

# **Strategic Brand Management: Building a Brand**

Case Studio Tendance

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Bachelor's Thesis

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<p><b>Abstract</b></p> <p>Today the fashion market is saturated with a great variety of brands. Therefore, consumers can compare quality, prices, availability, and choose those brands, which deliver the best value to them. It is quite difficult for a new company to gain attention of customers because many of them already have their preferences and even loyalty to some specific brands. What should an unknown company do in order to attract attention? How can it convince potential customers at least to try something new? This thesis is aimed at creating a brand strategy that will be possible to implement for becoming a competitive brand in the fashion market.</p> <p>Development research was chosen as the most appropriate research method for this thesis. The material was gathered from books, magazines and internet sources. The empirical part is based on the theoretical part. The data was collected through interviews and sessions with the owners of the company, and statistical information found in the internet. A brand programme was suggested in accordance with the data analysis results.</p> <p>The theoretical part of the thesis consists of two chapters. The first chapter covers the questions of brands and branding. Thus, it gives information about strong and strategic brands, determines difficulties that may occur during a brand building process, and specifies branding in fashion industry. The next chapter focuses on building brand equity. It includes the description of brand elements, the overview of brand equity models, marketing programmes and the ways of leveraging secondary brand associations. The practical application of the theoretical background is reflected in Chapter 4. This part of the thesis presents market situation analysis for the case company, suggests various sources of brand equity, offers possible brand positioning and brand strategies. Conclusions and recommendations may be found in Chapter 5.</p>			
<p><b>Keywords</b> brand, branding, brand equity, fashion</p>			

## TABLE OF CONTENTS

1	INTRODUCTION.....	5
2	BRANDS AND BRANDING.....	7
2.1	Strong brands.....	9
2.2	Strategic brands.....	10
2.3	Barriers to building strong brands.....	11
2.4	Branding in fashion.....	12
3	BUILDING A BRAND.....	16
3.1	Customer-Based Brand Equity.....	16
3.1.1	Brand equity models.....	17
3.1.2	Brand elements.....	20
3.2	Brand positioning.....	21
3.3	Marketing programmes for creating brand equity.....	28
3.4	The leverage of secondary brand associations.....	35
4	BRANDING STRATEGY FOR STUDIO TENDANCE.....	38
4.1	Market situation analysis.....	38
4.2	SWOT analysis for Studio Tendance.....	44
4.3	Sources of brand equity.....	46
4.4	Brand positioning.....	49
4.5	Marketing programme.....	52
5	CONCLUSIONS AND RECOMMENDATIONS.....	59
	REFERENCES.....	61

## LIST OF FIGURES

FIGURE 1. Why is it hard to build brands? (Aaker 2002, 27).....	11
FIGURE 2. Augmented product model for fashion retailers (Jackson 2009, 90).....	14
FIGURE 3. Customer-Based Brand Equity Pyramid (Keller 2008, 60).....	18
FIGURE 4. Aaker's Brand Equity model (Aaker 2002, 9).....	19
FIGURE 5. Brand elements according to Keller (Keller 2008, 176).....	20
FIGURE 6. Brand position (Aaker 2002, 184).....	22
FIGURE 7. Positioning a brand (Kapferer 2008, 176).....	22
FIGURE 8. Brand identity prism (Kapferer 2008, 183).....	24
FIGURE 9. Maslow's Hierarchy of Needs (Kotler et al. 2012, 183).....	27
FIGURE 10. Hammond's features-and-benefits hierarchy (Hammond 2011, 39).....	27
FIGURE 11. Basic fashion product distribution channels (Jackson 2009, 206).....	31
FIGURE 12. Upmarket brand distribution channels (Jackson 2009, 206).....	31
FIGURE 13. Designer or luxury product distribution channels (Jackson 2009, 206)	32
FIGURE 14. Studio Tendance Customer-Based Brand Equity model.....	49
FIGURE 15. Studio Tendance brand identity prism.....	50
FIGURE 16. Studio Tendance distribution channels.....	55
FIGURE 17. Customer's sweet spot (Aaker 2014).....	56
FIGURE 18. Studio Tendance marketing programme.....	58

## LIST OF TABLES

TABLE 1. Types of strategic brands (adapted from Aaker 2014).....	10
TABLE 2. Categories of fashion brands according to Jackson et al. (2009, 263) .....	15
TABLE 3. How to evaluate and choose a brand positioning (Kapferer 2008, 177)....	23
TABLE 4. Illustrative BIG strategies (Lindberg-Repo et al. 2009, 71) .....	35
TABLE 5. Studio Tendance – SWOT for a market segment: clothing for children ....	45
TABLE 6. Studio Tendance points of parity and points of difference .....	51
TABLE 7. Studio Tendance positioning formula .....	51

## 1 INTRODUCTION

According to Interbrand (Interbrand, 2014), H&M brand is considered to be the most valuable among fashion brands and holds the 21st place among the top one hundred global companies of the year 2014. It has taken part in Paris Fashion Week since 2013. What factors influence the success of the brand? H&M mentions that in the core of its achievements lay in-house design, correlation between quality and price, and logistics (Tangate 2008, 45). And what should new fashion companies undertake? Should they follow well-known strategies or invent new ways for entering the market?

Today a fashion market is saturated with a great variety of brands. Therefore, consumers can compare quality, prices, availability, and choose those brands, which deliver the best value to them. It is quite difficult for a new company to gain attention of customers because many of them already have their preferences and even loyalty to some specific brands. What should an unknown company do in order to attract attention? How can it convince potential customers at least to try something new? Undoubtedly, to achieve success in the market, a company must possess some outstanding features that will arouse consumers' interest and make them change their purchasing habits

An author's interest in brand management arose during the studies. Thus, it seemed challenging to create and present a strategic marketing plan for a real company together with other students. Afterwards the curiosity was widened due to the brand management course that was taken while exchange studies in France. Whereas others have been planning establishment of their own company, it was believed that this thesis could contribute to prosperity of the firm thanks to the author's enthusiasm and knowledge in this area.

The company's name is supposed to be Studio Tendance. It will be established by two persons who have passion for making clothes. They will be in charge of the whole business process. The brand will concentrate on producing hand-made clothes for children. It wishes to create casual and party clothing, and garments for figure skating. The target market will be mostly Finland. Although, considering the fact that there is an intention of the firm to be involved in e-commerce as well, the target market may be significantly broadened.

The thesis is aimed at creating a brand strategy that will be possible for the company to implement to be truly competitive in the fashion market. Hence, the main objective of the thesis is to create a brand strategy for Studio Tendance. The research problem is the following: what brand strategy will help a company to become successful in the market?

Development research was chosen as the most appropriate research method for this thesis. Such kind of research is efficient when some changes should be implemented. It demands situation analysis, determination of aims, and ways of their accomplishment. (Kananen 2011, 147 – 151) Theoretical framework for the thesis covers the questions of brand equity, brand positioning and brand strategies. The material was gathered from books, magazines and internet sources. The empirical part is based on the theoretical part. The data was collected through interviews and sessions with the owners of the company, and statistical information found in the internet. A brand programme was suggested in accordance with the data analysis results.

The theoretical part of the thesis consists of two chapters. The first chapter covers the questions of brands and branding. Thus, it gives information about strong and strategic brands, determines difficulties that may occur during a brand building process, and specifies branding in fashion industry. The next chapter focuses on building brand equity. It includes the description of brand elements, the overview of brand equity models, marketing programmes and the ways of leveraging secondary brand associations. The practical application of the theoretical background is reflected in chapter 4. This part of the thesis presents market situation analysis for the case company, suggests various sources of brand equity, offers possible brand positioning and brand strategies. Conclusions and recommendations may be found in chapter 5.

## 2 BRANDS AND BRANDING

*If names are not correct, language will not be in accordance with the truth of things.*

Confucius

Building a brand... What associations arise when you hear the word “build”? Maybe you imagine how a house is being built? But then it is essential to remember that building starts long before an excavator arrives and begins to dig the ground. First of all, an idea appears in somebody’s head and it finds implementation in further actions: finding a proper place, making a design, hiring workers, getting materials. Even after the house is built, it will demand constant maintenance and also renovation. Thus, since you own a house you are always involved in a challenging process. The same happens with branding. If you want to be successful you must be totally committed to the brand management process as it is non-stop.

Hammond (2011, 260-261) emphasizes that branding gives benefits to both, companies and customers. Thus, for a business it provides brand equity and offers possibilities for development brand extensions. Besides, it differentiates a company in the market, influences customers’ buying behaviour and provides income in case if the brand is credible. In case of customers, branding diminishes the difficulties and the level of participation in purchase decision-making, ensures trustworthiness in the product advantages and provides status.

There exist various definitions of a brand. Every author who is involved in studying a brand building process prefers to present his own understanding of terminology. However, most of definitions possess common features. Here are some opinions about brand’s meaning.

Kapferer (2008, 12-13) considers that brands represent living systems made up of three poles: products or services, brand name and brand concept. He precises that this is due to the fact that the product or service, along with the people at points of contact with the market, the price, the places and the communication, give a chance for a name to gain the power of a brand. Thus, from his point of view a brand is a name, which is able to affect the market. Therefore, brand management means winning power through making the brand concept more known, more bought, more

shared. Besides, the author mentions that a brand is an idea embodied in product, services, places and/or experiences.

Keller (2008, 5) specifies that it is important to divide definitions “brand” and “product”. In his opinion a brand is more than a product because it possesses features different from other products in order to satisfy the same need. These differences are divided into tangible and intangible. Tangible, rational, or functional differences mean product performance of the brand, whereas intangible, emotional, or symbolic present what the brand means in an abstract sense.

Jackson & Shaw (2009, 245-247) suppose that the word “brand” has two meanings. Firstly, it is a name, logo or some other symbol which serves as a communicating bridge between companies and consumers. Secondly, brand is a special business model. The authors totally agree with Keller that a brand is much more than a product. They also view it as a tangible idea.

Jenkins (Design Thinking 2010, 19) defines brand as “a person’s gut feeling about a product, service or company.” It is also his belief that business success is composed just of two main components: brands and their delivery. In his opinion all other activities like marketing, communications, human relations, manufacturing, and finance possess less importance and are just subcomponents.

Hammond (2011, 14 - 19) in his definition of a brand focuses on a consumer: “A brand is the total experience a customer has with your company and its product or service.” He mentions that it is essential to find a key not only to customers’ minds but also to their hearts. Therefore, a brand should not be considered as a number of segmental actions but as a complete involvement for the consumer.

Calderin & Volpintesta (2013, 198) note that a brand is an emotional investment of a company and its customers. Hence, brands do not belong to companies as they must be associated with people, with consumers. Thus, their definition of a brand echoes with Hammond’s point of view. The authors mention that a business concept must be built in accordance with a brand. And for customers “the brand becomes a cultural accessory and a source of inspiration”.

## 2.1 Strong brands

Undoubtedly, it is not an easy task to build a brand but it is even more difficult to build an efficient brand, a brand that will be powerful enough to be competitive not only in the present but also in the future market.

Aaker (2002, 35-36) suggests two keys to effective brand-building. The first key to success refers to developing a sufficient brand identity. The second key depends on appropriate management of inner forces and pressures.

Jackson (2009, 261) refers to Interbrand, a global branding consultancy, which states '5 portals to a consumer's mind'. Proper understanding of these factors leads to discovering brand preferences of a customer and is essential for building a strong brand. The first portal includes benefits and promises that give a customer a persuasive reason to purchase. The second factor reflects an internal conflict with customer's norms and values. The third portal confirms a logical selection as it covers perceptions and behaviour programmes. The fourth factor shows customer's character and identity. And the fifth portal is aimed at customer's emotions.

Keller (2008, 643) focuses on several points which in his opinion will contribute to creation of a strong brand. Thus, it is necessary to be aware of brand meaning and products, to position the brand appropriately, and to offer customers benefits which they wish. Besides, managers must be careful in choosing brand elements; use integrated marketing communications, and must create a pricing strategy in accordance with customer perception of value. Moreover, it is essential for the brand to be trustworthy, innovative and relevant. And of course, a brand equity management system must be implemented.

TNS, which is a part of a consultancy group Kantar, has done a research to find out brand irresistibility drivers. Roz Calder, director of TNS's NeedScope International, says that brands are irresistible if managers pay proper attention to consumer needs and implementation of a brand strategy. In his opinion brands become strong and popular thanks to applying specific irresistibility drivers. TNS's experts define eight drivers of brand irresistibility: credible know-how, ability to deliver real momentum, differentiation, emotion, symbolism, high Nexus, alignment and unity. High Nexus exists if a brand is able to answer all consumer needs: functional, social and emotional. Alignment depicts the necessity for a brand to be consistent across all touchpoints. And unity reflects a brand's ability to stay recognisable across various products and categories. (Mathiesen 2014)

## 2.2 Strategic brands

Clear understanding of strategic brands contributes to building a strong brand. Aaker (2014) also emphasizes the necessity for a company to detect its strategic brand because “it is a driver of reputation, differentiation, loyalty, sales and cash flow.” A brand is called strategic if it is viewed as a significant part of a company’s strategy. Aaker distinguishes four types of strategic brands (Table 1). Current power brands are in charge of main sales and are supposed to grow. Future power brands are considered to be quite profitable in future. Linchpin brands also have an impact on future sales but indirectly because they behave as branded differentiators. Thus, various rewards programmes give an opportunity to be aware of a situation in market segments. Niche brands are not able to gain much power and are profitable only in a niche market. (Aaker 2014)

Types of strategic brands			
<b>Current power brands</b>	<b>Future power brands</b>	<b>Linchpin brands</b>	<b>Niche brands</b>

TABLE 1. Types of strategic brands (adapted from Aaker 2014)

There are two main problems that exist while dealing with strategic brands. Firstly, a lack of resources may appear for future power brands and linchpin brands. This is caused by the fact that very often most of the budget and the organisational power are spent for current power brands and niche brands. Secondly, too many brands may be proposed as strategic ones. This will lead to over branding and future failure. In order to escape these problems it is important to realize that all types of strategic brands can be successful if an amount of resources is sufficient and is planned in long term. (Aaker 2014)

### 2.3 Barriers to building strong brands

Different barriers exist that prevent a brand builder from achieving a goal of creating a strong brand. Aaker (2002, 26-36) considers eight factors to be in charge of this problem. Figure below (Figure 1) represents all of them.

