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UNIVERSITY OF SOUTHAMPTON

FACULTY OF BUSINESS AND LAW

Winchester School of Art

Brazil and the New Luxury

**An analysis of the consumption and creation of luxury apparel and
accessories in Brazil**

by

Antony Galsworthy BA

Thesis for the degree of Master of Philosophy

March 2014

UNIVERSITY OF SOUTHAMPTON

ABSTRACT

FACULTY OF BUSINESS AND LAW
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Thesis for the degree of Master of Philosophy

BRAZIL AND THE NEW LUXURY

An analysis of the consumption and creation of luxury apparel and accessories in Brazil

Antony Galsworthy

This research investigates how a rising nation's consumers and producers are defining their relationship with luxury apparel and accessories. In the context of these products it seeks to identify the core attributes required to merit the luxury soubriquet, in order to arrive at a contemporary definition that also encompasses the impact of branding both of product and place of origin.

Luxury consumption accompanies rapid economic growth and the BRICs (Brazil, Russia, India, China) have become significant markets for luxury apparel and accessories. The subject of the study is Brazil, which after China is the second largest market among the emerging economies for luxury goods at £4.3 billion.

A purpose of this study is to consider the background to the consumption of luxury apparel and accessories in Brazil, how this is influenced by the youthful and dynamic nature of this nascent market and how it is served by foreign luxury brands. It addresses the distinct cultural values of the Brazilian market in seeking to identify the main factors and trends that dictate these brands' behaviour; it goes on to advocate measures they might take to sustain and develop their presence in response to the changes wrought by a maturing market and the expectations of a more discerning consumer.

By contrast this study will also focus on the potential for growth in the creation of luxury apparel and accessories originating from Brazil, to identify, through the use of exemplars from home and abroad, how it might offer a new luxury that is distinctive and guilt-free and will have resonance with luxury consumers beyond its shores. This offers a signpost towards redressing the dominance of foreign luxury brands as the domestic luxury market matures. Cultural identity and the perception of luxury are constantly evolving and in this context Brazil has a further opportunity to mediate and ameliorate its competitive identity by embracing the new luxury.

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Declaration of Authorship

I, Antony John Galsworthy, declare that the thesis and the work presented in this thesis are both my own, and have been generated by me as a result of my own original research.

Brazil and the New Luxury

An analysis of the consumption and creation of luxury apparel and accessories in Brazil

I confirm that:

1. This work was done wholly or mainly in candidature for a research degree at this University;
2. Where any part of this thesis has been previously submitted for a degree or any other qualification of this University or any other institution, this has been clearly stated;
3. Where I have consulted the published works of others, this is always clearly attributed;
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
5. I have acknowledged all main sources of help;
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
7. None of this work has been published before submission.

Signed

Date: 31st March 2014

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BRAZIL AND THE NEW LUXURY

An analysis of the consumption and creation of luxury apparel and accessories in Brazil

INTRODUCTION

In 2001 Jim O'Neill of American investment bank Goldman Sachs, identified **Brazil** together with **Russia**, **India** and **China** as the rising powers of the new global economic order and coined the acronym **BRIC** to encompass these developing nations.

The 'Old World' of Europe, North America and Japan is enduring a prolonged period of economic uncertainty and austerity following the spectacular implosion of its banking and financial services sectors in 2008. Its loss of pre-eminence in many spheres of the industrialised world to the emerging economies, where cheap labour and resources provide a decisive competitive edge, is irreversible. However, this Old World is the progenitor and leader of an industry that continues to expand exponentially, namely luxury goods. The luxury industry has found there is a rapacious appetite for its wares beyond its mature home markets in the burgeoning economies of the BRICs.

O'Neill's predictions for the growth prospects of the BRICs have been exceeded and the wealth of these nations has spawned not only their own super-rich elite but is underpinned by a rapidly expanding middle class, whose aspirations are validated and fulfilled by consumption of luxury goods.

In December 2010 Goldman Sachs retail equity analysts estimated that the global market for luxury goods could grow from around US\$265 billion then, into a US\$1 trillion industry by 2025, with the BRICs accounting for nearly 70% of the increase.

In the context of luxury, the old world order of colonial power, in a commercial rather than military sense, persists with the opening of each newer and larger

Burberry, Louis Vuitton or Gucci flagship store whether in Beijing or Sao Paulo. Across the BRICs, demand for goods designed and manufactured by their own domestic luxury producers ranges from extremely limited to relatively low level and as for export sales they vary from minimal to virtually non-existent.

However convenient it may be in macro-economic terms to speak of the BRICs as a homogenous entity, they are in truth wildly disparate in terms of their demographic, cultural, political and economic attributes. Although by no means the largest in terms of land share, population or size of its economy, Brazil stands out as an exciting prospect. This study will focus on Brazil and its relationship with luxury apparel and accessories both as a consumer and producer of these goods and by considering both angles of this bifurcation of the Brazilian luxury market, it will seek to identify how international suppliers might respond to the nature of the domestic market and how domestic producers may seek to reinterpret the fundamental characteristics of luxury and leverage their distinctive national identity and attributes to achieve success at home and abroad.

PURPOSE OF THIS RESEARCH

Part I of this research addresses how luxury is perceived and mediated through brands. It seeks to identify the essential characteristics of luxury that will provide a contemporary definition of luxury that brands from emerging markets such as Brazil should endeavour to emulate when seeking to enter the global luxury market.

Having set the parameters of luxury and the paradigm of measures required to qualify as a credible luxury brand, **Part II** first gives an overview of the global economic standing of luxury as a framework before proceeding to explore the origins of the Brazilian nation and its people, to discover how these shape the characteristics of the Brazilian market and finally to gain an insight to the distinct characteristics of Brazil's consumption of the luxury apparel and accessories and how this market has evolved.

The luxury conglomerates have prospered and expanded by responding to the demand for their goods from the spectrum of ultra high net worth individuals to newly emergent middle class denizens of the BRICs. These consumers appear to be gladly seduced by the importation of an occidental luxury culture, though as these markets mature this approach will need to adapt to meet their specific attitudes, perceptions and cultural references.

This research will examine in **Part III** the factors that might trigger a shift in this direction of travel to produce a discernible two-way flow of traffic in the supply of luxury between Brazil and the luxury citadels of the occidental world. By case study it will analyse the status of one established and two aspiring luxury brands from Brazil and will consider how leveraging national image, or realigning it to strengths of the domestic luxury producer, may facilitate the process for new entrants. In the context of Brazil it will examine how luxury products contribute as a vital component in shaping perceptions of a nation and reinforcing its core values in areas of innovation, sustainability and enterprise models that address embedded socio-economic issues.

It is in **Part IV** of this study these thematic strands are drawn together to produce a roadmap of recommendations for both the international luxury brands to satisfy the specificities of the emergent Brazilian luxury consumer and for the local luxury producer, to equip it to stand alongside the former in its own market and to go global itself. By achieving the latter it will be seen that significant domestic success beckons, given the behaviour of the Brazilian luxury consumer, which has also been scrutinised. To complement the activities proposed for domestic brands, the researcher will propose a tangible output to conceptualise how Brazil might promote its fledgling luxury fashion and accessories brands to offer an alternative slant to conventional interpretations of its nation brand.

The conclusions reached by the researcher from this study and suggested future outcomes will be summarised in **Part V**.

RESEARCH METHODS

Introduction

There are three aims in this chapter namely, to set out the purpose of the study, to examine the origin of its data sources and reflect on their selection.

During the planning of this research it was important to consider the 'DNA' of luxury apparel and armed with a workable definition move on to consider how to gauge the impact of luxury fashion brands in Brazil in terms of these brands' strategy and delivery and how this equated to the expectations of a growing class of new luxury consumers in the emergent economy that is Brazil. This led to an enquiry into how domestically produced luxury fashion brands might capitalise on and in time help to shape this new market. A literature review was undertaken to define existing knowledge on the concept of luxury and this prompted data collection from journals, books, interviews and the worldwide web.

Qualitative Approach

The purpose of the study is to analyse the Brazilian market for luxury fashion from both angles of consumer and producer; from this basis it investigates how the brands from Brazil and overseas should mediate their ethos and activities to enhance their prospects of success. These objectives are tackled having first identified the touchstones that define a luxury product; then how they will be nuanced in response to a demand from consumers for a new luxury that meets changing socio-environmental concerns.

Sources

In this study data has been gathered from several sources that Cohen L. et al (2007) classify as primary and secondary.

Primary sources, meaning original data in respect of the topic under discussion, have been used in the form of interviews, newspapers, magazines and diagrams.

Secondary sources have been used to supplement primary data, in the form of textbooks, topic related literature, the internet, posters and photographs.

These sources were readily available with regard to seeking a contemporary definition of the attributes of a luxury product. However, they are comparatively fewer with regard to the specific topic of Brazil, which is not well served by dedicated literature on luxury as enjoyed by other emerging economies, such as China (Lu P.X., 2008) or India (Atwal G.& Jain S., 2012). Given the importance of secondary sources of data in this study, the researcher has checked them for accuracy and cross-referenced wherever possible.

Exemplars

For the purpose of this study luxury fashion brands from Brazil and overseas were chosen. In the case of the latter, their ethos and approach to the telling of their narrative has been considered and may be seen as a role model to which the Brazilian brands should aspire. The Brazilian brands were selected because they represent those that have gained international recognition, as well as those that are suited to be proponents of an alternative approach to the creation and promotion of a luxury fashion brand whose products will favourably reflect both Brazil and a 'new luxury' to consumers abroad and at home.

The researcher understands this is a selective approach but it is illustrative of the luxury brand behaviour and communication that accords with the positioning of brands from Brazil.

Interviews

The researcher identified a number of Brazilian respondents from academic and commercial backgrounds with experience in luxury brands and consumer behaviour and sought their views on essential aspects to test the research hypotheses. Responses were obtained in English and Portuguese.

Summary

In this section the overall position of the study has been presented and it has verified the qualitative nature of methodology used. It has utilised established research methods of gathering, analysing and interpreting the data to present views and actions designed to address the research question. In addition to analysis of theoretical knowledge, the researcher has added a practical component in the form of an 'enabling' roadmap and a promotional concept, which are informed by the concept of a new luxury, a direction in which Brazil is well capable of taking the lead.

PART I - The concept of luxury, its association with brands and a contemporary definition

1.1. The luxury concept – fact or enigma?

“Give me the luxuries and I can dispense with the necessities” Oscar Wilde

In the Anglophone world there is a commonly heard expression, “That would be a luxury”, that embraces the concept of desiring either an item or attaining a state of being, both of which are beyond the speaker’s reach at that moment. This provides a starting point for finding a workable contemporary definition of ‘luxury’, which is used relative to the speaker’s place in the strata of society or particular needs in a given situation. For the Beijing resident being able to breathe clean air is a ‘luxury’, for others the term is employed ironically where for example a hectic working life leaves the speaker ‘time poor’ and lacking a ‘commodity’ which the majority may take for granted. It is apparent there will always be degrees of relatively when using the ‘luxury’ word.

The predominant determinant of a luxury item has to be its intrinsic value to its consumer. This will go hand in hand with a high price tag, although whether an item is deemed to be disproportionately expensive is relative to each individual’s financial standing. Klaus Heine (2011, p.2) sums this up succinctly as follows, “While a VW Polo could be seen as a luxury car to a student, a Mercedes S-Class might be just an ordinary car to a wealthy heir. This demonstrates that luxury is a relative term that could refer to **almost anything or nothing** depending on whom you ask.”

‘Luxury’ is a habitually overused and applied indiscriminately to mass-market products and experiences to lend an aura of desirability. It has led to a plethora of sub-groups being created in an attempt to categorise and retain the exclusivity and distinctiveness of world-renowned brands. Hence luxury gurus have striven to coin terms that illustrate the perceived luxury market niche they are seeking to define or promote, e.g. ‘uber-premium’ was coined by Tyler Brule (founder of the

Monocle media and retail empire) to denote status-craving consumers hunting down the next wave in uber-exclusive goods, services and experiences that are out of the reach of the vast majority of society. The term 'Masstige', an amalgam of 'mass' and 'prestige', is used to indicate 'goods produced by a luxury brand but intended for the mass market:' and was first used by Michael Silverstein and Neil Fiske (2003) to denote products from a range that are considered luxury but have entry points at mid-market.

The term 'luxury' is used in day-to-day parlance by the mainstream media to mean something that their primary audience, the 'man in the street', would find extravagant, ephemeral and elusive.

In the Oxford English Dictionary ('OED'), 'Luxury' is defined as, "Something which conduces to enjoyment or comfort in addition to what are counted the necessities of life." (www.oed.com 2010). Hence, in recent use, something which is desirable but not indispensable'.

So potentially it may be any item that is not required to sustain a quotidian existence. Rather something that will embellish, enrich and enamour the possessor and they hope signal their social status to the beholder as well, because as Kapferer and Bastian (2009, p.18) state, "Luxury... has a fundamental function of recreating social stratification" adding, " The DNA of luxury, therefore, is the symbolic desire to belong to a superior class".

In the research literature focussed on the luxury brands and their management, the question, 'What is luxury?' is often posed.

One of the more succinct responses is provided by Jonas Hoffmann & Ivan Coste-Maniere (2012, p.1), "Most of us are able to recognize a luxury product, but we are unable to define the specific characteristics that contribute to the concept of luxury. This is because our perception of luxury is individual; it depends on our individual real-life experiences."

A less elliptical approach to this conundrum is, "For us, a luxury good must satisfy three criteria: it must have a strong artistic content; it must be the result of craftsmanship; and it must be international." (Chevalier & Mazzalovo, 2008, p.xi) Whilst T. B. Jackson (2004) attempts to define the characteristics of luxury products as "...exclusivity, premium prices, image and status which combine to make them more desirable for reasons other than function", and in doing so endorses the OED definition.

Heine (2010, p.57) tells us that consumers perceive that luxury products have six major characteristics Price, Quality, Aesthetics, Rarity, Extraordinariness and Symbolism. But with regard to Price, as Kapferer & Bastian (2009, p.31) authoritatively state," if the word 'luxury' were no more than a synonym for the word 'price', there would have been no reason to look any further, and it would have been sufficient simply to raise the price of one's product – always provided more clients could be found – to do a bit of 'trading-up', in order to succeed. However, luxury is something radically different from trading-up, which does not have the sociological and historical impact of luxury."

The purpose to possessing a luxury item or enjoying a luxury experience is deeply psychologically rooted. It makes us feel good about ourselves, gives us an air of superiority to own an item that has been designed not for the mass market and perhaps even still made by a craftsman. The item or service is in limited supply, whether intentionally, by restricting production to a given number, or indirectly, by putting a price on it that is only within the reach of a few. The concept of luxury goods and services can apply to nearly all consumers.

This air of superiority is not just to be savoured personally, it is used as a symbol of power and position in society to assert or reinforce dominance; witness the finest robes and jewels of our kings and queens. So a piece of luxury jewellery might have been made by a craftsman for a specific person and will never be reproduced. As the divine right of monarchs to rule has vanished, and the number of despots who rule through fear and coercion is declining to a handful, and the autocrats have

supplanted by elected democratic modes of government, so there has been as Kapferer & Bastian (2009) describe it 'a democratisation of luxury'.

1.2. Democratisation and brand supremacy

The transition of luxury from the regal to the plebeian realm has gradually taken place over the course of the twentieth century. It has been propelled by the erosion of rigid social classes, which in turn has been fuelled in the developed world by more widely distributed personal wealth, together with an exponential increase in spending power and the time to use it.

This democratisation mirrors a dramatic increase in customers of luxury brands since the turn of the century. Although GDP growth rates have slowed since the 2008 onset of the recession, it is salient to note that India, China and Brazil all showed wealth growth rates of 20% in 2007. In that year Brazil saw its consumption of global luxury products increase by 17% (Hoffmann & Coste-Maniere, 2012, pp.15-16), The 'Old World', which in terms of luxury products comprises Europe, North America and Japan can expect to be overtaken by the 'New World' territories of Brazil, India and China as the largest revenue generator in this sector by 2015. However, luxury brands recognise that to claim their share of these markets they cannot simply slavishly follow the practices that have sustained their prominence to date. It is in these emerging markets that luxury brands will have to redefine their traditional strategies and marketing techniques to meet the aspirations and expectations of their new customers, whose consumption of luxury is driven by different reference points and national characteristics.

Running parallel to the development of these new target markets for the luxury brands has been their own desire to broaden their appeal in response to burgeoning middle classes throughout the developed world, who crave distinctive tangible symbols of their elevation in wealth and status. Some luxury brands have rushed to satisfy this demand and this has led to products being aligned to 'the mass luxury market' and a consequent loss of brand cachet. This has led to a

convergence; as on the one hand, luxury brands have extended or segmented their ranges to provide products that are priced to be attractive for mass consumption and on the other, high street brands have hired designers associated with luxury brands to produce limited edition ranges for them. The former can be seen by the proliferation of cheaply made low priced accessories where the presence and relative prominence of the luxury brand's logo is the 'must have' feature; and the latter by Swedish clothing company H&M, producing lines designed by Chanel designer, Karl Lagerfeld, as well as Stella McCartney and Jimmy Choo, the famous shoe designer.

The origins of today's luxury brands landscape bear closer examination as the term heritage is routinely extolled as an essential ingredient of a true luxury product, for example the timelessness of fine jewellery, watches, perfumes, leather goods and haute couture, or to the luxury brand itself when marketing new lines, such as customised smartphones.

"Luxury brands are built up around a certain aesthetic concept, a concept which is transmitted into each and every one of the products, and which is translated into desirable values so that every person who possesses one feels imbued with those values", is the view offered by Louis Urvois, former President of Spanish luxury brand, Loewe (Giron, 2010, p26). Conversely a personal appreciation of luxury and an affinity with its ethos is seen as being an inherent facet of its consumption by leading fashion designer, Karl Lagerfeld who opined, "Luxury is the ease of a T-shirt in a very expensive dress. If you don't have it you are not a person used to luxury. You are just a rich person who can buy stuff." (Thomas, 2007, p.297)

The link between the inherent constituents of a luxury product as an object per se is now innately bound up with the brand of its producer. "Can we imagine luxury without brands? The brand is an integral part of the luxury product, but not the concepts of luxury, which are abstract." (Kapferer & Bastien, 2009).

