



Marketing Management

SBS MBA

Assignment – Bahrain 2020

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Executive Summary:

A marketing strategy refers to a business's overall game plan for reaching prospective consumers and turning them into customers of the products or services the business provides. A marketing strategy contains the company's value proposition, key brand messaging, data on target customer demographics, and other high-level elements. An effective marketing strategy combines the 4 Ps of the marketing mix (Product-Place Price-Promotion) as described below for Lacoste brand. It is designed to meet the company's marketing objectives by providing its customers with value. The 4 Ps of the marketing mix are related, and combine to establish the product's position within its target markets.

Lacoste, the famous French brand in textile field with its iconic logo the green crocodile had been found in 1933 in tennis games. The brand had been developed till it becomes a well-known brand worldwide then started to decline due to amnesia and irrelevance. The brand equity of Lacoste is the main factor of its success that the brand rely on to get sales velocity. The products are passes through life cycle then start to decline by recycling it to the growth stage.

Lacoste lacks a strong identity that differentiates itself from its competitors. We found that the brand is unfocused on its positioning and target market. Lacoste have tough competition with brands in the same level such as Fred Perry and Ralph Luren. Other brands compete with Lacost but not in the same level of Lacoste such as NIKE and ZARA. Target market and segmantaion had been well defined according to Bahrain Market. Brand PESTLE analysis, SWOT analysis and TOWS matrix with a new strategy had been performed. Lacoste marketing mix had been explained.

Conclusion and recommendation for Lacoste marketing strategy globally and locally had been illustrated in part-8. The strategy need to be changed to ensure sustainability of the brand and its brand equity among the other competitors in the textile field. We explained some important topics in in three appendices with its reference mentioned in reference part.

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1. Introduction:

Marketing is about identifying and meeting human and social needs. One of the shortest good definitions of marketing are “meeting needs profitably. “When eBay recognized that people were unable to locate some of the items they desired most, it created an online auction clearinghouse. When IKEA noticed that people wanted good furnishings at substantially lower prices, it created knockdown furniture. These two firms demonstrated marketing savvy and turned a private or social need into a profitable business opportunity.

A marketer is someone who seeks a response—attention, a purchase, a vote, a donation—from another party, called the prospect. If two parties are seeking to sell something to each other, we call them both marketers.

Marketers market 10 main types of entities: goods, services, events, experiences, persons, places, properties, organizations, information, and ideas.

a “market” was a physical place where buyers and sellers gathered to buy and sell goods. Economists describe a market as a collection of buyers and sellers who transact over a particular product or product class (such as the housing market or the grain market).

2. Brand Overview:

René Lacoste founded La Chemise Lacoste in 1933 with André Gillier, the owner and president of the largest French knitwear manufacturing firm at the time. They began to produce the revolutionary tennis shirt Lacoste had designed and worn on the tennis courts with the crocodile logo embroidered on the chest. The company claims this as the first example of a brand name appearing on the outside of an article of clothing. Starting in the 1950s, Izod produced clothing known as Izod Lacoste under license for sale in the U.S. This partnership ended in 1993 when Lacoste regained exclusive U.S. rights to distribute shirts under its own brand. In 1977, Le Tigre Clothing was founded in an attempt to directly compete with Lacoste in the US market, selling a similar array of clothing, but featuring a tiger in place of the signature Lacoste crocodile.

More recently, Lacoste's popularity has surged due to French designer Christophe Lemaire's work to create a more modern, upscale look. In 2005, almost 50 million Lacoste products sold in over 110 countries. Its visibility has increased due to the contracts between Lacoste and several tennis players, including former American tennis players Andy Roddick and John Isner, French veteran Richard Gasquet, and Swiss Olympic gold medalist Stanislas Wawrinka. Lacoste had also begun to increase its presence in the golf world, where noted two time Masters Tournament champion José María Olazábal and Scottish golfer Colin Montgomerie have been seen sporting Lacoste shirts in tournaments.

Bernard Lacoste became seriously ill in early 2005, which led him to transfer the presidency of Lacoste to his younger brother and closest collaborator for many years, Michel Lacoste. Bernard died in Paris on 21 March 2006.

Lacoste licenses its trademark to various companies. Until recently, Devanlay owned the exclusive worldwide clothing license, though today Lacoste Polo Shirts are also manufactured under licence in Thailand by ICC and also in China. Pentland Group has the exclusive worldwide license to produce Lacoste footwear, Coty Inc. owns the exclusive worldwide license to produce fragrance, and CEMALAC holds the license to produce Lacoste bags and small leather goods.

In June 2007, Lacoste introduced their e-commerce site for the U.S. market.

In 2009, Hayden Christensen became the face of the Challenge fragrance for men.

In September 2010, Christophe Lemaire stepped down and Felipe Oliveira Baptista succeeded him as the creative manager of Lacoste.

René Lacoste Foundation is a community program developed to help children be able to play sports in school.

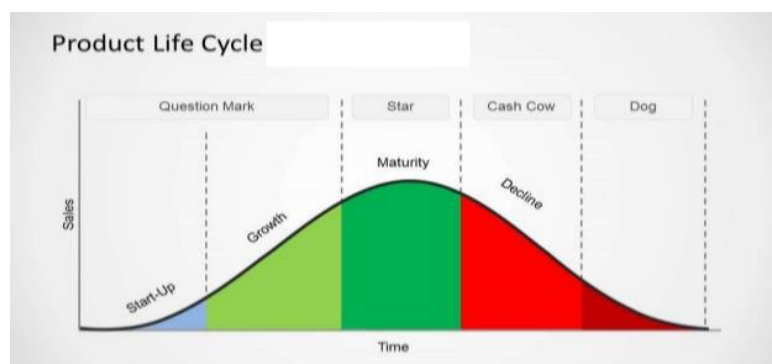
In March 2016, the company opened a new flagship store on Fashion Street in Budapest.

In 2017, tennis player Novak Djokovic was named brand ambassador and "the new crocodile" (next to Rene Lacoste) for Lacoste. This obligation includes a five-year contract as well as multiple appearances in advertising campaigns.

In September 2019, Lacoste appointed Chinese singer / actor Z.Tao as their brand spokesperson for Asia Pacific as the brand's first attempt of appointing someone for the region.

In 2017, 2018, and 2019, Lacoste collaborated with Supreme to release a collection of co-branded clothing.

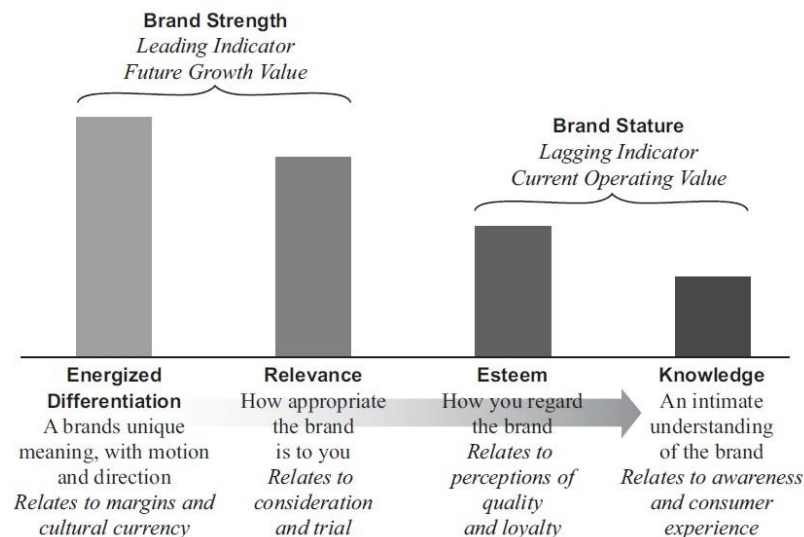
The brand has two main problems: brand amnesia and brand irrelevance. Brand amnesia happens when a brand becomes old; the brand might start to forget its core values and what it stands for. This usually results in decreased profitability as the brand leaves an efficient concept. Brand irrelevance happened as the market radically evolves, the brands within that market run the risk of becoming irrelevant if they do not evolve with the market. We strongly feel that these two deadly sins are the main cause of Lacoste's declining popularity and profitability. This can be clearly mentioned in the product life cycle diagram below:



We analyzed the brand further through its brand equity to gain a deeper understanding of the aforementioned challenges. The analysis will be done through two main frameworks, namely the Y&R's brand asset valuator to assess the consumer-oriented aspects as well as Interbrand's brand valuation to evaluate the business-oriented values.(Appendix-1)

Y&R BRAND ASSET VALUATOR

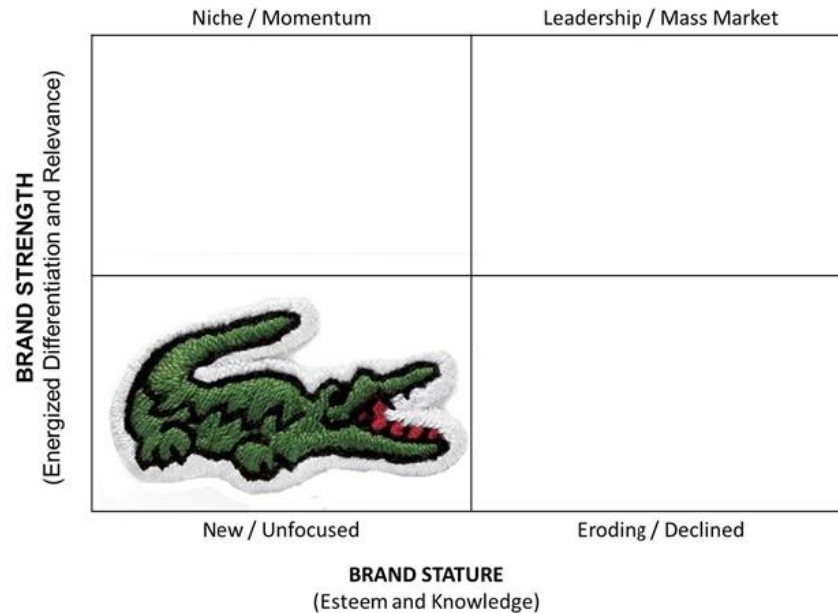
The Brand Asset Valuator, developed by Young and Rubicam (Y&R) covers the lifespan of the brand. The model provides insights on how to build strong brands and facilitate the tracking of the brand strength over time. It is constructed around four pillars: Energized Differentiation, Relevance, Esteem and Knowledge. The pillars are in two categories:



Brand Strength – a leading indicator – predicts future growth. Energized differentiation reflects the brand's direction and pricing power. Relevance indicates its appropriateness and meaning to consumers.

Brand Stature – a lagging indicator – shows the current value. Esteem shows how consumers regard the brand now. Knowledge indicates consumers' degree of awareness.

The power grid is a stature-by-strength diagnostic framework that combines all of the factors above. It is a fluid model that allows us to identify clear patterns of growth and recovery over time. Based on the power grid, Lacoste is currently in its **unfocused** quadrant. These have little brand strength, with low scores in either relevance and/or energized differentiation.



The power grid is a stature-by-strength diagnostic framework that combines all of the factors above. It is a fluid model that allows us to identify clear patterns of growth and recovery over time. Based on the power grid, Lacoste is currently in its unfocused quadrant. These have little brand strength, with low scores in either relevance and/or energized differentiation. The first step to rebuild the brand is to establish differentiation through the brand's uniqueness, meaning and personality.

At first, we thought that Lacoste would be in the eroding / declined quadrant. However, the brands in the erosion quadrant are likely companies that do not rely on their brands as a driver of their growth. Lacoste, in the other hand, relies mainly on its heritage as well as its brand value to create sales velocity. With this in mind, we strongly believe that Lacoste should come up with brand strategy that will again re-establish its meaning and personality through differentiation. The sales reach the market potential and the competition starts increasing and reinnovating. At this stage the sales enter maturity. As competition increases, the brand starts losing its customer base and sales start to fall eventually. One way to prevent the brand from going to decline is by recycling it to the growth stage.

INTERBRAND VALUATION

Interbrand valuation has a more business-oriented approach as compared to Y&R Brand Asset Valuator. We feel that this framework is crucial in determining Lacoste's problems as it measures the financial value of a brand through its brand strength. Furthermore, Interbrand uses its brand ratings to determine a multiplier to apply to earnings. Lacoste reported net revenue of S\$2.8 million in Singapore, which constitutes approximately 0.1% of the total sales of clothing in the country.

We estimated that the net operating profit accounts for approximately 10% based on industry benchmark, which amounted to S\$286,000. (Read more in [Appendix-2:](#))

After assessing the brand through several measures, we reached a conclusion that Lacoste's brand strength value amounted to 66% with 8.14% discount rate. One of the reasons of the relatively unsatisfactory score is that the low score for the differentiation segment.

Lacoste lacks a strong identity that differentiates itself from its competitors – again confirming our first hypotheses from the Brand Asset Valuator analysis which stated that the brand lacks of differentiation and relevance.

Again, through the Interbrand framework, we noticed that Lacoste scored rather low in clarity. We feel that the brand is unfocused on its positioning and target market. This finding goes hand in hand with our result from the Brand Asset Valuator analysis which positions Lacoste on its unfocused quadrant.

As said above, through these findings, we believe that Lacoste should focus its brand strategy on re-establishing its meaning and personality through differentiation – so as to make itself relevant in the market.

In Bahrain Market we found that the brand customers started to shift for a cheaper brands with accepted quality since they found lacoste is becoming a traditional clothing with no change in fashion although the footwear is still holding its value as a luxury footwear. They preferred other clothing brands with cheaper prices like H&M, SPLASH instead of Lacoste.

Unfocused product portfolio

Lacoste has numerous product offerings: clothing apparels, accessories, perfume, jewelry, bedding collections and many more. However, from this long line of products, most participants are only aware of two items: polo shirts and shoes. Some participants recounted their previous experience with other products from Lacoste such as bags; it was not on a positive note. They feel that the quality of these products is not up to par with Lacoste's signature products. With this in mind, we strongly feel that Lacoste should reduce its product offerings and focus on its signature products which are the main income drivers for the brand.

Lacoste Company VISION:

One Brand, One Team, One Voice, for a controlled growth based on operational excellence, customer satisfaction and talent development.

Lacoste Company MISSION:

Our mission is to make LACOSTE a casual premium brand embodying elegance such as Frenchness. This requires a high level of quality and professionalism within areas such as creation, style, manufacturing and retail. LACOSTE products and employees make clients live a

unique experience regardless of the distribution network, physical or digital, everywhere in the world.

3. Competition:

Competitors:

FRED PERRY

Fred Perry prides itself on being the first British heritage brand to successfully blend sportswear with streetwear to create some of the most iconic styles of the last century. The brand was born in the late 1940s, when former Austrian footballer Tibby Wegner approached three times Wimbledon champion Fred Perry with an idea.

Their initial venture was the very first sweatband, which was quickly adopted by tennis players across the courts of Britain. In 1952, the pair launched what was to be Fred Perry's most famous garment: a slim fit cotton pique shirt with Laurel Wreath embroidery.

From the beginning, Fred Perry – and the tipped pique shirt in particular – has been associated with a whole series of subcultures driven by musical affinities. Mods, skinheads, suedeheads, soul boys, rude boys, two tone. There was even a short-lived subculture known as the Perry Boys. When Britpop took the world by storm in the mid 1990s, it was no surprise to find bands like Blur and Oasis sporting the epitome of street fashion credibility.

Today, the Laurel Wreath logo is recognizable worldwide, with shops and customers across 50 countries around the globe. The original Fred Perry cotton pique is still synonymous with underground fashion and British Cool.

RALPH LAUREN

Since 1967, Ralph Lauren has defined the essence of American style while elevating it to new heights of luxury. Striking a balance between timeless and modern, Ralph Lauren creates collections that express a unique sense of personal style inspired by the rich visual imagery around him: the rustic beauty of the American West, the golden age of Hollywood glamour, the sleek innovation of automotive design or an authentic equestrian heritage.

What began more than 40 years ago with a collection of ties has grown into an entire world, redefining American style. Ralph Lauren has always stood for providing quality products, creating worlds, and inviting people to take part in the dream. Ralph Lauren was the innovators of lifestyle advertisements that tell a story and the first to create stores that encourage customers to participate in that lifestyle.