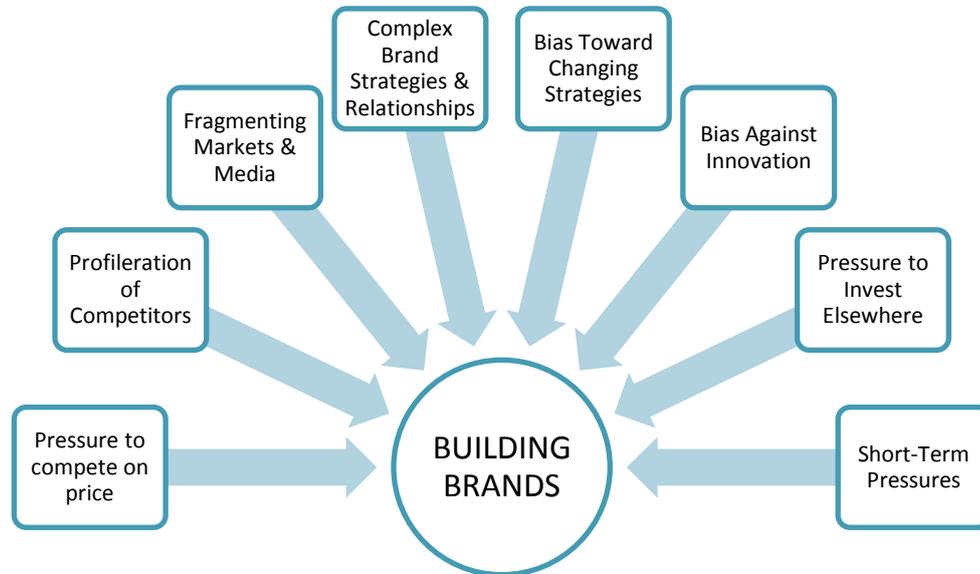


FIGURE 1. Why is it hard to build brands? (Aaker 2002, 27)

Pressure to compete on price affects the motivation to build a brand. This happens due to the fact that companies try to reduce costs in order to be competitive in the market. Therefore, not all of them are eager to pay extra expenses that are caused by brand-building activities. The proliferation of competitors diminishes available choices and induces problems in holding a stable position. An increasing level of complexity is reflected in two other reasons: the fragmentation in media and markets and the variety of brand strategies. Nowadays media options are numerous and lead to difficulties in gaining consistency which is important for building a strong brand. Hence, it is not easy to coordinate all messages across media beneficially for the brand. For example, a promotion which includes a price reduction may be viewed as if the brand reduces prices in order to increase sales. This may damage a brand identity. Brand complexity happens due to the fact that it is less expensive to use established brands than to launch a totally new one. (Aaker 2002, 26-36)

The other reasons refer to internal pressures. The prejudices against changing strategies prevent a company from developing a new brand identity. A bias towards innovation arises in order to avoid any risks and losses, especially when a company is satisfied with a current position in the market. The pressure to invest elsewhere

occurs due to self-complacency and greed of a company, which lead to decreasing investment in the main business zone in order to get higher short-term results or to finance other projects. Short-term pressures take place in case an organisation focuses on fast profits and does not pay proper attention to the aim of remaining competitive in the market for a long period of time. (Aaker 2002, 26-36)

Keller (2008, 642 – 643) wrote “seven deadly sins of brand management”. That is how he names mistakes that do not allow a company to build strong brand. They consist of inability to realize the brand meaning; inappropriate brand maintenance; breaking promises; rush during brand building; inability to control the brand properly; failure to find adequate correspondence between consistency and change; oversimplification of brand management.

All these barriers and mistakes should be taken into consideration in order to escape failures during a brand building process.

## **2.4 Branding in fashion**

*Fashion is not something that exists in dresses only. Fashion is in the sky, in the street; fashion has to do with ideas, the way we live, what is happening.*

Gabrielle Chanel

A fashion designer Karl Lagerfeld said, “Doing collections, doing fashions is like a non-stop dialogue”. Thus, it means continuous communication. Fill (2009, 355) conveys the same idea about the branding process as he emphasizes that both, managers and customers, are engaged in it. These positions confirm a fundamental concept of marketing that a business should make what it can sell, as opposed to attempting to sell what it has made (Jackson & Shaw 2009, 1). Jackson et al. (2009, 88) agree with a necessity of a constant change but add mass adoption as a significant requirement for fashion. They also distinguish the words ‘fashion’ and ‘style’. Style may be personal and not connected to fashion seasons.

The first fashion brand appeared in Paris at the end of the nineteenth century. It happened when an English couturier Charles Frederick Worth created a designer label. He changed customers’ view on fashion and was the first designer who began

to create clothes according to his own imagination and did not copy dresses from journals like other dressmakers did. Moreover, Worth invented runway shows. He also chose celebrity models and was an outstanding brand spokesman himself. Even being a pioneer in some fashion aspects, Worth was rather good at fashion marketing. (Tungate 2008, 9 – 11)

It is said that fashion consumers belong to one of the most complicated group of customers. It happens because they are very well-educated in the field of marketing. Therefore, it is crucial for a company to deliver right messages to customers; otherwise it may turn a disaster for the brand. (Tungate 2008, 247 – 251)

Tungate (2008, 248 - 251) shares his thoughts concerning aspects which will influence fashion brands. Nowadays customers are not as loyal to brands as before. They wish to be stylists themselves and can mix items from famous designers with pieces from chain store. Age is no more among significant criteria for choosing clothes. Consumers seek for diversity and constant change; wish to feel themselves inside a creative and innovative process. In future customers will not rely too much on advertising because they are able to check the information through the web. The main determining factors in favour of the brand will become a balance between quality and price. However, wealthy customers will pay much attention to reliability and uniqueness. Tungate notes the fact that consumers are interested in “smart” clothes - clothes that are light, easy to wash, do not need ironing, etc. This will lead to necessity of adding fabric performance to brand components.

Customers consider shopping as entertainment. Hence, stores must offer them some creative places with rich experiences. No matter the fact that on-line shopping is widely available, people still wish to visit shops. So, there should be an increase in “hybrid stores” which allow purchasing items electronically through touch-sensitive shop windows. Besides, more itinerants may appear. Those are designers who show the whole collection only during special performances or give appointments to customers in some cities. (Tungate 2008, 250 - 251)

### **A fashion product**

A fashion product is a tangible representation of a brand. It means that customers have a special brand association with a fashion company due to a possibility to differentiate its products from competitors'. Besides, it is main output of a fashion design process and a brand statement of quality. It is also an easy way for consumers to express their attitude to fashion. (Jackson et al. 2009, 87)

It is known that customers choose products that provide some benefits. One of the most important benefits for fashion consumers is the feeling of belonging to fashion. Other existing benefits mostly concern the physical product. Figure 2 shows the developed product model that explains a mix of benefits. It consists of three layers of benefits – core, actual and augmented. The core product occupies the centre and represents the basic benefit. In case of fashion products it may be the warmth that a customer receives when he buys a coat. Other physical features of a basic coat, such as the colour and the material, bring actual benefits. Augmented benefits mainly refer to the service. Therefore, before purchasing a product a customer will correlate available product benefits of different brands with the best value for money. (Jackson et al. 2009, 89-90)

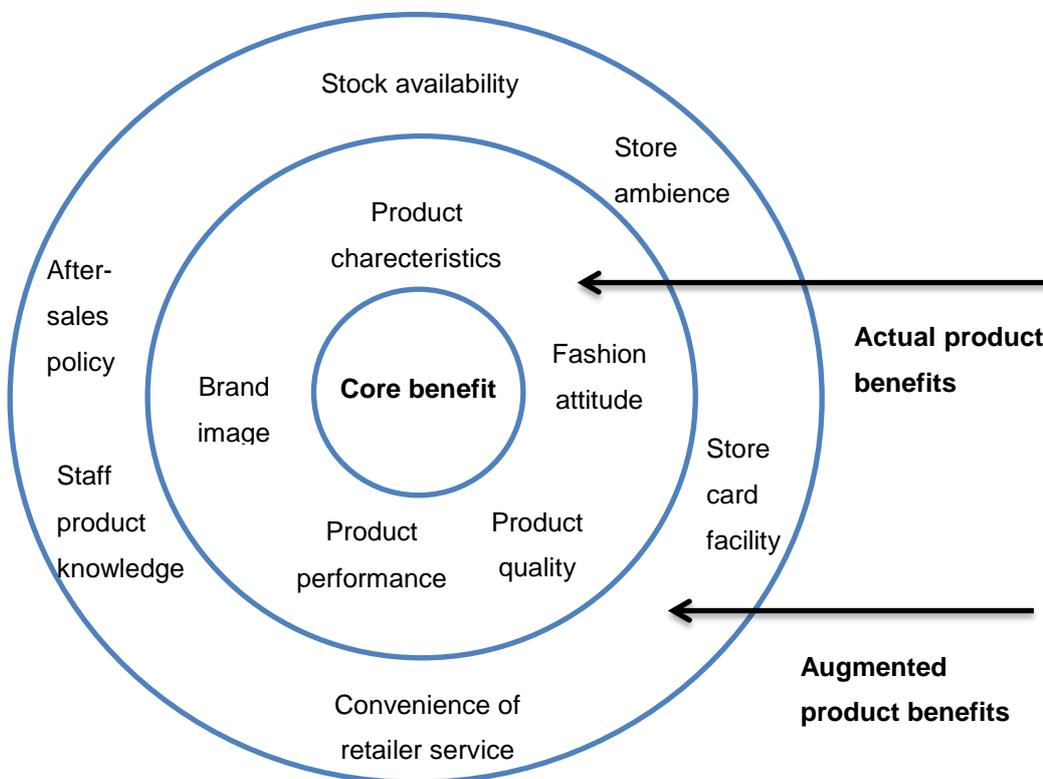


FIGURE 2. Augmented product model for fashion retailers (Jackson et al. 2009, 90)

It is necessary to mention a fashion buying ratio concerning the annual expenses on clothing for women, men and children in Europe. It turned out that women's expenditure on clothes is at least twice as much as men and about four times more than children's. Some other fundamental sales ratios exist as well. But they may vary depending on a brand. This happens due to the fact that customers prefer certain

garment types among all the variety of products that is offered by a company. (Jackson et al. 2009, 95)

Table 2 below reflects how Jackson et al. (2009, 263) categorise brands. They suggest five kinds of fashion brands: designer brand, luxury brand, fashion brand, retailer (own) brand and retailer's subbrand. The characteristics of each type are described in the table.

<b>CATEGORIES OF FASHION BRANDS</b>	
<b>Designer brand</b>	<ul style="list-style-type: none"> <li>•found or rising famous designer whose name attracts customers: Armani, Prada, Paul Smith</li> </ul>
<b>Luxury brand</b>	<ul style="list-style-type: none"> <li>•a heritage brand which is presented by new designers</li> <li>•concentrates on exclusive fashion and/or luxury products: Chanel, Gucci</li> </ul>
<b>Fashion brand</b>	<ul style="list-style-type: none"> <li>•primarily design- and production-led;</li> <li>•wholesales/franchises/licenses its products but has some retailing: Levi's, Nike</li> </ul>
<b>Retailer (own) brand</b>	<ul style="list-style-type: none"> <li>•not just manufactures but designs and sources its own goods through its retail network (own shops, e-commerce, catalogues): Next, Warehouse, Oasis</li> </ul>
<b>Retailer's subbrand</b>	<ul style="list-style-type: none"> <li>•a brand owned by a retailer and is usually sold only in in the retailer's own shops: George (Asda), Florence &amp; Fred (Tesco)</li> </ul>

TABLE 2. Categories of fashion brands (adapted from Jackson et al. 2009, 263)

Branding in fashion is crucial because competition has increased and the market has become saturated. Today many clothing purchases have shifted from the category of commodity to the category of brand. Customers wish to be associated with a fashion brand. Hence, they choose fashion products not only on the basis of the quality but also depending on such differentiating factors as the price or the brand name. (Hammond 2011, 259)

### 3 BUILDING A BRAND

*Success is a science; if you have the conditions, you get the result.*

Oscar Wilde

Keller (2008, 39 - 40) supposes that brand equity building demands “creating a brand that consumers are sufficiently aware of and with which they have strong, favourable, and unique brand associations”. Fulfilling this task requires following three approaches:

1. Choosing and designing brand elements
2. Taking a decision on marketing activities and supporting marketing programme
3. Leveraging secondary associations.

This chapter will describe brand equity elements and models; present various marketing programmes; and explain the leverage of secondary brand knowledge.

#### 3.1 Customer-Based Brand Equity

Aaker (2002, 7 – 8) defines brand equity as “a set of assets (and liabilities) linked to a brand’s name and symbol that adds to (or subtracts from) the value provided by a product or a service to a firm/or that firm’s customers”. Kotler & Keller (2012, 265) shorten the definition of brand equity to “the added value endowed on products and services”. Nevertheless, its core remains the same.

Keller (2008, 48 – 49) specifies the meaning of customer-based brand equity. He views it as “the differential effect that brand knowledge has on consumer response on the marketing of that brand”. Hence, he distinguishes three main components of customer-based brand equity. Firstly, brand equity occurs due to variations in customer response. In case of absence of differences it is more likely that a product belongs to a commodity group and competes on the market through price. Secondly, these differences arise thanks to consumers’ brand knowledge. Thirdly, differential responses are represented in consumers’ perceptions, preferences and behaviour towards marketing of a brand.

Why is it so important to build proper brand equity? According to Keller (2008, 637 – 638), possible positive results may be the following: higher resistance to competitors and marketing crises; better customers' loyalty; larger margins; better response to price fluctuations; increase in opportunities for licencing and brand extensions; greater marketing and trade communications.

It is possible to create brand equity using three main approaches. The first approach demands choosing brand elements. The second way is aimed at various marketing activities. The third one implies management of secondary associations that may have an impact on interactions between the brand and other companies, people, events. For building efficient brand equity using any of these ways it is essential to apply high level of consistency and complementarity. (Keller 2008, 638 – 639)

### **3.1.1 Brand equity models**

Different models of brand equity may be used in brand building. They all consist of various categories and focus on some special features. Below there is an overview of four popular brand equity models.

**BrandAsset Valuator (BAV) model** suggested by an advertising agency Young & Rubicam consists of four main elements: **energized differentiation; relevance, esteem and knowledge**. Relevance deals with appropriateness and breadth of a brand. Esteem concerns customers' loyalty and satisfaction with quality; knowledge relates to brand awareness. Energized differentiation and relevance define brand strength and are in charge of prediction the future growth; whereas esteem and knowledge mean brand stature that reflects past and present efficiency. (Kotler 2012, 267 – 268)

**BrandZ model** created by Millward Brown and WPP include five levels: **presence, relevance, performance, advantage and bonding**. Altogether they reproduce the BrandDynamic pyramid. Bonding step is at the top of it and represents the highest loyalty of customers. (Kotler 2012, 269 – 271)

Keller's (2008, 60) brand resonance model also known as the **Customer-Based Brand Equity (CBBE) model** is presented in Figure 3.