Kapferer & Bastien (2009, pp.39-40) identify six equally flawed criteria 'to pin down the concept of luxury' and therefore propose 'a more radical option: to deny

the specificity of luxury', leading them to opine, '...luxury is the ultimate version of a range, marked by all the well-known criteria of rarity, high price, sensuality, creativity, attention to detail, quality, imagination.'

With this in mind the next step is to examine Hoffman & Coste-Maniere's assertion that 'most of us are able to recognise a luxury product' and consider its consistently found attributes. In this respect, we are helped by the detailed literature analysis carried out by Fionda & Moore (2009), which has led them to conclude, "Within the luxury proposition, the concept of brand—specifically the brand name and identity—is considered fundamental. In conjunction with the concept of brand, various other attributes are considered crucial for creating a luxury brand, including product and design attributes of quality, craftsmanship, and innovative, creative and unique products. The components of rarity and exclusivity are considered a significant trait of luxury brands. The environment and service provided by luxury brands are considered crucial attributes in the luxury proposition. Many luxury brands have a long history, which adds to the authenticity of the brand, and is considered one of the hallmarks of a luxury brand."

It is apparent from the writings of academics and commentators on what are the essential elements that define a luxury product that there are many strands, which has led the researcher to identifying four key aspects that provide a contemporary definition of luxury which brands from the 'New World' can adopt when seeking to enter the luxury market.

1.3. The Luxury Fundamentals

In this section I have endeavoured to identify those enduring key attributes that are the hallmark of a luxury product. The focus of this research will evolve to include how brands from Brazil can assume the mantle of a 'New Luxury' through socio-cultural mediation, but their luxury product must also evince the qualities now described.

1.3.1 Narrative

A brand's narrative will invariably be based upon its heritage wherever one can be claimed. Kapferer & Bastian (2009, p.85) are unequivocal in their view that, "There can be no luxury brand without roots, without a history to provide the brand with a non-commercial aspect."

Whether it be the corner bakery store or a house of haute couture, if it can trace its lineage back beyond a generation then the very fact of when it was inceptioned is often emblazoned on the premises, marketing material and sometimes even the product itself, to endow it with a sense of permanence and, by extension, the level of quality required to thrive in a competitive market.

It is a common thread that runs through both the stable of brands owned by the conglomerates, LVMH, Kering (formerly PPR) and Richemont ('the luxury conglomerates') and independent luxury brands alike.

The classic example is 'Louis Vuitton', or LV to shorten to its ubiquitous logo and signature design motif, which has been identified by Dana Thomas (2007) as the, albeit unwitting at the time, progenitor of the luxury brands. LV takes its name from its craftsman founder who in 1854 recognised that as the wealthy were taking to overseas travel as a diversion rather than necessity, there was scope to provide a simple luggage solution – the trunk. This astuteness was matched by inventiveness that saw a number of design and construction innovations to the existing methods of transporting personal belongings, to ensure his luggage could be easily stacked, was waterproofed and discreetly hinged – all of which were ground breaking ideas. Perhaps the most inspired and enduring finishing touch that Vuitton put to his products though was to apply the LV monogrammed or Damier check canvas to them.

Another telling aspect to the trunk making business was the personal service attached to it in the form of providing the service of packing and unpacking them,

which was 'de rigueur' in that period. In this area Vuitton's interpersonal skills came to the fore as he courted and won the patronage of aristocrats.

There was however an equally important competitor to LV in Paris whose business began a year earlier in 1853 – La Maison Goyard – which is still thriving today and yet has taken a very divergent path, though one which may be said to be closer to the origins of the luxury retail model, to that of LV.

In 1885 Edmond Goyard, the son of the founder of the trunk making (in French – Malletier) business, took over and in the next 37 years, when he in turn handed over the reins to his son Robert, propelled it to the forefront of the international set, with a clientele of crowned heads of Europe and film stars of the day all in thrall to the brand's signature chevron pattern. In doing so he recognised three crucial elements to success as a purveyor of luxury goods; first, personal service and prestige such that the royal courts approved their coats of arms being marked on their Goyard luggage; secondly, expansion of his retail outlets to where his clientele were to be seen namely Monte Carlo, Biarritz and New York; and thirdly, constant innovation, exemplified by the patent for the Malle Bureau, a portable trunk which included a writing table and space for a typewriter, and earlier version of which Arthur Conan Doyle had commissioned Edmond to make for him, and trend spotting such as creating a line of leather goods intended for his client's pampered, and occasionally exotic, pets - dogs, cats and monkeys.

La Maison Goyard now has five in-store outlets in the USA and Hong Kong and twelve of its own stores in France, England, China, Japan, South Korea, USA and from June 2012 in Brazil, but makes it clear from an unequivocal statement to the potential customer on its web site that by "Selecting from the array of classic designs developed by our atelier, or ordering specific made to measure items, one is assured of garnering the most careful and considerate of response, as typified by La Maison Goyard since 1853. We believe this long-standing commitment to our individual clients is best offered by direct, meaningful contact with them. La Maison Goyard therefore does not engage in any forms of e-commerce, such as

those offered by online catalogues or through sales generated on e-commerce websites.”

So personal service is intertwined with a craftsman made product to make the whole offering into a luxury experience and this finely balanced combination endures today in many fields of the luxury business.

La Maison Goyard sustained the fortunes of five generations of the Goyard family but with sales flagging, it was purchased in 1998 by one of its long time admirers and collector Jean-Michel Signoles, and his two sons, who signalled his intentions by opening a new atelier in his home town of Carcassonne, and asserted “Today, Goyard is still a family-owned business. We are completely independent. There is no bank, investment fund or big luxury group behind us. We do not want to depend on foreign suppliers, be subject to their rates and their delivery schedules. We work only with domestic companies, some large, some very small.” This is in contrast to other luxury brands which fell upon hard times in the last 20 years and were often scooped up by the luxury conglomerates, who were primarily interested in acquiring another distinctive brand with heritage and a recognisable logo to exploit through a formula of cost cutting, outsourcing production, using an in-house design team and trading down to produce a diluted version of luxury that relied more on veneer than substance.

A brand from the stable owned by a luxury conglomerate will naturally use its heritage to promote and position its products but this may be an illusion, as closer examination reveals very few of the traditions and practices that first established the brand’s reputation remain whereas the independent luxury company, such as Goyard can lay claim to being faithful to its founding principles and origins. Perhaps this explains why though only founded one year apart LV makes no mention of its founding in 1854 in its advertising, whereas Goyard’s strap line is ‘Malletier depuis 1853’.

However history itself is not everything. As Kapferer & Bastian (2009, p.85) explain, “ Writing ‘Established 1884’ does not make you luxury: it makes you old. You must still signal some additional qualities about both object and people.”

But if your brand has only been around for a generation or less, and you are in a luxury market segment, where longevity of brand is the norm, then how do you compensate for this lacuna on the corporate CV? The answer is to create a storied brand. Storied being an adjective and defined as ‘recorded or celebrated in history or story’ (Oxford English Dictionary). By means of this device the fledgling brand can anchor its offerings to some past event or narrative. Kapferer & Bastian (2009, p.85) confirm, ‘If there is no history, it must be invented.’

Bell & Ross is a French based watchmaker and its success since being founded a mere twenty years ago in 1992, gives credence to the premise that a lack of vintage is no barrier to extolling the ‘heritage’ factor in terms of a fledgling brand’s products. The brand’s founders, Bruno Belamich and Carlos A. Rosillo, worked to simple principles of combining the venerated tradition of Swiss watch-making skills from their workshop in La Chaux des Fonds, with a niche product range of watches suited to the extreme conditions of professional use by divers, pilots and security services. By recreating the first watch used in space (the Space 1 model in 1994) and broadening their offering to the customers with a more sedate existence with the Vintage range that echoes pilots’ watches from the 1940s, it can be seen they have effortlessly leapt back in time by two generations in the look and feel of their products and by inference bestowed this desirable attribute upon the brand itself. Astute marketing has seen the brand supporting long standing events in the fields of automobile festival, ocean racing, air shows, art exhibitions and couture shows and further enhancing in its customers’ minds the perceived characteristics of tradition and longevity. This serves to imbue the brand with a personality and culture that belies its newcomer status in the pantheon of luxury watchmakers.

Experiencing a luxury product is often as much about the intangible aspects as its tangible properties. For example, the consumer’s confidence in the authenticity of the product going beyond the provenance of materials of construction and

embracing the reputation of its place of origin can be an invaluable factor in the acquisition process. Consumers are influenced by what is known as the country of origin effect and, "...people have known for centuries that a 'Made In...' label is just as powerful and just as valuable as a 'Made By...' label." (Anholt, 2007,p.9). Just as, for example Made in Italy on a cashmere sweater will serve to add to the customer's perception of its quality, because Italy's brand image revolves around its storied production of stylish apparel and accessories, then so in turn a country of origin can benefit from the positive image of its well known brands in what becomes a virtuous circle.

Whether actual or constructed the brand's heritage or storied narrative bestows its soul, essence and values, which in the retail setting equates to selling not just a product but a story too. If the product's story can be associated with a positive image of its country of origin then this opportunity should be seized. As Anholt observes, "people want their brands to come from somewhere. A country of origin is *hard equity*, which in many cases doesn't need to be built from scratch because it already exists in the consumer's mind, and has a definite shape and form." (2007,p.94).

1.3.2 Performance

Performance relates to the premium quality and product integrity that are essential to the luxury proposition. However, in the last thirty years of the twentieth century these attributes became obscured as the luxury business became commoditised and increasingly influenced by image and the media. The demands of shareholders for profitability combined with the rising number of luxury consumers has led the luxury conglomerates to relocating their production facilities and relying on computer-aided design as well as compromising the quality of materials to the detriment of product integrity.

Authenticity is the essence of a luxury product, but where is it to be found when the industry has become commoditised? The brands may well espouse the values of craftsmanship and lay claim to using locally sourced materials and workshop

manufacture, e.g. textile and leather goods in the Tuscan city of Prato. Traditionally luxury goods were made in the city by skilled seamstresses, however as they belonged to trade unions which were able to ensure they were well paid for their labour, the luxury conglomerates sought ways reducing labour costs. In a 2009 paper entitled "Gender Arbitrage: Law, Luxury and Labor" by Michael B. Likosky (2009), he introduced " the concept: *Gender Arbitrage*. That is, luxury firms treat gendered labor markets similarly to tax jurisdictions. Like international tax planners, luxury attorneys map the various transnational labor jurisdictions. They then make strategic use of these differential gendered regimes. This involves moving production to jurisdictions with low labor cost. It also involves making strategic use contemporaneously of jurisdictions where labor costs are high. For example, within the luxury market, it is important to capitalize not only on low labor costs in China, Romania, and Saudi Arabia, but it is equally important to capitalize on Italian labor jurisdictions simultaneously and in a coordinated fashion in order to maintain the "Made in Italy" label."

The author points out "Of the 4,275 textile factories in Prato, 2,500 are owned by Chinese who tend to employ only Chinese workers. And most of Italy's major design houses—including Prada, Versace and Giorgio Armani—rely heavily on Chinese-owned suppliers from Prato." It is apparent that consumers in Asia will not pay for luxury goods which are labelled as made in their own region, which left the luxury firms with a dilemma; either conceal the fact of production is being outsourced to Asia or lobby government for a free zone system, where national tax and customs laws are relaxed, and thus retain production at home. In Prato, which was founded as a free city in the thirteenth century, the luxury firms chose the latter option and as noted above many textile factories were acquired by Chinese entrepreneurs, however Likosky notes, and "they did not reemploy the Italian seamstresses. Instead, they hired Chinese immigrants, mainly women and generally with little training. These women were often undocumented. This shift in the labor market solved a problem for Italian firms wanting to lower costs and, at the same time, also to maintain "Made in Italy"."

We shall contrast this state of affairs with the case of British luxury leather goods firm Ettinger & Son, founded in the 1930s and whose goods were made overseas until in the 1950s it acquired a 19th century leather goods manufacturing business in London and maintained its tradition of craftsmanship and design. In 1999 with its business thriving Ettinger acquired James Homer Ltd, one of the oldest and last surviving leather goods manufacturing companies. It was established in 1890 in Walsall, which has a long tradition of producing leather goods for equestrian pursuits (the local football team bears the nickname “the Saddlers”) and continues to employ skilled local craftsmen in its handmade manufacturing process. The authenticity of its products has enabled it to gain a Royal warrant from the Prince of Wales. Its leather goods and gifts were distributed to retailers; however in 2010 it opened its first store in the luxury hotspot that is the Ginza district of Tokyo. Ettinger enjoys an untarnished brand image, which celebrates its craftsmanship to the extent that every step of the manufacturing process is lovingly detailed on its website. It illustrates the simple truth that to be a luxury brand a company must make luxury products and what makes a product luxurious is not simply adding “glamour” through association with celebrities and events, but rather must emanate from the emotion stirred by the merits of the product and only then will its status, and that of the brand itself, be elevated by the patronage of the rich and famous.

1.3.3 Innovation

Innovation is a defining feature of luxury. Whilst a luxury brand’s products should exemplify the brand’s narrative and reflect the quality of materials and craftsmanship in its production, there has to be innovation which Kapferer & Bastian describe as “...reading the mood of the times and offering products that respond to it in novel ways, be it at level of style, technology or in the identification of a new need.” (2009, p.123)

When speaking of innovation in terms of a product’s design and features, luxury brands are renowned for pushing forward these boundaries. As noted in The Times Luxx Report (2013, p.5) of the five most outstanding examples of post war

design innovation in the British motor industry, four of these fall squarely in the luxury carmaker category, namely the Range Rover (1970), E-Type Jaguar (1961), Aston Martin DB 4 (1958) and the Bentley Continental Type R (1954); the fifth being the Austin Mini (1959). Examples may also be found in the subject area of this study – apparel and accessories – and in some cases a luxury brand will owe its first steps on the route to its iconic status to the application of innovative materials and methods of construction to its established products. Louis Vuitton was the first to use waterproof canvas, rather than hide, to cover his trunks as the latter could transfer its distinctive odours to the contents. He also dispensed with the domed lid and heavy metal clasps of traditional trunks and produced them with flat lids and canvas hinges glued to the inside and outside to facilitate their easier transport and storage. Thomas (2007,p. 195) tells us that in 1994 Gucci embraced computer aided design to produce prototypes that met exacting standards of their designer, Tom Ford, before they went into production by their artisans thus saving time and money on going ‘from design to leather’. As Thomas notes, “Since 1995, all Gucci leather goods have been designed on computers. Between 1994 and 1998, leather goods production jumped from 640,000 to 2.4 million items per year, and increase of 277 per cent.” Another technological leap to speed up production saw Gucci exclusively develop a water jet cutting method for cutting hides.

Every aspect of a luxury brand’s commercial activities should be under scrutiny to discover where improvements can be achieved, whether it is in design, technology, production, sustainability, leadership, marketing or channels of distribution.

Jonas & Bettina Hoffman (Hoffman & Coste-Maniere, 2012, pp.57-73) have devised an acronym to identify the what they regard as the four essential pillars of luxury innovation. **PIER** stands for path, insight, excellence in the execution and rareness of experience. In their view **Path** represents a coalescence of exceptional individuals responding to their context to produce innovative design and solutions. They cite, as examples of this phenomenon, first Coco Chanel’s upbringing in a convent as the inspiration of her use of clean lines and black and white (the nuns’ habits) and beige (the convent’s stone walls) in her signature dress designs and

then Louis Vuitton's response to the steam age of trains and ocean liners to meet travellers' needs for strong, flat, waterproof trunks.

However, they assert the Path needs the **Insight** of an individual who either recognises the opportunities offered by technological advances (Richard Mille watches are used as an exemplar) or possesses extraordinary creative flair that takes a brand into a new direction (Karl Lagerfeld's influence at Pierre Balmain, Chloe, Fendi and Chanel is cited).

Execution Excellence refers to the craftsmanship that brings the Insight to market in the form of a luxury product. It is only through cultivating a culture of excellence by simultaneously employing and developing the next generation of artisanal skills and integrating new production techniques, that the product assumes the status of becoming an object of desire that defines the consumer. The process of acquiring such objects of desire is the final step and must offer a unique luxury shopping experience. In this respect Brazil is cited as leading the way in this **Rareness of Experience**. Since the 1950s when the luxury emporium known as Daslu was founded and offered the ultimate in personalised service and a holistic shopping experience, making it the place to be seen and satisfying a deeply ingrained cultural need in the Brazilian psyche to send out a clear signal of their elevated social status.

Luxury has to be flexible adapting to the zeitgeist yet retaining those elements that ensure it stands out from the functional and mundane necessities of life and as Berry observed in *The Idea of Luxury* (1994) "It is not superfluous but it is substitutable".

1.3.4 Communication

Communication is the final essential ingredient in this modern definition of luxury and has to be viewed in two contexts.

First, how the consumer uses luxury to communicate their social standing – this is fundamentally based on a product's price, its scarcity and direct association with the designer or maker when considering the highest end of the market such as

haute couture creations - and through the brand's cultural, sporting or philanthropic activities it gives a message about the consumer's passions, tastes and aspirations

Secondly, how the luxury brand communicates with its customers will distinguish it from a commodity to be bought and sold to a consumer. The aim is to create an enduring relationship with the customer that goes beyond the mercantile, so that s/he has an emotional commitment to the brand. The outcome is that the customer values the luxury item in terms of both its superior performance and, this is a key distinguishing feature, on a visual and sensory experiential basis too.