POINTS OF PARITY

- **Product Offering**

Lacoste, Ralph Lauren and Fred Perry compete in the same product category – casual clothing for men, women and children. For the clothing lines, all three brands use cotton pique – medium weight cotton with a raised woven design, and the resulting pattern maybe squares or other geometric shapes – as the main fabric.

- **Price Range**

All of the three brands offer medium to high pricing points for their apparel lines. There is a slight price difference between the three, with Lacoste being the cheapest and Ralph Lauren the more expensive option.

- **Distribution Channel**

Based on a brief market survey, it can be concluded that all the three brands have similarly the same amount of boutiques, retail corners and duty free outlets within Singapore – as an example Orchard, Takashimaya and Changi Airport. The option to shop online is available for all the three brands.

POINTS OF DIFFERENCE

- **Brand Origin**

Fred Perry originated from Britain – it is synonymous with underground fashion and a signature British style although it was first created by a tennis player. Ralph Lauren originated from the States – it emphasizes on redefining the classic American style and infusing it with luxury. Lacoste originated from France – the brand highlights the importance of comfort, innovation and fashion for casual and sports clothing.

- **Brand Positioning**

Ralph Lauren focuses on luxury, classic American style clothing – the brand is perceived as elegant, classic, sophisticated and preppy. Fred Perry is perceived as the more rebellious luxury brand with a background that is often associated with musical affinities. Lacoste, on the other hand, is highly associated with sports, especially golf and tennis.

- **Store Layout**

The store layouts for all the three brands are very distinctive, each following its own origin. Fred Perry offers an edgy feel with dark coloured walls and wooden interior that highlight its product offering. Ralph Lauren, on the other hand, highlights its famous focus on luxury classic American style by designing its stores with white interior and the American flag on its wall. Lacoste newly revamped stores has an all-white interior with a great emphasis on Lacoste and its heritage. Additionally, the interior design of the store gives visitors an impression that the brand is young, vibrant and modern.

There are other competitors that we will highlight below in terms of strength and weakness compared to Lacoste:

➤ **ZARA:**

- **ZARA Strength**

1. Zara have more than 2000 stores all over the world.
2. Part of one of the most biggest Spanish retailers in the world.
3. Zara have a well established brand name worldwide.
4. Their supply chain management is extremely low cost as well as most of their processes like operations, manufacturing are all vertically integrated.
5. Strong online presence through their own website and other ecommerce platforms makes Zara a popular brand name.
6. Clothes are produced at a competitive price with the most innovative and fashionable designs.
7. Zara offers extremely trendy, well designed and fast delivery of new products.
8. Apart from clothes, Zara also offers handbags, shoes etc.

- **Zara Weaknesses**

1. Limited marketing and advertising as compared to some other brands
2. High competition for Zara means limited market share and high brand switching

- **Zara STP**

1. **Zara Segmentation:**
Clothes for people with a combination attitude of work and play
2. **Zara Target Market:**
People with Medium to high purchasing power who love to look glamorous at all times
3. **Zara Positioning:**
Zara offers classy high quality clothes based on consumer trends

➤ **NIKE:**

• **Nike Strengths:**

1. Nike is the world's leading brand for sports shoes and apparel having a global presence
2. It has been recognized many times by fortune magazines on "100 best companies to work for"
3. Nike is listed among 50 most innovative corporate companies worldwide
4. Nike differentiates by making innovative products which has global recognition
5. Effective business relationship-building is done by the company globally which has helped its brand equity
6. It has launched many other products in collaboration with companies e.g. launched music player, Nike watches etc
7. Nike is a leading top of the mind brand with excellent innovative advertising and branding
8. Exclusive shops all over the world apart from availability through multi-brand retail stores
9. It is ranked among the top companies for climate-friendly companies
10. Nike associates itself with leading international sports teams, players and events
11. It has been constantly involved in sponsorship of sports events and teams across various sports
12. Nike has several star celebrity brand ambassadors from various sports like football, golf, cricket, NBA etc.

• **Nike Weaknesses:**

1. The Nike company faced allegations of labor and wage laws with employees, poor working conditions etc.
2. Constant competition means limited market share growth for the company

• **Nike STP**

1. Nike Segmentation
Sports enthusiasts

2. Nike Target Market

Men, women and children from urban upper-middle and upper class

3. Nike Positioning

Nike offers high quality sports products at a high price which gives satisfaction and comfort

Lacoste strength points:

1. The brand is present in over 120 countries and employs over 1000 employees.
2. The brand has an iconic image and a very rich heritage in the fashion industry.
3. The brand is highly accessible. Even-though positioned in the niche segment, the brand has reasonable price points compared to its competitions.
4. The brand has a very rich clientele in the sports fraternity
5. The brand has an elaborated product line including Bags, wallets, perfumes and shoes.
6. The brand is socially responsible as it funds organizations in Philippines to protect the extinction of crocodile.
7. The brand is very famous for its plain polo's in multiple colors

Lacoste weakness points:

1. The brand sales and image is affected by fake imitations of the products
2. The brand has been involved in environmental issues and has been accused of “dirty laundry” blamed for using hormone-affecting chemicals in their T-shirts.

CURRENT ASSESSMENT:

Based on the analysis above, Lacoste is not losing out in the points of parity compared to its competitor, especially in the product offering. Its distribution channel is also located as strategically as its competitor. Yet, the problem that Lacoste have is utilizing its points of difference to give it an edge from its competitor, especially in brand positioning. Only sportsman who is a loyal fan and loyal follower tennis and golf can really affiliate Lacoste as sports brand.

4. Target Market:

Once the market has been segmented as we will mention in the next step (Segmentation), it is necessary to select a target market for the product to direct the communication and promotion efforts too. The target customer of Lacoste is chosen based on the following factors:

- a) **Market attractiveness:** Lacoste has been a category leader in the casual and fashionable activewear brands for around 80 years since it was established in 1933. According to the Birkhold (Levy, 2012), one time CEO of Lacoste, the perfect occasion to wear Lacoste would be a casual but playful one. With the changing economy and upcoming middle class which is highly conscious of the brands it wears, Lacoste has an attractive market offering for the Indians. There has been a major shift in the lifestyle of the middle aged youth in India. The youth has become more brand conscious and lifestyle oriented.
- b) **Customer awareness:** Lacoste entered India 20 years ago, at a time when United Colors of Benetton was the only other international brand in India. At that time people were opening up to the idea of buying from international brands and getting exposed to fashion on a larger scale. Lacoste's CEO at the time saw huge potential in the Indian market and so went ahead with opening Lacoste in India.
- c) **Market demand:** In India currently menswear is a highly profitable division. Since Lacoste is primarily a menswear brand it will be highly profitable for the brand to sell in India.

In the words of Christopher Chenut, CEO of Lacoste, "We are targeting the middle class more than the upper class, and this category of population is growing by millions, thousands of millions across the world. At the same we are specialists of casual wear and everywhere in the world, including Japan, you can now go to the office or a party without a tie and without a jacket, and that means at the same time we are [benefitting from] the rise of the casual wearer." (Chenut, 2012). This means that Lacoste is not unaware of the rise of new middle class which consists of people who earn a decent living but expect a better standard of living than what they did in the past.

Lacoste has realised that even though they have always targeted upper class with their high quality products and high prices, their new buyers and new target segment will come from the middle class uprising everywhere. Also Lacoste sees the change in the general social acceptable behaviour all over the world where the dress codes are changing as well. As a result they have changed their target segment to focus more on the youth than just old, established people.

Bahrain Market is a very rich market that accomidate all international brands in textile or food or any other industry. Here in Bahrain the government is maintaining a well established level of life to all peapole live in this small island. The wise management of this country attracts any international brand to invest here. The open life style with full freedom to everyone without restrictions in wearing style for all ages allow all textile industries to invest and open a franshises in our market since there is a big demand. Bahrain have so many nationalities that's make the market wider.

In our market we are targeting the young persons from 13 years to 45 years old with a good purchasing power. This category will be divided into two sub categories:

- a) Age from 13-25: this age is still not having his own income to purchase but he is dependent of a well middle or high class family with a good purchsing power and the willingness to have a branded cloth to their children.
- b) Age from 26-45 is a mature person who can select what brand he will get. The two main factor that can deferentiate a brand to others are : quality and the price. We will deliver the concept of purchasing a high quality cloth that worse the price you pay for. There are

a highly prestigious outlet malls in Bahrain that can be a suitable location for Lacoste shops.