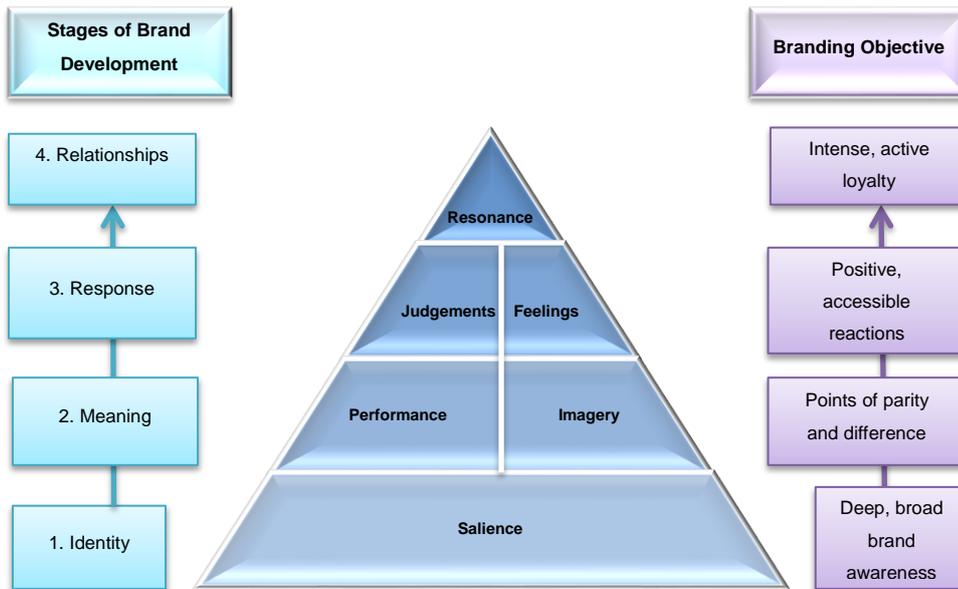


FIGURE 3. Customer-Based Brand Equity Pyramid (Keller 2008, 60)

As can be seen from Figure 3, Keller (2008, 60) presents his model in a form of a pyramid. He indicates four steps in brand development in connection with customers: **identity, meaning, response** and **relationships**. Each brand step relates to establishing one or two “brand building blocks” and possesses its own objective. Meaning and response may be created either by rational way or by emotional one. Performance and judgements correspond with rationality, whereas imagery and feeling are in charge of emotions. Notably, in order to become a strong brand it is wise to apply both ways.

The appropriate brand identity is attained through establishing **brand salience**, which evaluates brand awareness among customers. The depth of brand awareness refers to how easy customers recall a brand element. The breadth of brand awareness evaluates purchasing area and the number of situations which arise in customers’ minds concerning brand elements. In order to obtain high saliency it is sufficient for a brand to have both breadth and depth of brand awareness. (Keller 2008, 60 - 64)

The level of **brand performance** depends on the satisfaction of customers’ expectations from the brand. Brand performance may be measured through the following attributes and benefits: primary ingredients and supplementary features; product reliability, durability and serviceability; service effectiveness, efficiency and empathy; style and design; and price. **Brand imagery** reflects customers’ abstract thinking about a brand and relates to brand’s intangible features. Among key

intangibles are: user profiles; buying and usage situations; personality and values; history, heritage and experience. (Keller 2008, 64 - 67)

**Brand judgements** mean customers' thoughts about a brand and its evaluation. Among the most significant categories of judgements are quality, credibility, consideration and superiority. **Brand feelings** are expressed by customers' emotions towards a brand. **Brand resonance** shows a phase of the relationship and its intensity. (Keller 2008, 67 - 74)

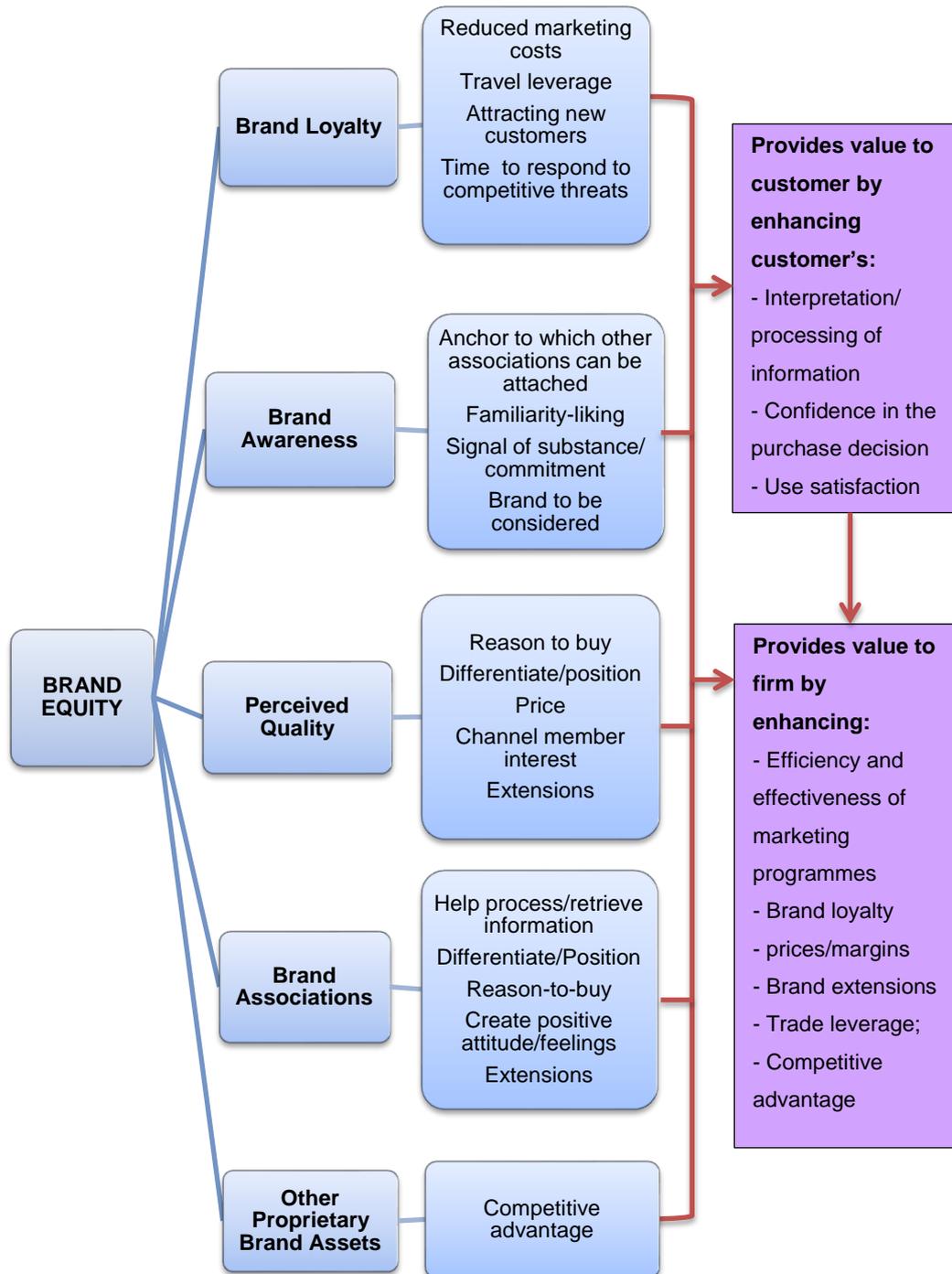


FIGURE 4. Aaker's Brand Equity model (Aaker 2002, 9)

Figure 4 illustrates one more brand equity model. This **model** was created by **David Aaker**. He views brand equity as a set of brand assets and liabilities that must be linked to the brand's name or symbol. Aaker includes five categories in this set: **brand loyalty, brand awareness, perceived quality, brand associations,** and **other proprietary brand assets**. These assets are in charge of providing value for customers in various ways. (Aaker 2002, 8)

Overall, presented brand equity models have some common features. Thus, all of them offer a set of categories that depend on a customer's opinion about a brand. These categories vary but some of them are included in each model. For example, customers' loyalty and awareness are among the main elements of all four models. Besides, all of them pay attention to brand performance or brand differentiation.

### 3.1.2 Brand elements

According to Keller (2008, 140-178) brand elements are "trademarkable devices" and are essential for brand identification and differentiation. As can be viewed from Figure 5, a company has a choice in components for building brand equity. Due to the fact that various brand elements possess their own strengths and weaknesses, it is crucial to choose and combine those, which will provide the best contribution for brand equity.

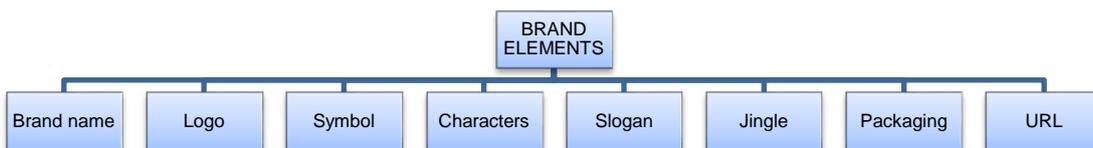


FIGURE 5. Brand elements (adapted from Keller 2008, 176)

In connection with fashion, a signature and a unique product attribute may be added to brand elements. Thus, designed fabrics that become recognisable belong to a unique product attribute and are a part of brand heritage. (Jackson et al. 2009, 249-250) Marimekko flower prints may be an example of distinctive fabrics.

Keller (2008, 140-144) distinguishes six main criteria that brand elements should answer:

1. Memorability – ability for easy recognition and recall.

2. Meaningfulness – general information about the brand is conveyed to customers through descriptive content, and specific information should be based on persuasive meaning of brand elements.
3. Likability – customers should get aesthetical pleasure. Brand elements may amuse, arouse interest, and possess intense imagery.
4. Transferability – the level of easiness with which the brand element can be transferred within product line or internationally.
5. Adaptability – the brand element must be flexible so that it could be updated easily.
6. Protectability – is measured in two dimensions: legal and competitive environments.

Keller (2008, 140) notes that memorability, meaningfulness and likability belong to offensive strategy and create brand equity; whereas three other criteria are aimed at protection of brand equity.

### **3.2 Brand positioning**

Brand positioning in fashion depends on lifestyles which are aimed at arousing interest among target customers. Competitors' activities force a brand to introduce changes into its position; otherwise, it is easy to lose all advantages in the market. (Jackson et al. 2009, 251)

Aaker (2002, 176, 183) defines brand position as “the part of the brand identity and value proposition that is to be actively communicated to the target audience and that demonstrates an advantage over competing brands”. Therefore, he attaches brand position to the brand identity, indicates the necessity of communication with the target customers and presentation of superiority. Aaker presents a **brand position figure** (See figure 6), which consists of four main questions that should be answered to create brand positioning. Thus, it is necessary to choose brand identity and value proposition elements and their role in positioning; to define the target market, communication objectives and points of advantage.



FIGURE 6. Brand position (Aaker 2002, 184)

Kapferer (2008, 175, 180) understands brand positioning as “emphasizing the distinctive characteristics that make it different from its competitors and appealing to the public”. In order to create a concept of brand positioning it is essential to find answers to the questions that are mentioned in figure below (Figure 7). Kapferer names it “**positioning diamond**”.

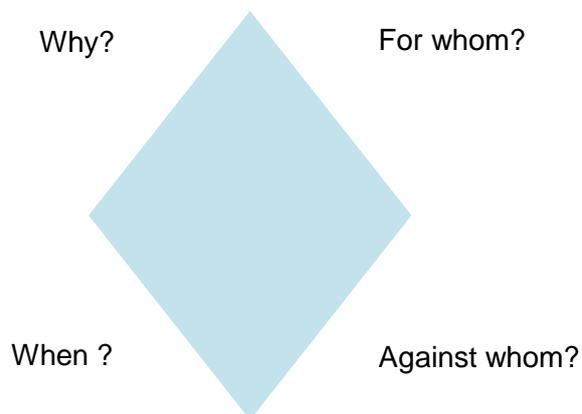


FIGURE 7. Positioning a brand (Kapferer 2008, 176)

According to Kapferer (2008, 176), a process of brand positioning requires two steps. The first step demands analysing “competitive set”. The competitive set means competitors that the brand may be possibly compared and associated with. The second step is aimed at finding out the main difference and the reason for a company to exist when compared to the competitive set.

Kotler (2012, 311 – 314) notes the necessity of differentiation as well. But he emphasises that a competitive advantage of a brand must be viewed as a real advantage for customers. Among means of differentiation he mentions employee, distribution channel, image and services differentiations.

Kapferer (2008, 177) suggests answering the following questions which will contribute to building brand positioning (Table 3).

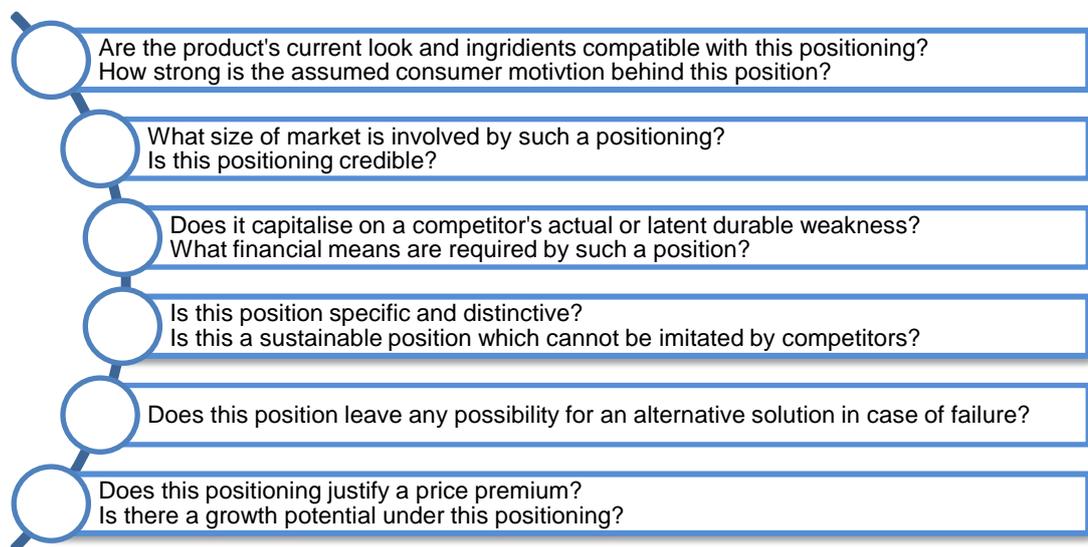


TABLE 3. How to evaluate and choose a brand positioning (Kapferer 2008, 177)

There is a strong need for a brand to position itself. Thus, when customers are not sure about a brand, they are likely to shift to some other brands that are quite clear in communicating with the target market. Kapferer considers that the goal of positioning is “to identify, and take possession of, a strong purchasing rationale that gives us a real or perceived advantage. It implies a desire to take up a long-term position and defend it”. (Kapferer 2008, 178)

Positioning can be presented in a form of a **formula**. It consists of four components: target customers; frame of reference which indicates competitors; benefits or promises for consumers; and arguments in favour of trust. Positioning must be realised through understanding a customer’s point of view. Hence, it will be perfect for a brand if a consumer has an opinion that only this brand can answer his/ her

demands towards something and he/ she can also explain why the brand is able to do this. (Kapferer 2008, 178)

Kapferer (2008, 171) considers identity to be “the source of brand positioning”. Therefore, it is necessary to say some words about brand identity. Kapferer distinguishes six aspects of brand identity and presents them all in the **brand identity prism** (See figure 8).

