use in an elegant design.
- **Accessories:** From the beginning, the designers put high emphasis on providing complete outfits that are rounded out by suitable accessories. Certain patterns

and materials from clothing are found and taken up on accessories. First international recognition appeared with the success of the 'Lamella bag' (Figure 10) and nowadays is still referred to as one of the brand's first classics.



Figure 10.

Kaviar Gauche's first signature piece: The Lamella bag

Kaviar Gauche did not possess a definite branding strategy at its beginning stages. Instead of investing with a high marketing budget into printed advertising, the brand rather focused on creating unique designs that would impress consumers and, thus, contribute to growing brand awareness by focusing on the product range.

As an additional way of raising awareness, the designers also clothed prominent personalities for public events in Berlin. Being settled in the heart of the German capital where national and international film shootings and events are commonly hosted, *Kaviar Gauche* was able to fashion custom evening robes for actresses as Heike Makatsch or Marie Bäumer. Press photographers on the red carpets consequently captured the celebrities and their styles, whose photographs were published in relevant fashion magazines. The very first ready-to-wear collections of *Kaviar Gauche* nonetheless found more customers abroad, especially Chinese and Japanese ones seeking for unique European luxury products (Fischer-Roehler & Kühn, 2016).

5.2 The pathway to the Bridal Collections

While *Kaviar Gauche* was in the process of making a name in the high fashion industry, there was never a concrete plan of designing and selling bridal wear. Instead, the two head designers envisioned the brand to represent sophisticated fashion applicable in both quotidian and formal surroundings. By the creators' self-admission, weddings were

a rather unfashionable and “square” topic during the early 2000s and hence not in consideration at first.

Major influences for change happened only after a while. In 2007, *Kaviar Gauche* cooperated with the German department store chain *Karstadt* by designing an exclusive collection including one wedding gown. The dress became a popular item upon sale and was sold out relatively quickly – up to the point where the brand was approached directly by female customers inquiring about the model (Fischer-Roehler & Köhl, 2016). Simultaneously, the press publications of celebrities wearing *Kaviar Gauche* designs had additionally attracted the attention of brides-to-be. The brand received numerous requests of customers to create a white-coloured version of certain models. Even though the designers were astonished by the unexpected demands, they began to fulfil their customers’ wishes seizing a new business opportunity. The first full bridal collection as a brand extension was presented on the Berlin Fashion Week in January 2009 (Kaviar Gauche, 2016).

When *Kaviar Gauche* progressed further with the opening of their first flagship store in Berlin 2010, the offering was equally divided between their prêt-à-porter line, accessories and bridal couture without a specialisation. At this point, the luxury brand still followed the dynamics of the industry by releasing ready-to-wear collections twice a year. However, the young business noticed with time how demands and revenues of the bridal extension exceeded the other product categories with a growing tendency. As most of *Kaviar Gauche’s* garments are sewn with the support of few dressmakers in the brand-owned atelier in Berlin, the production capacities are limited. The designers had to make a major decision when deciding to switch the focus from ready-to-wear to bridal fashion – outsourcing or mass-production was not an option because of the brand’s principles of quality, authenticity and exclusivity.

Next to the high profitability for *Kaviar Gauche*, the choice to alter towards bridal couture fashion exhibited further advantages for the brand. For one thing, the high fashion brand did not have to follow the fast-paced rhythm of the wholesale industry any longer but could instead focus on collections for the annual wedding seasons. Besides, *Kaviar Gauche* fashioned their designs closer towards the wishes of customers instead of wholesale fashion buyers. Despite the earlier predisposition towards wedding gowns, the designers realised that this branch enabled new and more elaborate design opportunities (Figure 11).