The concept of wearing a sporty cloth style for the ages above 45 in Arabic nationalities is less than the younger ages since the person in this age will focus on other formal or smart casual wear instead of sporty fashion. That is the reason behind selecting this age category.

The age above 45 will be targeted for the sporty footwear that can attract this age category as well as the other categories.

Perfumes will be sold for all age categories since our market people are fans of different kinds of perfumes. The Arabian Gulf community prefers the Arabic perfumes that they are traditionally used. It can be a competitive advantage from Lacoste to produce an Arabic perfume similar to these Arabic perfumes used in Gulf areas under its brand. This product will find so many niche customers in Gulf areas and will be a pioneer product in the field of perfumes. There is a special fair held in exhibition center by a well-known perfume distributor called Al Hawaj, selling a branded perfume including Lacoste.

5. Segmentation – Demographic, Behavior, Psychographic

The term segmentation was first introduced into marketing literature by Alderson (1937). In 1950s, Smith conceptualized and provided a definition of segmentation as we know it today. Market segmentation may be defined as subdividing a heterogeneous market into more homogeneous subgroups based on some common customer characteristics, such as age, location, time of purchase or purchase frequency. Segmentation strategy has been expanded into several forms, such as niche, multi-segment and across-the-board targeting strategies (Alderson, 1957; Kotler, 1980; McCarthy, 1978).

SEGMENTATION:

➤ **Geographic :**

Segmentation based on geographical area is not applicable in Bahrain market since we will target the whole country.

➤ **DEMOGRAPHICS**

Demographic Segmentation of Lacoste in Bahrain Market:

Age	13-45
Gender	85% men and 15% women buy from Lacoste
Annual income	More than 40K \$

Social class	Social Class: Upper Middle Class, Upper class, SEC Class A
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Since Lacoste started out as a menswear brand, a majority of their target group is male. However, of late their global strategy has shifted to focus more on women as well. This happened because they noticed that more and more women across the world are buying Lacoste. Within India, people who fall in upper middle class and upper class are the ones who buy Lacoste. This is apparent from the salary of the target group for Lacoste. The lifestyle that Lacoste is suited for is found more amongst Business class and people in corporate sector.

➤ PSYCHOGRAPHICS

- Needs and Motivation:

On the hierarchy of needs, the customer who purchases Lacoste would ideally be on the 4th level where the esteem needs become the motivation for buying the product. Lacoste is an aspirational lifestyle brand which the consumers purchase in order to be a part of the higher society.



- Perception:

Lacoste produces mostly fashion basic merchandise such as polo t-shirts in various colors and designs, basic shirts and sweaters. Purchasing Lacoste merchandise doesn't entail much risk for the buyer.

A Lacoste customer is quality and value oriented as opposed to price oriented. Since Lacoste prices are super premium, the people should be willing to pay it for the quality they receive.

- Personality:

The Lacoste customer comes in the segment of early adopters since these people like to keep up with the happenings in the world of activewear and Lacoste happens to be the market leader in this category. Novelty seekers – They are exploratory in nature.(Appendix-3).

- **Involvement:**
The Lacoste buyers are highly involved with the product because Lacoste has a niche in the market that cannot be matched by any other brand.
- **Lifestyle:**
Activities: Work (Business and Corporate), Hobbies (Casual Sports, Laidback weekends), Sports, Vacation (Beaches, Laidback)
- **Interests:**
Job, Home, Family, Tennis, Recreation
- **Opinions:**
Economy and business, Social, Family values

➤ **BEHAVIOURAL**

- **Consumer Awareness:**
People are generally aware of Lacoste even if they don't buy from it.
- **Benefits sought:**
The Lacoste customer is trying to fulfil social need by using Lacoste products.
- **Buying/Usage Frequency:**
Heavy product users. People who buy Lacoste tend to use it often and account for a significant portion of the revenue for the brand. The people who buy from Lacoste wear it mostly on for casual outings (70.3%4).
- **Loyalty status:**
About 70% hardcore loyals. 30% split loyals (TNN, 2004). Usually people prefer buying it at full price (62.2%4).
- **Attitude:**
People who use Lacoste are positive about the product. People who don't use Lacoste aspire to use it or are enthusiastic about it.

6. Lacost SWOT analysis:

SWOT analysis of Lacoste analyses the brand/company with its strengths, weaknesses, opportunities & threats. In Lacoste SWOT Analysis, the strengths and weaknesses are the internal factors whereas opportunities and threats are the external factors.

SWOT Analysis is a proven management framework which enables a brand like Lacoste to benchmark its business & performance as compared to the competitors and industry. As of 2020, Lacoste is one of the leading brands in the lifestyle and retail sector.

Despite the current global economic downturn, the apparel retail industry continues to grow at a healthy rate and this, coupled with the absence of switching costs for consumers and great product differentiation, means that rivalry within the industry is no more than moderate. Lacoste customers are generally middle to upper class families who have relatively high buyer power as they tend to have more disposable income. There are other apparel retail supplier that provides relatively similar product lines to Lacoste; buyers may therefore require more fashionable or innovative product line as compared to the current offerings.

Supplier Power: Low pressure

As international trade liberalizes, supplier power in the global industry is decreased through competition from manufacturers in low-wage regions, most notably China. Suppliers are further weakened by their lack of diversity, which makes the apparel retail industry highly important to their business. Lacoste coordinates the different licenses given to each partner: Devanlay for apparel and leather goods, Pentland for footwear, Procter & Gamble for fragrances, Marchon for eyewear, Movado for watches, Zucchi Group for home textiles, and GL Bijoux Group for fashion jewelry. With the existence of licensing agreement, supplier power is further diluted as they have certain requirements to follow with very limited space to maneuver.

New Entrants: High pressure

The global apparel retail industry has grown only modestly in value in recent years, which limits its attractiveness to new entrants. Negligible switching costs for consumers mean that they are free to transfer their custom to a new player. Retaliation by existing players, such as the launch of a price war, is a possibility, especially where a new entrant moves into a more concentrated segment. Although Lacoste has a long history and rich heritage, similar products from new competitors that have lower price point.

Substitutes: Moderate pressure

Clothing has more functions than just keeping the wearer warm; it also acts as a signifier of socio-economic class and a way of displaying individual identity. Counterfeit clothing can be a significant threat to revenues in some countries, such as China, India and Indonesia. Although Lacoste has implemented multiple measures against counterfeit clothing, the fake products can still be seen everywhere. This means that there are plenty of substitutes circulating in the market, and possible revenue loss.

PESTLE Analysis:

A P.E.S.T.L.E analysis is essential to fully complete a market audit, P.E.S.T.L.E stands for political, economical, social, technological, legal and ethical and finding these factors within the

company Lacoste will give a good indication as to what they macro factors of the business are. For a Lacoste I have chosen these factors to be:

Political: expansion into new countries may be limited due to the political situation in particular companies meaning that Lacoste cannot deliver goods to these countries due to tough political times.

Economical: with the recession currently in place, this could affect sales in the UK or within Europe as a whole.

Social: Lacoste has been part of tennis since 1951 and has spread to other sports advertising.

Technological: Lacoste sells products online as well as in stores, increasing its market to a universal one.

Environmental: Lacoste has contributed to pollution in China of the Yangtze and Pearl rivers, due to this Lacoste run the risk of damaging their brand.

SWOT analysis:

Strenght:

1. The brand is present in over 120 countries and employs over 1000 employees.
2. The brand has an iconic image and a very rich heritage in the fashion industry.
3. The brand is highly accessible. Even-though positioned in the niche segment, the brand has reasonable price points compared to its competitions.
4. The brand has a very rich clientele in the sports fraternity
5. The brand has an elaborated product line including Bags, wallets, perfumes and shoes
6. The brand is socially responsible as it funds organizations in Philippines to protect the extinction of crocodile.
7. The brand is very famous for its plain polo's in multiple colors

Weakness:

1. The brand sales and image is affected by fake imitations of the products.
2. The brand has been involved in environmental issues and has been accused of "dirty laundry" blamed for using hormone-affecting chemicals in their T-shirts.
3. Innovation Lacoste made in their clothing line is somewhat problematic for the brand's image and has scared away its conventional preppy customers.
4. As compared to other competitors who have very diverse brand endorsers from multiple sports, and even well-known designers such as Stella McCartney, Lacoste's brand endorsement is somewhat limited to mainly golf and tennis.
5. Only sports enthusiasts who are very familiar in the field of tennis and golf can associate Lacoste as a sports brand.