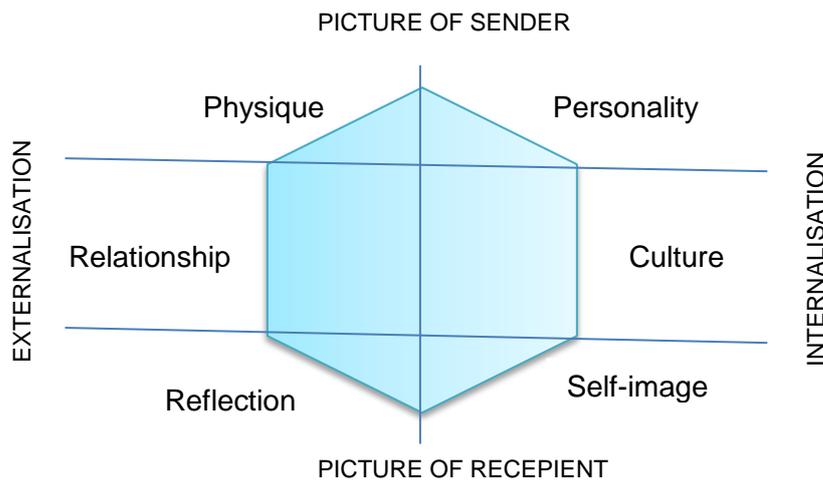


FIGURE 8. Brand identity prism (Kapferer 2008, 183)

**Physique** means the mixture of physical qualities. It belongs to the brand’s base and its tangible added value. Thus, branding specifies on know-how and positioning, and depends on the most important product, certain brand attributes and benefits. Physical facet must be the first stage in developing a brand. In order to avoid problems concerning this aspect, it is important for a company to possess strong functional added value and be able to offer material benefits for customers. (Kapferer 2008, 182 - 183)

**Personality** reflects “character” of a brand and may be depicted by a degree of such qualities as dynamism, creativeness, optimism, rationality, empathy, elegancy, and calmness. In this context a brand is viewed as a person who has its own characteristics. Brand personality may be built with the help of a real or symbolic spokesperson. (Kapferer 2008, 183 - 184)

Every strong brand has its culture. In this identity prism **culture** implies “a set of values feeding the brand inspiration”. It helps to distinguish brands as it reflects values which are inserted in brand products and services. **Relationship** aspect depicts a brand’s mode of behaviour. It is reflected in brand’s actions, service delivery and attitude towards customers. (Kapferer 2008, 184 - 186)

**Reflection** means a type of a customer a company wishes to address to. It does not coincide with the target. The target is aimed at describing potential clients, while reflection refers to how a customer would like to be seen after using a product or a service. **Self-image** plays a role of the target's "internal mirror"; shows customers' attitude concerning different brands. Through this attitude internal relations between a brand and consumers are developed. (Kapferer 2008, 186)

Kapferer emphasises the fact that brands can live only if they participate in **communication**. The process of communication demands two parties - a sender and a recipient. Both of them are parts of the brand's identity. The sender is described through physique and personality, while the recipient may be defined through reflection and self-image. The identity prism may be also viewed vertically. Thus, physique, relationship and reflection belong to social facets and are expressed externally. Contrary, personality, culture and self-image remain internally, inside the brand. (Kapferer 2008, 187)

In order to create a strong identity prism it is essential to be precise and to use a limited number of words for each facet. Therefore, every word must be well-thought-of as it must have power. Besides, there should not be coincidence in descriptions of different facets. (Kapferer 2008, 187)

In Keller's opinion (2008, 98 – 99) brand positioning is the core of marketing strategy. His definition of brand position partly coincides with Aaker's (2002, 176, 183) point of view. Keller also mentions the importance of possessing the knowledge about the target market and principal competitors. At the same time he points out the importance of awareness not only of differences from competitors but similarities as well. Keller says that positioning is about "finding a proper location in the minds of a group of consumers or market segment, so that they think about a product or service in the right or desired way to maximize potential benefit for the firm".

Keller (2008, 98 – 99) refers to his Customer-Based Brand Equity Pyramid (CBBE model) in accordance with which brand positioning demands "a frame of reference (by identifying the target market and the nature of competition) and the ideal points of parity and points of difference brand associations".

A competitive **frame of reference** requires defining category membership. This will reflect categories in which a product will compete and lead to the choice of a competitive frame, points of parity and points of difference. Category of membership explains customers what aims they will achieve in case using a product. Consumers' understanding of a brand is especially essential for introducing new products when

the category membership is not obvious. A brand membership may be achieved by applying the following methods: presenting category benefits, matching with exemplars and using the product descriptor. (Keller 2008, 110 – 113)

After customers receive full information concerning the brand membership it is time to introduce **points of difference** and to implement next marketing programme. Points of difference mean some positive brand features or benefits which consumers believe to get only from this brand as they consider them to be unique. Hence, it is necessary for a brand to show vivid dominance. In accordance with the CBBE model, associations may refer to performance or imagery. (Keller 2008, 107 - 110)

A choice of points of difference depends on desirability and deliverability criteria. Desirability is defined from the customer's point of view and includes three characteristics: relevance, distinctiveness and believability. Deliverability depends on a brand's vital facilities and contents feasibility, communicability and sustainability. It is very difficult for points of difference to remain constant as competitors wish to turn them into points of parity or try to create new points of difference. A brand may choose a way to behave so that to reflect attacks of competitors. Three approaches are available: ignorance, defence or offence (Keller 2008, 114 – 115, 120 - 121).

**Points of parity** associations may coincide with other brands. They are divided in two groups: competitive and category. Category points of parity are in charge of circumstances for brand selection. They are mainly presented at the expected product level. Competitive points of parity associations are needed for rejecting competitors' points of difference to make it possible for a brand to gain a competitive position. Points of parity can be reached easier than points of difference, and at the same time they play more important role in brand positioning. (Keller 2008, 110)

Keller suggests positioning guidelines that are especially valuable for launching a new brand. He describes three approaches: separating the attributes, leveraging equity of another entity and redefining the relationship. For example, separating the attributes by using two marketing campaigns solves the problem of negatively correlated attributes and benefits. (Keller 2008, 116 - 118)

Updating positioning needs **laddering** and **reacting**. Laddering deals with operations that are aimed at deepening brand meaning; whereas reacting demands responds to competitors' actions that may damage brand positioning. For a laddering process deeper meanings, which appear in terms of brand positioning, may become necessary. In order to find out appropriate associations it is helpful to comprehend consumer motivations in a product category. (Keller 2008, 116 - 119) Maslow's

hierarchy of needs may contribute to fulfilling this task. (See Figure 9) In Maslow's opinion a new level of the pyramid may be reached after a previous level has been satisfied. Keller explains that in this context laddering means movement from attributes to more abstract values. (Keller 2008, 119 - 121)

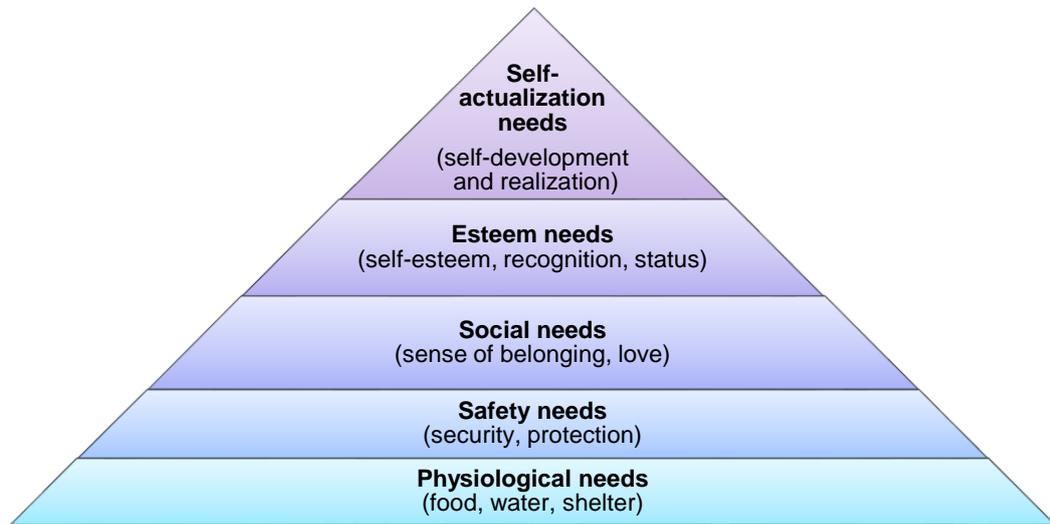


FIGURE 9. Maslow's Hierarchy of Needs (Kotler et al. 2012, 183)

Hammond (2011, 26 – 49) also refers to **Maslow's hierarchy of needs** in context of branding. He pays much attention to the necessity of creating emotions which buyers will experience in connection with actual company's products, and during the whole customer service. Hence, Hammond declares that "all brand purchases are emotional because all brands are emotional". He emphasizes that all levels must be taken into consideration if a company wishes that customers remember the brand. He creates a "**features-and-benefits**" hierarchy which is based on Maslow's hierarchy of needs. (See Figure 10)

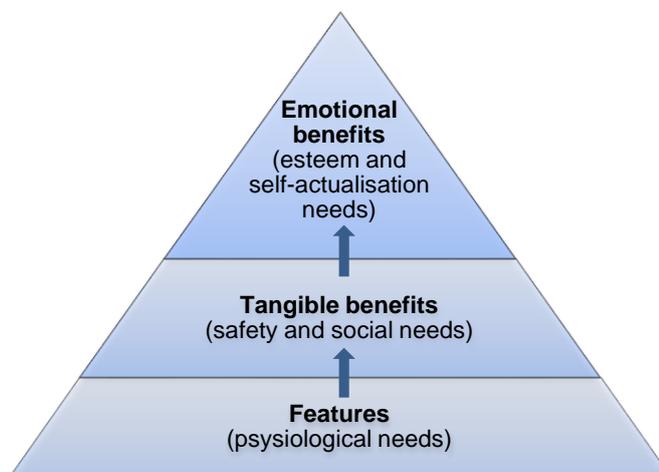


FIGURE 10. Hammond's features-and-benefits hierarchy (Hammond 2011, 39)

While talking about brand positioning, Keller implies such definitions as core brand associations and brand mantras. **Core brand associations** are represented by abstract associations which depict from five to ten most essential brand features. A **brand mantra** is the brand's "heart and soul" as it should be a short phrase that includes just from three to five words and reflects brand's crucial entity. Brand mantras are important because they help to choose and direct marketing activities. They should answer three requirements: be communicative, simple and inspiring. (Keller 2008, 121 – 125)

### 3.3 Marketing programmes for creating brand equity

*Brands with ongoing success are more likely to have a higher purpose that provides benefits beyond the functional to customers and provides satisfaction, and even inspiration, to employees.*

David A. Aaker

Different marketing programmes and activities may be applied for creating brand equity. The task for a company is to choose those ones, which will have an effective outcome. This may be expected in case if programmes answer or exceed customers' anticipations, provide a clear understanding of brands' special features, and are aimed at engaging customers in dialogues with brands. Thus, nowadays a strong brand needs to use both, integration and personalisation, to prove target customers that it cares about their personal feelings and needs. (Keller 2008, 186, 667)

**Marketing personalisation** may be realised through the following concepts: experiential marketing, one-to-one marketing and permission marketing. All of them belong to relationship marketing. **Experiential marketing** gives a remarkable experience for customers because they get additional value through interacting with a brand in real time. It helps a brand to achieve a high level of customers' loyalty. Such customers become brand ambassadors who are eager to share their positive relationships with a brand with others. It is especially effective for creating brand imagery and brand community. (Smilansky 2009, 3 – 6)

**One-to-one marketing** approach allows companies to distinguish customers as individuals and gives a possibility for customers to deliver information to marketers about their needs. This leads to building strong relations between a company and its consumers. As a result, a firm can retain customers and increase their loyalty.

However, one-to-one marketing demands concentration on a customer through consumer databases along with efficient marketing communications. (Hollensen & Opresnik 2014, 416 – 417)

**Permission marketing** starts implementing marketing to customers only after receiving their permission. Hence, customers are willing to receive some information from marketers. Permission marketing is better to realize through the use of some obvious incentives that may help to keep customers' further interest in communication. This concept may lead to stronger loyalty and altitudinal attachment of customers. (Godin 2012, 16 – 20)

Along with new approaches traditional “**marketing mix**” **concept** still occupies an important place among marketing programmes. It includes product strategy, pricing strategy, marketing communication and channel strategy. (Keller 2008, 188 - 194)

**The product** is the core dimension of brand equity. All activities concerning the product strategy must be aimed at creating a positive brand image with strong functional and abstract brand associations. Amidst essential brand associations are perceived quality and perceived value because they are often in charge of customers' decisions. Perceived quality means how customers appreciate product's quality in comparison with other choices and in accordance with purposes. The most important product attributes for consumers are: performance, features, quality, reliability, durability, serviceability and design. Keller refers to Porter who created the value chain in order to increase customer value. It consists of five main activities (inbound and outbound logistics, operations, marketing and sales, and service) and four support activities (infrastructure, human resources management, technology improvement, and procurement). (Keller 2008, 196 - 199)

Due to the fact that loyal customers largely contribute to long-term brand existence, **relationship marketing** has become the most demanded nowadays. Building sufficient brand equity requires complete understanding of customers and delivering value to them through all purchase phases. Thus, the main aim of relationship marketing is to increase the lifetime significance of customers. Relationship marketing deals with mass customization, aftermarketing and loyalty programmes. (Christopher 2008, 4 – 8)

**Aftermarketing** includes such activities as establishment of customer databases; feedback analysis; conduction of surveys; management of communication programmes; and organization of customer events (Keller 2008, 196 - 200). **Mass customization** enables consumers to be innovative and receive customized products

which answer their specific requirements. Four principal types of mass customization are: adaptive, collaborative, cosmetic and transparent. A company should choose an appropriate approach in accordance with customers' wishes and needs. (Kubacki 2013, 35 – 36)

