The Strategic Brand Management: Master Papers

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STRATEGIC BRAND MANAGEMENT

MASTER PAPERS

Tenth Edition

Student Papers

2024

September - October

Strategic Brand Management: Master Paper

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The intent of the series is to bridges the gap between academic teaching and research.

The series is a result of co-creation between students and teachers in the course Strategic Brand Management (BUSN21 – 7.5 University Credit Points; 8 weeks 50% study time), part of the master program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The published papers represent the result of the intellectual work of students under supervision of the heads of course. The content of the papers is to be read as student reports albeit the journal format. The papers are free to download and should be cited following international conventions.

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When Luxury Meets Luxury: The Strategic Advantages and Goals of Luxury Fashion Brand Collaborations

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Abstract

Purpose: The purpose of this study is to expand literature on brand collaborations by shifting focus from well-documented luxury-fast fashion collaborations to luxury-luxury partnerships. The trend of luxury-luxury partnerships challenges the traditional view that brand collaborations are primarily about image enhancement and transfer, suggesting deeper strategic advantages. This paper aims to create a framework to analyse the reasoning for Intra-luxury collaborations.

Methodology: This paper is based on a structured analysis of the existing literature on luxury-fast fashion and luxury-luxury collaborations. In addition, we have adopted a qualitative approach to analyse three case studies. These include secondary data in form of articles, press releases, and marketing materials, as well as company websites.

Findings: Our paper identifies three main goals of intra-luxury collaborations, namely the creation of brand awareness, the reinforcement of the luxury positioning and positive spillover effects between two brand images. Furthermore, this paper highlighted that the two criteria "the brand identity fit" and "the perceived level of luxury" are highly relevant for the specific goal a collaboration can achieve.

Original/Value: In the current literature luxury-luxury collaborations are highly underrepresented. This paper builds a foundation to understand the strategic reasoning behind this rather new collaboration type and mentions two relevant criteria for the choice of collaboration partners. Furthermore, the developed framework can be used in research and potentially in business practice to analyse co-branding collaborations and understand the strategic goals.

Keywords: Collaborations, Co-Branding, Strategic Alliances, Luxury Branding, Fashion Brands, Fast-Fashion, Luxury Fashion, Perceived Level of Luxury, Brand Identity-fit, Intra-Luxury

Paper type: Research paper

Introduction

One of the biggest challenges in luxury branding is the so-called 'luxury-paradox'. To create a strong and successful luxury brand, companies have to build a brand image associated with prestige, exclusivity and uniqueness. While those associations are necessary, they can also limit the target audience of luxury brands severely (ed. Cattaneo, 2023; De Barnier et al., 2012).

To overcome this paradox and target a broader audience, a growing number of luxury brands have started to incorporate brand collaborations and co-branding into their strategic approach (Murtas et al., 2022). Especially within the fashion industry, many luxury brands tried to create touchpoints with younger audiences by partnering with huge fast-fashion retailers (Shen et al., 2014). In 2004, the fast-fashion brand H&M and luxury designer Karl Lagerfeld started a series of fast-fashion collaborations that offered luxury brands a high potential to generate awareness and drive short-term sales (Mrad et al., 2019). Despite these high potentials, today's research also suggests that strong associations between luxury brands and fast-fashion brands can bear the risk of brand dilution and create damage to the luxury core values (Michel & Willing, 2020, p.224; Mrad et al., 2019).

A rather new concept for brand collaborations are partnerships between two or more luxury brands within the same segment. These collaboration types seem to involve a much lower risk of brand dilution, as most luxury brands share certain core values such as exclusivity and quality (Chen & Li, 2022). To address this form of collaboration, Spoormans (2021) introduced the term intra-luxury collaborations, which we will use in the following paper to refer to the "luxury x luxury" collaboration type (Luxury Squared: High Fashion Partnering With Itself, 2021).

While the concept of luxury x fast-fashion Collaborations is well researched and broadly discussed in literature, the research is still lacking insights about the strategic advantages, reasoning and potential outcomes of Intra-luxury Collaborations.

Based on the described gaps in literature, this paper aims to expand the research on Brand Collaborations and Co-branding by broadening the view from the well-researched luxury-fast fashion collaborations to "Intra-Luxury" Collaborations.
Therefore, we will review the existing Literature and analyse three Case Studies to answer the Research Question:

Why do luxury brands pursue collaborations with other luxury brands, and what strategic advantages do they seek compared with other collaboration types?

Literature review

The Blurring Line in Fashion:
Defining Luxury, Premium and Masstige

A consensus on how to define luxury in the marketplace is the subject of constant debate (Cattaneo, 2023 p.2; Kapferer and Michaut, 2016).
Kapferer & Bastien (2009) state that luxury brands represent more than just functional features like quality and price. Instead, luxury brands are characterised by exclusivity, a sense of prestige and the so-called "visa of distinction" for consumers who desire being part of a selected club of brand owners. This is possible due to luxury brands being well known and desired by large audiences (Kapferer, 2017, p.29).

Additionally, luxury products are associated with uniqueness, scarcity and creative excellence (Vigneron & Johnson 1999 and Keller 2009 cited in Miller & Mills, 2017, p.162).
Kapferer and Bastien (2017, p.71) consider that luxury customers do not look for functionality but hedonism, therefore the pleasure of owning a luxury item is more

valuable than its actual price. Consequently, luxury customers are willing to pay higher prices to satisfy their desires. Furthermore, the distribution of these products is controlled by owned brand stores. Thus, the high awareness rate with the low penetration rate allows the increase of prices (Kapferer, 2017, p.32).
Finally, luxury promotion is based on advertising the dream of owning a luxury item (Cattaneo, 2023). In summary, luxury is marked by barriers to immediate consumption due to the limited availability of new collections, high prices, carefully selected retail locations and the instilled desire to 'live the dream' (Kapferer and Bastien, 2017)

Especially luxury fashion brands are an essential part of the luxury segment as they account for the vast majority of Luxury Goods Sales (Miller et al. 2012). But even though researchers and business professionals agree on the high relevance of luxury fashion brands, there are many definitions that struggle to differentiate premium fashion brands from true luxury brands (Kapferer & Bastien, 2009).