Opportunity:

1. Sales volumes of clothing were by far the highest in the Asia Pacific region. In 2008, volume sales of clothing and footwear in the region accounted for more than 50% of overall global volume sales.
2. Reasonably high demand from the APAC region for the premium brand, especially in Japan.
3. The biggest share of volume sales in APAC came from China, which accounted for 71% of the region's total volume sales. With the increasing number of middle class income family, there are plenty of opportunities to explore.
4. High demand for fashionable sportswear, especially in the Australasia region.
5. Riding on the market's demand for green clothing as Lacoste uses the all natural cotton fiber for all of its clothing products.
6. Demand for Lacoste's products are Increasing in the Asia-Pacific region significantly.

Threats:

1. Various competitors, e.g. Fred Perry, Tommy Hilfiger, Ralph Lauren. Numerous of other indirect competitors such as Adidas and Nike emerged as they introduced a more fashionable clothing line.
2. Increase in numbers of counterfeit products which has made Lacoste one of the most imitated brands in the world.
3. Loss of market share due to the recent global financial crisis which made consumers shift to fast fashion clothing such as splash, H&M, etc.

TOWS Matrix:

TOWS Analysis is a variant of the classic business tool, SWOT Analysis. TOWS and SWOT are acronyms for different arrangements of the words Strengths, Weaknesses, Opportunities and Threats.

By analyzing the external environment (threats and opportunities), and internal environment (weaknesses and strengths), we can use these techniques to think about the strategy of the whole organization, a department or a team. we can also use them to think about a process, a marketing campaign, or even our own skills and experience.

TOWS Strategic Alternatives Matrix:

- Strengths and Opportunities (SO) – How can the brand strengths to take advantage of the opportunities?
- Strengths and Threats (ST) – How can the brand take advantage of strengths to avoid real and potential threats?
- Weaknesses and Opportunities (WO) – How can the brand use opportunities to overcome the weaknesses it experiencing?
- Weaknesses and Threats (WT) – How can the brand minimize the weaknesses and avoid threats?

	<p>Strengths</p> <ol style="list-style-type: none"> 1. The brand is present in over 120 countries and employs over 1000 employees. 2. The brand has an iconic image and a very rich heritage in the fashion industry. 3. The brand is highly accessible. Even-though positioned in the niche segment, the brand has reasonable price points compared to its competitions. 4. The brand has a very rich clientele in the sports fraternity 5. The brand has an elaborated product line including Bags, wallets, perfumes and shoes. 6. The brand is socially responsible as it funds organizations in Philippines to protect the extinction of crocodile. 7. The brand is very famous for its plain polo's in multiple colors 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. The brand sales and image is affected by fake imitations of the products 2. The brand has been involved in environmental issues and has been accused of “dirty laundry” blamed for using hormone-affecting chemicals in their T-shirts. 3. Innovation Lacoste made in their clothing line is somewhat problematic for the brand's image and has scared away its conventional preppy customers. 4. As compared to other competitors who have very diverse brand endorsers from multiple sports, and even well-known designers such as Stella McCartney, Lacoste's brand endorsement is somewhat limited to mainly golf and tennis. 5. Only sports enthusiasts who are very familiar in the field of tennis and golf can associate Lacoste as a sports brand.
<p>Opportunities</p> <ol style="list-style-type: none"> 1. Sales volumes of clothing were by far the highest in the Asia Pacific region. In 2008, volume sales of clothing and footwear in the region 	<p>SO Strategies</p> <ul style="list-style-type: none"> • Increase advertisement and promotion of the product portfolio and quality of its material.(S5,O5) 	<p>WO Strategies</p> <ul style="list-style-type: none"> • Start approche new sports fields like football and basketball to

<p>accounted for more than 50% of overall global volume sales.</p> <ol style="list-style-type: none"> Reasonably high demand from the APAC region for the premium brand, especially in Japan. The biggest share of volume sales in APAC came from China, which accounted for 71% of the region's total volume sales. With the increasing number of middle class income family, there are plenty of opportunities to explore. High demand for fashionable sportswear, especially in the Australasia region. Riding on the market's demand for green clothing as Lacoste uses the all natural cotton fiber for all of its clothing products. Demand for Lacoste's products are Increasing in the Asia-Pacific region significantly. 	<ul style="list-style-type: none"> More marketing efforts to open new markets for Lacoste clothing. 	<p>increase the market share in sport field.(W4,O4)</p>
<p>Threats</p> <ol style="list-style-type: none"> Various competitors, e.g. Fred Perry, Tommy Hilfiger, Ralph Lauren. Numerous of other indirect competitors such as Adidas and Nike emerged as they introduced a more fashionable clothing line. Increase in numbers of counterfeit products which has made Lacoste one of the most imitated brands in the world. Loss of market share due to the recent global financial crisis which made consumers shift to fast fashion clothing such as splash, H&M, etc. 	<p>ST Strategies</p> <ul style="list-style-type: none"> Thinking of differentiation to be unique and differentiate Lacoste from their competitors.(S1,T1) Take judicial actions to the companies make the counterfeit products.(S2,T2) 	<p>WT Strategies</p> <ul style="list-style-type: none"> Creating new line with cheaper prices to compete with fast fashion clothing such as splash, H&M, etc.(W1,T3) More fashionable cloth in non sport field is highly demanded.

7. Market Research if any carried out – if no research carried out then suggest a need if any:

Based on a Web search we got the following results:

Lacoste Marketing Mix:

• Product in the Marketing Mix Of Lacoste :

Lacoste is a vintage company that is known for niche look, quality designs and modern comfort. It is undoubtedly a leader in the premium-casual-wear segment and this is reflected in its modern collections via unique style and natural elegance. The company started its operations by producing tennis shirts that included an embroidered crocodile logo displayed on the chest. It expanded its portfolio to include shirts for sports like sailing and golf. In the year 1951, brand Lacoste started introducing colour shirts besides the already available tennis-white shirts. With time it expanded its portfolio to include several items like.

➤ **For men:**

Apparel includes sportswear, trousers, coats, shorts, jackets, sweatshirts, t-shirts, knitwear, polo and shirts Footwear includes canvas, plimsolls, boat shoes, loafers, boots, city shoes and trainers Accessories include socks, underwear, fragrance, sunglasses, watches, hats and caps Leather goods include belts, wallets and bags.

➤ **Women:**

Apparel includes dresses, shorts, skirts, jackets, coats, knitwear, tops and sportswear Footwear includes trainers, canvas and boots Accessories include caps, scarves, hats, watches, fragrances, sunglasses and gloves Leather goods include belts and bags

➤ **Kids**

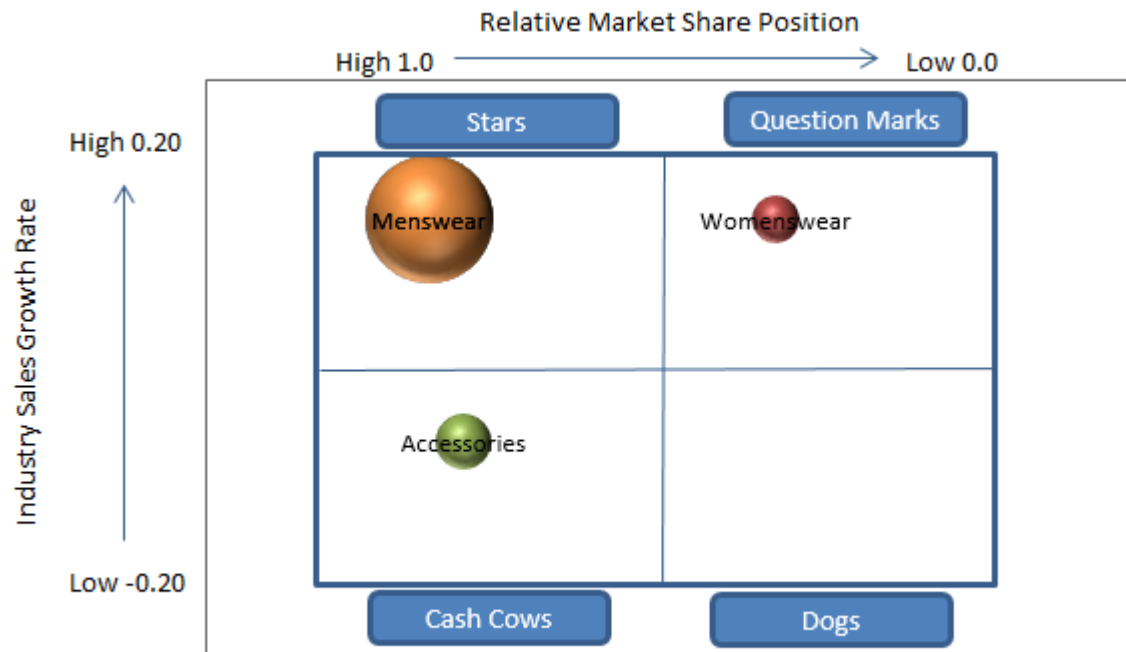
For both boys and girls brand offers choice in apparel, footwear and accessories.