**Loyalty programmes** are built with the help of various membership-based marketing activities. They are oriented at long-term relations with customers and expect customer retention or commitment. Those customers who are involved in loyalty programmes can get economic, resource, and social benefits. Thus, they may be offered such tangible and intangible benefits as discounts, service upgrades, or invitations to special events. In order to create a successful loyalty programme it is necessary to pay attention to precise determination of a target market and to arouse consumers' desire to join a programme. (Morgan 2015, 105 – 112)

A **pricing brand strategy** choice demands a selection of a way for setting current prices, and a decision concerning the depth and periods of promotions and discounts. A value-pricing strategy is popular for price setting. To get sufficient results with this strategy, it is essential to find a balance between product design and delivery, product costs, and product prices because a customer is willing to pay adequate amount of money in return for desired benefits. It is necessary to keep in mind that it is often less costly for a company to undertake brand-building marketing activities than just to reduce prices during a discount period. For price discounts and promotions everyday low pricing strategy may be applied. Instead of radical changes in prices through discounts, it offers customers low prices on basic items. (Keller 2008, 201 - 211)

However, fashion marketing may demand some specific pricing strategies. Obviously, cost-plus pricing remains one of the most common strategies. Its main reference point in price decision is the cost price of the product. Undoubtedly, companies must sell their products with an appropriate margin but the market situation must also be taken into account. Going-rate pricing strategies consider competitors' pricing programmes. They can be vital only if an existing market is really competitive because it may happen that some retailers set very high prices in comparison with others. In this case customers decide who offers them better value. 'Price skimming' also relates to going-rate pricing but the rate is very high. It is important to realize that usually after some period of time prices of fashion products decrease due to a short product life cycle. Hence, too much stock by the time of seasonal sales may become a disaster for a brand. Geographical pricing strategies are aimed at adapting prices to national markets. This causes the problems of price variations between different

countries and may lead to customers' disappointment. However, consumers try to avoid extra expenses through ordering desired brand products by internet from countries where prices are cheaper. To prevent these actions some companies do not provide international shipment. Temporary and permanent discount strategies are also popular in fashion. Promotional pricing is often used as a tool for selling problematic stock. Permanent discounting is needed for final clearance of products. (Jackson et al. 2009, 136 – 142)

**Channel brand strategy** includes direct and indirect channels. Direct channels provide selling products directly to customers, whereas indirect channels need some intermediaries that participate in distribution. The most efficient channel strategies usually use mix of various types of both, direct and indirect, channels in order to create brand awareness and to strengthen image. (Keller 2008, 211 - 221)



FIGURE 11. Basic fashion product distribution channels (Jackson et al. 2009, 206)

Figures 11, 12 and 13 demonstrate some possible distribution channels variants available for fashion industry. Figure 11 displays a typical channel option that is applied in mass-market fashion when products are sold through various retailers. (Jackson et al. 2009, 206)

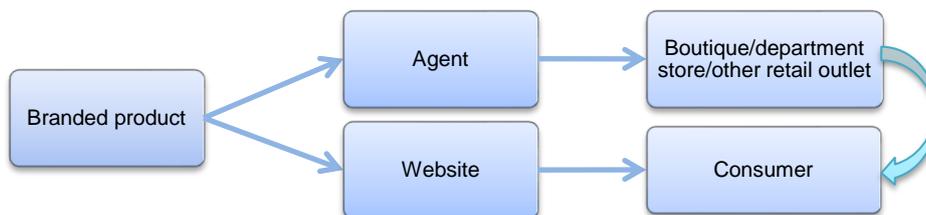


FIGURE 12. Upmarket brand distribution channels (Jackson et al. 2009, 206)

Figure 12 illustrates a distribution channel for a brand that does not possess own shops, or has several flagship stores which mainly contribute to brand image. Figure 13 shows a suitable route for a luxury brand. (Jackson et al. 2009, 206)

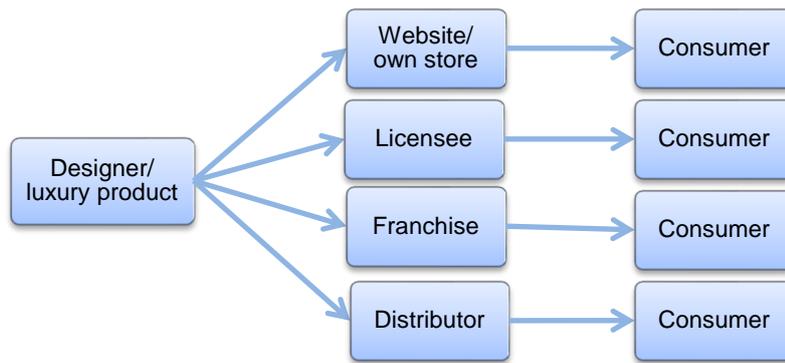


FIGURE 13. Designer or luxury product distribution channels (Jackson et al. 2009, 206)

**Marketing communications** are aimed at informing, persuading and reminding customers about brands. Besides, they can arouse positive brand feelings and judgements, and contribute to brand resonance. Marketing communications include such options as advertising, trade and consumer promotions, event marketing, sponsorship, publicity and public relations, and personal selling. The optimal choice of marketing communications is defined by marginal revenue and cost. (Keller 2008, 230 - 234)

**Advertising** consists of various categories: television, radio, prints, direct response, interactive and place. Each category possesses special requirements, fulfilling of which should lead to efficiency. In order to take a right decision on advertising expenditures it is necessary to consider the following factors which influence branding process in fashion: a level of market share; a level of product differentiation; a product's stage in the product life cycle; a level of competition, and required frequency of advertising. (Jackson et al. 2009, 175 – 176)

Due to the growth of Internet users, **interactive marketing** has been gaining popularity. The main tools of it are websites, mobile marketing and online ads. Website and mobile marketing may be useful for a brand as the levels of customization and relative information are high and the costs are low. Place advertising deals with alternative advertising. It reaches customers with the help of movies, airlines, billboards, product placement, and point of purchase advertising. (Keller 2008, 235 - 255)

**Sales promotions** stimulate customers to buy products. Consumer promotions are aimed at changing consumer behaviour in frames of choices, quantity or timing. The goal of trade promotions is to change behaviour of intermediaries and to facilitate product sales. **Event marketing** includes public sponsorship of some sports, art, social or entertaining activities. It may bring quite many advantages to a brand. For

example, event marketing may help with identification of a brand with a special target market; with enhancing brand awareness and image; with creating experiences and perceptions. Efficient event sponsorship demands a proper choice of events, creation of a sponsorship programme and measurement of results. (Kotler 2014, 501 – 503)

**Personal selling** allows to deliver customized message and to get feedback in response. It may be used for both, introducing products and for after sales activities. The disadvantage of personal selling is its high costs. **Public relations and publicity** are needed for promotion or protection of a firm's image or products. Publicity consists of such nonpersonal activities as press releases, media interviews, press conferences, newsletters and films. Public relations may deal with annual reports, fund-raising, lobbying and public affairs, for example. (Kotler 2014, 264 – 273)

Concerning fashion it is necessary to keep in mind press days that are held three times a year. Their main goal is to inform journalists about new collections. In April autumn collections are shown, July is for Christmas collections, and in November spring collections are presented. Besides, there are special public relations tools that are used in communication with fashion journalists: press packs, look books and sample collections. (Jackson et al. 2009, 187 - 188)

**Buzz marketing** includes company's activities in order to provoke appearing of word-of-mouth among customers. Buzz campaigns are successful if they deliver essential information to the proper target group. Better results are achieved when the source of a "buzz" does not belong to a brand. (Mourdoukoutas & Siomkos 2009, 7 - 8)

Overall, there is a great variety of communication options. In order to select the most suitable ones and to provide proper links and interaction between them, an **integrated marketing communication programme** should be implemented. This programme should answer several criteria: coverage, contribution, commonality, complementarity, versatility and cost. Coverage describes how many customers can be influenced by each option and what the overall impact can be expected. Contribution shows how an option influences customers' communication process and results. Commonality is in charge of maintenance the same meaning of common information that flows through all communication options. If it is done successfully, then marketers can build a consistent brand image. Complementarity defines the degree of applying of each option. Ideally, chosen communication options should strengthen each other and possess an ability of mutual compensation. Versatility checks the criteria of efficiency for various groups of customers regardless of their previous communication experience. Cost is a measure that is compared to the results of analyse of all other evaluations in order to create the most efficient

integrated marketing communication programme. Three stages in choice criteria that can be useful while creating a programme are: evaluation of communication options, establishment of priorities, and taking a final decision concerning design and implementation. (Keller 2008, 267 – 273)

Hammond defines two keys of brand building that lead business to a success. Firstly, it is crucial to understand that a brand means customers' experiences and not just separate marketing activities. "It's about looking through the window as a customer, rather than looking out as a business owner." Secondly, the ability to influence these experiences is essential. The author suggests creating a **Brand Halo**, "an overall dialogue with the customer", to fulfill this task. It consists of four elements: emotion, perception, innovation and communication. Emotion is the core component of building a strong brand as it is the base for other ingredients. Without it a brand cannot exist, and the product is just a commodity. Perception is included in a Brand Halo because emotions depend on it. The task is to involve various types of perception: eyesight, hearing, smelling, touch and taste. Innovation directs a presentation of perception, whereas communication is focused on creation of emotional statements to customers and employees. (Hammond 2011, 18 – 22)

Gad proposes his own vision in creating brand strategies. He invented a four dimensional branding model that should help in determination of brand's strengths and weaknesses, and impact to the Brand Code establishment. The **Brand Code** is in charge of defining the main features of the business in a sense of a human, and describes its appearance, feelings and behavior. This branding model consists of functional, social, spiritual and mental dimensions. The functional category relates to customers' perception of brand's benefits. The social dimension deals with generating identification and acceptance within a society, with creating a cult around a brand. The spiritual dimension pays attention to global or local responsibility. The mental dimension plays a role of a mental supporter as it invents a personal experience in a brand and proposes customers role models to follow. Gad emphasizes that crucial concern in brand building relates to the necessity to add such value for the consumer that competitors can hardly copy. (Gad 2000, 16 – 17, 93 – 99)

Table 4 demonstrates key points of some more possible brand strategies. This classification is suggested by Lindberg-Repo et al. It is named a **BIG strategic model** as it consists of three elements: branding, innovation and globalisation. The authors emphasise the fact that it is important to find the best possible solution that will answer customer's needs. Besides, those companies which desire to become

market leaders must be the first in implementing new business strategies and new products. (Lindberg-Repo et al. 2009, 68 - 72)

BRANDING STRATEGIES	INNOVATION STRATEGIES	GLOBALIZATION STRATEGIES
<ul style="list-style-type: none"> <li>•Build trust</li> <li>•Aid technology and R&amp;D</li> <li>•Win over price competition</li> <li>•Use 'country of origin effect' to own advantage</li> <li>•Hedge against risk</li> </ul>	<ul style="list-style-type: none"> <li>•Link branding &amp; innovation</li> <li>•Successfully manage product innovation, supply chain management and service operations</li> <li>•Use innovation as a tool for entering new markets with strategic products</li> <li>•Keep your brand alive in the minds of consumers amidst competition</li> </ul>	<ul style="list-style-type: none"> <li>•Manage changing consumer</li> <li>•Deliver customized or local customer value proposition</li> <li>•Manage emerging markets and customization in cross-cultural markets</li> <li>•Manage internal branding and talent pool</li> <li>•Manage consumer expectations</li> </ul>

TABLE 4. Illustrative BIG strategies (Lindberg-Repo et al. 2009, 71)

### 3.4 The leverage of secondary brand associations

The leverage of secondary brand associations relates to the indirect approaches of building brand equity. It may contribute to creating or reinforcing brand associations and responses if current ones are not efficient. In case of creation of new associations, secondary knowledge influences customers' evaluations when customers are not motivated or are not enough educated about the product. Current associations can be affected by linking a brand to some entities when consumers' feeling and judgements about entities transfer to brand characterisation. The leverage of secondary brand associations impacts on creating and reinforcing points of difference or parity. A commonality leveraging strategy may be implemented when customers' emotions towards special entity correspond with ones that a brand wishes to get. Opposite, if there is a lack of similar associations, a complementarity branding strategy should be designed. Anyway, a brand takes a risk when it uses leveraging secondary brand associations because it loses part of the brand image control. Moreover, difficulties may occur in linking knowledge that will be appropriate and invariable over time. (Keller 2008, 280 - 284)

A brand may be linked to a company that produces a product through branding strategies. In case of a new brand three alternatives are available: creation of a new

brand, adoption and adjustment of a current brand, or a mixture of a current brand and a new brand. Current brands may be linked to the corporate brand or some specific product brand. Countries or other geographical areas may be linked to a brand through identification of product origin. This may happen because countries also have their own image, and therefore, customers' preferences depend on it. Creation of a geographical association may be done through including the location in the brand name, combining it with a brand name, or emphasizing it in advertising. One of the main disadvantages of strong links to some area may be difficulties in changing location of production. Distribution channels may have an indirect impact on brand equity through a channel strategy. This impact may occur because there are already some associations concerning retailers in customers' minds. Thus, sales may vary depending on who retailers are. (Keller 2008, 284 - 289)

**Celebrity endorsement** is widely used for establishment a secondary knowledge because it can lead to an increase of brand loyalty and brand equity. As far as it is based on customers' perceptions of famous people, it is essential to choose an endorser who possesses credibility and arouses in customers' minds associations and feeling that are beneficial for a brand. Celebrity endorsement may be beneficial for new brands as it creates brand awareness; and for existing brands as it may position and revitalize them. However, using celebrity endorsement may lead to various problems in case of a wrong choice of a celebrity. Hence, selection and use of spokespeople must be done carefully. Thus, an endorser must possess credibility, constancy and global appeal. Besides, a choice of celebrity must be done in relevance with the brand's personality. Moreover, customers must pay more attention to a brand than to a celebrity. (Okonkwo 2007, 156 - 164)

**Licensing** allows companies to utilise names, logos, characters of desired brands to increase their own brand equity. The disadvantage of licensing is that it may be difficult to predict how long the popularity of licensed entities will last and therefore, what level of sales growth may be expected. In order to diversify this risk, companies may take the following steps: to have contractual agreements with different entities; to avoid strong ties between their own brand and brands of other companies; to conduct marketing researches before taking a decision on licensing. Secondary associations are possible to create by linking a brand to **sponsored events** or **third-party sources**. Third-party sources may be linked to a brand through awards or reviews, for example. (Keller 2008, 301 - 309)

**Co-branding** allows uniting several brands into a collective product. Associations are created through linking a brand to some other brands that may belong to the same or

different product categories. Co-branding must be used carefully because it can influence the brand image and brand loyalty. Thus, involved brands must collaborate in case all of them win from this activity. (Okonkwo 2007, 169 - 171)

**Ingredient branding** is an approach that belongs to co-branding strategy. It builds brand equity for product components through inserting them into other goods. The aim of ingredient branding is to make a branded ingredient so appealing to customers that they will refuse to buy a host product without it. This will lead to the creation of a point of parity. An ingredient branding approach has spread widely because it establishes differentiations for famous brands, and at the same time increases awareness for ingredient products. To bring success in building brand equity an ingredient branding strategy should answer some requirements. For example, ingredients must be differentiated and valuable for customers. (Kotler 2010, 3 – 19)

Creating brands for any company demands a lot of efforts but when a business is small, then a task may become even more sophisticated due to limited resources. This causes especial accuracy in choosing marketing programmes. Thus, they must answer the following requirements: focus, consistency and creativity. Some useful advices concerning finding the best solutions to the problem of **building a brand for a small enterprise** are provided further. For example, it is better to concentrate on creating just one or two strong brands. Besides, a marketing programme should emphasize not more than two key associations that will play a role of differentiators from competitors. It is also essential to choose such creative, memorable and meaningful brand elements that can be efficiently used in building brand equity. One more advice is to apply pull and push programmes in order to arouse interest and demand among various channel members. Cost-effective ways for fulfilling this aim include use of word-of-mouth, public relations, cheap promotions and sponsorship. Leveraging all available secondary associations may contribute to brand equity creation as well. They are often inexpensive and the task is to choose the most appropriate ones that can highlight quality or credibility. (Keller 2008, 660 – 661)

## **4 BRANDING STRATEGY FOR STUDIO TENDANCE**

If retailers and brands want shoppers to spend more, they need to focus first on making them happy.