The luxury brand must inculcate its consumers with a sense of exclusivity that pervades its products. It will create an aura around every step in the process from selection of materials and their transition through skilled design and assembly into a finished product and then endowing the whole experience of acquiring and owning the product with a sensory laden experience and a deep feeling of alignment with the brand's espoused values such that the consumer perceives their lifestyle through the reference and tropes associated with the brand. As Andy Rogers, formerly Visual Director at Stella McCartney and now Brand Director at Fred Perry, comments, "Branding is about exposing the soul of the brand and creating a meaningful, respectful relationship between the customer and the brand... through dialogue and subtle timing rather than constant, evasive communication and meaningless content." (Anaya, 2013)

The advent of the digital age initially seemed to be the very antithesis of how luxury brands had operated and wished to be perceived. Their key modus operandi had always been offering a cosseted and personal service in flagship stores that exudes taste and exclusivity, and rendering into a tangible form the dream like aura that the brand has cultivated. Granting access to your products through that most egalitarian of channels, the web site, would seem to threaten dilution and dissipation of the brand's values and mystique. However the Internet has evolved into a powerful medium for communication and a luxury brand needs

to ensure its 'ethos statement' takes precedence over the transactional aspect of clicking the 'Confirm Purchase' button.

Kapferer & Bastian were so convinced of this threat they wrote, "The basic rule of luxury is 'Always communicate via the Internet, but never sell on the Internet'" (2009, p220). At the time of writing Kapferer & Bastian conceded that Gucci and Armani offered online sales, claiming though it was an appropriate distribution channel for fashion but not luxury because it was a 'sensually reductive world' (2009, p.208) appealing to only two senses –seeing and hearing – but impossible for smell and touch and therefore insufficiently experiential. Their advice was tempered by being stated to be 'as of today' and a distinction is made between items such as small leather goods and a \$20,000 Chanel Chronograph watch on the basis the former may be purchased by a click but the latter would never be sold online. However, whilst that holds true for Chanel's own digital distribution it should be noted this watch could be sourced online from Amazon. Clearly Kapferer & Bastian had a valid point of principle but their premise was doomed to be engulfed by the incoming tide of online shopping that luxury brands would ignore at their peril.

There has to be a compromise and hence today one finds the web sites of Louis Vuitton and Hermes offer a mixture of entry to mid level products available online while the top end is still available only in stores. Their web sites are still led by a communication rather than sales imperative. Communication using online and social media still remains a key marketing tool for luxury goods brands. The consultancy firm Bain & Company report (2013) global luxury e-commerce sales account for 3 to 4 % of total revenues at £6.04 billion and are growing strongly, but there is an inherent danger that online sales are simply diverting consumers from making in store purchases so there is little overall revenue gain and needs to be managed to avoid store saturation where the trend points toward online. This sends a clear signal that physical store presence in second and third tier cities of emerging markets may lead to 'cul de sac' in revenue growth terms.

Creating a digital marketing approach to your luxury brand which integrates smoothly with the brand's ethos and values and equally importantly with its

operating structure must be a prerequisite to sustaining brand equity. “In order to address the demands of their internet savvy customers, luxury brands should rethink their business model by first identifying and segmenting its core customers and their needs, then defining the brand experiences(s) to be shared with them and only then building its offering and the relevant business model.” (Gutsatz & Auguste, 2013, p.195)

Their framework is focused on customer experience and they add, “Both brick-and-mortar stores and the digital world are considered simultaneously because they ensure the customer/user a complete and consistent brand experience – each locus complementing the other.” (Gutsatz & Auguste, 2013, p.196)

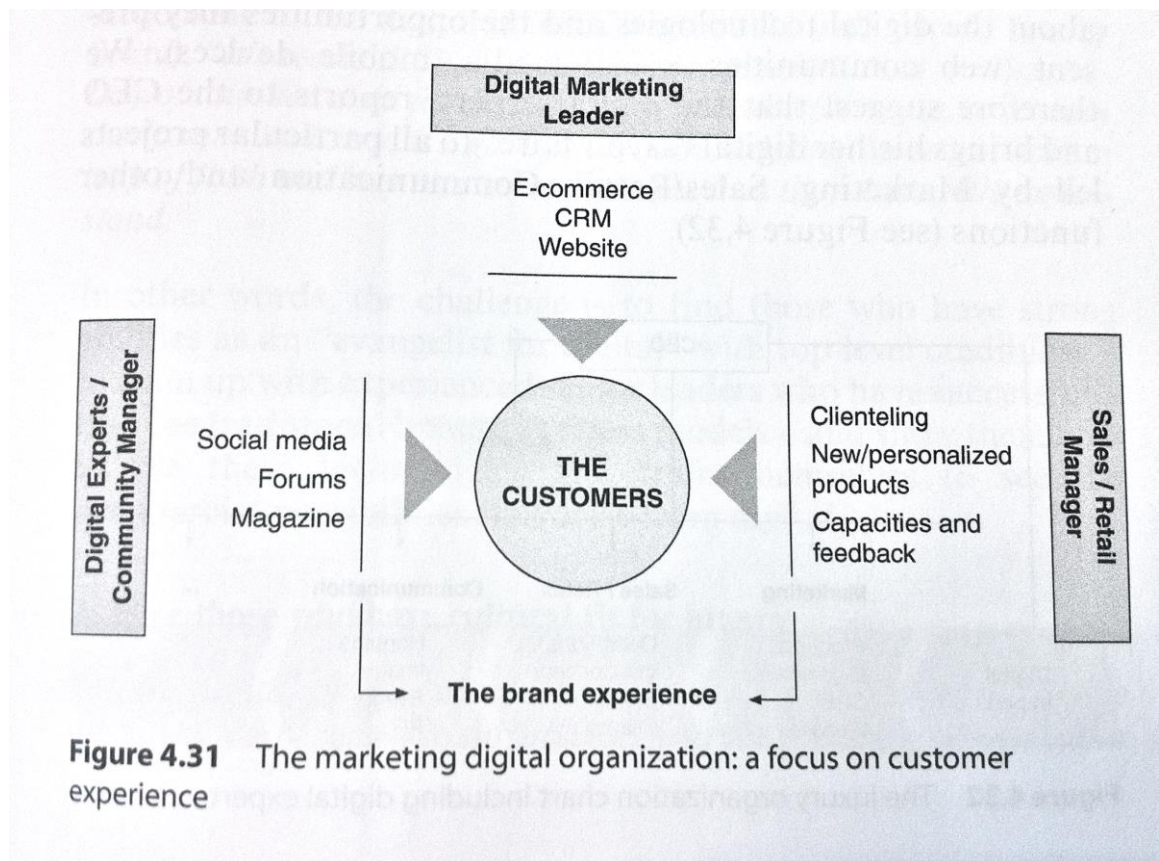


Figure 1- A focus on customer experience
Source: Gutsatz & Auguste (2013, p.195)

This methodology is typified by the opening on Burberry’s flagship store in London last year, which was designed to resemble its web site. As The Guardian newspaper (Cartner-Morley, 2012) reported on the conversion of the 1820s building in Regent Street, “Remodelling the grand structure into a bricks-and-

mortar version of a website is a clear statement to the world that, for Burberry, digital now comes first. Christopher Bailey, the firm's chief creative officer, said: "We designed it like that because when you're shopping at home online, you are on the sofa with your credit card. You don't stand up and queue." For Bailey, the primacy of the digital experience is self-evident. "I find it weird that anyone would find it weird [digital-first thinking]. Most of us are very digital in our daily lives now. Burberry is a young team and this is instinctive to us. To the younger generation who are coming into adulthood now, this is all they know."

The purpose of Communication is to influence consumer behaviour and Chevalier and Mazzalovo (2008, pp.270-1) contend this begins with Brand Meaning, that they define as, " ... the brand's ethics expressed through its aesthetics; that is, the combination of all of the brand's manifestations."

With online communication the luxury brand has the opportunity to convey its uniqueness and luxury feeling by using graphics, animation and sound of the highest order that become an absorbing and immersive experience, sometimes with customer interactivity, that helps intertwine the brand's identity with their own in the customer's mind.

For a luxury goods brand a blended media approach to communication that reinforces its values through advertising in high-end magazines and supplements (e.g. the Financial Times 'How To Spend It'), events (Burberry's 'The Art of the Trench' in store previews), brand ambassadors (LV's use of sport and film legends), digital channels and social media. The print and online advertising campaigns from the luxury fashion houses, Louis Vuitton, Gucci and Versace for their autumn/winter 2013 collections give a snapshot of how they seek to portray their brands. The hiring of celebrity status models is to the fore; Kate Moss (Versace) and Gisele Bündchen (Louis Vuitton). LV features models projecting 1930s glamour in furs, lingerie and monogram bags in a grand European hotel suite setting, while Versace opt for a plain background and simply adorn an otherwise unclothed Kate Moss with three strategically placed Quilted tote bags. Gucci choose to reference to its equestrian heritage as it promotes dress, bag and

shoes in black leather and build on this with a video of its collection that allows the customer to buy by clicking on each item's Gucci logo.

Effective communication plays a vital role in maintaining and enhancing the brand's reputation. "Luxury brands are indeed more sensitive to reputational damage, because a greater proportion of their brand value is derived from empathy and trust." (Bendell and Kleanthous, 2007). Adverse publicity from the unethical or unsustainable sourcing of the materials used to create a luxury product is very damaging, signalling to the consumer an abdication of corporate responsibility and a mind-set of putting profit before the planet's wellbeing. The new generation of luxury consumers demand that products are designed and made to standards that demonstrate a social conscience and respect for the natural world. As Maria Eugenia Giron observes, "In truth, the luxury market displays some characteristics which mean it could spearhead responsible consumption. In the first place, it possesses enormous visibility and is highly international" (2010, p.208). Heightened interest by luxury consumers in what processes, labour skills and materials are entailed in the finished product will lead them into the very areas that should be one of the strengths of luxury brands – the story telling about the origins, craftsmanship and finest materials that combine to make the beautiful and as Giron concludes, "...the luxury industry, in its quest for beauty will again feel responsible for nature, taking care in the process of creating beautiful objects it does not destroy nature, but enriches it." (2010, p.218)

Today to be a desired luxury brand you have to be seen to be a good corporate citizen, not least to assuage any guilt on the part of the consumer. "It's fair to say that the word 'luxury' can have negative connotations. It may imply elitism or status seeking, not to mention greed. In other contexts it might suggest idleness or dissipation." (Tungate, 2009, p.227). While one may reconcile the pursuit of luxury in terms of its contribution to art, culture and sport, Luxury brands need to recognise they should not be solely reliant on these outcomes, as the modern luxury consumer may also be influenced by their purchase making a contribution to wider social or environmental issues.

1.4. Summary

It was noted at the outset that word 'luxury' is both commonplace and relative, leading Kapferer & Bastien (2009, p.38) to conclude "As with many concepts, so it is with luxury: everyone understands it, but nobody can agree on exactly what it means, on its contours, its frontiers or its members."

With this in mind, and in the context of this research, I have sought to identify the parameters of a modern definition of luxury and in doing so conclude that a luxury brand and its goods have to evince a narrative, demonstrate performance of the product, practise innovation and master communication. All of these facets overlap and coalesce to fulfil the truism that the whole is greater than the sum of the parts. Although these defining elements are immutable, their frequency and polarity are variable in the context of contemporary luxury. The luxury purchase made by a conservative European luxury connoisseur is more likely to be motivated by narrative and performance, whereas the New World luxury ingénue will be influenced by the latest trends and thus place more value on communication and innovation. The former may only acquire goods at the highest end of the price scale whereas the latter will often seek a mid level entry price. To one the presence of a product's logo must be discreet or preferably even absent, whereas to the other its presence is essential.

The importance of the brand is overarching when seeking to monetise the finest craftsmanship, design and materials that are manifested in luxury goods. Okonkwo (2007) supports this view when she asserts, "Luxury brands are one of the purest forms of branding. The brand and its image are key competitive advantages and create enormous value and wealth. Without branding luxury goods would not be as appealing or would not even exist."

Tinne Van Gorp identifies seven steps in the luxury fashion brand building process (Hoffmann & Coste-Maniere, 2012)



FIGURE 7.1 The brand building process

Figure 2 The seven steps of Tinne Van Gorp's luxury fashion brand building process Source: Adopted from Hoffmann & Coste-Maniere (2012, p.128)

Van Gorp believes brand concept and identity refer to the narrative and signifiers; awareness and positioning follow as the brand becomes visible and then positioned in consumers' minds; and finally loyalty, equity and value reflect a high level of emotional attachment by consumers, the sum of all its distinctive qualities and the monetising the sum of these steps for the brand owner respectively. Just as 'luxury' is an elusive concept to pin down so too with 'brand value' much lies with the intangible. Sicard (2006) says, "90 per cent of the stock value of Hermes is composed by the six letters of its name and that only 10 per cent reflects its workshops and primary resources, namely its tangible assets."

As the founder of Brazil's Luxury Lab, a portal for sharing knowledge and experiences, Luz Vaalor is an eloquent advocate of the consumption of luxury goods being a democratic and contemporary experience. She eschews the notion that luxury is restricted to the privileged few or is confined to objects of inestimable value or the latest model of something very exclusive. She declaims, "The contemporary luxury is no longer inaccessible, no longer superfluous, and may not require large expense or necessarily be ostentatious. Luxury is a moment of pleasure. And with pleasure, luxury is personal and not transferable. The contemporary luxury is being seen as a sign of personal development and choice. Thus, increased association of luxury with more human awareness, linked to ethics, ecology, welfare and culture." This final remark alludes to what has been termed a 'New Luxury', where the discerning consumer will seek out those luxury brands that attach importance to socio-environmental concerns and will eschew those that have diluted their brand ethos through product extensions, logo dependency and short cuts on labour and materials.

As we shall see later in this research, when focussing on the putative Brazilian luxury fashion brands, it is an emphasis on such an individual and personal relationship with luxury that will provide them with opportunities to differentiate and afford a competitive advantage whilst still bearing the hallmarks of this luxury definition.

PART II - Luxury and Brazil – the market and attitudes

2.1 The global luxury fashion market today

The route to setting in context the luxury culture in Brazil begins with an overview of the global luxury fashion market, in which Brazil's luxury consumers, and to a lesser extent its producers, are increasingly significant players.

In the modern era luxury in fashion was initially the sole preserve of haute couture, whose *raison d'être*, as Kapferer & Bastian (2009, p.34) explain, is, "...precisely to be both the height of luxury and the height of fashion" As the class system based on 'old money' or inherited wealth became disrupted as the nouveau riche achieved similar levels of personal wealth, and in their wake the growth and spending power of the middle classes inexorably advanced, this had a significant impact in blurring the distinction in the field of fashion between luxury and premium.

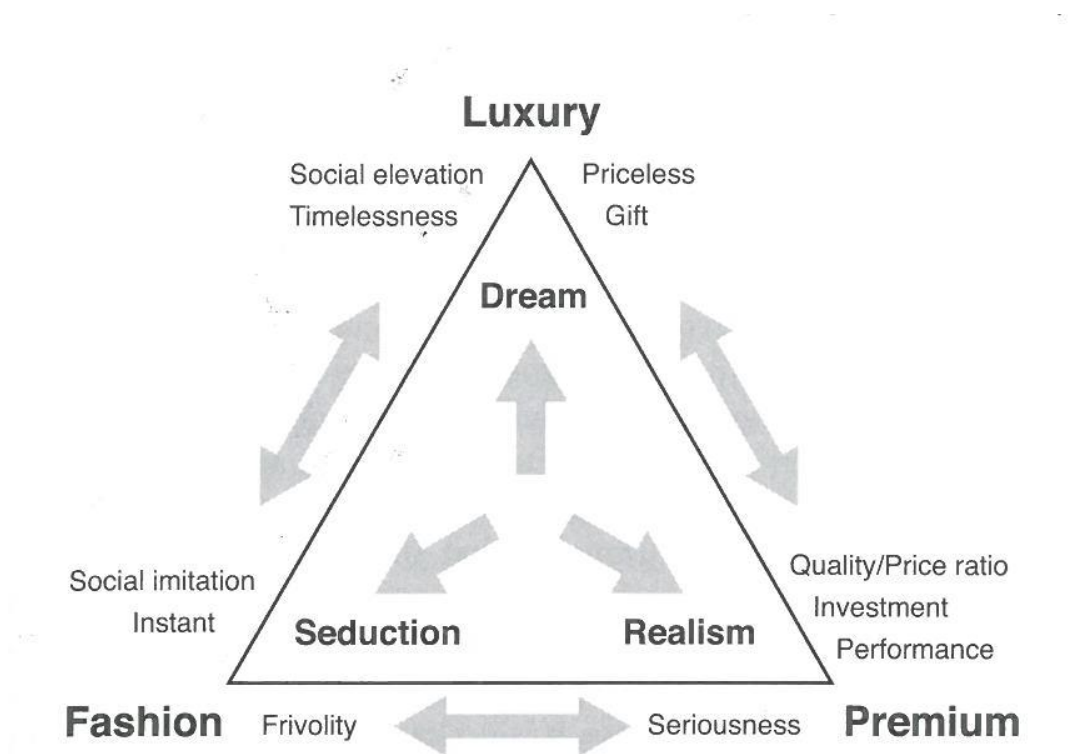


Figure 3-Luxury, fashion and premium positioning triangle
Source: Adopted from Kapferer & Bastian (2009, p.35)

In tandem with dramatic rises in middle class disposable income there were profound societal changes happening that increased middle class aspirations to be part of a lifestyle that in the immediate post war years had seemed to be the preserve of the privileged elite. These factors served to fan the spark of demand for ready to wear fashion and accessories from women whose spending power was, as Jafar (2013, p.54) states, “insufficient to enable them to purchase haute couture” and led in response to the luxury fashion brands’ “main purpose was to make luxury fashion accessible to the mass market, it seems, in fact, that their implicit objective is to exponentially increase the luxury brand’s profitability”. Thomas (2007, p.34) notes that ‘... luxury was no longer simply about creating the finest things money could buy. It was about making money, a lot of money.’”