❖ BCG Matrix:

The BCG matrix is a strategic management tool that was created by the Boston Consulting Group, which helps in analysing the position of a strategic business unit and the potential it has to offer. The matrix consists of 4 classifications that are based on two dimensions. These first of these dimensions is the industry or market growth. The other of these dimensions is the relative market share of the strategic business unit. Strategic business units are placed in one of these 4 classifications. The BCG matrix for Lacoste will help decide on the strategies that can be implemented for its strategic business units.

Strategic business units with high market growth rate and high relative market share are called **STAR**. Businesses should invest in their stars and can implement vertical integration, market penetration, product development, market development, and horizontal integration strategies. Strategic business units with high market growth rate and low relative market share are called **QUESTION MARKS**. These strategic business units require close considerations whether the

business should continue with them or divest. Strategic business units with low market growth rate but with high relative market share are called **CASH COWS**. The business should invest in these to maintain their relative market share. Lastly, the strategic business units with low market growth rate and low relative market share are called **DOGS**. The business should divest these strategic business units.



Refrence to the above BCG we can analyze that menswear is the star of Lacoste products. Womenswear is in question mark which need close considerations whether the business should continue with them or divest. Accessories like perfumes, Shoes, Bags kids wear are in Cash Cow, the business should invest in these to maintain their relative market share. These results are based on assumptions made on Bahrain market.

- **Place in the Marketing Mix Of Lacoste :**

Lacoste is a globally recognised brand with its product presence in nearly one hundred and twenty countries like Australia, Canada, India and China. The brand introduced its products in United States market for the first time in the year 1952 and by 1970s had gained immense popularity. The company has a strong community that includes a workforce of ten thousand employees responsible for distribution, production, designing and communication all over.

Lacoste is using a **SELECTIVE** strategy to offer their products. It operates by means of its own boutiques located at independent places as well as in very popular departmental stores like Halls, Belk, Macy's and Nordstrom. They also make sure that the malls are visited by people who can afford the premium products. The outlets convey elegance through simplicity which adds to the value of the brand offering. Lacoste products are easily available using 10,600 wholesale point-of-sales. It also sells its products by the use of 11 online outlets that meets client requirements by a single click.

- **Price in the Marketing Mix Of Lacoste :**

Lacoste has targeted sports personalities and fashion conscious people as its target customers. They prefer customers who have high buying power and who do not hesitate before making a purchase because of a price tag. Owning a product from Lacoste is a status symbol and buyers have no hesitation in flaunting it through their purchases. It is in simple terms an expensive and trendy brand name that deals in high-quality and premium items. The company has adopted a premium pricing strategy for its products as it is sure of its customer loyalty. The Rich clientele is the main reason why product prices seem reasonable and affordable to its potential and permanent customers.

➤ **PRICE STRATEGY**

Lacoste is a super premium brand and so its pricing is slightly on the higher side. The price range of the clothes is as follows:

Prices of Lacoste Merchandise

Menswear	Womenswear	Accessories
Polo T-shirts - Rs 2950 - Rs 6950	Polo t-shirts - Rs 2950 to Rs 6950	Shoes - Rs 3950 to Rs 11050
Shirts - Rs 3250 - Rs 7250	Dresses - Rs 3550 upwards	Perfumes - Rs 4950
Shorts - Rs 4250 - Rs 10950	Bottoms - Rs 4250 to Rs 12050	Bags - Rs 2950 to Rs 4950
Sweaters - Rs 6950 upwards	Sweaters - Rs 5550 upwards	

The value of Lacoste merchandise to the consumer is high which allows them to charge the premium price that they do. Lacoste being a lifestyle brand that elevates social status is worn by people who have aspirations for luxury as well as people who understand luxury. This means people are willing to pay a premium for the brand.

In comparison with its competitors, it is priced higher than Tommy Hilfiger and at par with Ralph Lauren.

The customer of Lacoste is not very price sensitive. Since Lacoste is a lifestyle brand, wearing Lacoste requires an understanding and presence of a particular lifestyle in the customer's life. Somebody who buys and wears Lacoste loyally would not be affected by the increase in its price. And someone who does not wear Lacoste will not start wearing Lacoste if the price falls down a little. Lacoste goes on sales during the sale periods twice a year.

Lacoste has decided that their single colored polo shirts will all be priced at Rs 2950 in India. As compared to most of the competitors such as Tommy Hilfiger (Rs 1999) and Polo Ralph Lauren (Rs 2500) this price is high. From this we can derive that Lacoste is following price [skimming](#). Skimming pricing involves setting the price of the product relatively high compared to similar goods and then gradually lowering it. Skimming price strategy is ideal for the brand since Lacoste consumers are brand loyal and do not get affected by the money paid by them for the products.

Research shows that the consumer's perception of product quality is related closely to the item's price. The higher the price of the product, the better its perceived quality. Lacoste, by pricing its merchandise extremely high, is trying to position its products as products of extremely high quality. Thus they are trying to follow a product quality relationship for their products.

Promotions in the Marketing Mix Of Lacoste :

In order to maintain its rich heritage and iconic image, Lacoste has adopted several marketing strategies. The company is aware of its social responsibility and has taken part in several events. It helps children in sports at school level through Rene Lacoste Foundation. It funds an organisation in the Philippines that is working towards saving crocodiles from being extinct.

Lacoste has adopted an aggressive marketing plan and its ads are shown via television, magazines, billboards and social media platforms. It has roped in several famous personalities to promote its brand name like John Isner, Andy Roddick, Richard Gasquet and Stanislas Wawrinka. Famous golfers Colin Montgomerie and Jose Maria Olazabal are also associated with this world-renowned brand. In the year 2009, Lacoste roped in Hayden Christensen as the face for fragrance in men's section.

Once a product has been designed and brought to the marketplace, it is necessary to communicate its benefits to the customer. A mix of tools that is used to communicate these is known as the promotional mix. The promotional mix includes advertising, public relations, sales promotion, direct marketing, and personal selling (The Chartered Institute of Marketing, 2004).

In order for the promotion mix to be successful in communicating the needs, it should have a balance of all the 5 elements. The balance depends on the type of message that the company is trying to communicate. One formula does not work for all brands.

Currently Lacoste is running the 'Unconventional Chic' campaign as an attempt to reposition itself amongst the youngsters. In India, Lacoste is not doing aggressive print advertisement. Ad agency Euro RSCG (Dasgupta, 2007) handles the Lacoste brand globally and has never created any ad locally. However, local media planning and buying is done by MPG (MEDIA PLANNING GROUP)

Outside India, Lacoste does an arena of PR activities (Public Relationship). Usually they sponsor or host events that are related to sports such as the Superbowl. They also sponsor tournaments such as US Open and Wimbledon. Apart from this they have initiatives to fight counterfeit products, promote sports amongst children (Rene Lacoste Foundation) and save the crocodile which is their logo. In India, however, except for store openings they do not do any PR activities.

Lacoste is a brand that is targeted at 'affordable luxury'. It cannot promote its sales to an extent that people start thinking it is cheap and degrade its reputation. This is the reason why the brand goes on sale only 2 times in a year and promotes these sales through print and radio advertisement. The brand does not have any form of loyalty cards.