Premium Brands are often more focused on performance aspects to justify high prices and can be seen as more of a rational investment (Kapferer, 2012, p.66-68).
In the contemporary fashion segment those differences between luxury and premium brands started to blur. With the so-called *'democratisation of luxury'*, luxury brands have become increasingly accessible to larger customer segments (Kapferer & Bastien, 2009; Shukla et al., 2022). To describe this phenomenon Silverstein & Fiske (2003) developed the term '*Masstige'*, which combines the words prestige and masses (Silverstein & Fiske, 2003). In most cases, masstige products are downward brand extensions, such as lower-priced product ranges by luxury brands (Quamina et al., 2023). In addition to the phenomena of Masstige, some Premium brands have started to rebrand themselves as part of the luxury segment, by adopting luxury marketing strategies (Kapferer & Bastien, 2009). This development has led to an inflationary use of the term "luxury" and a broadening of the luxury spectrum (see figure 1).

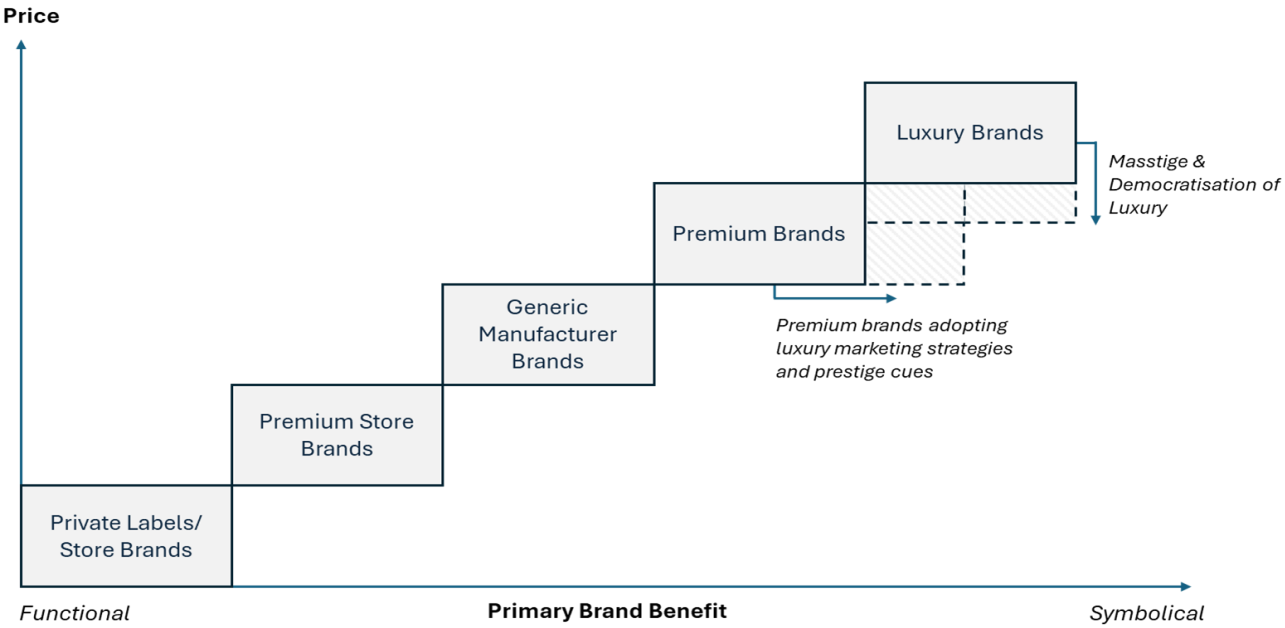

Figure 1 Differentiating between Luxury and Premium
Modified from: Lassop (2002) p. 333

The perceived Level of Luxury

In addition to the already described blurring line between premium brands and luxury brands, research also indicates that customers perceive different levels of luxury within the luxury segment (Vigneron & Johnson, 2004). This perception can be related to many aspects, for example attributes of the brand identity, the brand communication and touchpoints or consumer experiences related to the service or product quality (Kapferer, 1998). De Barnier et al. (2011) identified three levels of luxury. The article differentiated between accessible, intermediary and inaccessible luxury. They stated that a high accessibility of a brand can lead to a lower feeling of exclusiveness and perceived luxury (De Barnier et al., 2012).
Although many researchers have tried to develop a measurement tool for the perception of luxury, there is still no generally accepted approach, since the categorization is largely dependent on (partly subjective) customer opinions.

Acknowledging this development is crucial for this paper, as Intra-Luxury collaborations may involve brands that are perceived as different levels of luxury, which might impact the outcome and perception of those collaborations.

Collaborations & Co-branding

The term brand collaboration is an umbrella term for many different kinds of strategic partnerships between two or more brands (Alexander & Contreras, 2016). Those partnerships are aimed at achieving mutual goals and create an additional value to what the brands could have achieved on their own (Leuthesser et al., 2003; Uggla & Åsberg, 2010).
This paper focuses on co-branding, which is one of the most popular forms of brand collaborations (Alexander & Contreras, 2016, p.256).

Co-branding can be defined as a medium/long-term brand collaboration, in which two or more recognizable brands create a shared product or product line, often including shared marketing campaigns and ways of distribution (Blackett & Russell, 1999).

Co-branding collaborations can create multiple strategic advantages for participation brands. Ueltschy (2004) speaks of a potential win-win situation if the collaborations and strategic partner choice are executed properly (Ueltschy & Laroche, 2004). According to Boad (1999) co-branding benefits include the increase in short-term sales, cost reductions/ combined resources and effects on the consumer perceptions. Especially the latter has been subject of numerous studies, of which several have demonstrated a positive effect on the brand awareness and broadened market potentials. Studies have also shown spillover effects between consumers' mental associations with the brands and therefore changes in the brand images (Paydas Turan, 2021). Combined, these changes in customer perception can lead to a positive development of brand equity, but they can also lead to negative developments and brand dilution (Mrad et al., 2019).

In summary, outcome of the Co-branding collaboration is highly dependent on the type of co-branding and on the strategic selection of the co-branding partners. We will discuss those in the following chapter.

Co-branding Types and Selection Criteria

In the current research we can differentiate between many kinds of co-branding collaborations (Alexander & Contreras, 2016). The most relevant types for this paper are the following:

- Inter-Industry:
  Brands from different industries cooperate (e.g. Nike x Apple)

- Same Industry / Different Price:
  Brands within the same industry, for example Fashion, cooperate but belong to different price segments (e.g. H&M x Moschino)

- Same Industry / Similar Price:
  Brands within the same industry cooperate while being in a similar price segment, for example Luxury Fashion (e.g. Burberry x Vivian Westwood)

For every form of collaboration, the selection of a compatible partner brand is highly relevant.
Helmig (2010) identified the *"product fit"* as the most important factor in his research, meaning the degree to which the product of two categories are compatible (Helmig et al., 2010).
However, for this paper the product fit is less relevant, because we are referring to co-branding within the same segment. Instead, the *"brand fit/ brand identity fit"* is primarily relevant (Chen & Li, 2022; Paydas Turan, 2021). This factor describes the extent to which the brand identity and core values of the two brands fit together (Xiao & Hwan (Mark) Lee, 2014).