The transition of luxury retail from a raft of specialist houses operating in an elitist environment to a select consumer base and seemingly cocooned from the exigencies of mass-market commerce to its modern day manifestation as a multi billion dollar global industry has been both rapid and inevitable. It is the creation of the luxury conglomerates Kering (formerly PPR), Richemont and Louis Vuitton – Moët Hennessey (LVMH) that wrought an irreversible process of change. A significant milestone was reached in 1989 when Bernard Arnault brought together groups of companies specialising in three areas, fashion and perfumes, luggage and leather goods and champagne and cognac, to form LVMH. This gave luxury retail its first taste of industrial scale heft and led to a revolution in marketing and production. No longer would luxury goods be viewed principally in terms of atelier led design and small-scale craft based production, to be spoken of in discreet and reverential tones and intended for the cognoscenti only. For a period the label became all and it was lent indiscriminately to products. This diversification, coupled with outsourcing production to low labour cost manufacturers in the Orient, was seen as the means of driving volume sales to the young and newly affluent. For some brands this had unintended consequences for example the proliferation of Burberry check on everything from court shoes to baby buggies meant its ubiquity threatened its exclusivity. The downside of this headlong rush to enhance shareholder value through being mass is reflected by Thomas (2007, p. 13) who accuses the luxury industry of having “...sacrificed its integrity, tarnished

its products and hoodwinked its consumers. In order to make luxury 'accessible', tycoons have stripped away all that has made it special." Whilst the luxury industry can lay claim to having rowed back from the impending abyss forecast by Thomas, its inexorable rise in terms of the financial rewards from sales in traditional markets in Western Europe, North America and Japan were augmented by the rise in purchasing power of consumers in the BRICs.

Hence today one may readily dispel any notion that as luxury goods are often perceived as the preserve of the very wealthy and privileged few, that they do not constitute a significant area of global economic activity, by simply considering recent data. In May 2013 the respected global consultancy firm Bain & Company, in association with the Italian luxury goods trade body, published a report looking at spending on luxury ready-to-wear, perfume and cosmetics, watches, jewellery, and accessories such as belts, ties and shoes (Bain & Company, 2013). The report indicates that growth has been both exponential - Bain estimates that the global luxury goods market in 2025 will likely be more than five times larger than it stood in 1995 – and significant - in 2012 they value the luxury goods market at 212 billion Euros and it is projected to grow to 250 billion Euros by 2015. The Bain Report noted that turnover from luxury sales increased by 10 per cent in 2012 and confidently predicted 4-5 per cent growth in 2013, despite a slowdown in the Chinese market that had experienced phenomenal double-digit growth in the period of 2005-11. This was due in part to a government crackdown on the culture of ostentatious business 'gift giving' and displays of conspicuous wealth amongst officials evidencing pervasive levels of corruption. However, Brazil and Mexico are identified as territories showing accelerated demand for luxury goods with 12 per cent sales growth.

Fionda and Moore (2009) in their detailed study of luxury related research literature (eighty six discrete works are referenced) observe with regard to the luxury goods market that, "The rate of growth has been driven by a variety of factors, the most significant of which has been the increase in the number of high-net-worth individuals with an appetite for luxury brand consumption...fuelled by increased media interest in luxury goods consumption, and the emergence of

luxury brand awareness as an integral element of consumer culture.” As the geographic coverage of luxury fashion brands has spread unabated their global recognition has increased to the extent that they represent eight of the twelve luxury brands, which appear in the 2012 Interbrand Top 100 Brands (<http://www.interbrand.com/en/best-global-brands/2012/Best-Global-Brands-2012.aspx>. accessed 25 November 2013)

Globalisation became a watchword for the luxury brands; their aim to become known globally and to have a strong presence not only in the well established major luxury markets of USA, Europe and Japan but also embrace those of the emerging economies China, India, Brazil as well as the Middle East. This dislocation of luxury markets has led to, “...the creation of new markets for Western-established luxury brands and the globalisation of Western-defined luxury. ***It is likely however that new luxury codes will appear in these countries.***” (Hoffman & Coste-Maniere, 2012 p.71)

The global luxury fashion market today is in a period of rapid expansion yet is only gradually recognising and reacting to the growing diversity of its the markets. Brazil is a dynamic and vibrant market for luxury fashion brands and global brands Louis Vuitton, Gucci and Prada are delivered on the lines of the established Western-defined model, which the market both desires and eagerly consumes. However, in emerging markets like Brazil, China or India luxury consumers are commonly younger than in Western luxury markets and will desire something novel that reflects their lifestyle. So as this market matures, consideration ought to be given to how it may be adapted and transformed to reflect Brazil’s innate habits and characteristics.

As Hoffman & Coste-Maniere remark, “Showing off through logos is important in emerging countries because of the central role of the ‘group’: family and friends. In addition, akin to India’s Bollywood, there is a strong celebrity culture related to Brazil’s entertainment industry, the so-called telenovelas (soap operas). And those celebs are central to the image construction of luxury brands, supported by a dedicated ‘celebs’ media industry, like Brazil’s “People” magazine, *Caras* (“Faces”). (<http://www.worldfinancialreview.com/?p=2903> accessed 24 March 2014)

It may be inferred from the statements of Hoffman & Coste-Maniere that whilst the visual manifestation of an established Western luxury fashion brand's presence in emerging markets will result in its store in Beijing being superficially indistinguishable from another in Brasilia, providing a homogenous consumer experience, this ought to be nuanced over time to reflect the tastes and preferences of its local market. This may relate to a) the product, and perhaps mean minimising the use of logo or adding more colour, or b) the retail experience, and where appropriate be more attentive and service focused. The more rapidly these brands adopt a localised marketing strategy that builds on, and does not dilute, the branding perceptions associated with a global luxury brand, the more likely they are to gain a competitive advantage. It is understood that established luxury fashion brands would be hesitant about adding more than just a token amount of localisation, however this offers an opportunity for smaller niche brands to engage directly with the local market, for example in Brazil by innovatively exploiting that nation's obsession with social media, and build a reputation with its luxury market. This view is endorsed by Euromonitor International's report of May 2014 "Luxury Goods in Brazil" which concludes, "The recent entrant of international luxury goods brands in Brazil has changed the competitive environment, with leading companies continuing to develop new strategies to overcome hurdles. In order to succeed, some of the characteristics of the Brazilian population must be understood and pitched services must be provided, together with product adaptation." (<http://www.euromonitor.com/luxury-goods-in-brazil/report> accessed 16 June 2014).

2.2 Brazil – its origins and socio-economic development

Before considering the current status of the luxury goods market in Brazil, it is salient to consider it in the context of first the origins of the nation and its people, as these shape the characteristics of the Brazilian market.

In the course of its history Brazil's unique demographic, social, economic and political factors have intertwined to produce a society that still has many issues to address but nonetheless has in the last 25 years undergone a transformation

A brief review of the salient factors and events that result in the modern nation of Brazil, will serve to aid understanding of its relationship with the consumption and production of luxury goods.

First, who are the Brazilians? They are truly a melting pot of people from European, African and indigenous backgrounds.

The riches discovered after the Portuguese explorer Pedro Alvares Cabral, having been blown off course, landed at Porto Seguro in North-eastern Brazil in 1500 found their way to the Portuguese court in the form of the red wood – pau brasil - that was used to dye luxury textiles, and sugar.

Over the following 300 years Brazil's wealth of natural resources saw it exploited by Portugal and the other great seafaring colonial powers of the age, Spain, Britain and Holland.

Portugal, although seemingly diffident in its relationship with its vast southern hemisphere colony, managed to retain its sovereignty over Brazil; a colony that had become the major source of revenue for Portugal's monarchy and when in 1807 they literally found they had their backs to the Atlantic Ocean as Napoleon's army advanced upon Lisbon, they escaped by the only means possible, embarking on a two months' sea voyage to their South American colony. This proved to be a pivotal moment in shaping and embedding Brazil's European heritage.

The Prince Regent Dom Joao and Queen Carlota set about transforming Rio de Janeiro from a town of 60,000 inhabitants and no more than 50 streets to a European style royal capital city boasting a royal treasury, national bank, printing office, library, military academy, court of justice and Botanical Gardens to rival Kew Gardens in London. What followed was thirteen years of exile that can be seen as the turning point in setting Brazil on the course to becoming an independent nation. It is conjectured that it was at this time the concept that imported textiles and apparel are inherently superior to those produced domestically first entered

the Brazilian psyche. As Garcia Neira (2012) states, “...from that time textile production and trade was divided into two sectors: ‘fabrics for the poor’ were produced by Brazilian industry, while the classes that were ‘more favoured by fortune’ were only supplied with foreign textiles, above all, English and French. This sharp division left a definitive mark on the opinion of Brazilians about national production and until today signs of its downgraded status still survive.”

In 1822, less than two years after the Prince Regent Dom Joao had returned to Lisbon to be crowned King of Portugal, his son Dom Pedro made a unilateral declaration of independence from Portugal and in Sao Paulo named himself Emperor Pedro I. It also cemented the territorial integrity of Brazil which today sees it as the largest nation in South America, in contrast to the Spanish empire south of the River Plate which fractured into the nations of Uruguay, Argentina, Chile and Paraguay.

In 1831 Pedro I chose to abdicate in favour of his son Pedro II whose reign is dominated by the issue of slavery, the basis of Brazil’s economic success in the sugar plantations, as he was a proponent of its abolition, which was finally achieved in 1888 by the Princess-Regent, Dona Isabel, Pedro I’s grand-daughter, an act that contributed, ironically, to the abolition of the monarchy the following year. In this respect, the royal family in the final years of their tenure in Brazil became a progressive force.

Brazil witnessed the importation of African slaves on an unprecedented scale estimated at nearly four million. The legacy of this is the racial makeup of Brazil today and the experience of the majority of the black population is more likely to be in poverty and suffer discrimination, as Brazilian politics, economics and society are still largely dominated by the population of European or *Mestizo* (mixed race) origin. It is in the northeastern state of Bahia that Brazil was born and grew rich on slave labour that worked the sugar, cotton and tobacco plantations. The Bahian city of Salvador was the capital of Brazil for 200 years and remains today Brazil’s third largest city with a population of three and half million of which 82% are of black descent.

The abolition of slavery did not affect the need for labour on the coffee and rubber plantations and saw immigration from Italy, Germany and Portugal as well as Japan instead. The ethnic groups in Brazil are spread out throughout the country with a heavy African presence in the Northeast (Salvador), Lebanese and Jews in São Paulo, and Europeans notably of Spanish, Portuguese, Italian, and French descent all over the country. Whilst cross ethnic and cultural unions became the norm in shaping modern Brazil's population, some communities retain strong ties to their ancestor's homelands, notably the German and Japanese communities.

There are now sixth generation German speaking communities in the southern state of Santa Catarina living in towns named Blumenau and Pomerode that reflect the first settlers' origins from Pomerania in northernmost Germany. The inhabitants of the self proclaimed 'Most German City in Brazil' cling to the traditions of brewing beer and sausage making amidst the neat orderly streets of twee bungalows. Ironically this distinctive absence of integration has proven valuable in attracting investment with the presence of German manufacturers Bosch and Netzsch and in October 2012 BMW announced it would build its first Brazilian production plant 20km from Pomerode at a cost of 200 million Euros.

The presence of a largely assimilated 1.8 million 'Japanese Brazilian' with a third of this number concentrated in the Liberdade district of Sao Paulo and has led to inward investment. Japanese foreign direct investment in Brazil totals just over \$4 billion in commodities, natural resources and high-yielding interest rates on investment. The takeover of Brazilian brewing company Schincariol by Japanese brewer Kirin is a notable example of Japan's commercial capability and influence in Brazil. Kirin spent \$2.6 billion to become the majority shareholder of Schincariol, which brought in \$1.8 billion in revenue in 2010.

This cauldron of diverse cultures – European, African, Amerindian and Asian -, whether they have crossed over or been confined to their community boundaries, has had a lasting impact on the nation's collective psyche and from this intermingling has endowed it with its key attributes vibrancy, flexibility, cordiality and optimism. As Rother says the Brazilians adopt *jeito* in their daily lives – “an

aptitude, knack, or talent....used figuratively to describe the skill required to manoeuvre around the laws or social conventions that prevent you from achieving an objective.” (Rother, 2010, p.34)

Brazil achieved full independence as a republic in 1822, yet it was not until the post war boom of the 1950s that the first signs of its true potential to be a world economic power were witnessed during the presidency of Juscelino Kubitschek, now regarded as the father of modern Brazil. However the following thirty years were marked by political and economic instability with two decades of military dictatorship, in response to a perceived threat of communism, and rampant inflation. A return to democracy in 1985 and the subsequent presidencies of Cardoso and Lula finally eradicated inflationary pressure and created the framework in which the nation and a widening section of its people have been able to prosper. Draconian fiscal and protectionist measures were required to stabilise the economy as import restrictions on items such as luxury goods were imposed and these were only lifted in 1993, though high import taxes remain.

2.3 Brazil joins the luxury world

A by product of this era is the effect it had on the international luxury brands making a late and initially tentative (most sales were through local representatives rather than own store presence) entry to Brazilian market and on Brazilian luxury consumers travelling abroad to acquire luxury goods. This impact is still felt today as estimates suggest that of the purchases of luxury goods by the 22.5 million Brazilian ‘affluents’ (those with more than \$3,180 monthly HHI) some 80 per cent are made abroad (Galloway, 2013). As Ferreirinha of MCF Consultoria remarks, “The Brazilian has become a constant traveller, being the main customer in several markets worldwide.” (<http://www.slideshare.net/Digital-Luxury/world-luxury-indexbrazilbydigitalluxurygroup> accessed 27 November 2013)

As a measure of this economic boom, March 2012 was a significant month for Brazil as it was announced that its GDP had increased by 2.7% in 2011, following a 7.5% rise in 2010 and in doing so Brazil had overtaken the UK as the world’s sixth

largest economy. It has a heavy reliance on raw materials –iron ore, raw sugar, coffee, soybean and orange juice – which make up almost half of its exports. This has tended to mask the fact that today Brazil enjoys a balanced and diversified economy in which its design, manufacturing and creative sectors are of growing importance. Brazil has the world's third largest plane-maker, Embraer, yet very few passengers if asked who built the jet they were flying would answer Brazil, so this signals a problem with its image worldwide.

As the economies of the old world – the US, Europe and Japan – have stagnated following the recession which began in 2008, those of the BRIC nations have powered ahead and whilst growth has slowed, as the economic downturn had a global impact, the demand for Brazil's natural resources, the strength of its currency and the continued political commitment to high public spending, inflation targeting and fiscal reform, have all contributed to a boom in spending power among Brazil's burgeoning affluent classes.

It is instructive to dwell briefly on the current demographic and wealth data, which ought to be the staple diet of luxury brand executives as they scheme to unlock the still largely untapped potential of the Brazilian luxury market.

The Economist Intelligence Unit in August 2013 gave the following overview of business prospects in Brazil: -

“Brazil's large and growing domestic market, diversified economy and relatively stable political environment (notwithstanding recent street protests) make it attractive to investors. Its global ranking remains stable, pointing to slower progress than in other countries. Poor government efficiency, a burdensome tax system, rickety infrastructure and deficiencies in the labour market will continue to have a negative impact on the business environment.”

Whilst Brazil may be the fifth most populous state in the world with a population of a little over 190,700,000, including 409,000 US dollar millionaires, a 2011 report for The Luxury Society, in association with Ledbury Research Ltd,

(<http://www.ledburyresearch.com/media/document/luxury-society-market-guide-brazil.pdf> accessed 27 November 2013) describes it as '...one of the most unequal societies in the world – 5% of the population own 85% of the wealth'. Indeed the 2010 census by the state controlled 'Brazilian Institute of Geography and Statistics' (IGBE) highlighted "acute income disparity" in Brazil, with the richest 10% of the population gaining 44.5% of total income compared to just 1.1% for the poorest 10%. But this raw data masks a significant shift in Brazil's population by Income Class as shown in the following table.

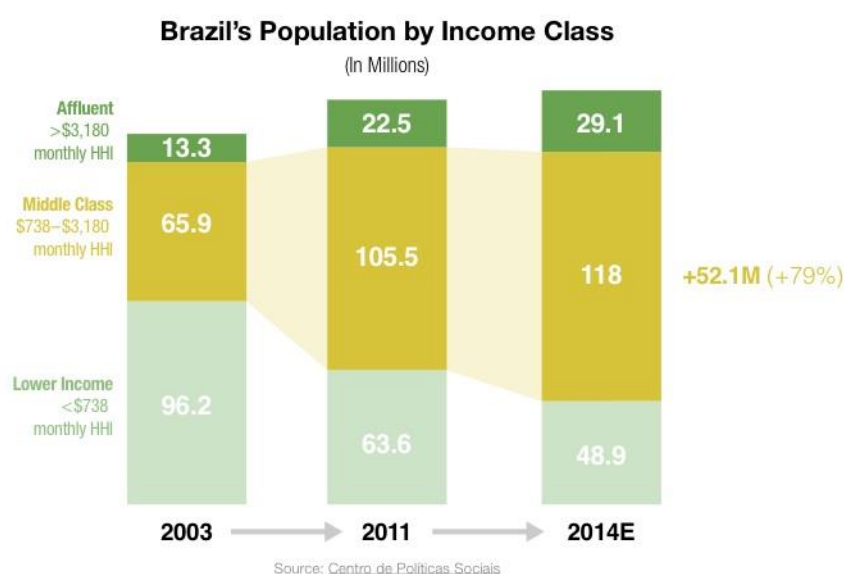


Figure 4- Brazil's population by Income Class
Source – <http://www.i2thinktank.com/research/brazil-prestige-2013> accessed 28 November 2013

As befits the leaders of The Workers' Party, Brazilian political rulers of recent times have always had an uneasy relationship with the term 'luxury' as whilst its increasing profile serves to highlight the disparity in wealth distribution at the same time it has proven to be a lucrative source of taxation income, in the form of high import duties that has led to international luxury goods costing two to four times more than in their brand's country of origin.