Figure 11. Selection of designs from the Bridal Couture collections 2014, 2016 and 2017

5.2.1 Adaptation to new target market needs

Along with the focus on the brand extension, *Kaviar Gauche* had to understand the needs and demands of their new main target market – usually women seeking for the ‘perfect’ dress for their approaching wedding. Before the opening of the brand owned boutique, the contact to clients had been less involving since ready-to-wear fashion generally does not implicate personal customisation. Bridal high fashion on the other hand should approach personal customer wishes much more. On the wedding day, brides are going to be the centre of attention within loved ones and, thus, seek for a flawless look with a higher budget at their disposal.

Soon after the first bridal collection and the store opening, *Kaviar Gauche* chose to implement new customer service procedures for brides-to-be. Customers can book personal appointments in advance to try on different models while being counselled by a trained sales personnel and one of the in-house tailors for dress customisations. The clients may return afterwards for one or more additional fittings until the gown meets the final expectations. Even though customer care runs smoothly nowadays, *Kaviar Gauche* acknowledged a necessary fine-tuning of about five years to ensure this. The same

standard of service is offered in the additional *Kaviar Gauche* stores in the German cities Munich and Düsseldorf.

5.2.2 *Impact on Brand Position*

While *Kaviar Gauche* built their brand concentrated around another product category in the first years, the change to bridal fashion implied a risk to the brand and position. The previous collections revolved around innovative designs coming from a young and avant-garde ready-to-wear label from Berlin. The designers worried about diminishing relevance in the high fashion industry by switching to a rather specialised field where fashion trends are usually not significantly characterised.

To avoid a switch into a rather conservative perception, the brand decided to take up bridal fashion in a contemporary context. Over the last four years, *Kaviar Gauche* features yearly on the Paris Fashion Week each September to present a new bridal collection – as the only German bridal fashion label. The fashion week involves relevant media, events and personalities of the fashion industry and represents the main reason why *Kaviar Gauche* does not attend the specific Bridal Fashion Week. In addition, during the shows and later editorials promoting the bridal collections, the brand emphasises the interplay of classic elegance and modernity within their brand designs and imagery.

In order to reinforce the fashion-consciousness of the brand even further, *Kaviar Gauche* regularly displays how their dresses can be worn on formal events in any colour (Figure 12), along with their specifically designed robes.





Figure 12. Runway and red carpet looks in comparison: Actresses Karoline Herfurth (above) and Heike Makatsch (below) in 2017

Through this technique, clients can perceive the fashion label outside of a mere wedding context.

5.3 Recent brand developments

Nowadays, *Kaviar Gauche* still possesses its three main product categories: Bridal couture, ready-to-wear and accessories. The main attention however remains on the bridal line with regular collections. Currently, *Kaviar Gauche* is also mostly associated with their wedding gown designs.

In 2014, the brand was featured on the German TV show 'Germany's Next Topmodel', a casting format for young aspiring models, with their *Petite Fleur* collection. During the fifth episode, the candidates were seen walking a runway fully dressed in *Kaviar Gauche*. Almost 4.5 million viewers followed the broadcast of the episode, whose main target audience consists of females between 14 and 49 years of age (Kyburz, 2014). Even though *Kaviar Gauche* had supplied the television show with ready-to-wear outfits during the previous two seasons, the brand never had received as much active response as after the 2014 broadcast. The fashion label received a temporary rush demand for some time. Thus, this event could have brought an expansion of brand awareness on the main-

stream market. *Kaviar Gauche* is sure to have reached a certain group of female customers who would rather spend a big amount on a wedding dress once than buying high-end evening dresses.

As accessories still act as a complementary part of each outfit, the brand offers bags, belts and jewellery that can be worn either in combination with a wedding gown or also daily. Furthermore, most of the prêt-à-porter items provide appropriate outfits for formal occasions as well. Next to the bridal collections, *Kaviar Gauche*'s clients can find special garments or accessories for formal occasions, as well as classics from previous collections. The brand also offers the service of customising wedding gowns in other colours for broader usage.