The brand identity fit is measurable by multiple frameworks. One of the most commonly used frameworks is the brand identity prism by Jean-Noël Kapferer (2012). This framework is based on the six factors Physique, Personality, Relationships, Culture, Reflection & Self-Image (see Figure 2).

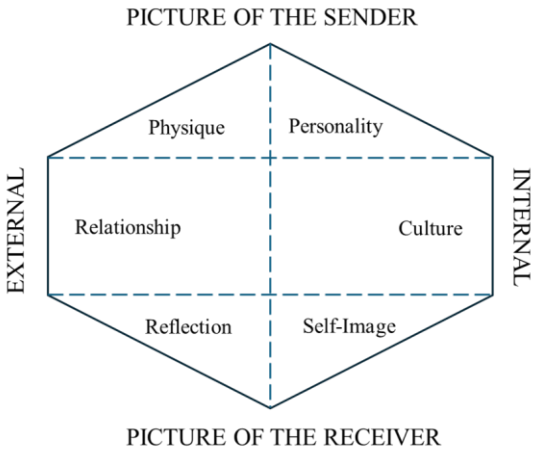

Figure 2: The Brand Identity Prism
Source: Kapferer (2017).

The first two factors of the framework are related to the picture of the sender, meaning the physical characteristics and its personality, expressed through its communication style. The mid-section of the framework describes the internal culture and the external relationship between brand and customer. Lastly the framework describes the picture of the receiver by the reflection of how the brand portrays their ideal customer and the ideal Self-Image of the customer while purchasing (Kapferer, 2012).
It is important to note that a brand identity fit is not only spoken of, when all identity aspects of the brands are particularly similar, but also when they include differences that complement each other (Xiao & Hwan (Mark) Lee, 2014).

Since our paper focuses on the luxury fashion segment, we will discuss its particularities in the next chapter.

Luxury-Fast Fashion Collaborations

As mentioned in the beginning of this paper, collaborations are one of the most popular strategies in luxury branding. Especially co-branding partnerships with fast-fashion retail brands were highly used by several luxury brands in the past.
The reasons vary based on the goals that these collaborations aim to achieve.
For luxury brands, collaborating with fast-fashion ones can result in:

1. An increment in widespread awareness and promotion through the retailer's national advertising campaigns (Wang et al., 2015; Yohn, 2015).
2. The reach of a new customer target group that might have been inaccessible through their own brand.

Nevertheless, current research and literature seem to highlight an imbalance in the beneficial gains for the luxury firms.
In fact, *'the winner'* in these partnerships is clearly the fast-fashion brand whose brand

awareness, image and products perceived quality are enhanced by the collaboration with the luxury brand (M.Mrad et al., 2018).
Additionally, these co-branding partnerships represent a powerful marketing tool that enables the fast-fashion company to maximise customer satisfaction and brand loyalty (e.g. Kim et al. 2007; Shen et al. 2017; Voss and Mohan 2016).
Moreover, retailers use these strategic partnerships to drive higher in-store and virtual traffic (Kunde, 2012; Sherman, 2015).
Finally, collaborating with well-known luxury brands also creates competitive advantages for retailers because it enhances the exclusivity of brand offerings (Kunde, 2012; Sherman, 2015) which helps them differentiate themselves from competitors.

It is also worth noting that there are shared benefits for both actors included in these collaborations. They both profit from the masses' need for uniqueness (Mazodier and Merunka, 2014) that consequently lead to higher revenues since limited editions generate desire (M.Childs, B.E.Jin, 2019).

The downside, as introduced earlier, is that these partnerships are not always purely beneficial for the luxury fashion brand.
There is a greater risk of brand dilution, as the larger brand availability weakens the high-end brand's grasp of prestige and exclusivity, which were a crucial part of their luxury brand image (Moore et al., 2000)
Moreover, consumers' expectations of co-branded items tend to be high, which may lead to negative consequences if the co-branding is unsatisfactory (Kotler & Keller, 2012)
Hence, vital importance should be given to the '*Impaired Perception*' phenomenon which states that perceptions of the luxury brand compatibility, image and quality are commonly impacted when a collaboration is built arbitrarily with a fast-fashion brand. In fact, poor partner selection can lead to brand avoidance, lower customer engagement and a loss of credibility for the luxury brand when the quality of the partnership collection does not meet expectations (M.Mrad et al. 2018).

Luxury-Luxury Collaborations

Collaborations are more prevalent in the generic luxury industry rather than within the intra-fashion luxury segment. The former's aim is essentially to (1) create brand extensions as seen with Hermes x Puiforcat (tableware classics), (2) to develop and launch a new product as seen with Bomber x Bentley (ski equipment) and (3) to enhance customer experience and engagement as seen with Chanel x The Peninsula Hotel Hong Kong.

Little to no research has been made to show the real effects of luxury-luxury collaborations in the fashion industry and why brands from the same segment/industry should collaborate.
Despite the scarcity of information, the specific reasons for intra-luxury collaborations can be traced from existing research and they are as follows:

1. Co-branding allows parent brands to generate sales from their existing customers, while simultaneously gaining access to their partner brand's customer base (Mosca & Gallo, 2016). This is because luxury customers will more likely purchase an intra-luxury collaboration collection rather than a luxury-fast fashion one since their needs and preferences align with the luxury-luxury proposal.
2. Improving Multi-Channel Marketing efforts (Mosca & Gallo, 2016)
3. Slight reduction in the cost of developing new products while maintaining the identities of each partner (Yang et al. 2012)
4. Even within the luxury segment, there are different Levels of

perceived Luxury, so spillover effects on the brand image continue to play a major role (Hennigs et al., 2016).

Methodology

Research Design

In summary, the results of the literature review have shown that there is still a large gap in the literature regarding intra-luxury co-branding. However, it has become clear that intra-luxury brands become increasingly important and offer a variety of strategic advantages over co-branding with fast-fashion brands. It also became clear that the choice of the strategic partners strongly influences these advantages, through differences in the perceived level of luxury. In addition, a brand identity fit is required beyond the luxury positioning.
In the following chapter, we will use practical examples to examine the strategic considerations behind intra-luxury co-branding and the extent to which these are reflected in the choice of partners.