2.4 Brazil and luxury apparel and accessories

It has been said that Brazil has only one true luxury goods brand. The jeweller H.Stern consistently satisfies the criteria in our modern definition and enjoys near global recognition. The story of H.Stern's journey from its origins as a gemstone trader founded in 1945 by a 22 years old Hans Stern, a Jewish émigré who fled

Nazi Germany in 1939, to its current status as an international jewellery brand with a celebrity following bears closer scrutiny to pinpoint its critical success factors. The first of these was a simple but effective marketing ploy of locating his first store at the Rio de Janeiro harbour side where American and European tourists arrived on the cruise ship liners that were the epitome of post war luxury travel, and then setting up booths in the lobbies of the hotels where they stayed. Stern recognised that the Brazilian market paid scant notice to the coloured gemstones mined in the State of Minas Gerais (translated from Portuguese as 'General Minerals') such as tourmaline, amethyst and topaz. Knowing that foreigners would be drawn to these exquisite and radiant hues of these gems, and by hiring fellow German master gemstone cutters to transform dull rough stones into dazzling works of art, Stern steadily grew his business and reputation far beyond Brazil's borders.

Among other factors that underpin the company's success were its decisions: -
To train its gemstone cutters in-house, so that today it employs more than 600 craftsmen: -

To vertically integrate the business so that stones were procured, cut, polished, designed and made into fine jewellery and marketed by them in order to ensure the outcome was the best quality product;

To make the transition from sales of loose stones to high end jewellery products;

To build brand following and loyalty through adoption by fashion designers (Diane von Furstenberg since 2004) or celebrities (ranging from Catherine Deneuve in 1984 to Jennifer Lopez in 2014);

To make it stores, and the tourist magnet that is its Rio museum, a reflection of its products and offer and immersive experiential retail environment; and

To transform its design ethos to embrace bold and imaginative collections often inspired by Brazilian icons, be they from its nature, culture or people.

This last factor is seen as crucial in projecting a distinctive Brazilian feel that encapsulates those aspects of this nation that hold an enduring appeal to global luxury consumers. This has led to collaborations with diverse partners ranging from internationally popular Brazilian footwear brand Havaianas, which resulted in an inspired confluence of luxury and street cool fashion with a limited edition

flip flop covered in golden feathers and diamonds, to collections inspired by the works of Brazilian artist and designers including Roberto Burle Marx, Oscar Niemeyer and the Campana Brothers.

The success of luxury brand H Stern in gaining traction in markets beyond its shores is a consequence of certain behaviours and techniques that aspiring Brazilian fashion and accessories brands may view as a template for emulation. Both have benefitted from relative international success to gain credibility and sales in their domestic market where an attitude that imported brands are superior to domestic ones has been ingrained. To achieve this international reach, H. Stern recognised it was too expensive to open its own stores as it does in Brazil and so established mini stores within upmarket department stores such as Selfridges and Printemps, and now has 160 of them in 12 countries. The key elements in gaining international acceptance for H Stern have been a focus on quality, design and innovation. Quality is achieved through controlling the production and manufacture processes. Design is realised through nurturing the talent that transforms the ordinary to the extraordinary by taking inspiration from elements of Brazilian culture and art. Innovation can be found through its collaborations and engagement with celebrities. These are all attributes that an aspiring Brazilian fashion brand may aspire to adopt to achieve export success. As H. Stern's CEO and Creative Director Roberto Stern, who is the son of the founder Hans, says, "think about the best of Brazil and bring the best of Brazil abroad." (<http://www.luxurydaily.com/94690/> accessed 23 June 2014).

In the field of luxury fashion there are the own label designers Carlos Miele and Alexandre Herchcovitch, however despite being well known at home and their designs are seen on the runways of New York, Paris, London and Sao Paulo Fashion Week, they do not yet possess a truly worldwide following. There is a pervasive sense that Brazilians do not value or view their own brands in the same way as the foreign brands that now dominate their luxury retail landscape. A closer look at the nature of these consumers and the market they inhabit now follows.

2.4.1 The Brazilian luxury consumer

‘Mas, que nada’ is slang meaning literally ‘but, that’s nothing’ or in modern parlance ‘whatever’. It is the title of a song written by Jorge Ben, one of the foremost Brazilian composers of popular music. When combined with a tune that sticks in the mind and is suffused in the rhythm of the bossa nova, it makes for a sonic distillation of the Brazilian Dream. The stereotypical images of an omnipresent sun, the aquamarine ocean, the white sands and a constant soundtrack to which the lithe melting pot of youthful Brazilians, whose skin tones range from ebony to sun kissed strawberry blonde, samba through a carefree and harmonious existence devoted to hedonistic pleasures. This is an illusion conjured up by the advertising moguls of Fifth Avenue, but it makes a suitable jumping off point for this section. Its key components are a booming economy, fuelling its burgeoning affluent classes with the disposable income to sustain an insatiable appetite for consuming luxury brands; a fashion industry in decline under a tide of cheap Asian imports and a nation striving to find an identity that will take it from being perceived by the global community as an upstart to earning admiration and perhaps even respect by its economic peers.

The typical Brazilian luxury consumer loves the razzmatazz that accompanies their shopping forays: -

The palatial surroundings of the mall, that include spas, gardens, cinemas, restaurants even a library and VIP areas for socialising that all serve to make the luxury shopping an immersive and recreational event: -

The Brazilian entertainment industry, especially *telenovelas* (soap operas) are enormously popular and influential with 80 million viewers for a season finale, and its stars lend celebrity sparkle to luxury brands; and these consumers demand and receive attentive and pampered service at the malls (e.g. chauffeur from home and concierge services) and within the luxury stores (e.g. personal stylist, complementary champagne and chocolates).

The malls are seen as a haven keeping the tide of crime that afflicts the poorer areas Brazil's cities well at bay and have become in the words of Carlos Ferreirinha of MCF Consultoria, "safe temples." (<http://www.ft.com/cms/s/0/4413fb34-1b96-11e3-b678-00144feab7de.html#axzz2lgEONPBA> accessed 25 November 2013)

They are driven by a need to be continually "on trend" about which they are well informed, not least through their avid use of social media. They need to be seen with the 'must have' handbag or shoes that indicates, as J & B Hoffman assert, the "...Brazilians' use of luxury as a social marker" (Hoffmann & Coste-Maniere, 2012, p 69).

All of these factors added to a large measure of impulsivity in their buying habits and a huge dose of optimism that Brazil's time, as it has been hailed for many decades as 'the country of the future' (An eponymous 1941 book by Stefan Zweig), has now arrived and is to be savoured, have fuelled spiralling luxury consumption.

Ferreirinha describes the profile of a typical Brazilian luxury consumer as one who "prefers to be spoken to in Portuguese, loves to impulse buy, is youthful, wants a joyful, relaxing and friendly luxury lifestyle experience and has European tastes and prefer European brands" In particular he highlights the traits of Brazilians' unique cultural experience of luxury shopping, namely they love to sit and talk and enjoy being 'spoiled by caring', by which he means personalised and concierge service with emphasis on small comforts such as complementary beverages and chocolates. (<http://www.passportmiami.com/an-experts-insights-carlos-ferreirinha-speaks-on-the-brazilian-luxury-market/> accessed 25 November 2013)

A brief perusal of the statistics gathered about Brazil's luxury consumers from the following the following sources is instructive and shows a pattern that adds to their credibility

"The Luxury Market in Brazil - Consumer Profile" survey (2012) conducted by MCF Consultoria in partnership with the GfK institute:

- 35.21% of consumers between 46 and 55;

- 33% are between 36 and 45 years old;

- 32% between 25 and 35;
- 9% are younger than 25 years old; and
- 5% are older than 56 years old.
- Women represent 63% of the consumers.

(<http://www.borninbrazil.co.uk/2013/05/who-is-brazilian-luxury-consumer.html>

accessed 25 November 2013)

A McKinsey & Company report – “What Companies need to Know about Brazil’s Luxury consumers” in January 2012 gave the following snapshot of Brazil’s luxury consumers:

- 58% are women
- 53% live in Sao Paulo
- 47% have postgraduate degrees
- 33% are aged 26 to 35
- 4,700 Brazilian reais (\$2,545) – average ticket price of a luxury purchase
- An estimated 3 million Brazilians can afford luxury goods
- “Being seen to be rich is an important part of *being* rich”

(<http://csi.mckinsey.com/knowledge/by-region/americas/brazil-luxury-consumer-retail-trends> accessed 25 November 2013)

All of which supports the view of Brazil’s own fashion doyenne, 73-year-old Costanza Pascolato, that, “To understand the luxury market here, you have to understand the Brazilian woman. The fashion industry is so young here and there’s still a memory of feeling cut off south of the equator. There’s a kind of addiction to having the latest thing, so you now see all these new wealthy young women carrying Birkin bags like Abre-Alas dancers entering the carnival.” (Openshaw, 2012)

To all of these economic and demographic statistics we must add the emotional dimension that is quite specific to the Brazilian luxury consumer. In her report for CPP-Luxury.com – Business of Luxury (<http://www.cpp-luxury.com/comprehensive-analysis-of-brazils-luxury-market-challenges-real-potential-future-perspectives-part-1/> accessed 27 November 2013), the leading

global luxury business online platform, Kéren Carvalho observes, “The Brazilian consumption behaviour has some interesting peculiarities. The consumer has become very modern and updated, leading to a desire for an immediate consumption of what is new and of what is the best. Further uniqueness is the pent-up luxury demand. This aspect leads to a great response from the consumers once there is willingness and desire to an immediate consumption which is much less rational. It is a kind of revolution in the luxury consumption, driven by rising incomes combined with the desire, the emotional needs and the immediacy.”

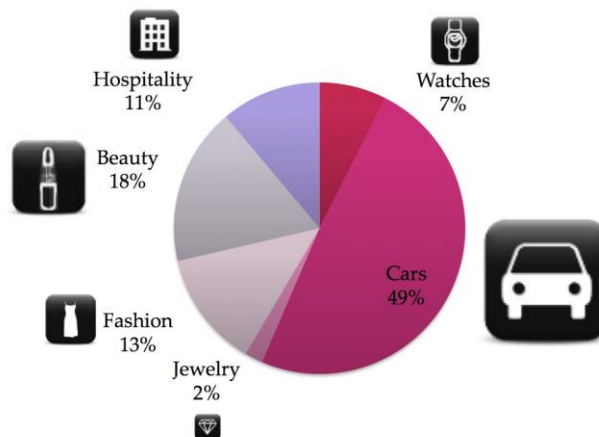
The origins of the Brazilian luxury fashion consumption lie in travel overseas and resultant purchases that introduced foreign brands to what was until only twenty years ago an effectively closed market to them. Luxury goods still carry a heavy burden of import and sales taxes in Brazil and while this makes visits to Miami popular with the luxury aspirants, with over 40 per cent of total luxury purchases being made overseas, it does not deter either them from shopping at home or the foreign brands from arriving.

As Freddy Rabbat, CEO of Montblanc Brazil, comments in his interview with Carvalho, “The Brazilian market sustains its growth potential and consumers will buy products from their favourite brands either inside the country or during their international travels. The stores located in Brazil are important when it comes to impulse buying, gifts purchases and specific products sales. (...) We are all watching over our consumers, but without any concerns as to where they are buying. What is important is to be present and to be remembered. If the brand is not in Brazil, the consumer does not buy it abroad and the brand loses. Montblanc, established in Brazil since 1954, always took advantage of this memory and its sales in Brazil have always increased by two digits”.

2.4.2 The Brazilian market for luxury goods

According to GfK Custom Research Brazil & MCF Consultoria between 2009 and 2010 there was a 28 per cent increase in luxury good sales, which reached US\$ 8.9 billion (<http://uk.news.yahoo.com/big-prizes-barriers-brazils-luxury-market-175043466.html#PCx6ZFZ> accessed 27 November 2013). The estimated value of the global luxury Brazilian market (purchases made in Brazil and overseas) in 2012 will be \$ 11.94 billion with brand interest for luxury increasing by 24% according to MCF Consultoria.

The breakdown of the Brazilian luxury market by spend per luxury segment is unsurprisingly weighted heavily towards cars (49%) given their high purchase price and the Beauty segment (18%) ranks next reflecting a Brazilian trait of spending on beauty and personal care products in order to enhance their appearance. However, when aggregated, apparel and accessories in the form of Fashion, Watches and



© Digital Luxury Group, SA

January – June 2012
Source: Digital Luxury Group

Figure 5- The Brazilian luxury market by product segment

Source: <http://www.digital-luxury.com/wlibrazil/> accessed 28 November 2013

Within the fashion segment a breakdown of online fashion searches reveals

Apparel is the leading fashion category (43%), led by casual luxury brands Ralph Lauren, Lacoste and Armani.

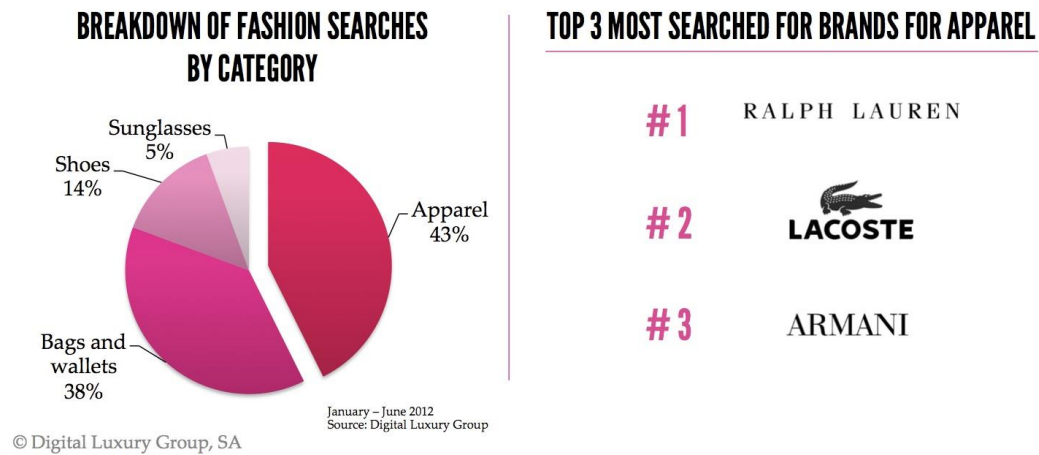


Figure 6- The Brazilian luxury market breakdown of online fashion searches by category
Source: <http://www.digital-luxury.com/wlibrazil/> accessed 28 November 2013

Overseas luxury brands initially located in the prestigious shopping streets of its established primary conurbations of Sao Paulo and Rio de Janeiro, with a typical example being the Jardins district of Sao Paulo in whose Rua Oscar Freire and surrounding streets can be found the stores of Louis Vuitton, Christian Dior, Cartier, Bulgari, Ermenegildo Zegna, Salvatore Ferragamo, Versace, Emporio Armani, Mont Blanc and Brazilian designers Aleaxandre Herchcovitch and Carlos Miele. However the predominant milieu for overseas and domestic luxury brands is the shopping mall which now has pre-eminence in Brazilian cities with the leading company being Iguatemi Empresa de Shopping Centers. Iguatemi has 17 shopping malls in nine cities and in 2012 its most prestigious project the JK Iguatemi mall opened in Sao Paulo whilst in Rio de Janeiro saw the opening of Village Mall. Whilst cariocas (residents of Rio de Janeiro) like to joke that while they have the beach, all that paulistas (residents of Sao Paulo) have to do is go shopping there can be little dispute when Ferreirinha contends, "Brazil is an indoor commerce country" (p.36 WLI). The Brazilian love of mall shopping has meant these are the locations in which leading international luxury brands have made their first foray into the Brazilian luxury market

High end luxury malls have been the privileged locations for brands to open their very first own stores in Brazil.

Some of the brands that opened their first Brazilian stores in malls in 2012:



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Figure 7 – New foreign luxury brand entrants to the Brazilian market in 2012
Source: <http://www.digital-luxury.com/wlibrazil/> accessed 28 November 2013

Any executive charged with responsibility for directing the strategy at luxury brands wishing to enter the Brazilian luxury market would do well to heed the data and to recognise that the trio of cities that are São Paulo and its metropolitan hinterland, Rio de Janeiro and Brasilia continue to dominate the landscape of luxury goods consumption, whilst recognising opportunities do exist in 'second tier' cities such as Porto Alegre, Salvador, and Belo Horizonte as the democratisation of luxury gains pace in Brazil. Kéren Carvalho (2012) specifically identifies the cities of Curitiba, in the southern state of Parana and Recife in the North Eastern state of Pernambuco as offering the right conditions for luxury brands to thrive. It is imperative to notice, however, that each potential city belongs to a regional market with very distinct characteristics that should be strategically observed by new entrants.

For the purpose of this research I will consider the impact of luxury fashion brands in Brazil and the starting place must be its largest city São Paulo, as this metropolis of over 18 million souls lays claim to being the birthplace of the luxury fashion culture in Brazil. A family owned business started by Lucia Piva de Albuquerque (nickname 'Lu') and her friend Lourdes Aranha, known as Daslu (literally "in Lu's house"), which began in 1958 in her home in a wealthy São Paulo suburb, may be

viewed as Brazil's first luxury fashion store. At this time Rio de Janeiro was the capital city of Brazil and it was centre of domestic high fashion. European luxury goods were unavailable because of import restrictions at that time, so Lu would buy clothes in Rio and return home to São Paulo to sell them to her friends from her home. The dazzling empire expanded in terms of its range of goods and retail space, including the launch of the Daslu high-end clothing label, until in 1989 the import restrictions were relaxed and European luxury goods became available. By then Lu's daughter Eliana had inherited the business and wasted no time in travelling to Europe to buy up collections and eventually persuaded Chanel to open the first international in-store boutique in 1996. In 2005 Daslu relocated to its own purpose-built luxury mall the faux 'Villa Daslu' with more than seventy shop-in-shops of the finest high-fashion brands and added Louis Vuitton, Burberry, Ferragamo and Armani boutiques. It offered a personalised service with uniform maids attending to the needs of clients, an echo of the domestic staff that scurried around in Lucia's home, and a high level of security and privacy for its celebrity clientele.

