**Analysis Report**

**Balenciaga 2020 Marketing Strategy**

**Student Name:**

**Student Number:**

**1. Introduction**

Balenciaga, founded in 1917 by Cristóbal Balenciaga, a fashion designer from Spain, is owned currently by the French conglomerate Kering (Retviews 2020).

After being dormant for nearly 30 years, it rose to power again in the 1990s whose revenue hit $1 billion in 2018, and reproduced its classic, minimalist design. Its iconic style could be distilled into these below.

1. The divergent style away from Christian Dior’s hourglass look, or shape.

2. Its design is well known for the manipulation of the waist.

3. The silhouettes are sculptural, and at times dramatic.

4. Its proportions are quite unusual, often unexpected by the majority, even to those in the industry.

Following Nicolas Ghesquière and Alexander Wang, this fashion house’s current Creative Director, Demna Gvasalia, has stated his approach to the brand is to destruct and thus to be able to create - “destruct to create” (Highsnobiety n.d.), which implies the underlying unique selling proposition.

**2. SWOT Analysis**

Being influenced by the current COVID-19 pandemic, the SWOT analysis of Balenciaga must include the brand’s resilience against the impact caused by this disaster.

* Strengths:
  + Time-enduring prestige, strong profile and public image
  + Celebrated former and current Creative Directors
  + Is owned by the conglomerate Kering
  + Links with prominent and glittering figures
* Weaknesses:
  + Frequent designer shifts
  + Seasonable products
  + Reliance on human resources especially during the pandemic
  + Competitive market
* Opportunities:
  + Infiltrate newer fashion-conscious areas (e.g. Brazil, Australia, Canada)
  + Work with new technologies and E-commerce to get through the pandemic
  + Haute Couture - Balenciaga's designs are indeed unique and intricate, nevertheless the brand is in urgent need of status in Haute Couture
* Threats
  + Economy downturn
  + Over reliance on wealthy repetitive customers
  + Competition
    - The rise of new brands
  + Brand Image represented by the Creative Director

The brand’s strengths are obvious. As a fashion house that had been rescued by brilliant creative directors and by the compliment from Mr Dior himself, incredibly increased the brand’s reputation. Reputation is what a brand counts on, which would bring customers in that they would consider the credibility of the brand in their decision making when purchasing. On the other hand, being owned by Kering has endowed the brand with strong supply chain, value chain, as well as the back up strategical team when the brand needs some support in any form (Forbes 2020).

However, the Creative director would not only enhance a brand’s image, but may also weakens it (Cabigiosu, 2020:20). The director should be always held accountable when crises happen - especially during the current pandemic which poses yet another worse problem for the brand: human resources.

The industry, whether it is ready-to-wear or Haute Couture, relies heavily on human activities, and considering its customers, there would not be much time for any fashion house to respond to the pandemic, and act accordingly. The brand needs to salvage what it could still utilise, e.g. E-commerce, and yet, it needs to discard what it cannot use, since it would not be profitable, needless to say to be lucrative, when the entire world is experience lockdown and economic downturn (The Upcoming 2020).

**3. PESTLE Analysis**

Target Market:

* Customers who are accustomed to a luxurious lifestyle and prefer some wilder expression of sophistication
  + Traditionally people from the high echelons of society
  + Now mainly the new generation or Gen-Z

Both politically and economically, the brand is currently being lockdown in the same way as people are, since the trade between countries are decreasing at a historical pace.

Socially, the fashion house’s long lasting reputation is not decaying during the pandemic since it knows how to communicate with the Gen-Z. Its idea of utilising technology and advertise on social media such as Instagram is paying off, and the target market has thus expanded.

The brand is having its victory on the former parts in the analysis, and due to its investment as well as policies on protecting the environment and reducing its greenhouse gas emissions, Balenciaga is regarded as sustainability-friendly. However its usage of fur, angora and exotic animal skin would lead the brand to a strategic drift since the world is increasingly paying attention on companies’ environmental stewardship (Good On You 2020).

1. **Marketing Mix Overview**

* Price
  + Differentiated pricing strategy
  + Affluent buyers and guests
* Place
  + Direct distribution (unlikely successful during the COVID-19 pandemic)
  + Exclusive distribution
* Promotion
  + Celebrity Marketing
    - Instagram, Twitter & etc
  + Online advertisements
* Product
  + Innovative design
  + Packaging
    - Give an elegant yet innovative look

**References**

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