Barry Lemmon

Studio Tendance is a company that will be established in the nearest future. Its founders need a clear brand strategy, which can lead to creation of a strong brand. Therefore, it is vital to build appropriate brand equity, define brand positioning and choose relevant brand strategies for the company. Chapter 4 focuses on covering these issues and also presents market situation analysis.

### **4.1 Market situation analysis**

Market situation analysis is an integral part of an action plan that provides future directions for a company. It gives clear vision of a current state of things a brand needs to consider in order to be successful in the market. Therefore, it helps to set objectives and to choose efficient brand strategies.

Studio Tendance is aimed at two target segments: clothes for children and clothes for figure skating. Thus, market situation analysis for the company demands an overview of Finnish fashion industry, situation in the clothing market for children and ice-skaters, and a SWOT analysis.

#### **Fashion in Finland**

Nowadays Scandinavian fashion has become globally known. Undoubtedly, it possesses special features which differentiate it from other designs. Scandinavians tend to simplicity and minimalism. Hence, clear lines and light colours are preferable. Nordic nations are concerned about ecology, and prefer organic clothes and those ones that are produced locally. Ethical contracts play a great role as well because it is essential for the consumers in what conditions items are produced. Scandinavians will more likely choose ecologically clean products even if their look is not impressive. (Gundtoft 2013, 6)

Who is among the most famous Finnish designers today? What makes them exceptional in comparison with others? The answers to these questions may open a door to better understanding of the market. Below there is a short overview of some remarkable Finnish brands.

Heikki Salonen is the graduate of the Royal College of Art in London. Before moving to England he studied in Finland, his home country. He won several awards and designed for Erdem and Diesel. He has his own brand (<http://heikkisalonen.com>) and wishes to pay more attention on quality of clothes and to create collections that will be less influenced by a fashion cycle. (Gundtoft 2013, 94 - 97)



IMAGE 1. Heikki Salonen Collection. Photos by Vogue

Ivana Helsinki was established by Paola Suhonen. (<http://www.ivanahelsinki.com>) She is not just a fashion designer but also an artist and a film maker. The most outstanding fact about Ivana Helsinki is that it became the first Finnish company, which took part in Paris Fashion Week. It happened in 2007. Paola says, “If a dress is like a piece of art, it’s above fashion or trends. It’s something you love and want to tell a story of who you are.” She also mentions that creating in such a way belongs to “ecological way of designing”. Her opinion coincides with the wish of Heikki Salonen to produce clothes that can remain valuable despite seasonal changes. Ivana Helsinki has its own production and desires to keep it ecological, ethical and handcrafted. She admits that Scandinavian market is “practical but bohemian and experimental”. (Gundtoft 2013, 118 – 123)



IMAGE 2. Ivana Helsinki Spring 2014 Collection. Photographer Marianna Leung

Marimekko was founded by Armi and Viljo Ratia in 1951. It is one of the most famous Scandinavia's brands (<https://www.marimekko.com>), which was never afraid of bold colours and patterns. All production is organised in Finland. Armi Ratio described the brand like that: "Marimekko is not about trendy fashion. We make timeless and lasting products, which are by chance often very fashionable". This principle continues to guide company's designers. Durability is essential feature of brand's items. The company is keen on using materials that provide ecological sustainability. Much attention is paid to recyclability and a product life cycle. (Gundtoft 2013, 166 - 169)



IMAGE 3. Marimekko Autumn 2014 Collection. Photos by Marimekko

R/H was started by Hanna Riiheläinen and Emilia Hernesniemi in 2010. The name for the brand comes from the first letters of their last names; it is appropriate for international trade. (<http://www.rh-studio.fi>) The designers do much part of the work themselves and buy most of the services. Nonetheless, R/H items are presented in about 25 retailers around Europe and the USA. (Gundtoft 2013, 190 - 193)



IMAGE 4. R/H Flow Collection 2013. Photographer Beto Guzman Abundes

Samuji was launched by Samu-Jussi Koski. (<http://www.samuji.com>) He started his own company after working as the creative director for Marimekko. The main value of the brand is sustainability. Thus, producers are located in Italy and Estonia, and materials come from Europe and Japan. (Gundtoft 2013, 202 - 205)



IMAGE 5. Samuji Autumn/Winter 2014/2015 Collection. Photos by Samuji

As can be seen from the overview, the fashion companies follow the customers' wishes and share their concerns about ecology. Most of them notice the importance of sustainability in fashion that confirms practical and ecological thinking of Finnish people. Among the possible ways to fulfil this task the companies mention recyclability and durability of products, and an increase of a product life cycle through paying less attention to a fashion cycle. This must be taken into account by a new company that wishes to gain the target market.

## Finnish fashion for children



IMAGE 6. Marimekko Autumn and Winter 2014 Children Collection. Photos by Marimekko

*It is only in the act of nursing that a woman realizes her motherhood in visible and tangible fashion; it is a joy of every moment.*

Honore de Balzac

*Fashion should be something that in the morning, when you open your window, you say, "Oh fantastic, sun!" Then your shower, you say, "Ok fantastic, which colour I wear today because I feel happy?" This should be fashion.*

Roberto Cavalli

Interestingly, a writer Honore de Balzac uses the word 'fashion' talking about happiness of motherhood. And a stylist Roberto Cavalli equates fashion to happiness of life. A combination of two statements brings out an idea that fashion for children must deliver happiness for customers: parents and their kids.

Hence Studio Tendance is oriented to start with clothes for children, it is necessary to possess the statistics on the subject. Thus, in 2013 forty per cent of the population of Finland was included in the group of families with underage kids. The overall number of them was 576,000. The total number of children who have not reached eighteen years old was 1,057,000. On the average, every family has two children. To be more precise, families with one child present forty-three per cent of all families; families

with two children occupy the second place with thirty-eight per cent. Families who have three children have gained thirteen per cent and are on the third place. They are followed by families with four or more children who amount to five per cent of total number of families with kids. (Statistics Finland 2014)

In 2012 there were 1 032 establishments which were involved in manufacturing of wearing apparel. Overall indicators for turnover in manufacturing sub-industry that includes textile, clothing and leather industry in May – July 2014 decreased by 5.4 per cent in relevance to the same period of the year 2013. Comparison of the amount of new orders in August 2014 with August 2013 shows that the demand decreased by 13.4 per cent. (Statistics Finland 2014) These numbers emphasize the importance of establishing such a brand that can be competitive and profitable in the current market situation.

There are at least 35 Finnish companies that produce hand-made clothes for children. The clothes are designed and manufactured in Finland. Most of the companies are quite small. It is essential that many of them concern about ecology. Thus, they offer ecological collections and use recycled materials, for example. The main competitors for Studio Tendance are: Melli (<http://www.melliecodesign.com/>), Punainen norsu (<http://www.punainennorsu.com>), Paapero (<http://www.paapero.fi>), Little Copenhagen (<http://www.littlecopenhagen.fi>), Eilen design (<http://eilendesign.valmiskauppa.fi>) and Sampsukka (<http://www.sampsukka.com>). The product range and style of these brands are similar to ones of the case company. Pirouette (<https://www.piruetti.fi/>) offers dancing clothes for children, and is the main competitor for ice-skating garments. Besides, it is necessary to take into account huge amount of companies which are located outside Finland but their garments are available through web stores. Of course, they do not propose domestic products but they can compete thanks to lower prices.

It is worth mentioning that dressing up kids has become a trend nowadays. Not only parents are conscious how their kids look, but children also take an active participation in the choice of clothes. Kids possess good knowledge of the subject and are not eager to accept all parents' offers. They enjoy wearing designed clothes as it helps them to prove themselves. Due to the fashion increase among children, branded companies produce clothes in order to match with the taste of fashionable kids.

There is a tendency in children's fashion to be similar to adults'. Quite often difference is only in sizes. The exception is made for such garments types for babies and toddlers as romper and sleep suits. Designers should be creative because there

is much competition in the market. Fabrics for clothes must be of good quality to make children feel comfortable. Clothes for children in Finland follow the same tendency. Finnish parents pay thorough attention to convenience, comfort and practicality of clothes for their children. (Gulliver 2010) Besides, organic products have gained the popularity because they are harmless for health and their manufacturing saves much energy on the planet.

### **Figure skating line**

Studio Tendance wishes to create clothes for figure skaters. This brand line has potential for the growth. Due to the climate, figure skating has always been very popular in Finland. It considers as a basic skill that a kid often learns early. Long duration of winters allows children to have their trainings even at outdoors ice rinks. (Stewen 2013) There are more than forty figure skating clubs in Finland. They offer a variety of opportunities for those who are interested in skating, including skating schools for adults and children. (Figure skating clubs in Finland)

Children who visit these skating clubs belong to the target market of the company. During each season kids need special clothes, which must be comfortable for doing sports. Besides, young sportsmen usually participate in performances to show their achievements. Such performances require sewing special costumes that should harmonize with music and reflect the main idea of a programme. Thus, a possible range of basic garments that the company can produce may include: dresses, jackets, pants, skirts, tops and shorts. It would be reasonable to offer some finished products that are available in stock, and also to propose individual sewing according to customer's wishes. Customization for finished goods may be offered as well.

## **4.2 SWOT analysis for Studio Tendance**

A SWOT analysis identifies company's strengths and weaknesses, opportunities and threats. It demands proper understanding of internal and external factors that may influence a company's strategy. Thus, a SWOT analysis includes an analysis of a company, a market analysis, an environmental analysis and a competitor analysis. It is necessary to relate company's strengths and weaknesses to its opportunities and threats. A company should use its strengths and opportunities, whereas weaknesses and threats should be diminished. Overall, a SWOT analysis gives essential information for taking decisions concerning establishment of brand positioning of the

company and building of brand programs. (Friend 2009, 85 – 88) Table below presents a SWOT analysis for Studio Tendance.

<p style="text-align: center;"><b>STRENGTHS</b></p> <p style="text-align: center;">Company's flexibility</p> <p style="text-align: center;">Product quality and originality</p> <p style="text-align: center;">Customization of products</p> <p style="text-align: center;">Creative staff with desire to succeed</p> <p style="text-align: center;">Sufficient target segment</p>	<p style="text-align: center;"><b>WEAKNESSES</b></p> <p style="text-align: center;">Limited financial and technical resources</p> <p style="text-align: center;">Need to establish distribution network</p> <p style="text-align: center;">The company is not known in the market</p> <p style="text-align: center;">Time duration for fulfilling orders</p> <p style="text-align: center;">Lack of experience in establishing a company</p> <p style="text-align: center;">Insufficient knowledge of the subject</p>
<p style="text-align: center;"><b>OPPORTUNITIES</b></p> <p style="text-align: center;">New products development</p> <p style="text-align: center;">Production growth</p> <p style="text-align: center;">Increase of sales</p> <p style="text-align: center;">Web development capabilities</p> <p style="text-align: center;">Opening of a store</p> <p style="text-align: center;">Expansion of the target market share</p>	<p style="text-align: center;"><b>THREATS</b></p> <p style="text-align: center;">Cheap mass-market clothes</p> <p style="text-align: center;">Emerging and current competition</p> <p style="text-align: center;">Unpopularity of products</p> <p style="text-align: center;">Growth of raw material price</p> <p style="text-align: center;">General slowdown in economic environment</p>

TABLE 5. Studio Tendance – SWOT for a market segment: clothing for children

As can be seen from Table 5, among company's **strengths** are product quality and originality, and customization. These are the features that should distinguish the brand from its competitors. The company offers its customers unique hand-made products and a service of custom tailoring. Therefore, consumers get a value that is difficult to receive from companies that are oriented at mass-production. Sufficient market segment also relates to strengths as statistics shows that there are prospective buyers who may be interested in the brand and may become loyal customers. Due to the fact that the company is small, it is very flexible and can adapt to changes faster than big companies. This is also an advantage. Besides, the staff is creative, possesses positive thinking and is aimed at success.

However, the company has some **weaknesses**. Firstly, due to the fact that the brand is new, it may experience difficulties in gaining the market and establishing a distribution network. Secondly, limited financial and technical resources may also become barriers for establishing high level brand equity. Thirdly, the owners of the company lack knowledge on business issues due to their different educational

background. They need to spend time on self-education and to seek advices from professionals in the field of business. This demands extra time and expenses. Fourthly, time duration needed for fulfilling custom tailoring may be referred to weaknesses too. Some customers will prefer to buy from bigger companies, which offer a wider range of products in various models and sizes.

**Opportunities**, that the company may take into account, include new products development and production growth; increase of sales and expansion of the target market share. In order to remain trendy in fashion business, it is crucial to add new products to the brand lines. In case garments meet customers' taste and there is an increase in demand, significant production growth and extension of the market share may occur. Web development capabilities should be applied as well because an amount of Internet users has been growing. Moreover, the level of their expectations has been increasing too. The more benefits a company can offer to customers, the more orders it will have. In future opening of a store may become reasonable too. Many customers still prefer to choose clothes in shops because they want to try clothes on or to examine their quality, for example. Own store will impact positively to brand equity.

Emerging and current competition is among **threats** that may damage the company. There is a number of close competitors who are aimed at the same target customers. Cheap mass-production may also be a barrier in gaining the market because customers may prefer to buy less expensive products for children. General slowdown in economic environment is important too. Thus, people may prefer to save money and spend less. Besides, growth of raw material price may increase expenses.