However, in a seeming echo of the boom and bust cycle of the Brazilian economy, just a month later in 2005, Eliana Tranchesi was arrested on tax evasion charges for which she was heavily fined and imprisoned in 2009. This led to the closure of Villa Daslu, however the company was bought by venture capitalists and is flourishing today with stores in São Paulo and Rio de Janeiro as well as having a significant online presence. The evidence of this vaulting ambition, arrogance and sense of immunity from tax and planning laws that led to the downfall of Daslu, is apparent today in form of the deserted and boarded up Villa Daslu that ironically stands next to Sao Paulo's latest temple to luxury consumption that is the JK Iguatemi Shopping mall.

As Paulo Borges, founder and CEO of both Sao Paulo Fashion Week and Rio Fashion, tells us there was no free market conditions for luxury brands until 1993 and though the last ten years has seen a first steady and then more marked increase in the presence of these brands in the malls and upmarket districts of Brazilian cities, it is still a market that remains relatively undeveloped.

To take the case of the grandfather of luxury brands, Louis Vuitton, it has just six stores in the country – nine in the whole of South America - compared with its forty four stores in China (<http://www.louisvuitton.com> accessed on 30 August 2013)

However, in October 2012 a flagship Louis Vuitton Global Store opened in Sao Paulo's Cidade Jardim mall and is one of only fourteen worldwide, which signifies the growing importance of the Brazilian market. A distinguishing feature of these Global Stores is the collaboration with local designers to create bespoke artefacts – in this instance a Cabinet de Voyage "Maracatu" made with Louis Vuitton's Haute Maroquinerie handbag leather off-cuts and resembling an exotic bird's plumage has been designed by the Brazilian brothers Fernando and Humberto Campana. The fringed hats of the traditional Afro-Brazilian dancers of Pernambuco inspired the Campanas' design. This is an important project and marks a crossover made by Louis Vuitton to connect with its local market and at the same time create a beautiful piece for its "Objets Nomades" collection that will have appeal to its customers globally. This may signal a commitment in emerging countries to the customising of a global luxury brand's offerings and will not be merely a token gesture to launch a new store; time alone will tell.

This expansion of markets and resultant diversification of luxury customer poses luxury brands with the dilemma of "Do luxury brands prefer to sell to elites or to diversify/expand their customer base? Some prefer to stick to a core group of preferred customers ...and tend not to adopt their policies according to the target or country. Others, who have followed the evolution of the luxury market, have decided to make their offer more accessible by offering cheaper products for, in particular, a younger audience." (Coste-Maniere et al, 2012, p.13). The elites referred to above inhabit the higher end of the luxury market, where it has its very origins, and, in terms of their tastes for long established luxury brands and exclusive products, display a large measure of homogeneity that results in a global approach being adopted by such brands. Whereas the rising numbers of fashion-conscious middle class consumers in emerging economies, who are seeking affordable luxury, represent in fashion terms a more casual and culturally diverse

luxury consumer. Brazil is said to be a “...dynamic, energetic and impulsive country, with a high future-oriented culture of appearance and image. Brazilians, like many young populations... are crazy about pleasure and entertainment; it is the hedonic market of today.” (Coste-Maniere et al, 2012, p.16) In responding to the massive potential for sales growth offered by these new younger customers it may be said the luxury fashion and accessories brands need to engage with this new customer base by communicating the Brand Meaning in a manner that appeals to them or by providing a product that has local inspiration or provenance and thus has a strong cultural resonance with this new market.

2.5 Summary

Brazilians have discovered a passion for owning luxury fashion that coincides with an emotionally driven need to be seen to be up to date, and respond to an impulsivity to have what they desire now.

The consumer characteristics of Brazilians are distinctive and even if the offering from the foreign brands are not yet fully attuned to them, nonetheless they are successful because of the pent-up consumer demand. When this is combined with the clever response of the mall operators, who provide the ideal setting with the prospect of security, pampered service and socialising opportunities, then they have done much to ensure a soft landing for the foreign luxury brands.

An appreciation of the context in which the foreign and home-grown luxury fashion brands operate is essential to analysing what the future holds for them and how the next phase of market and consumer development will affect those operating in Brazil and beyond its borders as new luxury codes emerge.

PART III - Brazil's aspiring luxury fashion brands- sources of inspiration and impact on perception

3.1 Introduction

This purpose of this section is to study how a steady rise in Brazil's national image may support and facilitate the efforts of its nascent luxury fashion designers who are evincing an approach that is termed 'New Luxury'. An approach that does not ignore the more obvious attractions of Brazilian life and culture but also digs deeper to celebrate its diversity in nature and population, reconnects with its artistic and cultural heritage and growing commitment to sustainability and social responsibility. To this end it will draw parallels with a successful foreign brand that epitomises an affinity with its country of origin, makes a virtue of its artisanal skills as a brand signature and retains domestic design and production capability.

3.2 'Made in Brazil'

Should aspiring luxury fashion brands in Brazil play down their country of origin for fear of it not being aligned with the perception of their country by potential customers? Before attempting to answer this, a brief overview of the concept of country of origin and its relevance to this research is in order.

Country of origin (COO) is the term used to describe where goods originate from and in the sphere of apparel and accessories will often be manifested by the appearance of 'Made in ...' beneath the brand's name. The Country of Origin effect ('COE') is the influence the COO has on consumer behaviour, which is driven by consumers' psychological perception and evaluation of that COO in relation to the goods in question and the resultant effect this has on their purchasing intentions. The impact of COO on consumer behaviour in the case of luxury goods is deemed to be significant as COO is frequently used by luxury brands to market their products with certain countries enjoying a favourable association with certain products, e.g. Swiss watches, French perfume, Italian fashion. A January 2014 survey by London based FutureBrand consultancy revealed, "Consumers were asked to rank the importance of origin when it comes to their purchase decisions.

Surprisingly Country of Origin, design and manufacture were all ranked higher than traditional drivers of choice like price, availability and style.”

(<http://www.futurebrand.com/images/uploads/studies/cbi/MADE IN Final HR.pdf> accessed 24 June 2014). FutureBrand identified that in terms of influencing consumer choice the following features ranked in order of importance

1. Where the product is physically manufactured – the ‘Made in...’ label.
2. The brand’s nationality - where it perceived to be from.
3. Where the product was designed.

The connotations of a product’s COO are bound up not only in the image of that country in the context of that product but in the ‘nation brand’ of the country itself. So whereas a country might have a historic connection with and/or be renown for producing a certain high quality type of goods if that country’s own image is tarnished by war, corruption, dictatorship or such like, then the appetite for such goods overseas may be adversely affected or in the worst case curtailed by sanctions or a boycott. Just as global brands are competitive, so too nations crave attention and status and compete with each other, hosting the Olympic Games being a prime example, as this has benefits in terms of global influence and affects capital investment, attracting skilled workers and tourism. Successful corporate brands in turn boost a nation’s brand in what becomes a virtuous circle.

There are undoubtedly challenges facing Brazil in terms of COO as a recent study in Germany revealed in globeone’s June 2013 Emerging Markets Brands Survey with only 6% of 1,000 German consumers being able to spontaneously name a Brazilian brand, the lowest score in a survey that included South Korea, Russia, India, and China. The survey concludes that when targeting European consumers, “emerging market brands often need to overcome negative associations related to broader political, social or technological environments in their home countries.”

(<http://www.slideshare.net/fullscreen/globe-one/globeone-emerging-markets-brand-survey-english-version/4> accessed 24 June 2014). The Brazilian brands in the study included H Stern and Natura (beauty products), yet the highest recognition was for Pity (Brazilian spirit liquor) and Petrobras (oil company), so one can deduce that Brazilian luxury apparel and accessories brands face a

daunting task. Luxury consumers are more likely to choose a new brand in the same product category from countries associated with such products, rather than from any other countries such as the BRICs. However, there is some cause for optimism as indicated in a March 2014 report 'How Nations and Brands overcome Country of Origin Challenges' by Martin Roll Consulting, "Most new international brands are coming to realise how much their country of origin precedes them and influences consumers on the world stage. To remedy this gap and transform their image, nations must help their brands by directly promoting them overseas while indirectly improving business conditions for them at home."

(<http://www.martinroll.com/resources/articles/marketing/how-nations-and-brands-overcome-country-of-origin-challenges/> accessed 24 June 2014)

Brazil has made great strides to improve its nation brand through a positive image and 'Made in Brazil' has undergone rehabilitation since the days when "the Brazilian subsidiary of Stanley Tools had to omit the 'Made in Brazil' labels from at least half of its products because customers had a negative impression of Brazilian quality being synonymous with shoddy work." (Johansson, 2009) It is now recognised globally as a mark of quality in certain fields such as aircraft engineering (Embraer), however despite some international recognition through designers Carlos Miele and Alexandre Herchcovitch, there is still some way to go for high end Brazilian fashion brands to be treated on their merits on the international stage.

When the stalwart of British fashion magazines, *Elle*, sent journalist Boonie Rakhit, to Brazil in February 2013 to discover what Brazilian fashion had to offer, she remarked "The high end brands were very impressive, and *many of the young designers much more accomplished than I had anticipated*. I was also interested to find *many world class designers which aren't on the global platform* yet but I'm sure they soon will be. When asked her post visit opinion based on her observations, "*They are much higher end and accomplished than I had originally anticipated*. The trip has definitely put Brazilian designers to forefront of my mind and should I write an article on emerging markets it would be great to reference." (<http://brazilianfashionblog.com> accessed 26 September 2013)

This tells us that one of the fashion establishment's bibles a) has a preconceived low expectation of Brazilian fashion designers and b) viewed them as outwith the mainstream fashion hierarchy.

Costanza Pascolato, who writes in Brazil *Vogue* magazine, said in 2012, "With few exceptions, a 'Made in Brazil' luxury product does not exist yet." And she cited the relative youth of Brazilian fashion, "the apparel industry only started in the 1970s" and lack of capacity and style, "The overpriced costs of production and a lack of technological know-how in pattern and finishing reflect a bad moment for local producers. Brazilian fashion is what I call mall fashion."

(<http://www.businessoffashion.com/2012/04/three-women-behind-the-scenes-of-brazils-fashion-industry-2.html> accessed 28 November 2013)

Like H. Stern, the jeweller whose collections use semi-precious Brazilian stones, Miele and Herchcovitch have achieved success abroad and paradoxically each has become known as an international brand rather than a Brazilian brand and 'The natural order of things has been subverted, so to speak' according to a 2012 report Interbrand Brazil, that continues, "It was the appreciation H. Stern received in other countries that raised the brand to the global position it now occupies so comfortably – exports account for 54 per cent of its revenues. With 80 stores, and points of sale spread across 12 countries, it is globally renowned brand. In Brazil, however, the jeweller is not treated with the same generosity or recognised to the same extent. In this sense we are still paying the price. After years of suffering from an inferiority complex for feeling like a nation unable to make luxury items, we finally have one of our own. Unfortunately, it seems we aren't in the habit of appreciating our own brands."

As though mirroring the country's unabated economic prosperity, there is a growing confidence among its designers and producers that they do not need to adopt mimetic behaviour to produce Western-defined collections. Their inherent creativity and abundance of inspiration to be drawn from Brazil's nature, people and culture has to some extent and will continue to free them from these self imposed stylistic shackles, to produce works of genuine originality rooted in and

manifested by their interpretation of Brazil. A recent example is shown below where H. Stern has been inspired by the Rio garden design of Brazilian polymath Roberto Burle Marx.



Image 1 Sitio Roberto Burle Marx, Barra de Guaratiba, Rio de Janeiro Source: <http://www.pinterest.com/pin/164662930097208189/> accessed 28 November 2013



Image 2 - A ring from H.Stern's 'Burle Marx ' collection 2013 Source: <http://giodas.blogspot.co.uk/2011/10/arquitetura-paisagismo-h-stern.html> accessed 28 November 2013

The sizes, colours and different shapes of diamond baguettes in this 'Light & Shade' ring reflect the irregularities of the hard landscaping in his Rio garden design.

When these views from respected fashion commentators at home and abroad are allied with the seemingly inherent belief that the majority of Brazil's luxury producers lack the maturity and brio to assume the mantle of its ambassadors on the world luxury market, there is clearly an issue that needs to be tackled, because in this field, Brazil is ready to take the big step into the limelight.

Having established a modern definition of contemporary luxury, I will seek to apply this to Brazil's own aspiring luxury brands and suggest how these may become globally known and successful. This issue is closely allied Brazil's future standing on the world stage –its national self-esteem requires lifting. Just as we have seen it is hard to reconcile the notion of the affluent and ebullient Brazilian to

be found bestriding its domestic malls then through language and cultural inhibitors will often morph into a timid and uncertain shopper when transported to the Champs d'Elysees.

As New York Times' journalist, Scott Mitchem explained, "Emerging designers here (Brazil) still face significant cultural obstacles that they must overcome if they are to succeed internationally" and, "rarely break through in the US and UK because of language and cultural barriers". His advice to them is improve their PR by building a team that understands the culture both in Brazil and export countries and uses an established brand such as Osklen as a role model.

(<http://www.businessoffashion.com/2011/02/from-brazil-5-emerging-talents-to-watch.html> accessed on 28 November 2013)

To evidence and illustrate these tenets in this section I will look at exemplars of two contrasting yet equally compelling visions of Brazil proffered by Brazilian luxury fashion – the lifestyle trend setting of Osklen and the craft driven ateliers Marcia Ganem and Martha Medeiros. In doing so it will consider how creating a link between the nation brand 'Brazil' – its people, heritage and cultural 'DNA' – and the luxury goods that it exports will have a direct impact on their success.

3.3 Brand mediation through national cultural wealth

The concept of such a link being integral to luxury goods is supported by examples from British brand Mulberry. In terms of revenue Mulberry (£70m) is modestly sized in comparison with say luxury conglomerate LVMH (£17bn), yet enjoys an international reputation and through its current owner's (Singaporean entrepreneur Christina Ong) access to the Asian distribution is on its way to being a global brand.

Founded in 1971 by Roger Saul, with the £500 capital (worth just under £5000 at today's value) to buy leather and tools that his parents gave him as a 21st birthday present, the Mulberry brand is known for its quirkiness and quintessential

Englishness. Saul began by making and selling belts and handbags first on his market stalls in London and then to boutiques. Mulberry swiftly moved from kitchen table to factory production when manufacturing began in Saul's home county of Somerset in 1973.

During the 1970s and 1980s it used the outdoor country pursuits of shooting, fishing and falconry to base its range of bags and jackets that established it as a lifestyle celebrated equally at home and abroad and created '*Le Style Anglais*' all at a time when French and Italian fashion houses were in the ascendancy. The brand continues to place emphasis on careful sourcing of its leather and reliance on craftsmanship as the mainstay of its products functional design to which the creative flair and imagination of successive young designers has been applied.



Image 3 – Mulberry Advertising poster depicting its country pursuits style and modelled by Saul and his wife Source: <http://flashinonthe70s.wordpress.com/2010/10/12/huntin-fishin-fashion/> accessed 28 November 2013

Roger Saul was the first in an unbroken line of talented British designers to be at the helm of Mulberry's creative output and was followed by Luella Bartley, Nicholas Knightly, Giles Deacon, Kim Jones, Stuart Vevers and Emma Hill.

Although Saul sold his stake in Mulberry in 2002, to focus on Kilver Court his designer outlet village, the luxury brand has retained its distinctive association

with English style and personality reflected in its investment in its new factory The Rookery and the thematic approach to the seasons that are reflected in its luxurious yet practical products.

Indeed since its opening in 1989, The Rookery in Chilcompton in Somerset has been the main manufacturing base. Mulberry has continued investing in local production with the opening of second Somerset factory in 2013. This represents an increasingly uncommon occurrence of a British luxury brand continuing with the domestic manufacture its leather goods; only 30% of production is from Spain, Turkey and China.

Mulberry has always recruited most of its craftspeople from its Somerset locality and thus keeps alive local tradition of leather craft. It is only through this intrinsic understanding of the nature of leather that its designers and producers are able to create items that are at once understated yet beautiful and practical.

Walpole, not-for-profit organisation that furthers the interests of the British luxury industry, describes Mulberry thus, "Today, the business has stores and concessions worldwide and yet has retained so much of its individuality and integrity – the close-knit teams, the factory in Somerset, the quality leathers, the English practicality of its products and the enthusiastic theming of seasons, loved by press and buyers the world over." (www.thewalpole.co.uk accessed on 27 September 2013)

Mulberry claims "to represent a very English sensibility, and a need to balance practical, wearable designs that are intrinsically and intentionally beautiful."

Mulberry is not averse to allying itself to the zeitgeist and its iconic satchel bag the Alexa, was inspired by TV presenter and 'it-girl' Alexa Chung. This led to the creation of bag "families", the Alexa, Daria, Mitzy and Bayswater, which roll from season to season albeit in different guises and provide entry points for consumers with varying depths of pocket. The cheapest bag in a range starting at around £300 and will rise to over through £1000.

Mulberry's outerwear ranges are meant for town or country and are inspired by classic British style staples like the duffle, trench and pea coat. Recognising the changing seasons and vagaries of the British climate has led to layering also being a regular design feature.

To promote its products Mulberry has endorsed pursuits from Saul's passion for racing vintage cars through the English love of the seaside and countryside to its latest effort in producing its 'Brilliant Britain' handbook, which is available online or in booklet form from Mulberry stores. The Daily Telegraph describes it as,

"Inspired by the British government's GREAT campaign, which aims to promote the UK on an international scale, Brilliant Britain elevates the country's unsung heroes, undiscovered places, people and talents and is Mulberry's celebration of the charming peculiarities and time-honoured traditions of the country it calls home."