In each Case Study we will provide an overview about the brands involved and their collaboration, analysing secondary data sources in the form of articles, marketing and press materials and the companies websites (1).
We then examine the brand identity fit using Kapferer's (2012) identity prism (2) and provide insights on the perceived Level of Luxury of the collaborators (3).
Finally, we collect insights into the outcome of the co-branding and draw conclusions about the primary goals of these partnerships (4).

Case Selection

To get a practical insight into the different objectives of inta-luxury co-branding, we have chosen three case examples: Louis Vuitton x Supreme, Gucci x Balenciaga & Fendi x Versace.
All Cases involve two collaborating luxury fashion brands, but they differ in the similarity of the brand identities (brand identity fit) and their perceived level of luxury.
The goal is to find out how these factors affect each other and if they are related to the strategic considerations of the brand.

Case Studies & Observations

Categorising the Brands within the Luxury Segment

As mentioned in the Literature Review, the developments in the luxury fashion segment suggest that despite the often-used term “luxury”, differences exist in how luxurious brands are perceived (De Barnier et al., 2012). However, it is hard to find a clear classification for the perceived levels of luxury in literature, as it refers to the perception of consumers and is often hard to measure. At the same time online sources like fashion blogs, magazines and forums have started to address the topic, focusing on customer perception including factors such as heritage and quality, as well as price and exclusivity (Arnett, 2020; Rambourg, 2017; Jestafreak, 2024; Segura, 2019).

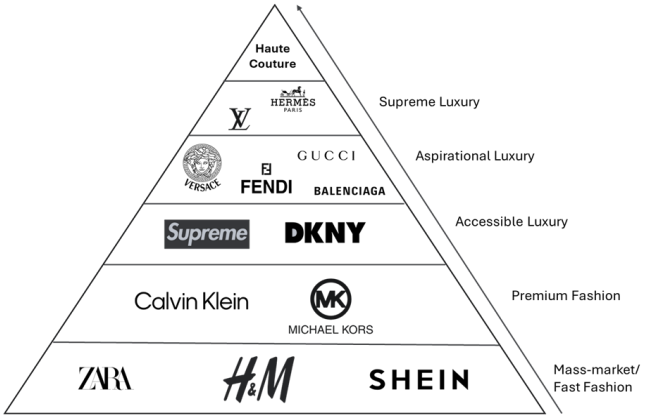

Figure 3: Pyramid of Luxury Levels

Source: Own. Adapted from Arnett, 2020; Rambourg, 2017; Jestafreak, 2024 & Segura, 2019.

Figure 3 is a compilation of the collected online sources. Since the data basis of those online sources is not transparent enough, we will not use this categorisation as factual information, but as a starting point for our own analysis within the case studies.

Louis Vuitton x Supreme

Founded in 1854 the Maison is one of the world's leading international fashion houses and has a rich history in luxury trunk and luggage manufacturing. As a traditional luxury brand, Louis Vuitton symbolises wealth and status but its design lacks modernity and creativity resulting in being too classic to truly build durable customer loyalty for younger generations.

On the other hand, Supreme established itself as a brand known for its young appeal and streetwear fashion collections. It opened its first store in New York in 1994 and in the last 30 years the brand has become a symbol of quality, style, and authenticity whose goal is to work with generations of artists who defy conventions and contribute to its unique identity and attitude (Supreme, 2024). It is also worth noting that all Supreme collections belong to a limited edition, which enhances the purchasing power of customers (W.Jia1, H.Ran, 2021). Moreover, its clientele is constituted by aficionados who are willing to make considerable efforts to acquire the latest product releases.

The co-branding collaboration between both brands included a shared line of apparel, featuring both brand logos.
Louis Vuitton artistic director Kim Jones described the collection as a luxury collaboration inspired by the urban culture of New York City between the 70s and the 90s. This exclusive collection was deemed to be the "ultimate brand collaboration" since it merged together two of the most trending brands in the world (Woolf, J.,2017). It featured the iconic Louis Vuitton monogram print in combination with Supreme's box logo, creating a unique aesthetic that appealed to both luxury and streetwear enthusiasts (Shults, R, 2023). The Louis Vuitton x Supreme collaboration proved that these two worlds could coexist and even complement each other and the key success points were:

1. The identity fit between the two brands
2. The disruption of conventions in the luxury fashion industry
3. Forecasting of trends

Identity wise, they are undoubtedly very different brands, but a deeper analysis shows that they share similarities (Brand Identity Prisms, Appendix A). Firstly, authenticity is a central component of both of them. They are authentic in the way they present themselves: you buy what you see and what is promised, being that high-end French craftsmanship or minimalistic trendy New York streetwear inspired clothes. Secondly, both brands evoke a sense of belonging to something exclusive. Supreme's customers perceive themselves as part of something real, genuine and significant, much like Louis Vuitton's clientele. Thirdly, they both focus on creating high-end products with a minimalistic design. Lastly, customers of both brands view themselves as confident when wearing Louis Vuitton and Supreme apparel.

As for the disruption of conventions, it is undeniable that this avant-garde collaboration has shaken the luxury fashion industry creating a sense of anticipation and paving the way for future similar co-branding activities.

Furthermore, this seemed to be what the market needed. In the contemporary age of globalisation, Gen Z and Millennials are acquiring more wealth and are becoming trendsetters for the entire fashion market. Additionally, according to a report published in 2017 by the Boston Consulting Group and the Italian luxury brand association Fondazione Altagamma, two-thirds of luxury brand consumers prefer to purchase casual and stylish clothing over the brand's traditional classic styles. Consequently, forecasting trends is more important than ever since luxury brands can not only rely on their heritage but need to innovate and rejuvenate part of their

proposal, if they want to continue to stay relevant in the industry (Jiang et al., 2018).

Finally, in terms of perceived level of luxury, the two brands are at complete opposite sides of the same spectrum. Louis Vuitton is “Supreme Luxury” while Supreme is “Affordable Luxury”. This imbalance between perceived levels of luxury may have been the cause of the lack of cohesive integration between the two brands’ designs which resulted in the collaboration appearing slightly forced (see picture 4).

Figure 4: Louis Vuitton x Supreme Collaboration item
Source: Estrop /Getty Images

Nevertheless, thanks to the dedicated audience of aficionados, the novelty of the collaboration and the exceptional promotional campaign, the collection achieved great success. The LVMH group posted a 13 percent increase in revenue in its annual report for 2017, totalling 42.6 billion euros (LVMH, 2017). Louis Vuitton also reached a younger generation of customers and created a touchpoint for new customers, while Supreme expanded its brand perception thus acquiring a feel of sophistication.