In addition to the offering, *Kaviar Gauche* is known for collaborating with other brands since its early days. Most recent cases of cooperation in 2016 are a limited makeup collection with *Catrice Cosmetics* (Figure 13), as well as a special packaging design for a limited edition of *Jules Mumm* sparkling wines. While this expands the brand reputation even further, cooperating with brands offering low-involvement products additionally enables consumers to be part of the *Kaviar Gauche* universe without needing to invest more. This can result in additional brand equity of clients following the brand without the resources or intention to afford the brand's fashion.



Figure 13. Arrangement of *Kaviar Gauche*'s cosmetic collection for *Catrice* 2016

For the near future, *Kaviar Gauche* wants to reinforce their current strengths consisting of bridal couture and the in-house customer care. This implies the expansion of store locations and the online shop. Moreover, with an increase of young bridal fashion designers, the luxury brand pursues to fortify their positioning of a contemporary fashion brand offering wedding gowns.

6 Discussion & Analysis

While creating a basis and position on the luxury fashion market, *Kaviar Gauche* did not predominantly focus on a specific branding strategy. As a new company, they were reasonably focusing on building up basic key functions. The establishment of a brand had not been first priority, even though the designers did emphasise certain associations as design and quality from the beginning. *Kaviar Gauche*'s development model strongly resembles the approach presented by Eric Ries (2011) describing growth strategies of so-called lean start-ups. The author emphasises the significance of first 'test' products to initiate a learning process for new firms through practical market experiences (Ries, 2011: 93). Possibly unaware of this specific theory, also *Kaviar Gauche* started out on the luxury ready-to-wear industry, which has high customer frequency and amounts, and adapted to the pace of bigger competitors. Even though the brand switched to another industry later, the early years of development certainly contributed to creating a stable fundament for the later advances of *Kaviar Gauche*.

The case of *Kaviar Gauche* shows how brand extensions do not always result from active strategic planning. The reason of implementing a brand extension resulted from the chance of growth by taking an idea fuelled by clients and their desires. Once again, such occurrence is mentioned as an important drive for start-ups to determine further steps. Eventually, the business has to decide whether to continue as before or possibly pivot their initial strategy – depending on the success and customer response to current activities (Ries, 2011: 149). While *Kaviar Gauche* was approached by clients, the company was served a promising opportunity through positive feedback on their designs in a bridal context.

Intriguingly, this development does contradict the statement of J. N. Kapferer (2012: 67) about luxury brands not being supposed to be consumer-driven. Nevertheless, the idea of luxury is a part of branding and value creation. *Kaviar Gauche* does fulfil the criteria of an emerging luxury brand, but it is important to keep in mind that a brand cannot exist without the support of a sturdy company structure. Luxury can only be created through addressing the right customer base and providing sufficient products. That is the reason why a young and growing company needs to work on finding its fitting target market and position first.

To mention another factor of the extension success, it should be noted that *Kaviar Gauche*'s first Bridal collection emerged in 2009, where the effects of the financial crisis were still evident. *Kaviar Gauche* overcame this period out of harm's way with support of an investor believing in a successful future of several Berlin-based brands (Goldstein, 2008). The simultaneously emergent requests for bridal gowns had been a fortunate additional occurrence that gave the business guidance and a growth opportunity within a new target market.

One important factor for succeeding generally was the courage of the young business to invest resources for a new direction. Along with releasing a new collection in a new category, *Kaviar Gauche* understood that customer expectations are much higher on a ceremonially important dress. The implementation of a sales strategy in the first brand-owned store with focus on the clients' needs and wishes mounted to another tactically progressive move. Together with these changes, *Kaviar Gauche* did not give up on their other categories completely and released occasional collections on the side.