The Mulberry collection for Autumn/Winter 2013/14 recently seen at London Fashion Week comprised, "Autumnal florals and woodland creatures crept into prints to relay the brand's traditional British heritage but there was a distinctly sophisticated sensibility to this collection - oxblood reds, forest green and maroon."

(<http://fashion.telegraph.co.uk/news-features/TMG9593562/Mulberry-launch-Brilliant-Britain-guide.html> accessed on 27 September 2013
www.fashion.telegraph.co.uk)

Mulberry has captured tradition, a bygone era and English eccentricity and packaged it with quality craft and design to produce artefacts that exudes its origins and are generating global appeal. They also embrace a refreshing approach to corporate responsibility that is set out below in the *Appendix 1*.

3.4 Brazil's national brand image

"Brazil is not a serious country" Charles de Gaulle

The researcher believes that the success in global terms of its homegrown luxury brands is signally linked with the national image and competitive identity of Brazil.

When did Brazil arrive on the world stage? Considering that less than 30 years ago it emerged from 21 years of military dictatorship (known in Brazil as '*anos de chumbo*' – the years of lead), Brazil has undergone a rapid transformation to become a 21st century superpower by banishing rampant inflation, exploiting its natural resources and raising millions out of poverty.

Although the last twenty years have seen Brazil move inexorably up the ladder of the world's largest economies and taken a place on the geo-political platform as it enjoys political stability, in terms of embedding itself in the world's consciousness it is in an arena where there is little dispute that for over fifty years it has dominated the landscape – international football or 'The Beautiful Game' as it has been called in the autobiography of its most famous Brazilian exponent, Edson Arantes do Nascimento, better known as Pele. The 1958 World Cup was held in Sweden and Brazil had assembled a team who played with skill, grace and panache that mesmerised opponents and set the football world a benchmark to which to aspire. This artistry in the world of sport coincided with the global rise in popularity of a Brazilian musical phenomenon of the new wave or 'bossa nova', led by Antonio Carlos Jobim and Joao Gilberto. This hypnotic amalgam of sensuous melodies played on acoustic guitar and piano accompanying gentle lilting vocals seemed to epitomise the optimism of Brazil in the late fifties when President Juscelino Kubitschek (known as 'JK') promised his people 'fifty years in five' referring to sweeping changes he made to improve the economy and stimulate foreign investment. JK delivered on the constitutional promise to relocate Brazil's capital from Rio de Janeiro to the arid central highlands of Goias State and built Brasilia. The new capital, which is best known for the sweeping curves of its public buildings designed by the architect Oscar Niemeyer, proudly proclaimed that

Brazil was able to embrace a 'can do' attitude usually associated with its North American neighbours.

From the diverse cultural references of football, bossa nova and Niemeyer's Brasilia we can discern a tangible thread of sinuous, swaying and curvaceous images that has given birth to a brand legacy of Brazil that has been both a blessing in adding to its allure and a clichéd distraction from its more prosaic economic achievements.



Image 4 -The signature black and white wave pattern of the pavement at Copacabana, Rio de Janeiro designed by Brazilian polymath Roberto Burle Marx

Source: http://www.decom.ufop.br/sibgrapi2012/e proceedings/technical/ts7/102072_3.pdf accessed 28 November 2013



Image 5 -The beachside pavement design by Roberto Burle Marx at Ipanema, Rio de Janeiro
Source: http://www.decom.ufop.br/sibgrapi2012/eproceedings/technical/ts7/102072_3.pdf accessed 28 November 2013

Here are four examples of the sweeping curves that pervade the work of the revered Brazilian architect Oscar Niemeyer (1908-2012). Niemeyer described his architectural philosophy thus “It is not the right angle that attracts me, nor the straight line, hard and inflexible, created by man. What attracts me is the free and sensual curve — the curve that I find in the mountains of my country, in the sinuous course of its rivers, in the body of the beloved woman.” (Niemeyer, 2000, p.176)



Image 6 - Oscar Niemeyer Museum, Curitiba, Brazil, 2002

Source: <http://lesbonsviveurs.blogspot.co.uk/2013/04/museum-museu-oscar-niemeyer-curitiba.html> accessed 28 November 2013



Image 7 - The Oscar Niemeyer foundation, a building designed by Brazilian architect Oscar Niemeyer, is seen on the day of its opening in Niterói.

Source: <http://totallycoolpix.com/2012/12/oscar-niemeyer/> accessed 28 November 2013-11-28



Image 8 - Niterói Contemporary Art Museum, Niterói, Brazil, 1996

Source: <http://www.panoramas.pitt.edu/content/connecting-space-and-architects-niemeyer-and-wright> accessed 28 November 2013



Image 9 - Army Headquarters, Brasilia

Source: <http://urbabroad.wordpress.com/diary/brasilia/> accessed 28 November 2013

Brazil does have one highly successful one fashion related global brand in *Havaianas*. Although all items of apparel and accessories have the potential to be elevated to the realm of a luxury purchase, to do so in the case of humble rubber flip-flop (a version with Swarovski crystal straps retails at £150) does require a powerful combination of favourable factors and marketing genius in brand building. The sandal makers started in business in 1962 making just flip-flop sandals, that were comfortable, durable and cheap, and this made them very popular with Brazilians and tourists alike, hence the name spread across the globe.

Fifty years later the sandals are still success, though it was a result of declining sales in the 1990s that the brand was revamped and its success today is the result of astute and intensive marketing. Havaianas are, “positioned across all social in Brazil and the mid to upper classes in international markets. How did Havaianas go global? Through cultural branding.” (Kumar & Steenkamp, 2013, p.159)

Table 6.3 Havaianas: brand association pre- and post-1994

Cognitive associations		Emotional and cultural associations	
Before 1994	After 1994	Before 1994	After 1994
Durable: don't deform, strips don't break Hygienic: don't smell Useful: comfort Traditional – only one model Excellent cost–benefit relation Limited colors Functional	<i>New association</i> The “sandal style” – fashion sandals (more than 80 models and 60,000 colors) 100% natural 100% Brazilian <i>Associations maintained</i> Excellent cost–benefit relation Accessibility Comfort Durability Hygiene	“Poor man's slipper” “Housemaid slipper”	Brazilian national identity Tropical nature Beach Heat Holidays Joy and relaxation Physical and emotional wellness Comfort

Source: Adapted from Niraj Khapada et al. (2012); see Note 17.

Figure 8 –Havaianas brand associations
Source: Kumar & Steenkamp (2013)

The international boom started when the new styles and colours were being worn by film celebrities and seen as suitable attire for parties and restaurants. In 2001 Havaianas were prominently displayed in an entire block of the Printemps, a famous Parisian department store, whilst in 2005 they dominated the celebrations marking the Brazil Year in France. Since 2003 all Ocsar nominees receive a pair of hand stitched Havaianas sandals. It promotes the image of Brazil's pre-eminence in football. For the 2010 FIFA World Cup it designed a pair in the team colours of all thirty-two competing countries. Its advertising emphasised the Brazilian culture of dancing and carnival, fun, simplicity and parties. Brazil is said to have a body oriented culture and as Rother asserts, “ Each of the three most visible and popular activities enjoyed by Brazilians places the human body front and centre – beach culture, Carnival, and soccer – all three activities both reflect and shape the values

that help make the country vibrant, colourful, and exciting.” (Rother, 2010, p.83). Havaianas’ marketing has effectively tapped into these values as Professor Steenkamp explains, “There are several positive cultural meanings that consumers around the world associate with Brazil: vibrant colours, sensuality, youth, joy, fun, and a sense of humour. Alpargatas used this identity to gain a global advantage. It was able to transfer these cultural associations to Havaianas with a cleverly designed marketing strategy.” (<http://businesstoday.intoday.in/story/havaianas-case-study/1/187012.html> accessed 25 June 2014)

This key marketing strategy was to create experiences around the product and to continuously refresh the range with models from celebrity endorsements, e.g. the Ipanema Gisele Bundchen, a Brazilian supermodel. Havaianas’ concept store on Rua Oscar Freire (São Paulo), designed by the Brazilian architect Isay Weinfeld, is a showcase for the brand offering customers the ultimate experience of customising their pair of sandals as well as models specific to its overseas market.

Today daily production of Havaianas is 530,000 pairs, 171 million per year, manufactured in a factory in Campina Grande, State of Paraíba, from where they 22 million pairs are exported annually to 88 countries. Since 2008 Havaianas began to expand its range and introduced a series of handbags made from rubber and canvas. Almost 80% of the handbags will be made in China, and the remainder in Brazil. They reference their flip-flop as the granules that decorate the soles also appear as decoration on the handbag’s handles that are interchangeable. Its synthetic rubber looks like the sandals but is made of another more resistant material. Havaianas has kept its appeal and protected its brand myth building by resisting the temptation to engage in large scale extension to other related product areas (a path that has been followed by many brands within the luxury conglomerates), limiting its accessories to key rings, beach towels and iPhone covers.

Havaianas would not lay claim to being a luxury brand but it has displayed some of its attributes by creating a storied brand for its products; a brand that meets our contemporary luxury goods definition; one that performs, innovates and

communicates with its customers with “brand experiences through differentiation and a distinct identity” (Interbrand Brazil Report, 2012). It also has a Social Responsibility programme that sees it directly supporting the Brazilian Institute of Ecological research (IPE), Conservation International and the Alpargatas Institute promoting physical education in state schools.

3.5 Exemplar: The sustainability and lifestyle approach

Osklen is a Brazilian sportswear and lifestyle brand founded in Rio de Janeiro in 1989 by orthopaedic physician Oskar Metsavaht. His inspiration sprang from his interest in alpinism and led him to design his own quilted jacket to protect against extreme cold. Clearly this was not a commodity in great demand in the Brazilian climate.

The owner of niche footwear maker and retailer The Craft Shoes Factory, David Goncalves takes up the story, “In the case of Osklen, there really is a lifestyle within the brand that was created not on the concept of being a carioca but in practicing winter sports that were practiced by the founder of the brand, Oskar , in his travels during winter, outside Brazil, so much so that in Brazil the brand took the motto of "space suit". Over time, the brand has been adapting and creating more "usable" garments in our climate. But the major success of the brand that has achieved in the last 5 years was the launch of a sneaker, that even today, in some branded shops, represents 60% to 70% of its profits.”

After ten years as a specialist sportswear producer the company moved into high quality yet laid back apparel. Since 1999 Osklen has invested in research and production of eco friendly products with an ‘e-fabrics tag’ and has followed the principle of the five ‘E’s: Earth, Environment, Energy, Education and Empowerment. This later became the E-Institute a not for profit organisation which promotes Brazil as a country of sustainable development.

Osklen has tried to discover alternatives to conventional materials and in doing so has eradicated its carbon footprint. Its notable success came with the recycling of

plastic bottles to create the PET (polyethylene terephthalate) yarn and it has also used organic cotton, ecological handmade silk and leather from sweet water fish skin to make its Pirarucu handbag.

Metsavaht's zeal for ecologically sound raw materials and his creative design flair have resulted in Osklen's products being more expensive and earned it the sobriquet 'New Luxury'.

Although Osklen's products have always been popular in the home market, where it has 63 stores in 40 locations, its sustainable ethic and cool modern minimalist look quickly found admirers in North America, Japan and Europe where there was already a growing appetite for fashion that reflected concern for the environment. Equally these consumers were fashion conscious and wanted well designed and on trend apparel that were not a mirror of the rustic origins of the raw materials. Osklen satisfied this demand and it has opened 10 of its own stores outside Brazil as well as exporting to over 30 countries.

As the success of the Brazilian economy has given its people greater purchasing power they too have become more interested in sustainable fashion despite it carrying a higher price tag. This attitude corresponds to the environment becoming issues of wide concern in Brazilian society which is in stark contrast to just a decade ago when President Lula came to power and appointed Marina Silva as his environment minister. In 2004 Brazil lost 27,00 sq km of rainforest. By 2012 there had been an 80% decrease to around 5,000sq km being cut down and in some places the government now encourages reforestation. In the 2010 presidential election when Lula stood down Marina Silva, now leader of the Green Party polled 19% of the vote. In that same year a Pew Global Attitudes survey disclosed that eight out of ten Brazilians believed protecting the environment should be a priority, even if it meant slower economic growth.

Osklen's impeccable green credentials has meant it is now a revered brand in its domestic market and as such during 2012 attracted suitors from the luxury conglomerates, LVMH and Kering, when Metsavaht announced he wished to sell a

30% stake. However it was another Brazilian group, SP Alparagatas, owner of the iconic Havaianas sandals, that Metsavaht sold to and granted an option to purchase another 30%. It is possible that Metsavaht recognised in this bidder an environmental agenda. When speaking of Havaianas' launch of Eco Havaianas made from materials left over during production, Alparagatas' marketing manager, said, "one of the pillars of the brand's strategy of environmental responsibility is to maximise reusing scraps" (New York Times, 9 November 2011). It is worth noting that WGSN, the self-styled world leader in fashion trend forecasting, identifies Osklen as one of the top ten most influential and aspirational fashion brands

3.6 Exemplar: The innovation and artisanal approach

The Brazilian fashion designers, Marcia Ganem and Martha Madeiros, each represent a niche approach to the design and creation of their collections which draw on traditional woven and knitted textile techniques allied to their modern design interpretations.



Image 10 - Marcia Ganem in her own creation at her Fashion Rio runway show

Source: <http://www.correio24horas.com.br/blogs/blog-do-marrom/?p=34532> accessed 28 November 2013

Marcia Ganem is a successful and fast rising fashion designer from the Pelourinho district of Salvador in the state of Bahia. This state's population is predominantly 'Afro-descendant', which is the official term used in Brazil to describe people who are black or of mixed race (Rother, 2010) with the latter being known colloquially as *mestizos*. Marcia is from this background in the relatively poorer northeastern area of Brazil. She has created a strong link between art, fashion and jewellery with

the use of innovative techniques and materials through extensive research. Her collections have been seen at Fashion Rio, Couture Fashion Week New York and Pure London Trade Fair, and they are sold through stores in seven countries, including England.

In an interview with Marcia I asked about: -

> The materials that she used and the people she employed in her *atelier*

“There are two sides/alternatives. There is a line of work dedicated to handmade, I work within this line I new manufacturing techniques, such as the Trama de No, technique in which I work stones and polyamide fibre, in this case, I teach people to make the work and this involves new generations, younger people. There is also the research of traditional manufacturing techniques, where the design work is the inclusion of new inputs, such as polyamide fibre, in this case the work is done with traditional communities, like the knitters/lace makers of Saubara, who are specialised in the Renda de Birro (similar to macramé)”

This indicates that in her work Marcia is achieving a synthesis between Brazil's pre-eminence as a producer of semi-precious stones coupled with a strong sensibility towards the environment and responsibility to her local community. She is tapping into the local community not only by providing a platform to keep alive the work of traditional craftspeople but she is also training a new generation in these skills. It is worth noting that her pieces are produced in partnership with artisan communities such as the June 25 Association of Embroiderers and the Saubara Lacemakers' Association, that Marcia mentioned, which comprises 120 women.



Image 11 - *Rendeiras de birros* at work

Source: <http://premiofranciscomontezuma.blogspot.co.uk/2010/12/professoraalene-lins-divulga.html> accessed 29 November 2013



Image 12 - A statement piece, combining the genius of Marcia Ganem's design with the work of the *Rendeiras de birros*.

Source: <http://www.marciaganem.com.br/> accessed 28 November 2013

> The cultural references that influence her designs

"The references are various, the first one, without a doubt is my local, living and working in Pelourinho, there is an immersion in Bahian culture, no doubt, in

manufacturers, stones, percussive aesthetics, it's all food for my work. Another important reference for me, are the traditional communities and the culture of the handmade that for me it really defines the result of my work and my relationship with fashion, with time and the social relationships within it. Also another very important influence is on the principles of innovation and on the desire for the new is a theme that interests me greatly."

Her fusion of the old crafts with the new materials typifies the innate Brazilian flair for adaptation and flexibility.

>The use of marketing badges of creativity in design, quality of materials and craftsmanship and sustainability

"The cultural fusion, traditions and creativity and social sustainability is the philosophy of my work, is exactly what I do every day, search for the new, bringing with me a deep respect for this interest in traditional crafts that exist in my country. I really believe in symbiosis. My brand is much differentiated so I take advantage of all its composition in marketing, to create this space of dialogue, because it truly has a lot of experimentation in my ideas, so is in the dialogue with who is going to wear these clothes that I discover what makes sense and replenish new ideas and consolidate my work. It is like that in Brazil and overseas, I have fashion shows, exhibitions, seminars, classes, anyway I'll start meeting people and strengthening my thoughts and processes on the way."



Image 13 - Example of the *Trama de No* technique of working semi precious stones with polyamide fibre used by Marcia Ganem.

Source: <http://www.couturefashionweek.com/press/marciaganem.htm> accessed 28 November 2013

Martha Medeiros is from the coastal city of Maceio, the capital of Alagoas State, northern Brazil. The handmade character of the materials that she uses in her Renaissance (*Renascença*) lace dresses differentiates them from mass produced ready to wear collections. The lacework is combined with satin, zibeline, gazar, silk mousseline embellished by Swarovski crystals and Japanese pearls to create exquisite garments. The lace is handmade by a cooperative of 200 women based in the interior of Alagoas, including the very delicate *boa noite* lace, which is only made on Ilha do Ferro, in the middle of the Sao Francisco river valley, 320 km from Maceio.

Martha inherited a passion for art from her grandmother, an art teacher, and her work has stood out for its use of luxurious handmade weaving. Each item requires hours of handcrafting, thread by thread, joined with the pattern-making technique and styles acquired from her background in fashion. Since starting her business 25 years ago, it was requests from customers for special occasions garments that led

her to establish her own brand and she has two mono brand stores in Maceio (2004) and Sao Paulo (2008) with sales outlets in 16 other Brazilian cities.