Lacoste is one of the brands which is not up to the mark when it comes to CRM. It does build a database of the customers that purchase it but it doesn't send out any special mailers or sales notifications to them. Also, there is no after-sales follow up with the customers. This is one of the reasons why, despite being 20 years old in India, the brand has not been able to build very strong brand awareness yet.

An effective marketing communication is the one which smoothly flows from the company to the target customers and vice versa. Marketing communication is often considered as the flow of information related to a product or service from marketer to the target customers (Haque & Joshi, 2011). Marketing communication is more than just promoting the product. It is about building a relationship with the target consumer.

We Highly recommend a complete market research in Bahrain market to stand on the current situation on Lacoste market.

8. Conclusions and Recommendations – suggestions for change in current practices:

Lacoste has a very long history and associations with lifestyle and sport. The label was eroded away as a result of an overly aggressive retail distribution strategy, with a large number of concessions in department stores across the world. Although this strategy, the brand had suffered from many factors affected the distribution of the brand such as the imitated logos, the amnesia and irrelevance. The unfocused product portfolio affected negatively on the brand target market which was limited to sporty wear and fashion. Lacoste competitors had a wide range of product portfolio and had been well recognized in all fashion fields such as Tommy Hilfiger that have the sporty wear and a well-recognized formal wear.

Zara as well have both formal and casual wear and focusing on both as well as the accessories.

Lacoste using E-commerce facilities to market their products similar to most of brands doing to benefit from this important market. By focusing on Bahrain market we found that the number of outlets and its places are well recognized. Customer is recognising Lacoste as a sports wear brand with its famous polo shirts and shoes. This concept about the brand need to be changed with customer by making a complete change in product portfolio with a new fashionable cloth in different fashion fields.

➤ Recommendation:

1. Imitated products are found in all kinds of industries. This should not affect the brand image. Lacoste should not focus on this and not to waste efforts and money to stop this since it cannot be stopped.
2. The concept of sporty wear of Lacoste Brand need to be changed by time to a brand for every thing. Sporty wear, formal wear, casual wear, kids wear, accessories...etc.

3. The schools uniform is usually a polo shirt and trouser from a local manufacturers. This sector can be a new market for Lacoste sports wear since there is a big sector of rich customer want their children to wear a high quality products regardless the reason and occasion. Lacoste can manufacture these uniforms and design it as per customer request.
4. Sponsoring different sports fields such as football champions, basket ball champions to widen the market of sports wear and create more sales opportunities.
5. More advertisement and marketing activities for the accessories like perfumes and we recommend creating a new line for arabic perfumes under the name of Lacoste since the perfumes market in gulf region is very big market with very rich customers.

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Appendices

Appendix-1:

Product Life-Cycle Marketing Strategies:

A company's positioning and differentiation strategy must change as the product, market, and competitors change over the product life cycle (PLC). To say a product has a life cycle is to assert four things:

1. Products have a limited life.
2. Product sales pass through distinct stages, each posing different challenges, opportunities, and problems to the seller.
3. Profits rise and fall at different stages of the product life cycle.
4. Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each life-cycle stage.

Product Life Cycles

Most product life-cycle curves are portrayed as bell-shaped (see Figure 11.4). This curve is typically divided into four stages: introduction, growth, maturity, and decline.

1. Introduction: A period of slow sales growth as the product is introduced in the market. Profits are nonexistent because of the heavy expenses of product introduction.
2. Growth: A period of rapid market acceptance and substantial profit improvement.
3. Maturity: A slowdown in sales growth because the product has achieved acceptance by most potential buyers. Profits stabilize or decline because of increased competition.
4. Decline: Sales show a downward drift and profits erode.

We can use the PLC concept to analyze a product category (liquor), a product form (white liquor), a product (vodka), or a brand (Smirnoff). Not all products exhibit a bell-shaped PLC. Three common alternate patterns are shown in Figure 11.5.

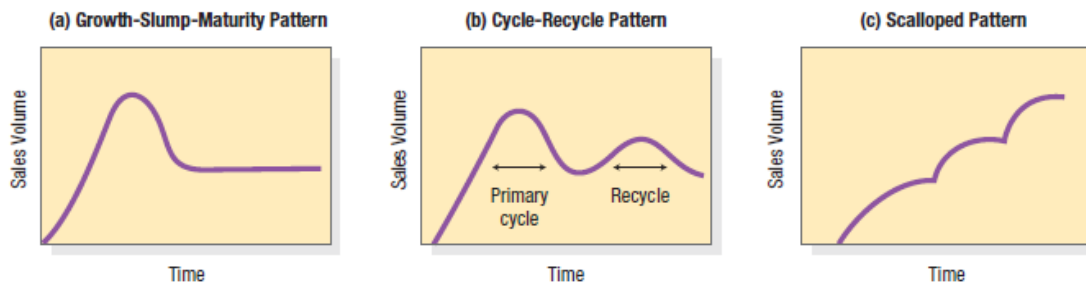
Figure 11.5(a) shows a growth-slump-maturity pattern, characteristic of small kitchen appliances,

for example, such as handheld mixers and bread makers. Sales grow rapidly when the product is first

introduced and then fall to a "petrified" level sustained by late adopters buying the product for the first time and early adopters replacing it.

[Fig. 11.4] ▲

Sales and Profit Life Cycles



[Fig. 11.5] ▲

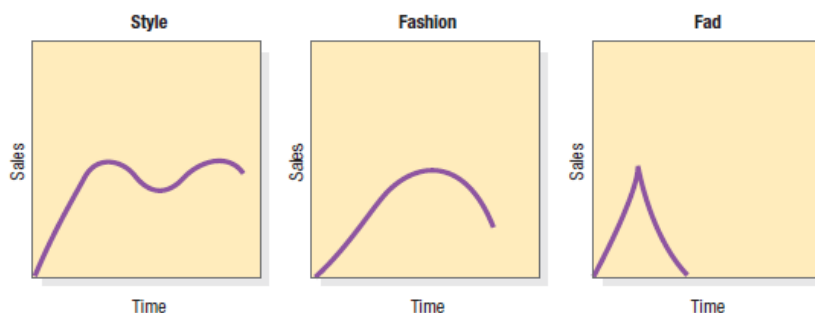
Common Product Life-Cycle Patterns:

The cycle-recycle pattern in Figure 11.5(b) often describes the sales of new drugs. The pharmaceutical company aggressively promotes its new drug, producing the first cycle. Later, sales start declining, and another promotion push produces a second cycle (usually of smaller magnitude and duration). Another common pattern is the scalloped PLC in Figure 11.5(c). Here, sales pass through a succession of life cycles based on the discovery of new-product characteristics, uses, or users. Sales of nylon have shown a scalloped pattern because of the many new uses—parachutes, hosiery, shirts, carpeting, boat sails, automobile tires—discovered over time.

Style, Fashion, and Fad Life Cycles:

We need to distinguish three special categories of product life cycles—styles, fashions, and fads (Figure 11.6). A style is a basic and distinctive mode of expression appearing in a field of human endeavor. Styles appear in homes (colonial, ranch, Cape Cod), clothing (formal, business casual, sporty), and art (realistic, surrealistic, abstract). A style can last for generations and go in and out of vogue. A fashion is a currently accepted or popular style in a given field. Fashions pass through

four stages: distinctiveness, emulation, mass fashion, and decline. The length of a fashion cycle is hard to predict. One view is that fashions end because they represent a purchase compromise, and consumers soon start looking for the missing attributes.⁴² For example, as automobiles become smaller, they become less comfortable, and then a growing number of buyers start wanting larger cars. Another explanation is that too many consumers adopt the fashion, thus turning others away. Still another is that the length of a particular fashion cycle depends on the extent to which the fashion meets a genuine need, is consistent with other trends in the society, satisfies societal norms and values, and keeps within technological limits as it develops. Fads are fashions that come quickly into public view, are adopted with great zeal, peak early, and decline very fast. Their acceptance cycle is short, and they tend to attract only a limited following who are searching for excitement or want to distinguish themselves from others. Fads fail to survive because they don't normally satisfy a strong need. The marketing winners are those who recognize fads early and leverage them into products with staying power. Here's a success story of a company that managed to take a fad and make it a long-term success story. ([Back](#))



[Fig. 11.6] ▲
Style, Fashion, and
Fad Life Cycles

Appendix-2:

INTERBRAND BRAND VALUATION

Methodology

Applications for brand valuation

Interbrand's brand valuation methodology seeks to provide a rich and insightful analysis of your brand, providing a clear picture of how your brand is contributing to business growth today, together with a road map of activities to ensure that it is delivering even further growth tomorrow.