Gucci x Balenciaga

In November of 2021, two brands of the Kering Group, Gucci and Balenciaga, collaborated for the very first time in the “Hacker Project”. Together, they created clothes, accessories and shoes which carried both logos and symbols.
After analysing the identity prism of the brands (see appendix 3 and 4), we noticed that both share the offer of a luxurious, exclusive and personalised relationship with their customers and the self-image of being part of a selected group while the other features of the brand identity prism are different. Balenciaga’s Personality is avant-garde and futuristic, its Culture is related to challenging conventional ideas and the Customer Reflection is to mark trends in fashion and being unafraid to break rules. In contrast, Gucci’s Personality is more elegant, sophisticated and classy; its Culture focuses on the Italian craftsmanship and the excellence orientation, and its Customer Reflection is Customers is being stylish and classic but contemporary.

We consider these personalities as opposite complementarians for each other as one is more classy and the other challenges the conventional. The collection showed a well integration of the most recognizable physiques of the brands and their personalities remains perfectly distinguished. For example, some products followed the Balenciaga’s style but were marked by Gucci's patterns while others were created by redesigning iconic items from each brand incorporating the other brand’s logo. For instance, Figure 5 shows a Gucci classic bag with the double G logo pattern and the B from Balenciaga as the brooch. Furthermore, figure 6, shows a coat designed in Balenciaga's signature style and colours (silver, shining and futuristic) in the way Balenciaga stamps its collections (diagonal) but this time, “Gucci” mark was also there. Also, the boots follow the Balenciaga *Knife Boot* style, an icon and recognizable time from past collections of Balenciaga, but now with the Gucci pattern.

Figure 5: Bag from Gucci x Balenciaga Collaboration
Source: Vogue (2021)

Figure 6: Coat and boots from Gucci x Balenciaga Collaboration
Source: Vogue (2021)

In this way, the collection merged key aspects of the brand identities and it did not look forced to clients.
On the other hand, following the pyramid of figure 3, we determined that both brands are on the same level of luxury, called "Aspirational Luxury" which brought the next benefits.

First, the collaboration allowed the creation of even more unique and creative pieces. Second, products could be found in just 74 stores in contrast to the more than five hundred Gucci stores and two hundred Balenciaga stores worldwide. The limited distribution combined with the high customer expectancy, increased the exclusivity and demand. People who could not buy the collection had to buy it through eBay or other websites where they were priced higher. To summarise, the Gucci x Balenciaga "Hacker Project" enhanced the luxury traits of both brands by making their products more scarce, limited and expensive.

In terms of profits, TFL (2022) indicated that during the last quatrimester of the year, period when the collection was launched, Gucci grew in 32% whereas expectations were 18%. Also, the awareness rose thanks to the marked viral moments across social media, especially Instagram and TikTok, due to the unboxing videos of influencers, fashion bloggers and celebrities endorsements. This was very attractive for younger audiences such as Gen Z and Millennials, allowing the Maisons to "set the dream" of owning the brands' luxury items in the future when these individuals gain more purchasing power.

Fendi x Versace

Figure 7: Bag from Fendi x Versace Collaboration
Source: Fendi (2021)

The third Co-branding Collaboration we want to examine happened between Fendi and Versace, also known as "Fendace" (Lischke, 2022). The collaboration was announced in 2021 and included the two collections "Fendi by Versace" and "Versace by Fendi". To create those Collections the brands exchanged design directors to pick up on the classic silhouettes and house codes of the brands, while reinventing them through co-branding (Warren, 2021).

For many branding experts this collaboration came as a particular surprise, as both brands are iconic Italian fashion

houses that, however, belong to different parent companies. While Fendi belongs to the LVMH group, Versace is part of Tapestry (Croft, 2021). Yet the two brands had an extremely well-matched brand-identity fit, which was probably a crucial factor in the decision making and success of the co-branding collaboration (see appendix 5 & 6).

If we compare the brand identities of Fendi and Versace, the strong influence of Italian heritage is immediately apparent through cultural references and symbolism as part of their collections. In addition, both brands are positioned in the high-end luxury segment and have similar attitudes towards the quality and exclusivity of their products (Fendi, 2024; Versace 2024). This is reflected in the choice of materials, the manufacturing processes and the pricing of their products. The pricing of their joint co-branding collection was even slightly higher than Fendi's and Versace's standard prices (Versace SE, 2024), which is intended to further emphasise the idea of exclusivity and the added value of the collection.

The brands are differentiated from one another primarily by their specific designs. Versace Collections often incorporate dramatic designs and bold fashion statements (Dhiman, 2023). At the same time Fendi tends to create more sophisticated pieces, with the addition of their prominent Logo as one of their bolder fashion elements (Fendi, 2024).

In terms of their perceived level of luxury, the two brands also appear to be very similar, which is reflected in their similar price points and their equal commitment to their heritage and quality (Fendi, 2024; Versace 2024). This observation is also consistent with the data we were initially able to find in the online sources regarding the perceived level of luxury (Figure 3).

In terms of the outcome, "Fendace" was a very successful co-branding collaboration that generated a lot of positive PR and more than 3 times the average daily sales (Lions, 2022). Still, it is rather unlikely that short-term sales or changes of the brand images were the main goal of the collaboration. Fendi's designer Kim Jones said, *"[...] Versace is part of the culture I grew up in; it's a cultural phenomenon. And when things in fashion become cultural, they last for a very long time [...]"* (Croft, 2021). Consequently, the co-banding was not intended to be the starting point for an image transfer, but a way to confirm and reinforce the luxurious brand image of both luxury brands in the minds of consumers. At the same time, the brands generated a high level of awareness beyond their own target groups.

Analysis & Findings

What strategic advantages arise in comparison to fast-fashion collaborations?

In the literature review of this paper, we analysed the implications of luxury-fast fashion collaborations in contrast with intra-luxury ones.

Firstly, it has been highlighted that co-branding between luxury fashion brands and their fast fashion counterparts can often be a win-lose partnership where one (the fast-fashion brand) gains more than the other (the luxury brand) in terms of strategic advantages and outcomes.

