

AMB211: Brand Management

Assignment 1: Brand Positioning Analysis

Brand: Eremegildo Zegna

Tutor: Frank Mathman

Student Name: Hannah Depper

Student ID: n9726381

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Frame of Reference

Target Market:

Demographics:

Typically, the common consumer to purchase luxury goods are believed to be defined as middle aged individuals who have a high disposable income (Magner, 2016). However, it has also been noted that younger individuals with high disposable incomes are also starting to make an impact within the industry because of an increase in income averages (Magner, 2016). The gender demographic for the luxury goods are believed to be 39% male and 61% female (Magner, 2016). In relation to Ermenegildo Zegna, the company targets males 35+ years or older with a high disposable income (Zegna.com, 2017).

Psychographics:

It is a continuing trend to see younger individuals becoming more aware of the luxury fashion industry due to the celebrity endorsement (Magner, 2016). Moreover, it has been identified that generally the older end of demographic are more brand loyal and more aware of traditional and heritage rich labels such as Ermenegildo Zegna (Magner, 2016). The luxury industry's target market values: high quality, comfortability and durability (Magner, 2016). Specifically, Ermenegildo Zegna's target market value: masculinity, technologically advanced products and tradition (Bhasin, 2012).

Behavioral descriptors:

It was found that consumers who are price-sensitive shop at the outlet stores while the consumers who are not price sensitive are more likely to shop at retail stores that offer the full experience, such as luxury stores (Coughlan & Soberman, 2005). Ermenegildo Zegna responds directly to this. The brand offers the full luxury experiences in the form of personal made to measure products at their exclusive retail store. This benefits and enhances the full experience for the consumer. This ultimately contributes to the consumer's associations towards the brand.

The motivation to buy luxury products, such as those of Ermenegildo Zegna, is generally thought to be for group affiliation or differentiation (Bourdieu, 1984). It is also believed that the desire to purchase luxury goods is to enhance one's self-concept and values (Dubois & Duquesne, 1993). Consumers use prices as a way of displaying their wealth (Veblen, 1899), this highlights the buyers desire and motivation to purchase of luxury goods with premium prices.

From these theories, it can be deduced that those who purchase Ermenegildo Zegna's luxury brand, do so because of the motivation to; extends or compliments their self-image and to purchase quality, aesthetic items. This motivation directly highlights some of the consumer's core benefits. Other core consumer benefits from the luxury industry as highlighted by Mazzalovo & Chevalier (2015, p121) and Bhasin (2012) include:

- To purchase a product that extends their self-image.

- To purchase a product that is technologically advanced
- To purchase a quality product
- To experience exceptional service both online and instore
- To have purchase something from a company that has a rich, traditional history
- To visit a space that exudes luxury and exclusivity in many ways

In regards to the luxury industry, consumer's needs are not so much motivated by utility, but more so aesthetic and quality (Dubois & Duquesne, 1993). As a consumer, one must distinguish which luxury brand will extend their self-image appropriately (Dubois & Duquesne, 1993). It is at this point in which a consumers Brand Knowledge Structure becomes important. Within the industry, brands inherit the category association of quality (Keller, 2013). In order for a brand to attract customer's attention, and to have established roots in one's Brand Knowledge structure, associations towards the brand must be; favorable, unique and strong (Keller, 2013). Associations are consumed by the customer and are communicated by the brand through Points of Parity and Points of Difference (Keller, 2013) and as highlighted below, directly correlate with consumer's core benefits.

Nature of Competition:

Companies within the industry can find success by targeting niche markets (Magner, 2016).

Ermenegildo Zegna's competition includes the likes of Gucci, Burberry, Chanel and Giorgio Armani (Magner, 2016). In Australia, Louis Vuitton is Ermenegildo Zegna's main competitor in the luxury fashion industry. This is because while still targeting the female demographic of the luxury fashion industry, Louis Vuitton has made strong moves to target the male demographic of the target market, which directly impedes on Ermenegildo Zegna's niche. Louis Vuitton owns 11.4% of the market share (Magner, 2016).

Hugo Boss is another main competitor of Ermenegildo Zegna's as they target the exact same market at Ermenegildo Zegna. Hugo Boss dominates an estimated 3.2% of the market share (Magner, 2016). While being on the lower end of the market share in comparison to Louis Vuitton, Hugo Boss is still a viable competitor because of its target markets.

Positioning Statement:

Through specialisation in high-quality, innovative and high-price menswear, Zegna is successfully targeting the affluent high-income male demographic. These characteristics paired with the company's heritage and prowess with fabrics, has allowed Zegna to position itself as exclusive and skilled in the Luxury menswear industry, directly competing against the likes of Louis Vuitton and Hugo Boss.

Points of Parity

The points of parity discussed below particularly respond to the favorable associations of consumers because without these favorable associations, the company would not be a credible player within the industry.

Category:

Within the industry Ermenegildo Zegna shares category points of parity with its competitors. Points of parity such as high quality and a high cost price, which consumers desire and are motivated by, are all standard elements that you would expect from the luxury industry, and which Zegna employs. Zegna's suites are at the mature state of the product life cycle. Because of this, competitors have been able to make quality suite wear a point of parity, as almost every luxury brand sells suites.