6.1 Same position – new context

The initial position of *Kaviar Gauche* was built around the identity of a young avant-garde fashion label from Berlin. In comparison to Paris or Milan, the German capital has just recently received a status as a fashion metropole, while being a location of rather severe historical events over the 20th century. Along with a few other cases, designers Alexandra Fischer-Roehler and Johanna Kühl were one of the first high-fashion brand founders who decided to select Berlin as an initial basis. While Berlin lacked financial funds in the early 2000s, the notion of luxury in connection to the city seemed contradictory. Nevertheless, this touch of unconventionality is also reflected in the identity of *Kaviar Gauche* who wants to combine classic allure with modernity. During the years, the promotion through public appearances assisted to secure a relevant position in consumer minds, especially on the German market.

After the brand extension, a similar brand position close to the original remained – the designers still want to express modernity and glamour in their wedding gowns. Nevertheless, a repositioning resulted from the new category without actively changing the brand image. The combination of bridal fashion with a couture character had not been prevailing in Germany before. Thus, it can be determined as a new point of parity arising through the extension.

Through the brand extension, *Kaviar Gauche* could finally appeal to a wider market segment. Wedding gowns are an investment that many female customers are willing to spend on more at one time – therefore, the target market additionally extended from luxury customers to a broader range of middle and upper class earners. Even with growing reputation through the years, the exclusivity of the brand remained, for example by selling only hand-made gowns and the yearly shows in Paris. Since *Kaviar Gauche* has found a more exclusive position, the building of brand equity could be now emphasised more as a following strategic move.

6.2 Connections to wedding industry developments

Major external contribution for success may have also resulted from recent industry developments. When looking at the number of marriages in the EU, the tendency shows that in a long-term period, from 1965 to 2011, the crude amount has dropped by almost 50 percent (Eurostat, 2016). Nonetheless, opposing to this development, the willingness of couples to spend a higher budget on their wedding day is getting higher. On average, 42 percent of German wedding ceremonies cost more than €5,000 and 12 percent even more than €10,000 – some people even take out a loan for this occasion. The brides usually reserve a budget up until €3,000 for their gown alone (Meyer, 2016). This amount would also cover a purchase of most of *Kaviar Gauche*'s non-customised models offered in their online shop.

In the US, the presence of a big marriage budget is even more evident. In 2016, the average amount spent on the wedding day is around €33,000 (\$35,329) with a growing tendency (Seaver, 2016). This has been concluded from *The Knot 2016 Real Wedding Study* with almost 13,000 newlyweds questioned nationally. Some of the reasons listed for this development are the demands for special entertainment for guests and in general, a more personalised experience. Another factor could be the wish for a perfect appearance of the wedding – with big expectations fuelled by information and images shared via social media (Cooper, 2016 cited in Castillo, 2016).

A part of such developments in the wedding industry could hereafter also have resulted in the success of *Kaviar Gauche*, even though the expenses within Europe may not be as rapidly growing as currently in the United States. There could be a similar tendency

of optimised weddings in the future if the trend moves towards a personalised experience – from the dress to the meal plan.

7 Conclusions

Instead of branding activities, the main attention of *Kaviar Gauche* has been on constructing a successful organisation in the first years. While classic literature resources describe concepts and benefits of branding, it is noticeable how most examples derive from large international corporations, which use branding as an additional tool for growth and communication with consumers. As previously described, branding has emerged as a business practice after industries have become more competitive and customer expectations have risen over the last decades. Certainly, it is a helpful tool to guide newly established companies towards an identity – nevertheless, it is not a replacement for developing an organisation from scratch. Before a brand can become a valuable asset in the long run, the firm needs to reach at least a certain minimum level of growth and available resources.

The case of *Kaviar Gauche* delivers an example of an extension creating a unique position in the customers' minds. In this specific situation, the brand became more distinctive from competitors through a new product category. The customer perception as an unconventional high fashion brand remained. Through the transfer into new industry and expansion of the target market, *Kaviar Gauche* experienced a repositioning to a bridal couture label.

