

Chapter 3

The Blending of Luxury Fashion Brands and Contemporary Art: A Global Strategy for Value Creation

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ABSTRACT

The chapter observes the blending of luxury fashion brands and the specific field of contemporary art. Moreover, the chapter identifies the particularly positive effects deriving from contemporary art in the creation of value for luxury fashion brands. Therefore, the issue discussed is whether contemporary art may represent a possible strategic tool for competing in the global world of the luxury fashion industry. The chapter observes: the commercial and creative implication of luxury fashion brands and the global phenomenon of contemporary art collaboration; the variance of luxury fashion brands and contemporary art collaboration phenomena from the perspective of the consumers and from the perspective of the brands; the current examples of luxury fashion brands and contemporary art collaborations. In conclusion, managerial insights on the implementation of artistic collaboration are highlighted, and suitable strategies for luxury fashion brands and firms who plan to be involved in such collaborative agreements are suggested.

INTRODUCTION

Given the never-ending and impressive growth of the luxury goods market, the field has become increasingly relevant to academics as well as practitioners. All segments considered, the general luxury market in 2014 surpassed €850 billion, presenting a vigorous growth of 7% for the industry as a whole (Bain & Company, 2014). According to Bain, the luxury sector represents a macroeconomic unit formed of dissimilar segments, goods, and firms. Personal luxury goods—which are the core of the luxury market

DOI: 10.4018/978-1-5225-0110-7.ch003

and include accessories and apparel—continue to sustain the market. The overall market of personal luxury goods reached €224 billion in 2014 (Bain & Company, 2015), three times its size 20 years ago. Therefore, the luxury fashion industry is of significant managerial interest.

Despite such growing significance, the concepts of ‘luxury’ and ‘luxury brand’ are still very much undefined. The literature is often inconsistent while at the business level, concepts and uses of words such as ‘luxury’, ‘fashion’, ‘premium’, etc., often overlap (Kapferer & Bastien, 2012). In spite of confusion, the literature usually explains the notion of ‘luxury’ by emphasizing the key-concept of ‘exclusivity’ (Chaddah & Husband, 2007; Kapferer, 2012; Karpik & Scott, 2010; Thomas, 2008). Moreover, some authors who have considered the notion of ‘exclusivity’ have stressed the internal paradox in the luxury branding which needs to maintain exclusivity and scarcity while aiming at growth and expansion (Kapferer, 2014). In fact, luxury fashion firms and luxury fashion brands acting in a global context must take into account market dynamics that often contradict to the concept of ‘exclusivity’. Such dynamics, for instance, might call for boosting e-commerce platforms, opening more stores in developed countries or expanding massively in developing countries. In 2015 the total number of luxury customers has grown from 140 million worldwide to over 350 million. At present, Chinese customers realize more than 30 percent of worldwide luxury expenditure. They are mostly responsible for the change from local to touristic consumption, which today accounts for about 50 percent of all luxury expenditure. Despite this luxury fever, consciousness and price attentiveness among customers has improved considerably, provoking a growth in the off-price luxury market, which currently corresponds to more than 30 percent of the overall luxury sales (Bain & Company, 2015).

In sum, luxury firms must assess significant changes in new consumers’ behaviors and new challenging landscapes. For instance, in developing countries urbanization creates fierce competitive environments where individuals become aware of the need to better define their identities in terms of how they want to perceive themselves and be perceived by others (Kapferer, 2014). Such an effect is evidently linked to social stratification and to the rise of social hierarchies. Such hierarchies rely both on possession itself and on possession of recognizable high-status brands. In emerging economies such as Asia, consumers mostly buy luxury goods in order to prove their success and, consequently, to gain esteem and to avoid being considered socially below others (Chaddah & Husband, 2007).

Globalization has reshaped the luxury market in different ways. Distribution, pricing, and consumer strategy continue to be the tactical priorities for luxury managers; however, the traditional managerial models are in danger of becoming obsolete. In fact, brands should take into account these contemporary market dynamics, and undergo a primary pattern change if they desire to succeed and compete in the future. For instance, the primary intangible asset of this market (i.e., -its exclusivity), is no longer sufficient to add value to the brand or to make it grow. Today’s luxury fashion consumers are not inclined to accept high prices as the sole symbol of luxury and may be attracted to a brand for other reasons. For most consumers the word ‘luxury’ implies ‘quality’, ‘refinement’, and ‘rarity’. Moreover, by following the latest market trends, such attributes no longer apply only to hard luxury (e.g. jewelry or watches) and soft luxury (e.g. fashion), but also to ‘experiences’ (*The Boston Consulting Group*, 2010). The luxury aura is also linked to feelings such as ‘superiority’ over the ‘ordinary’, and is in general related to image and craftsmanship as fundamental components of business performance.

However, over the last decade new phenomena have commonly affected and devalued the notion of luxury: the development of new markets, the confusion over the definition of ‘luxury’, the Internet, and the transformations of consumers’ behavior and tastes. Such variations have contributed to an increasingly positive response to an experience-based luxury. When making a luxury purchase, today’s consumers

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