On the one hand, the luxury brand gains in publicity and awareness, attracts new customers and acquires a greater profit margin while on the other hand this partnership can create the risk of losing credibility. The luxury brand can also become more likely to suffer from brand avoidance and consequently less customer engagement. Furthermore, overall brand perceptions can be impacted negatively by the collaboration and therefore the luxury brand has a higher risk of brand dilution. In fact, more accessibility and affordability of the co-branded collections weakens the luxury brand's identity and prestige. In contrast, the fast-fashion brand has less

evident losses. It seems to have mostly gains in terms of brand awareness, perceived image and quality, customer satisfaction, brand loyalty, profits and differentiation from competition. Therefore, while the fast-fashion x luxury collaborations can generate short-term buzz and revenues, it poses a long-term threat to the luxury brand's integrity.

In contrast to the described risks in fast-fashion x luxury collaborations, we have observed that the threat of brand dilution in intra-luxury partnerships is minimal because the involved brands share a focus on quality, authenticity and exclusivity as a baseline similarity. Therefore, as presented, even when the two brands have a different perceived level of luxury, their overall image, identity, values and vision are most of the time not affected negatively by the collaboration.

Due to these minimal risks, Intra-luxury collaborations started to become particularly attractive for luxury brands. In the case studies we examined the potential goals and strategic advantages of those collaboration types.

Which predominant goals of the intra-luxury co-branding could be identified?

After reviewing the three collaborations, we identified three main goals in the Intra-luxury co-branding:

1. Creating **Awareness** within and outside of your main target group.
2. **Confirm** and **reinforce** your positioning in the minds of the consumers.
3. Profit from spillover effects that can change or complement the **Brand Image.**

The most common goal was the increase of awareness seen in all the collaborations. Louis Vuitton could access a segment that probably experienced the brand for the very first because of their younger age and preference to the urban style present in Supreme. In the second co-branding, both Gucci and Balenciaga approached a younger segment due to the brands exposure on Instagram and TikTok. Also, Fendi and Versace Public Relationships allowed the rise of awareness.

Then, the reinforcement goal was presented in Gucci x Balenciaga and Fendi x Versace collaborations. The two brands of each collaboration were located in the same luxury level so they could maintain and potential their high quality, prices and limited products. According to their brand identity, Fendi x Versace are more similar due to their Italian heritage while Gucci x Balenciaga are more different. However, the way they integrated their key physique features on the collection was very appealing and fitted well.

Finally, just one brand benefited from an improvement of brand image that was Supreme. Since Supreme has a lower level of perceived luxury compared to Louis Vuitton, it is likely that Supreme gained spillover effects to its brand image thanks to Louis Vuitton.

What criteria must be considered to achieve specific co-branding goals?

As it can be seen, the luxury level and the brand identity of the brand are determinant to know which are the benefits for a brand when they do co-branding collaborations.

Discussion and Conclusion

Luxury Co-branding Framework

After collecting and analysing our findings, we want to try to conceptualise them within a framework. This paper has identified the 'brand identity fit' and the 'perceived level of luxury' as criteria that can influence the strategic advantages that brands can draw from a co-branding collaboration. At the same time, these factors should be considered when brands determine the main objective of a collaboration.

Therefore, we want to introduce a framework that can help companies to align

their strategic partner choice with the main goals of their collaboration.
It is important to note that co-branding collaborations do not always pursue only one of the above-mentioned objectives.
For example, awareness is relevant for almost all co-brandings. Nevertheless, most co- brandings choose a main goal or strategic reasoning, which is particularly important for the company.

Figure 8 shows the framework in which we conceptualise these insights. It can be viewed from the perspective of a particular brand and aligns various strategic objectives with the criteria for partner selection.
The framework shows that luxury brands who collaborate with lower-perceived luxury brands mainly benefit from the increased awareness in broader segments. This happens regardless of whether there is a brand identity fit with many similarities or differences (1).
On the other hand, we found that luxury brands who collaborate with similar, or even more luxurious brands, can aim for different outcomes depending on the brand identity fit. If a brand chooses a partner with a similar or higher perceived luxury and a similar brand identity they tend to aim for the reinforcement of their position in the minds of the consumer (2).
If, on the other hand, the brand identities include many differences, the brands often hope to generate additional positive spillover effects on their brand image (3).

Applying the Co-branding Cases to the Framework

In order to validate the developed framework, the case examples were then applied in the framework:
The co-branding between Louis Vuitton and Supreme involved two luxury brands with very different brand identities (brand identity fit), of which Louis Vuitton has a significantly higher perceived level of luxury.
According to our framework, the main goal for Louis Vuitton should be to increase the brand awareness and create brand touchpoints with larger customer segments. For Supreme, on the other hand, it is not only about increasing brand awareness, but also about the positive spillover effects of Louis Vuitton's reputation and Image, which could make Supreme appear even more established in the higher luxury segment.

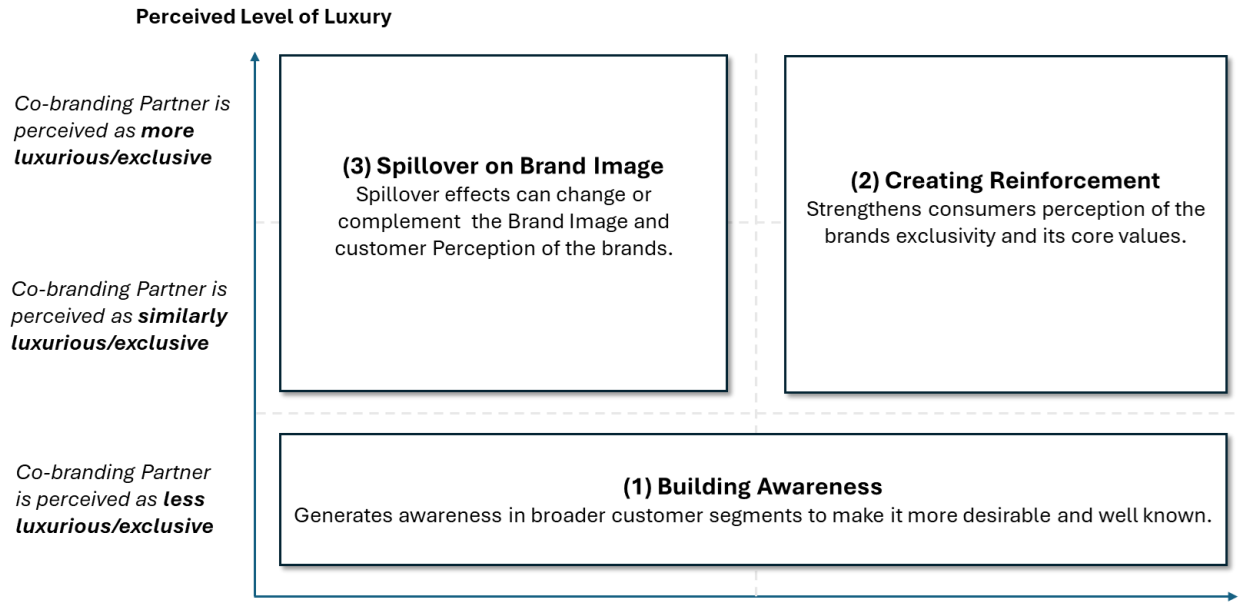

Figure 8: The Intra-luxury Frameworks
Source: Own figure

When we apply the case of Fendi and Versace to the framework, we compare two brands that have a similar perceived luxury positioning and share many similarities in terms of identity, due to their common Italian heritage. Based on the framework, the biggest strategic advantage for both brands should be the reinforcement of consumers' perception of the brands' exclusivity and its core values.