A SWOT analysis for a figure skating clothing market segment will be almost the same. The difference is that this segment is not as sufficient as a market segment for children because there are limits which may prevent production from a rapid growth. Thus, lack of customers may be added to threats. Moreover, the probability of opening a shop specified on these garments is very low. But there exists an opportunity of establishment of a department in a store.

### **4.3 Sources of brand equity**

#### **Brand Elements**

Undoubtedly, the proper choice of a **brand name** is very important for a company. Thus, Kapferer (2008, 212) emphasizes that the name must be in tune with future

development of the company and its possible changes. Keller (2008, 147 – 150) distinguishes several criteria the brand name should answer. Names should be simple and easy to pronounce and spell because customers memorize them better. Besides, they should possess such features as familiarity and meaningfulness, distinctiveness, uniqueness, and differentiation.

Keller (2008, 153 – 154) defines six stages in the process of choosing a brand name. Together with the owners we have conducted several sessions which included these steps in order to find an appropriate name for a company. The first session was aimed at determining brand's objectives and starting of names generating. During the second session more ideas about possible names appeared and all candidates were screened. Finally, candidate names were studied and the brand's name was chosen among the rest candidates.

The owners of the company have decided to name it Studio Tendance because they consider it the most suitable one in comparison with other variants. It associates with fashion and can be used internationally. However, this brand name does not answer all criteria. For example, it may be difficult for customers to remember the full name of the brand. In such case Keller (2008, 147) recommends to shorten it for easier recall. Hence, Studio Tendance may also become known as "Tendi".



**Logo** that has been created for a company is simple but elegant. It consists of first letters of the brand name and reminds of it. This logo will be suitable to use for both target segments: clothes for children and clothes for figure skating.

**Slogan:** "Comfort. Elegance. Style" gives customers descriptive information about the brand. During the session that was dedicated to finding the best slogan, the main attention was paid to creating such a slogan which is able to give the main idea about the brand and differentiate the brand from its competitors. The chosen slogan reflects the idea that clothes for children can be not only comfortable but also elegant and stylish. But at the same time it may sound more oriented at clothes for figure skating or for women clothes. Besides, it does not depict such important differentiating feature as hand-made characteristics of products.

Probably, a new slogan "Let your future be stylish!" can be more valuable for brand equity. This slogan may be appropriate for the brand as the word "future" may imply two meanings: direct and hidden. Hidden meaning stands for the word "children". Thus, the slogan may be applied for figure-skating because such a feature as

elegance is essential for it, and also for children's clothes as it shows the brand's concern about future generation. Besides, this slogan may be used if a company would like to start a clothing line for women. It also can arouse emotional response. Another possible slogan "Style your future!" adds an option of creating designs in accordance with customers' wishes and besides, calls to actions and gives a sense of self-confidence.

**Packaging** for fashion products often consists just of bags used for transportation purposes. Such bags may have a brand's name, logo or promotional message. (Jackson et al. 2009, 117) Bags for Studio Tendance may display the company's name, logo, slogan, character or URL. Bags should be eye-catching and appealing to customers so that they would like to retain and use them again. However, due to the fact that the company specializes in hand-made clothing, it would be efficient to wrap purchased garments into gift paper and pack them into special gift boxes. Besides, a business card and/ or a card with thankful words and wishes may be put in the box too. This will differentiate the brand from its competitors and add value to customers.

**URL** has not been registered yet. It should be done after the brand name is definitively chosen. It is better if the name or part of it will be included in URL.

**Characters** can significantly contribute to building efficient brand equity. They can catch customers' attention and at the same time to deliver information about benefits that the brand offers. Besides, the same character may be used for different product lines. (Keller 2008, 158 – 159)

For studio Tendance it would be reasonable to use some animal that will reflect a brand's personality. For example, a baby snow leopard may be chosen as a brand's character. This animal looks elegant and stylish. It is unique, because it can be rarely met in nature. So, it conveys a certain message about the brand to customers. Besides, it associates with winter, and can become a good representative of such sport as ice-skating. For example, the character may be shown skating. As the brand is oriented at clothes for children, it would be better to use a baby snow leopard because it emphasizes the age group. It may be given a shorter name of the company Tendi, for example. There is also possibility to use symbols of two snow leopards: one for fashion for girls and another one for boys. In case the company will launch a women's line their "mother" may be added to characters. Besides, it will be possible to use this character for such future campaigns as raising funds for charities which deal about animals.

## Customer-Based Brand Equity Pyramid

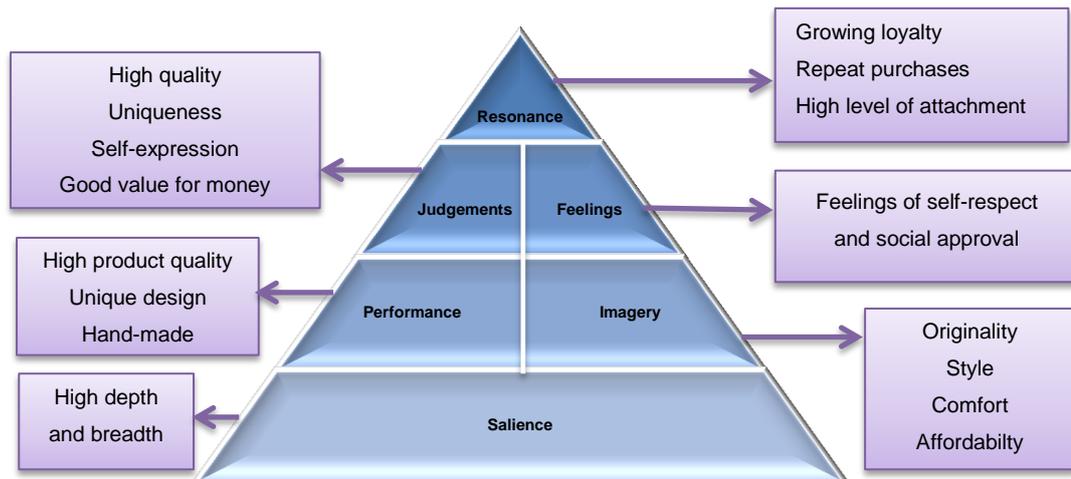


FIGURE 14. Studio Tendance Customer-Based Brand Equity model (according to the model by Keller)

As Studio Tendance wishes to become a strong brand, breadth and depth of brand awareness must be deep and broad enough. Therefore, customers should recognise the brand when it is presented to them. Moreover, they should consider it every time they wish to buy clothes that belong to the company's product range. Thus, customers must be sure that the company is able to satisfy their needs. Brand performance should reflect high product quality and emphasize uniqueness of clothes because they are hand-made. Besides, consumers should be aware of a possibility to participate in creation of products because the company is ready to answer their demands. Brand clothes should possess the image of being original, stylish and comfortable. Their design must appeal to customers; and the price must be affordable. Brand judgements should relate to high quality and uniqueness, an opportunity of self-expression, and good value for money. Brand feelings that consumers should experience must be positive. They should feel special and have self-respect because they can afford buying designers clothes. Brand resonance should reflect that Studio Tendance resonates with customers. Consumers want long-term relationships. They repeat purchases, are loyal and attached to the brand.

### 4.4 Brand positioning

Brand positioning in fashion should be done especially accurate as it depends on consumers' lifestyles. Customers expect a well-timed change of collections which must meet their tastes. Competitors' activities must be also taken into consideration. Studio Tendance brand identity prism is presented in Figure 15.

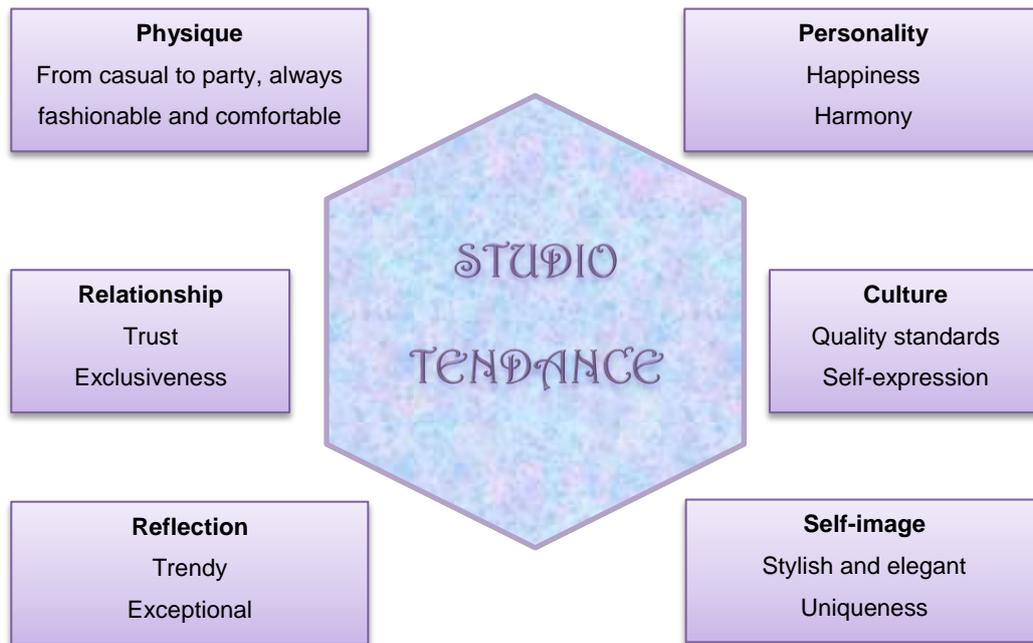


FIGURE 15. Studio Tendance brand identity prism (according to the model by Kapferer)

**Studio Tendance brand identity prism** reflects six facets of company's brand identity. Physical features estimate that a range of products covers various garments from casual to party, including clothing for sport. These clothes must be comfortable and fashionable at the same time. In case of personality, the brand should deliver happiness and harmony. Therefore, the customers should have a feeling that the brand cares about them. Cultural features refer to high quality standards and the possibility of self-expression for customers. Self-expression may be gained through ready-made products and also through customization. Relationship facet includes trust and exclusiveness. It is supposed that customers will have reflection that they possess trendy and exceptional clothes. Self-image is aimed at style, elegance and uniqueness.

Estimation of **points of parity and points of difference** plays an essential role in brand positioning. As can be viewed from table 7 below, the company possesses such points of parity as material and product quality, and fashionable design. However, it should be mentioned that most of the competitors follow the trend of ecological concern. Therefore, Studio Tendance should pay attention to this fact because Finnish customers consider it truly important. Points of difference include unique design and exclusivity. These features should clearly distinguish the company from its competitors. One more point of difference is a possibility for customers to be participants of a designing process. This can be fulfilled through customization or

custom tailored clothes. Moreover, the brand offers a good value for money because products are price-competitive.

Points of Parity	Points of Difference
Fashionable design	Unique design
Material quality	Price-competitive
Product quality	Exclusivity
	Co-design with customers

TABLE 6. Studio Tendance points of parity and points of difference (according to the model by Keller)

In order to establish brand positioning for Studio Tendance, **positioning formula** was also used. It is presented in Table 6.

<b>For</b>	Children aged 0 – 14
<b>Frame of reference</b>	The competitive set of the company is relatively wide as there are quite many competitors aimed at the same target market. Among the main competitors are: Melli, Punainen norsu, Eilen design, Sampasukka, Little Copenhagen and Paapero. Pirouette produces dance clothes for children, and is the main competitor for ice-skating costumes segment.
<b>Promise of consumer benefit</b>	Studio Tendance promises to produce high quality hand-made clothes that are exclusively designed and have a value for money.
<b>Reason to believe</b>	Material quality and creative designers.

TABLE 7. Studio Tendance positioning formula (according to the model by Kapferer)

Fashion market coverage strategies demand considering such factors as: demography, climate, a geographical location, lifestyle systems, and an economic situation. Main criteria for choosing targeted market segment include segment size and its increase in future; segment attractiveness and accessibility; available resources and business objective matters. (Jackson et al. 2009, 53 – 72)

Overall, Studio Tendance should position itself as a clothing company for children that is able to produce comfortable garments. It is essential to admit that the company offers modern but elegant clothes which deliver harmony and happiness. The most significant feature of the brand is that all products are hand-made and therefore, they are unique. Besides, it should be emphasized that clothes are well-designed but may be customized because the company respects the fashion taste of its customers and is eager to help them in realization of their dreams. Regarding clothes for figure skating, it should be noted that material they are made of is suitable for doing sports.

#### **4.5 Marketing programme**

Various kinds of marketing activities may be chosen for creating brand equity of the company. Due to the fact that Studio Tendance wishes to produce clothes for two target segments, it is necessary to take a decision concerning its brand architecture. There exist different types of brand strategies that may be applied in terms of brand architecture. It may be better for Studio Tendance to choose the line brand strategy, and build the house of brands. One line will deal with casual and party clothes for children; and another one will focus on producing ice-skating garments. The brand name Tendance may be used for both lines, and words 'kids' or 'sport' may be added to it. Kapferer (2008, 359 – 360) mentions several benefits of the line strategy. Thus, it builds a strong brand image; enables distribution for line extensions, and diminishes launch costs. The main negative feature, which should be taken into consideration by the company, is a limitation of the line, because all products in one line must be linked to each other. Now let us focus on a possible marketing programme for Studio Tendance that is based on traditional "marketing mix" concept.

##### **Product brand strategy**

Studio Tendance needs to create a product brand portfolio. At the moment the founders have general ideas concerning types of clothes they will produce. Thus, they intend to offer their customers such garment types as bodysuits, overalls,

rompers, tops, blouses, shirts, T-shirts, jackets, dresses, trousers and hats. It has been decided about the age range as well. The garments will be divided in five groups in accordance with the age of children: for infants and toddlers till 2 years old, for 2 – 4 years old, for 5 – 7 years old, for 8 – 11 years old and for 12 – 14 years old. But for achieving success it is crucial to realize more precisely what products will be available for customers, and what impact they may have on company's development. For example, clothes may be divided in casual collections, sportswear collections and party collections. Besides, each type of garment should have subcategories: colour, print, shape, length, patterns, etc. All this information should be reflected in the brand portfolio, and strategic products should be defined. In future it will allow to have better control of the stock and to make changes in production at the right time. It is essential to take into consideration the necessity of creating new fashion garments fast due to their special life cycles. Jackson suggests using the following strategies for providing positive fashion product life cycle: milking fruitful designs, concessions and new brands. He also admits that proper attention should be paid to labelling. Labels should include care instructions, fibre content, brand name, country of origin and size. (Jackson et al. 2009, 113 – 119)

Undoubtedly, fashion garments should possess some features that will differentiate the brand from its competitors. For Studio Tendance it may be the use of double-sided fabric. This is quite rarely utilized by Finnish fashion companies. And customers will get additional benefits. Thus, such clothes may be modern and also save money because one garment may be used as two. One more peculiarity of the brand may be clothes with embroidery. Embroidery may be very attractive as it makes even a simple garment special. Its design, size and colours may vary widely. Besides, the brand should consider use of light reflectors. Finnish people pay much attention to safety. So, reflectors with the brand's logo or its character may be added to clothes. This will also lead to increase of brand awareness. Moreover, the brand may attract more customers if it creates clothes for dolls that are identical to children's clothes produced by the company. This may be claimed as upbringing in children a sense of good fashion taste.