Kaviar Gauche had the advantage of direct response from customers, while contact is easier to establish with SMEs. The moment when a start-up's product meets the needs of a larger customer group is referred to as the *product/market fit* and implies an essential step for additional growth (Ries, 2011: 219-220). With the success of the bridal couture line, *Kaviar Gauche* managed to reach this point whilst paying attention to customer wishes and generating a high resonance as consequence. Whereas this resonance is connected to the product itself, it does evoke resemblance to the concept of K. L. Keller's brand resonance, aiming at a valuable relationship between customers and the brand itself. The final element to determine whether a strategy has turned out successful is always the positive customer response. For start-ups, the moment of meeting the product/market fit ideally leads to growth and expansion – from this point on, companies could invest in additionally growing their brand to strengthen the relationship with their target market. Likewise, *Kaviar Gauche* has simultaneously been working on their branding since introducing their first bridal couture collection, for instance, by releasing regular

fashion editorials, taking part in brand collaborations, organising events and communicating on social media.

In general, brands may always have to change eventually, as external factors are shaping current needs and wants. Therefore, it is important to establish a strong company and finding a suitable target market in the first hand. As the luxury industry is especially at risk during economic recession phases, an emotional bond with costumers can reassure protection to a certain extent. Thus, during times of growth, companies should invest in branding, which provides beneficial tools to attract customers and generating higher brand equity. Overall, branding is a feature created initially for customers and aiming to reinforce a personal connection – which results in a long-term benefit for the brand in the future.

8 Recommendations

A positioning strategy deserves high attention of growing brands in any industry. It acts as the gateway into the customer's mind from where a brand can build up a strong relationship. A strong brand should retain a position with one “[...] ‘foot in the present’ and a ‘foot in the future’ [...]” (Kotler & Keller, 2011: 76) considering current circumstances as well as having a permanent outlook on the future developments and the possibility for new strategies.

Kaviar Gauche has found a strong position within a promising target market. Currently, the high fashion label experiences a phase of growth, due to having added two new store locations over the last year within Germany and planning to fortify their position. While specifically considering the theory of brand equity, *Kaviar Gauche* could strengthen the relationship with their bridal couture customers during this period.

The business itself has already undertaken certain branding activities, such as co-branding with *Walt Disney Germany*, *Catrice Cosmetics* or *Jules Mumm* – all brands that possess association overlaps with the bridal couture label. Here, it is important to maintain choosing complementary brands for future collaboration and avoid ubiquity to preserve the notion of luxury.

Another approach for *Kaviar Gauche* could possibly imply to target a wider segment – either through a new product category around bridal fashion or a new demographic segment, as for example younger females or even males in general. Incidentally, the introduction of new product categories is a usual occurrence in the luxury industry. Numerous brands have extended to various categories, from own cosmetics to bridal fashion as well. This movement does give a chance to luxury brands to extend their offer as a general measure to keep up a strong position in the industry. Extensions allow more customers to engage with the brand on more levels. Nevertheless, extending developments should not result in a case similar to Gucci, where the high number of product categories damage the brand image.

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Interview Questions

Questions for Franziska Heinz, Marketing Manager of Kaviar Gauche

March 2017

Translated from German

1. Why did you focus on ready-to-wear and accessory lines when founding the label? Did you ever imagine Kaviar Gauche moving towards the bridal fashion industry?
2. Why did you decide to focus on bridal fashion in the long run? (main reasons)
3. Which steps did Kaviar Gauche go through from the first demands for wedding gowns up until the first bridal collection? How long did this take approximately?
4. While establishing the bridal collections, did Kaviar Gauche's brand essence change deliberately or did you remain with the initial image?
5. Did you have concerns about how the brand image could change within customers' minds the more you focused on bridal fashion?
6. Did you notice changes after the *Petite Fleur* collection appeared on TV in "Germany's Next Topmodel" (*German model casting TV show*) in 2014?
7. What are Kaviar Gauche's main advertising strategies?
8. Do bridal customers return to Kaviar Gauche later? Or, do regular customers purchase bridal dresses when the time has come?
9. What are the areas of focus for Kaviar Gauche's future?
10. Name three adjectives matching best with the Kaviar Gauche brand.