The classifications of those two cases based on the developed framework is consistent with the insights we were able to draw from the literature review and the case studies. However, the framework cannot determine the extent to which these effects have occurred in practice. In addition, the framework would ideally have to be tested with brand managers through expert interviews to further validate the insights.

A co-branding whose categorization according to the framework is not fully consistent with the results of our case study is Balenciaga and Gucci. According to the framework, the positive spillover effects between the brands should have been the main focus of the collaboration. Our case study, on the other hand, suggests that the main goal of the collaboration was to reinforce the brand's own luxury positioning and values. This shows that in practice, it is not always possible to draw a clear distinction between the three strategic objectives as presented in the framework. Instead, there may be overlaps and exceptions in some cases.

From the insights gained from the application of the framework, it can be deduced that the framework is a good approach to identify and conceptualise the strategic advantages and objectives in intra-luxury co-branding. However, further research and the examination of more case studies would be required to apply the framework in business practice.

It is also important to note, that our framework is only applicable for brands operating in the same Segment (e.g. Fashion). Otherwise, the framework would lack information on the influence of the product fit (Helmig et al., 2010).

Limitation and Further Research

Our paper has begun to broaden the view from fast fashion to luxury co-branding. However, due to the limited number of cases examined and the high proportion of secondary sources, the number of cases is not yet sufficient to speak of representative results. Furthermore, this paper examines the aspects of co-branding from a brand perspective. For a holistic view of luxury co-branding, the consumer perspective also needs to be explored in more detail.

Another main limitation of this paper arises from the small number of academic studies that have addressed the topic of intra-luxury collaborations so far. While it is reasonable to assume that factors such as the level of perceived luxury have a strong influence, there is still no standardised approach to measure the impact of these factors accurately. Another limitation is the lack of sufficient data on the perceived level of luxury. While we could gather some data from internet sources and our own Case Studies, there is still a need for specific research on the consumer perception of different Luxury levels. As mentioned in our conclusion, more research is necessary to further test the sufficiency of this first conceptualisation.

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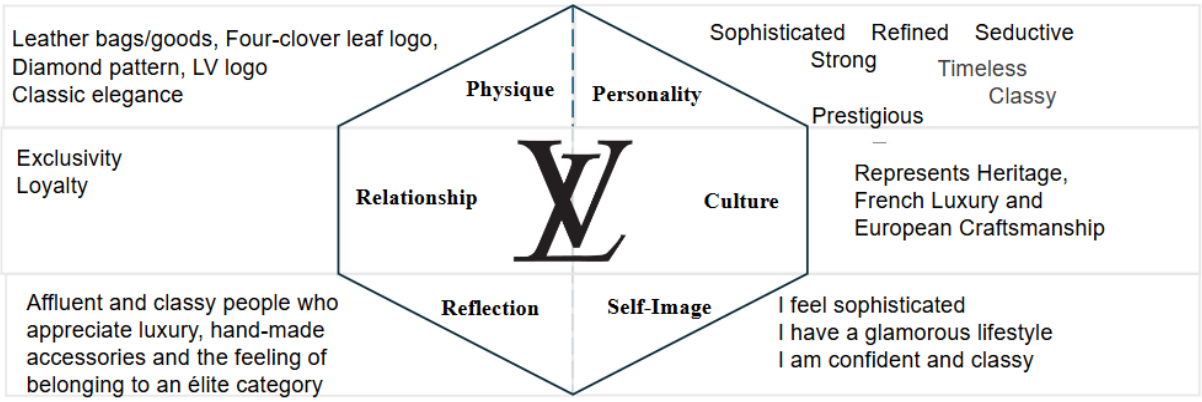
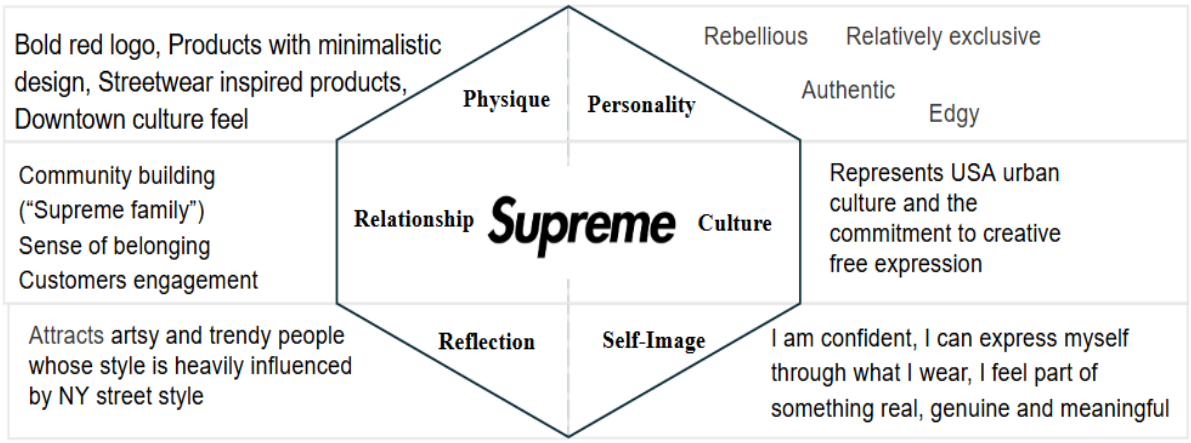
Appendix