Competitive:

Ermenegildo Zegna implements competitive points of parity that are used to disaffirm competitors points of difference. The brand does this through the specialization of men's wear (Zegna.com, 2017). This is targeting and disaffirming competitors such as Hugo Boss's who also specialize in menswear.

Correlational:

Ermenegildo Zegna also has a correlational point of parity. It's long heritage within the luxury men's fashion industry can be viewed as a positive attribute to consumers because it implies experience, dedication and wisdom (Keller, 2013). However, this heritage can also imply that the brand is not modern, and not aware of current fashion trends. Ermenegildo Zegna is combating the negative aspect of this correlational point of parity through an innovative point of difference.

Points of Difference

Zegna has dominated the luxury men's fashion industry due to the brand responding into the target markets desire and demand for high quality and highly innovative products that still pay tribute to the tradition of men's clothing (Bhasin, 2012).

Different:

Through the 4P's of marketing, Ermenegildo Zegna has been able to form multiple points of difference that create strong, favorable and unique associations within consumers.

Price strategy:

Through brand expansion, Zegna has been able to create a pricing position that effectively attracts men with different levels of disposable incomes (Zegnagroup.com, 2017). This pricing position is in the form of sub premium branch-companies, which all derive from the original company. The branch companies all share the same values and quality as the original company and allow consumers to transfer associations from the original brand, to its younger sub premium brands (Keller, 2013).

Expanding product lines has enabled them to create a price strategy that still targets the men with high disposable incomes who share similar values to the company, but also enables those who have a lower disposable income, to still purchase from the company through the lower sub premium brands. This has enabled the company to increase its reach to the identified target market of men who appreciate luxury, tradition, quality and essentially identify with the Zegna brand.

Place:

Through the strategic place positioning of its retail outlets, Zegna has been successful in targeting its consumers. This is evident in Brisbane, Australia. Instead of positioning the retail shop front in the main section of the popular CBD shopping precinct of Queen Street Mall, Ermenegildo Zegna can be found in an exclusive arcade off the main walk way. This arcade hosts a range of exclusive retail fronts that specifically target the affluent male demographic, which is exactly Ermenegildo Zegna's target market. Zegna has taken this opportunity to position itself directly where it's target market is drawn to. On an international perspective, Zegna has targeted the Chinese luxury market successfully due to its strategic positioning strategy (Nandini, 2010).

Product strategy:

By the 1930's consumers developed strong associations between Zegna and high quality fabrics and suits (Schwass et al., 2011). These particular products have been a part of their brand for over a hundred years, and thus has reached product maturity. However, Zegna's luxury sportswear line, which was introduced in the late 1980's (Schwass et al., 2011) is only in the growth stage. Additionally, the company introduced an innovative fabric that combines Zegna's traditional wool, and a technologically advanced thread which was implemented in the luxury sportswear clothing line. This introduction of the luxury sportswear and its' technologically advanced fabric, highlights Zegna's product differentiation. Through this product, Zegna is able to target those who do not wear suits. This has especially been successful in India where the company has identified that the Indian culture are not necessarily suit wearers (Nandini, 2010).

Additionally, Zegna takes the manufacturing of its' fabrics to another level in comparison to its' competitors. By investing in the Australian Wool Industry, Zegna has established control of quality for its wool imports (Martin, 2013). This quality control even further extends to the made to measure specialisation the company offers and is another way in which Zegna is differentiating from the competition. This point of difference regarding extended quality control creates strong, unique and favorable associations of exclusivity, quality and expertise.

Promotion strategy:

Zegna is also differentiating from the competition through their promotion strategy. Instead of turning to social media for promotion, the brand is promoting their brand and products through collaborations with other luxury brands in other categories that align with Zegna's brand image. An example of this is

Zegna's recent collaboration with Maserati to create made to measure leather interior (PR Newswire, 2015).

Desirable:

Through strategic retail store outlets and made to measure services, Zegna is successfully responding to consumers desire for exceptional service and exclusivity. Through quality, innovative fabric designs and promotion of rich the company's rich family history, the brand successfully responds to consumers desires of quality, technologically innovative products, and association with a historic company heritage.

Deliverable:

Zegna is consistently delivering its' points of difference to consumers via unique promotion strategies such as the luxury brand collaboration, as well as effectively communicating these messages via brand image and strategic advertising on their website and prints.

Recommendations:

In response to competitors beginning to impede on Zegna's segment in the men's luxury fashion industry, it is recommended that Zegna heavily market its' heritage and quality control point of differences for 6 months through Public Relations methods such as interviews and magazine articles which are popular with the target market. This communicates to the consumer that Zegna is truly exclusive and has the highest expertise in relation to luxury men's wear.

It is also recommended that Ermenegildo Zegna respond to consumer's desire for luxury experiences as inspiration for a promotion point of difference. Through the creation of an exclusive 'Zegna Club', premium members are invited to join, thus enhancing the exclusive association. Invites to Zegna club member-exclusive after hours retail fashion events, hosted by professional Zegna employees, will be used to motivate consumers to join this exclusive club. This will allow the consumers to have more enhanced experiences in the store, and be a part of an exclusive club that responds to their core consumer benefits. This recommendation will also help Zegna communicate directly to its target market about new and innovative product lines, and continue to deliver its points of difference. The exclusive retail shows are recommended to run monthly for 6 months, and can continue after this duration if deemed successful.

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