Brand activation roadmap



Valuation analysis is also used to support the business case for Iconic Moves, combining market research with financial modelling to quantify potential impact, investment and ROI.

Brand impact business case:

There are a wide range of brand-driven and commercially-driven uses cases for valuation where Interbrand has particular expertise:

- Target setting and brand roadmap activation
- Informing commercial negotiations or disputes
- Creation of brand licensing structures to comply with transfer pricing regulations and create budget for brand investment
- Supporting share price through investor communications
- Making the case for brand investment

When Interbrand conducts valuations for financial or commercial reasons, we also provide strategic branding recommendations, in addition to delivering a rigorously analyzed and defensible valuation number. This delivers value to the business—beyond the knowledge of the value alone.

Criteria for Inclusion in Best Global Brands

To be included in Best Global Brands, a brand must be truly global, having successfully transcended geographic and cultural boundaries. It will have expanded across the established economic centers of the world and entered the major growth markets. In specific terms, this requires that:

- At least 30 percent of revenue must come from outside of the brand's home region.
- The brand must have a significant presence in Asia, Europe, and North America, as well as geographic coverage in emerging markets.
- There must be sufficient publicly available data on the brand's financial performance.
- Economic profit must be expected to be positive over the longer term, delivering a return above the brand's cost of capital.
- The brand must have a public profile and sufficient awareness across the major economies of the world.

These requirements—that a brand be global, profitable, visible, and relatively transparent with financial results—explains the exclusion of some well-known brands that might otherwise be expected to appear in the ranking.

Methodology

Having pioneered brand valuation in 1988, we have a deep understanding of the impact a strong brand has on key stakeholder groups that influence the growth your business, namely (current and prospective) customers, employees, and investors. Strong brands influence customer choice and create loyalty; attract, retain, and motivate talent; and lower the cost of financing. Our brand valuation methodology has been specifically designed to take all of these factors into account.

Interbrand was the first company to have its methodology certified as compliant with the requirements of ISO 10668 (requirements for monetary brand valuation) and played a key role in the development of the standard itself.

There are three key components to all of our valuations: an analysis of the financial performance of the branded products or services, of the role the brand plays in purchase decisions, and of the brand's competitive strength.



Financial Analysis

This measures the overall financial return to an organization's investors, or its economic profit. Economic profit is the after-tax operating profit of the brand, minus a charge for the capital used to generate the brand's revenue and margins.

Role of Brand

This measures the portion of the purchase decision attributable to the brand as opposed to other factors (for example, purchase drivers such as price, convenience, or product features). The Role of Brand Index (RBI) quantifies this as a percentage. RBI determinations for Best Global Brands derive, depending on the brand, from one of three methods: commissioned market research, benchmarking against Role of Brand scores from client projects with brands in the same industry, or expert panel assessment.

Brand Strength

Brand Strength measures the ability of the brand to create loyalty and, therefore, sustainable demand and profit into the future. Brand Strength analysis is based on an evaluation across 10 factors that Interbrand believes constitute a strong brand. Performance in these areas is judged relative to other brands in the industry and relative to other world-class brands. The Brand Strength analysis delivers an insightful snapshot of the strengths and weaknesses of the brand and is used to generate a road map of activities to grow the brand's strength and value into the future.

Our 10 Brand Strength factors are based on both **internal** and **external dimensions**.

Internal factors:



Clarity

Clarity internally about what the brand stands for in terms of its values, positioning and proposition. Clarity too about target audiences, customer insights and drivers.



Governance

The degree to which the organization has the required skills and an operating model for the brand that enables effective and efficient deployment of the brand strategy.



Commitment

Internal commitment to the brand, and a belief internally in its importance. The extent to which the brand receives support in terms of time and influence.



Responsiveness

The organization's ability to constantly evolve the brand and business in response to, or anticipation of, market changes, challenges and opportunities.

External factors:



Authenticity

The brand is soundly based on an internal truth and capability. It has a defined story and a well-grounded value set. It can deliver against the (high) expectations that customers have of it.



Consistency

The degree to which a brand is experienced without fail across all touchpoints or formats.



Relevance

The fit with customer/consumer needs, desires, and decision criteria across all relevant demographics and geographies.



Presence

The degree to which a brand feels omnipresent and is talked about positively by consumers, customers and opinion formers in both traditional and social media.



Differentiation

The degree to which customers/consumers perceive the brand to have a differentiated proposition and brand experience.



Engagement

The degree to which customers/consumers show a deep understanding of, active participation in, and a strong sense of identification with, the brand.

Data Sources

We believe that a robust brand valuation requires a holistic assessment that incorporates a wide range of information sources. In addition to our extensive desk research and expert panel assessment, the following data feeds are incorporated into our valuation models:

- Financial data: Refinitiv (formerly Thomson Reuters), company annual reports, investor presentations and analyst reports Refinitiv (formerly Thomson Reuters' Financial and Risk Business), company annual reports, investor presentations and analyst reports.
- Consumer goods data: GlobalData (brand volumes and values)
- Text Analytics and Social Listening: Infegy. ([Back](#))

Appendix-3

In psychology, novelty seeking (NS) is a personality trait associated with exploratory activity in response to novel stimulation, impulsive decision making, extravagance in approach to reward cues, quick loss of temper, and avoidance of frustration. It is measured in the Tridimensional Personality Questionnaire as well as the later version Temperament and Character Inventory and is considered one of the temperament dimensions of personality. Like the other temperament dimensions, it has been found to be highly heritable. High NS has been suggested to be related to low dopaminergic activity.

In the revised version of the Temperament and Character Inventory (TCI-R) novelty seeking consists of the following four subscales:

1. Exploratory excitability (NS1)
2. Impulsiveness (NS2)
3. Extravagance (NS3)
4. Disorderliness (NS4)

Relationship to other personality traits:

A research study found that Novelty seeking had inverse relationships with other Temperament and Character Inventory dimensions, particularly harm avoidance and to a more moderate extent self-directedness and self-transcendence. Novelty seeking is positively associated with the five factor model trait of extraversion and to a lesser extent openness to experience and is inversely

associated with conscientiousness. Novelty seeking is positively related to Impulsive sensation seeking from Zuckerman's Alternative five model of personality and with psychoticism in Eysenck's model. When novelty seeking is defined as a decision process (i.e. in terms of the tradeoff between foregoing a familiar choice option in favor of deciding to explore a novel choice option), dopamine is directly shown to increase novelty seeking behavior. Specifically, blockade of the dopamine transporter, causing a rise in extracellular dopamine levels, increases the propensity of monkeys to select novel over familiar choice options.

Genetics:

Although the exact causes for novelty seeking behaviors is unknown, there may be a link to genetics. Studies have found an area on the Dopamine receptor D4 gene on chromosome 11 that is characterized by several repeats in a particular base sequence. Multiple studies have identified a link to genetics, in particular one conducted by Dr. Benjamin and colleagues, where individuals who had longer alleles of this gene had higher novelty-seeking scores than individuals with the shorter allele. In another study relating to the gene and financial risk, Dr. Dreber and colleagues found a correlation between increased risk-taking and the DRD4 gene in young males. Although there are studies that support the link between NS and dopaminergic activity via DRD4, there are also studies that do not exhibit a strong correlation. The importance of DRD4 in novelty seeking is yet to be confirmed conclusively.

Dopamine:

In addition to potential heredity, novelty seeking behaviors are seen with the modulation of dopamine. The overall effect of dopamine when exposed to a novel stimuli is a mass release of the neurotransmitter in reward systems of the brain including the mesolimbic pathway. The mesolimbic pathway is active in every type of addiction and is involved with reinforcement. Because of this activation in the brain, NS has been linked to personality disorders as well as substance abuse and other addictive behaviors. DRD4 receptors are highly expressed in areas of the limbic system associated with emotion and cognition. SNPs such as rs4680 have also been examined within this realm of study.

Age:

It is important to note the individual's age with novelty seeking. This behavior will decrease with time, especially as the brains of adolescents and young adults finalize in development. Possible factors of variation include gender, ethnicity, temperament and environment. ([Back](#))