It is necessary to take into account ethical and green issues in fashion as well. It has been noticed that those companies, which offer ethical working conditions, fair trade or apply organic materials, are gaining the market. (Tangate 2008, 234) Keller also remarks environmental concern and admits the increase of customers' interest towards green marketing. He gives some advices how to persuade consumers to buy environmentally friendly products. Thus, the brand must be consistent; must emphasize tangible and environmental benefits; should communicate environmental

products' features. (Keller 2008, 477 – 480) For example, Studio Tendance may apply ethical working conditions; use organic and recycled fabric to fulfill customers' demand.

Special attention Studio Tendance should pay to customization of its products. This approach will contribute to creating long-term relations with customers. The brand may offer their consumers to choose embroidery, fabric and colour, for example. Thus, a child's name may be embroidered inside or outside of a garment. Besides, when it is possible, clothes may be tailor-made. Aftermarketing is essential too. The brand may establish customer databases; conduct and analyze surveys in order to improve services and increase customers' satisfaction. Through the site customers may be given advices about treatment of clothes. Besides, communication programmes should be launched to inform customers about new collections or important issues concerning the company. Some events for customers should be organized as well. For example, it could be some special entertaining programmes for kids or sending postcards to congratulate a child with a birthday. Loyalty programmes may also arouse customers' interest. Thus, special discounts may be offered depending on frequency and amount of purchases.

### **Pricing brand strategy**

For setting prices fashion companies often take into consideration internal and external factors. Internal factors can be controlled by the firm. They consist of current marketing objectives, a general marketing strategy and product manufacturing costs. External factors are uncontrollable. They include market conditions, customer's view on balance between price and value, and competitors' pricing strategies. (Jackson et al. 2009, 130 – 135)

Studio Tendance may apply two pricing strategies. Firstly, going-rate pricing strategy may be effective. It takes into account competitors' pricing policies and allows the company to set prices which represent good value for money. It is essential to set such entry-level prices that will answer customers' expectations. As the company desires to gain market share lower prices in comparison with competitors may be efficient in achieving this objective. But in this case profit will be diminished. Besides, prices should not be too low because consumers may assume that products are of bad quality. Secondly, temporary discount pricing strategy may be used. It may be appropriate because fashion product life cycle is short, and seasonal sales are often necessary to sell stock. There is also an option for the company to apply separate pricing strategies for various garments from a portfolio of products. Thus, a pricing plan will be more precise. The company needs to measure and monitor prices in

order to be successful on the market. Jackson (2009, 149 – 152) suggests four options that can improve and maintain profit margin of fashion companies: increasing retail prices, diminishing cost prices, raising the volume of sales at full price and decreasing the number of poor selling lines.

### Channel brand strategy

Studio Tendance can use both types of channels, direct and indirect. Thanks to various channels brand awareness will be created faster. Figure 16 shows possible distribution channels for the company.

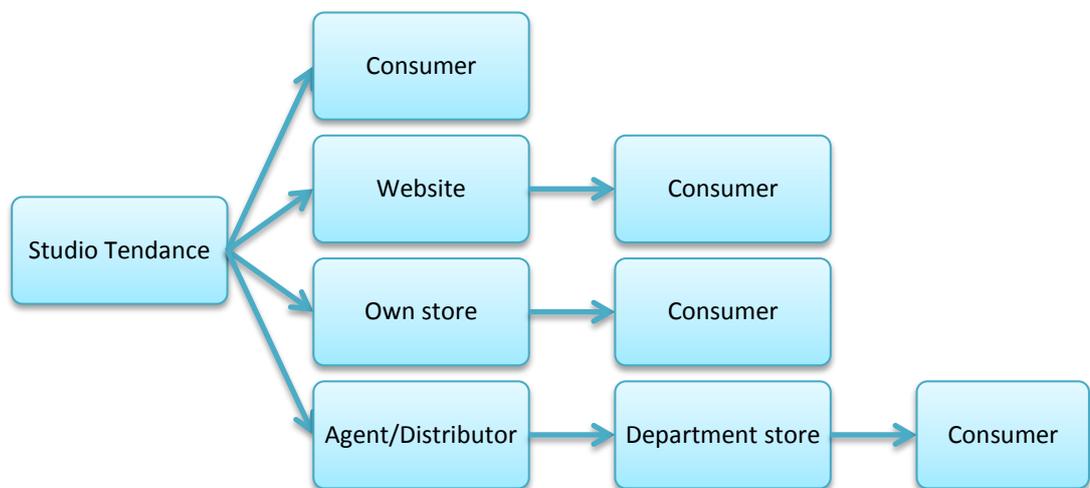


FIGURE 16. Studio Tendance distribution channels (according to the model by Jackson)

At the beginning of company's functioning two main channels may be used. Firstly, direct sales may bring effective results. They may be realized through personal contacts or during trade fairs, for example. One of the advantages of personal selling is that a customer can get sufficient information about products. Moreover, salesperson (the owner of the company) can learn customers' needs better, offer customization of products and negotiate on price. Secondly, Internet commerce should be organised through the company's website. Besides, agents or distributors may be engaged in products distribution too. But this will demand extra expenses. In future it may be possible for the brand to open its own store.

At the start the Internet commerce will be the company's main distribution channel. Why is it suitable for Studio Tendance? It should be noted that Finnish consumers

eagerly make online purchases. Thus, according to Invest in EU website, in year 2012 over 65% of them belonged to the group of online shoppers and made at least one purchase through the Internet. But Finnish customers prefer to buy from domestic online shops. Therefore, online commerce may be profitable in Finland. Moreover, it is possible to sell fashion products outside the country too. Jackson (2009, 225 – 226) emphasises two main aspects that are essential for website design of a fashion company. Firstly, a proper presentation of a product is essential. It is better to use a model for this purpose and to show the fashion garment in various dimensions. Secondly, background music may arouse positive mood and incentives for buying. Besides, a fashion site must offer high-quality pictures; distinctive information about available colours and sizes; be easy in downloading and use. Sheehan (2010, 58) distinguishes seven criteria for websites for creating consumer engagement: completeness, functionality, branding, interactivity, visual stimulation, relevant advertising and community connections. Westwood (2011, 92 – 93) suggests the ‘shopping cart’ design for online shops that should possess such features as various payment options, security, search engine optimization and product pages with availability of customers reviews and wish lists.

Aaker (2014) emphasizes the necessity of determining a customer’s “sweet spot” which will give directions for creating a programme that answers the needs and interests of both parties. (See Figure 17) Such digital strategy leads to engaging customers in social community, where they can discuss various matters they are concerned about. Thus, a company can express their care about customers and improve relationships with them.

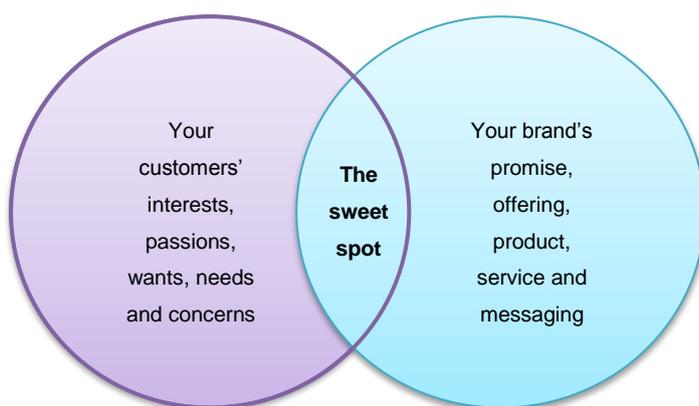


FIGURE 17. Customer’s sweet spot (Aaker 2014)

While building the website, Studio Tendance should take into consideration a fact that the company produces clothes for children. Therefore, the website should be oriented not only at parents but also at kids who are the end-users of the brand. Nowadays,

many children prefer to take active part in choosing their clothes. Thus, some interesting information and entertaining material for children should be available on the website. It could be games, music and colourings, for example. Adults may be fascinated by a possibility to share their concerns, ideas and advices about parenting. Both, children and parents may appreciate some fashion advices or news, and various contests. For example, the website may suggest customers a possibility to share photos of their children in brand clothes. This activity may be named "Everybody is a star" because for every parent his/ her child is the best. Hence, the company will show that it appreciates family values. Videos and stories from founders of Studio Tendance would add some credibility and trustworthiness to the brand.

### **Marketing communications strategy**

Due to the fact that the company will just start its activities and therefore, the business is small, it may use local advertising through local newspapers and outdoor advertising. Outdoor advertising may consist of static billboards and banners, for example. The right choice of a place is very important for such kinds of adverts because it will influence the coverage of the audience. However, much part of the audience still may happen to be untargeted. Interactive marketing should be widely used because the level of Internet users has been increasing. The main tool of interactive marketing for Studio Tendance will become its own website and the company's Facebook page. But other options should also be considered. For example, there exist quite many websites for young parents who may be interested in company's products. Besides, there are websites of skating clubs where it may be possible to place ads concerning sports garments. Moreover, company's videos on YouTube may contribute to brand awareness. In future, when Studio Tendance will open a shop, point of purchase advertising may be applied. It is crucial to be consistence in advertising and spend the budget for it rationally.

Sales promotions objectives for Studio Tendance may be determined as following ones: to introduce new products and to stimulate consumer trial. To achieve the goals the company may offer its customers gift certificates, gift wrapping, sale products and membership points. Jackson (2009, 181 – 183) distinguishes two variants of sales promotion techniques: price- or premium-driven. Price-driven techniques consist of selling price reductions, buy one get one free (BOGOFs) and loyalty cards. The premium-driven techniques include free gifts, extra for free and competitions. Any of these techniques may be successfully applied by the case company. For example, customers may be offered to take part in a photo competition. Themes of competitions may vary but the company's products should be presented in the

photos. The winner may be chosen randomly or by voting. By all means, he or she should get some prize. It is also possible to organise drawing competition among children. They may offer new designs of embroidery or doll's clothes, for example.

Public relations are considered to be among the most effective communications tools that can be used in fashion. For the start, Studio Tendance may apply news releases which can be placed in the local press or in the Internet. Thus, it could be efficient for brand awareness creation to inform readers of local newspapers about the establishment of a new brand. Besides, press releases may be published on the company's website. Social networking sites (Facebook, LinkedIn) and blogs (Twitter) should be also used as a public relations channel as they have been gaining more popularity and allow reaching more target customers. This demands a creation of a social media strategy which should be ongoing. It requires constant updating and timely responding. In future the company may organize fashion shows and participate in exhibitions.

**The leverage of secondary brand associations** may be not easy for Studio Tendance to deploy. However, co-branding may be efficient at later stages of company's development. For example, it may be applied for such products for children as books and toys.

Figure 18 highlights the main issues concerning a Studio Tendance marketing programme.



FIGURE 18. Studio Tendance marketing programme

## **5 CONCLUSIONS AND RECOMMENDATIONS**

Market situation analysis has shown that Studio Tendance will have to compete with a number of strong competitors in the Finnish market. There are companies which are aimed at the same target customers and offer a similar range of products. Nevertheless, a SWOT analysis has found out not only brand's weaknesses and threats, but also strengths and opportunities. It should be noted that entering the Finnish fashion market is possible, although this demands a well-thought brand strategy.

The company should carefully choose sources of brand equity by orienting at long-term planning. Right brand positioning is also essential. Studio Tendance may position itself as a clothing company for children that produces comfortable, elegant and modern garments. The brand should emphasize the uniqueness of products because they are hand-made. Besides, in order to differentiate the brand from its competitors, customization should be offered widely to customers. Suggested marketing programme for Studio Tendance consists of product, pricing, channel and marketing communications strategies. Each of them has been created in accordance with the company's marketing objectives and current market situation.

### **Recommendations**

The following recommendations may help the brand to be successful. The market that Studio Tendance wishes to enter is quite competitive. It is necessary to be aware of new trends, be constantly innovative and implement changes on time. The range of products should be widened. New designs in various sizes should be offered to customers. Otherwise, competitors can offer customers such points of difference that will not be in favour of Studio Tendance. To be aware of the customers' needs and wants better, the brand may conduct questionnaires that could be placed on the company's website and Facebook page.

Nowadays many fashion companies pay attention to the importance of sustainability. Therefore, Studio Tendance should consider such possibilities as recyclability and durability of products. It may also increase of a product life cycle through paying less attention to a fashion cycle. Besides, it is necessary to take into account ethical and green issues. Thus, Studio Tendance may apply ethical working conditions; use organic and recycled fabric to fulfill customers' demand. Due to the fact that the brand will mainly distribute its products through the Internet, much attention should be paid to the design of the website. Social networks and blogs should be considered as well.

Matthew & Shaw (2) emphasize that before entering the market, a company must build its internal capability to fulfill claims. Therefore, product delivery must coincide with customers' expectations in order to provide long-lived effects of a brand. In case long-term planning is not ready, it is better to delay the moment of launch.

Jenkins (Design Thinking 2010, 19) refers to Mike Elgan, a former editor of Windows magazine, who was very precise in determining the difference between ordinary and charismatic brands when he said: "Microsoft CEO Steve Ballmer is famous for a crazy video in which he yells, 'I. Love. This. Company.'" With Apple, it is the customers who shout that". This brilliant example gives food for thought for brand managers and shows a direction for companies to follow.

### **Evaluation of the process**

This research may be considered reliable because it is based on the theoretical framework and can be repeated. But due to the fact that some parts of the thesis work need creativity, various outcomes may be expected if a research will be done again. The thesis answers the requirements of validity because the research problem has been solved. Collis (2003, 58 – 59) defines validity as "the extent to which the research findings accurately represent what is really happening in the situation".

The author would like to share her feeling and thoughts concerning creating this work. From her point of view it is possible to compare thesis writing with mountain climbing. Reaching a new peak gives a sense of happiness because you realize that you can achieve your aims. Writing this thesis work demanded much efforts and time. And it was not always easy to find the balance between these two factors. For example, it turned out that there was too much material concerning the topic, and it required much time to choose the most relevant sources. Probably, the work could be organized in a more efficient way and some other research methods could be used as well. The author also wants to admit that motivation is crucial for successful writing because it inspires you when something goes wrong. Therefore, it is important to choose the right topic for your work. Thus, she felt a high level of responsibility and tried her best to produce such a brand strategy that will bring effective results after its implementation. The author was inspired by the idea that she can contribute to her friends' future business. After finishing writing the author is more confident in her abilities and desires to continue getting experience in the field of brand management.

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