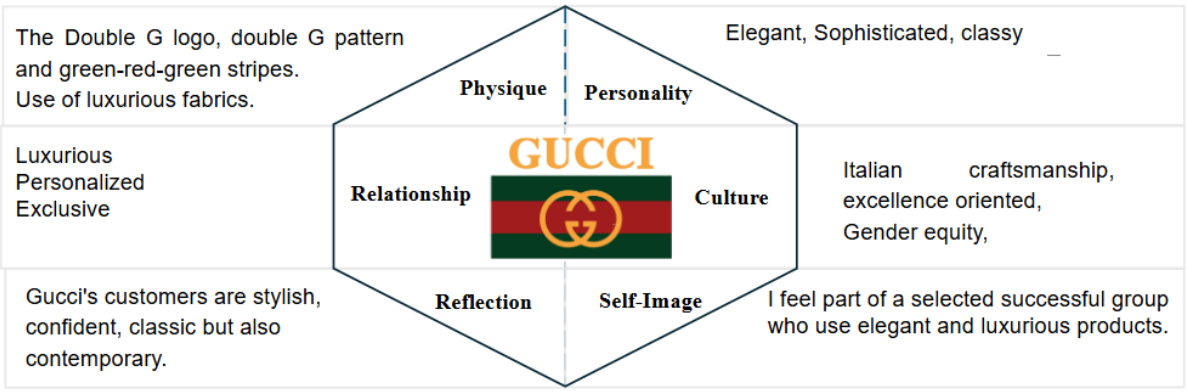
Appendix 1: Louis Vuitton Identity Prism



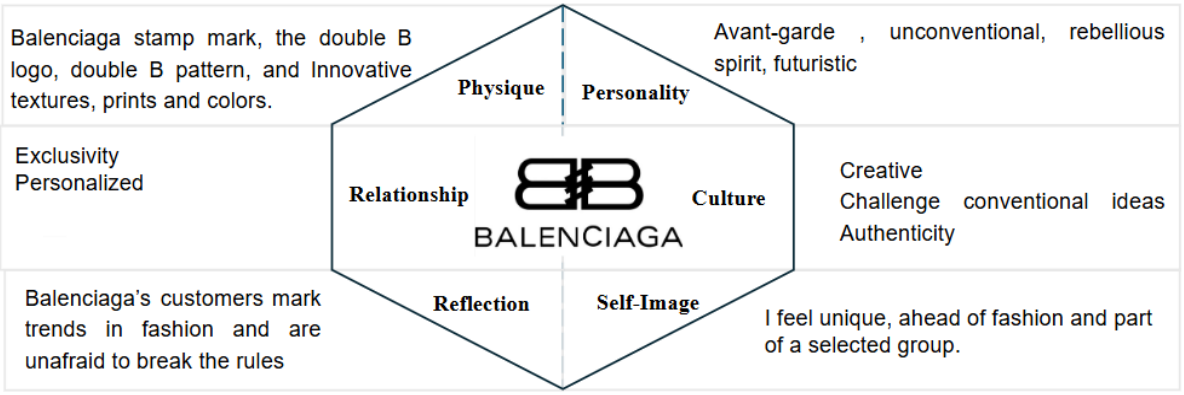
Appendix 2: Supreme Identity Prism



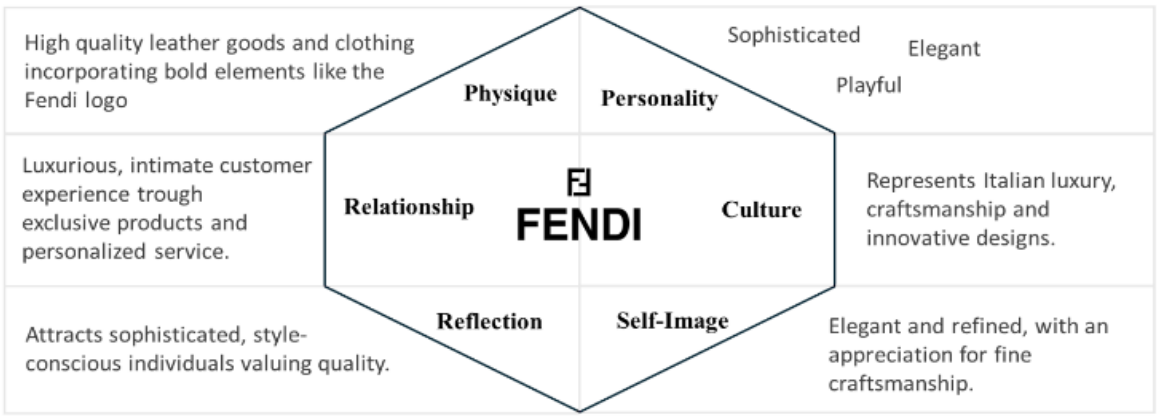
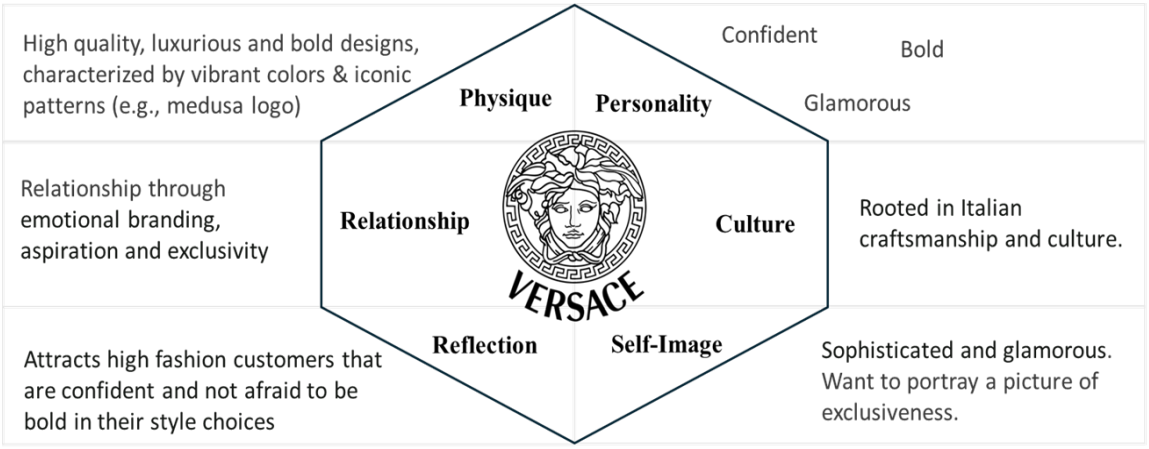
Appendix 3: Gucci Identity Prism



Appendix 4: Balenciaga Identity Prism



Appendix 5: Fendi Identity Prism



Appendix 6: Versace Identity Prism