She has been extremely sophisticated in how she has marketed this handmade work on the international market, adding renewed value to Brazilian lacework with a contemporary language whilst remaining very artisanal and feminine. Manual embroidery and weaves predominate in her collections, with references to their places of origin; yet, this work is understood and consumed all over the world. It finds particular favour in the Middle East, with sales in Lebanon, and this region is now a target market. Exports began in 2005 with support from ABIT and Martha explains, "In a way it was easier to place the product on the foreign market, because the items are differentiated, they are handmade."

(<http://www2.anba.com.br/noticia/12153213/fashion-and-franchises/lacemaking-woman/> accessed on 30 September 2013)

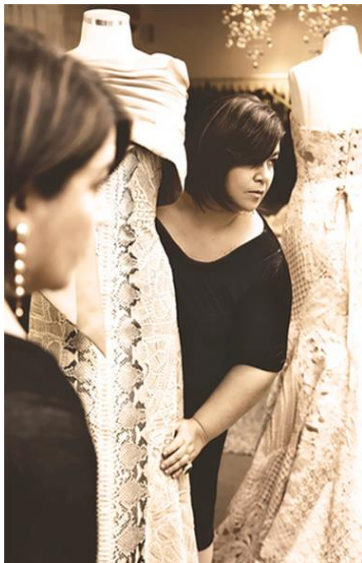


Image 14 - Martha Medeiros at work in her atelier

Source: <http://www.marthamedeiros.com.br/quem-somos/#/quem-somos> accessed 28 November 2013



Image 15 - Ivete Sangalo, a famous Brazilian singer & TV actress, performing at the opening of the FIFA Confederation Cup, July 2013, in a Martha Medeiros creation.

Source: <http://revistaquem.globo.com/Rock-in-Rio-2013/noticia/2013/08/ivete-sangalo-faz-encomenda-martha-medeiros-de-tres-vestidos-para-rock-rio.html> accessed 28 November 2013



Image 16 - The American pop singer Beyoncé dressed by Martha Medeiros in September 2013.

Source: <http://hauteliving.com/2013/09/beyonce-wears-martha-medeiros-brazil/393520/> accessed 28 November 2013

3.7 Summary

Ledbury Research's 2011 'High Net Worth (HNW) Survey', identified that HNW individuals placed importance on the country of origin of luxury goods placing those from emerging economies of the BRICs at a disadvantage because of a perceived lack of luxury brand heritage. The rich cultural heritage of Brazil, Russia, India and China is self-evident but this has been submerged by colonialism and communism and does not readily evince itself in the high-end apparel and accessories produced in these nations. Inspiration is taken from the Western luxury brands that dominate the BRICs domestic markets.

This part of the study has revealed the country of origin effect has an impact on luxury consumer choices and if correctly harnessed can produce significant and enduring results as in the case of Mulberry. It has also reflected upon the characteristics of aspiring Brazilian fashion brands and the direction of travel being taken to enhance the 'Made in Brazil' label and make it one that can stimulate interest then admiration and finally respect when applied to its developing luxury fashion.

Yet there are grounds for optimism that this prejudice may be confounded by the approach adopted by two of its leading fashion designers that will lead to "Made in Brazil" label may be promoted successfully and making an impact in the world's luxury markets.

The journey to be undertaken will be demanding in terms of time and resource, but there is sufficient evidence to suggest that Brazilian zest and ingenuity backed with quality-crafted products that protect the environment and support local communities will reap rewards in the field of luxury fashion. In the next part of the is research strategies for success in the Brazilian luxury fashion market will be examined.

PART IV - Luxury fashion strategies in Brazil and beyond

4.1 Introduction

This part of the research articulates suggested strategies for adoption by international and domestic luxury fashion brands. It will look at how foreign brands may enhance their operations in Brazil and then how its domestic brands might gain recognition overseas and at home. It provides a number of indicators of the right direction of travel to achieve and sustain success.

It has been observed that an increasing number of foreign luxury fashion brands have established their presence in Brazil since 2005. As these brands continue to open their own stores and develop country specific e-commerce platforms brands in Brazil (e.g. www.louisvuitton.br), there are a number of activities that will facilitate these developments.

The researcher will conclude with a brief foray into a prototype theme that utilises the icons, historical references and movements on which a Brazilian brand might promote its luxury proposition to entice a global market.

4.2 Enablers for international luxury fashion brands in Brazil

In a Financial Times article of May 14, 2014 by Vincent Bevins, he notes that whilst the usual wealth indicators have since 2010 presaged for Brazil a booming luxury market this has not proven to be the case. "Everyone thought Brazil was a pot of gold that one had only to claim," says Jorge Grimberg, a São Paulo-based trend analyst at Stylesight, a fashion market intelligence provider. "But brands coming here found breaking into Brazil was tougher than expected, not only because of high taxes and costs but because Brazilians consume luxury differently.

(<http://www.ft.com/cms/s/0/a457e074-d120-11e3-9f90-00144feabdc0.html#axzz35kLYDHUL> accessed 26 June 2014)

The primary reasons touted for this unexpected outcome are Brazil's high import duties and red tape. Brazil ranks 116 of 189 economies in The World Bank's ease of doing business index (<http://data.worldbank.org/indicator/IC.BUS.EASE.XQ>

accessed 27 June 2014). The high price of imported luxury goods impels the Brazilian luxury consumer to shop in the US or Europe and may explain why in the last five years the number of international luxury brands in Brazil has risen only modestly from twelve with just another thirty arriving. However the plus side is that Brazilian luxury consumers do like to spend and will buy at home if the luxury brands can assure the right environment to tempt them to do so exists.

The purpose of this section is to extend the research theme of an analysis of luxury consumption in Brazil by considering how multinational luxury brands in apparel and accessories might create this favourable environment. These measures have been identified are summarised below, and then discussed in greater depth : -

- Engage a local luxury professional as your guide;
- Customise your store experience to the market;
- Know your target market and how to relate to them; and
- Work with local designers to meet market specificities and engage with local makers in a socially responsible way.

International luxury brands continue to enter the Brazilian market at a steady rate and by attracting the so called 'Big Five' most prestigious international brands: Hermès, Chanel, Prada, Louis Vuitton and Gucci, as Shopping Cidade Jardim mall in Sao Paulo has done, then the lure for independent luxury brands to follow is proving irresistible. However, the researcher's interviews with Brazilians practitioners in luxury brands have revealed that although Brazilians are well informed about and desire luxury fashion trends from European and North American brands, the latter ought not to rely on simply transplanting what works in the prestigious arcades of Milan to the impressive shopping malls of Sao Paulo.

The days of selling through franchised outlets and intermediaries may be long gone, but incoming luxury brands are well advised to retain the knowledge and expertise of the local market by working with a Brazilian consultancy firm - such as Carlos Ferreirinha and his MCF Consultoria- that will steer a path through the red tape and also provide invaluable insight to customer preferences, store location and use of social media and e-commerce.

If a European luxury brand tries to simply impose its home market business methods and culture when launching in Brazil, it will be seen as arrogant and naïve. To avoid this pitfall, luxury companies have adopted differing approaches; at one end of the spectrum Burberry, who manufacture in Brazil, to Bentley, who launched in Brazil in 2010 when their director of operations in the Americas commented, “We were looking to leverage partnerships that capitalise on the expertise of knowing the brand and using local partners to find about channels they want to use to reach our audience with the values we want to communicate.”

A channel of communication favoured by Brazilians is the Internet (e.g. brand web sites and YouTube video), and its offspring social media (e.g. Facebook) and emerging media, such as the picture posting mobile app, Instagram, which started in 2011. In an August 2012 report by online Fashionbi Newspaper it was noted,

“Instagram is now one of the top mobile apps, and is very appealing for people with high-end spending habits, which they are able to share friends by taking pictures of their fabulous life. On Instagram it is possible to have access to people's posts of pictures of designer shoes, handbags and garments and the most incredible holiday destinations. Therefore luxury brands are becoming frequent users of this mobile app in order to attract "the rich kid" to acquire their products. 40% of brands named in the Interbrand 100 list are on Instagram, and fashion and luxury brands are included on that list. Burberry has 454,233 followers with 624 pictures and 1,230 likes; Tiffany & Co. has 103,356 followers with 159 pictures and 1,676 likes; Gucci has 119,492 followers with 52 pictures and 766 likes; and Hermès has 51,136 followers with 303 pictures and 281 likes.”

(<http://fashionbi.com/newspaper/how-luxury-brands-are-taking-advantage-of-instagram> accessed on 28 November 2013)

In July 2012 Fabio Coelho of Head of Google Operations in Brazil commented, “Brazilians have an affinity for digital and social media like few other cultures in the world. There are more cell phones here than people. It's the world's fifth-biggest online market, with 78.5 million people reported to have access to the Internet, and 47.5 million of them accessing it actively, according to numbers released in February by market research group IBOPE and Nielsen Online. That's

an 11 per cent increase from just a year ago.”

(<http://www.google.com/think/articles/branding-brazil.html> accessed on 5 October 2013) The rush for marketers to use online media is not simply in recognition that Brazilians embrace new technology. There are other influential factors at play; in 2007 the Mayor of Sao Paulo enacted a law that bans outdoor advertising whether on billboards or transport hence marketers were impelled towards digital and media channels of communication. Coelho continues, “The confluence of digital media with a rising middle class has led to a particularly disruptive effect on marketers. Brazilians know what products are hot in other markets, and they want them, too.

If a Hermès ‘Birkin’ handbag is the must have item in London it will of course sell just as well in Sao Paolo, but as one moves away from the iconic statement pieces of a luxury brand, there is a need to continuously renew and deepen the relationship between brand and customer. As a market matures the customer will seek experiences that have a strong resonance with them. Brazilians have an ingrained pride in their country and as their confidence in their nation grows so will their sense of identity with it. They will be proud to support its designers and to be seen sporting apparel and accessories that asserts their ‘Brazilianess’.

For the time being though, when asking does an international brand need to offer differentiated luxury apparel products to the Brazilian market, the answer appears to be ‘No’; but if a similar question is posed with regard to their interaction with consumers and understanding their experiential needs then the answer is ‘Yes’.

Dr Suzana Alevar, who lectures at the Fashion School of the University of Sao Paulo, Latin America’s top ranked university, opines, “Luxury brands don’t have to offer something different related to Brazilian culture. On the contrary, the brand just has to be recognised mainly in the European and North American markets to be accepted here. Some would say that we still suffer from post colonial low self esteem; we only wish for and admire things that are from Europe and the US.”

Keren Carvahlo is a writer on Brazilian luxury and she Avelar's premise, when she says, "There is a tendency to attribute a high factor of valorisation towards foreign brands, mainly because the Brazilian luxury market has developed and grown much later."

Luz Vaalor believes the foreign brands need to understand and react to the local consumer's needs, "The Brazilian consumer wants a personalised service, much more than is normally offered by brands in other countries. That means a relationship much closer between the brand and their clients, knowing its preferences/wishes and or something else they don't expect. They want to spend more and feel more special. The Brazilian consumer likes to buy international brands in Brazil specially those who are regular consumers."

Jaqueline Araujo, who worked for ten years at the Sao Paulo based UK Trade Initiative specialising in luxury goods, slightly demurs when saying, "It is always wise for an international brand to adapt and make necessary adjustments for the local culture. In this sense researching and offering exclusive items developed for an in-country action is a plus." She cites Gucci as a notable exception in offering a handbag designed for the Brazilian market only, however this was to simply to celebrate the opening of their first store and has not been repeated.

Sandra Moleirinho, a Brazilian designer and boutique owner in London, believes, "foreign luxury brands should offer exclusive services, such a personal stylist or invest in styles or different colour range exclusively for the Brazilian market."

Claudia Abreu, Marketing Manager at Joge Lingerie and Marketing Teacher for Retail and Fashion Industries at Escola São Paulo, believes, "All brands approach the market as a one market without considering local aspects. Even Brazilian brands have the challenge to translate these different profiles."

A foreign brand needs to attune most to the Brazilian luxury consumer's expectations in how it communicates and offers its retail experience. For decades the only way for Brazilians to consume luxury was to travel abroad and

consequently their luxury experience was conditioned by how it was delivered overseas. However, as factors such as waning demand in home markets arising from the global economic crisis and the rise of the Brazilian economy provided a significant increase in the purchasing power, the Brazilian luxury market underwent rapid expansion and in a few years the Brazilian found himself immersed in luxury consumption without having to leave the country.

The ability to pay for goods by instalments (*parcelas*) is ingrained in the Brazilian psyche and applies equally in the sphere of luxury goods and apparel. Even in this realm it is not just intended for the middle classes who are making their entry-level luxury purchase. It is acknowledged that even those affluent enough to buy outright will instinctively take the *parcelas* option. This has required some adjustment by the incoming luxury brands such as Louis Vuitton who initially did not offer an instalment payment plan but will now do so for purchases over R\$ 2,000 (£550) in four *parcelas*.

The Martin Roll consultancy firm has coined the term 'Glocalise' for emerging markets such as Brazil, to convey the concept that "Global brands which enter these markets must retain their brand identity at the strategic level but localize the tactical implementation such as the communication, product offerings and so on. This combination of global brands with local products will allow the global companies to weave their brands into the fabric of the local society and make the brand a part of the community."

(<http://www.martinroll.com/resources/articles/asia/strong-profitable-brands-and-emerging-markets/> accessed 27 June 2014)

In China we find an example of a Western luxury brand creating a Chinese luxury brand that has a genuine relevance and connection with that market. In 2008 independent luxury house Hermès set up 'Shang Xia' as a new brand for China to revive Chinese crafts nearly lost in the Mao's Cultural Revolution and to dispel the image that goods made in China are of inferior quality. Shang Xia makes furniture, porcelain and clothes, such as a 4,700 Euros cashmere felt coat, and is committed to training young people in ancient crafts to ensure they are preserved. This is not

simply philanthropic but rather it is good business. It foresees the next phase of the luxury market in China where luxury goods made there will be perceived to be of high quality and desired by domestic consumers.

By contrast Kering's purchase in 2004 of the Chinese jewellery maker Qeelin, which describes itself as "An international Fine Jewellery Brand blending Chinese inspiration & French Craftsmanship", is simply offering a localised interpretation of a Western luxury product. This approach risks potential loss of brand DNA whereas the Chinese brands established by Richemont and Hermès can claim to have genuine brand integrity and are giving something tangible back to the Chinese luxury market.

Foreign luxury brands may also boost their credibility by involvement in projects that help to break down the divisive aspects of society. The luxury conglomerate Kering, does such work through its Kering Foundation and has two projects in Brazil

First, it supports Maria Teresa Leal, founder of Coopa Roca, received a PPR Foundation's Social Entrepreneurs Award on June 9, 2010. This women's cooperative is located in La Rocinha *favela*, in Rio de Janeiro, Brazil. The seamstresses and artisans create pieces for the fashion and design sectors, using traditional embroidery and craft techniques from northern Brazil. They work at home, and generate additional income for their household.

Secondly, it has project to support the economic and social empowerment of disadvantaged women in the municipality of Patos, in the state of Paraíba, northeastern Brazil, by providing training institutions in trades with higher employment potential such as sewing.

At the opposite end of the spectrum, an excruciating example of what Brazil does not need from an international luxury brand is the "Givenchy hearts the favelas" theme given to its Spring/Summer 2014 menswear collection that features Florals, flames, and camouflage motifs.



Image 17 – Menswear from the Givenchy favelas inspired 2014 collection

Source: <http://designyoutrust.com/fashionist/givenchys-mens-pre-spring-summer-2014-collection/> accessed 28 November 2013

Its designer, Riccardo Tisci says he takes inspiration from Latin culture, and has the potentially sensitive name of Favelas 74. (1974 is Tisci's birth year.) "Men in favelas are more natural and more confident about their sexuality," he explains. "They are not scared to mix and match clothing. They represent sensuality, street, and elegance—what I recognize as elegance. I love the fact that they play with opposite things like flowers (which represent peace and serenity) and camouflage (which represents the army), but all interpreted in a very colorful and positive way." (<http://www.style.com/stylefile/2013/05/exclusive-at-givenchy-flower-power-military-might-and-even-a-cameo-from-bambi/> accessed on 28 September 2013)

Despite recent attempts at 'pacification' of Rio's *favelas* (spurred on by the impending Olympic Games) their image remains synonymous with the actions of the minority involved in drug gangs, guns and crime. This collection serves only to patronise the majority of *favela* inhabitants and trivialise their plight and perhaps

it is unsurprising to learn that although French based Givenchy has stores in seventeen other countries, Brazil is not one of them.

4.3 Enablers for developing Brazilian luxury fashion brands

In this section I will articulate measures that represent a strategic framework to facilitate the growth of developing Brazilian luxury fashion brands internationally and in turn make them more desirable in the domestic market.

China is the leading economic power with the BRICs, and the spending power this has generated is reflected in Chinese consumers being set to make up a third of luxury consumption globally by 2015, up from 27 per cent in 2012, according to McKinsey (www.bloomberg.com/news/2013-08-28/ accessed on 27 September 2013) from China will seek to learn about a commercial sector from the West and in time produce its own version, however where luxury is concerned the view is not optimistic. "To create a brand is hard: to create a luxury brand is very hard; and to create a luxury brand in China is extremely hard...it is a problem of high difficulty in finding the key components to create a Chinese luxury brand: no world class designers, no long brand histories and no legendary stories." (2008, Lu P.X., p.141)

However other research literature, again referring to China, offers encouragement when Kapferer & Bastian assert, "A luxury product is rooted in culture. In buying a Chinese luxury product (silk, let us say) you are buying not just a piece of material but a little bit of China as well – a luxury product comes along with a small fragment of its native soil" (2009, p.14).

Therefore, whilst Brazil cannot yet claim to have any long brand history, it does have talented and internationally respected fashion designers and the elements from its heritage, culture, nature and diversity are there in abundance to sustain the constructing of a 'storied brand'.

Kumar & Steencamp in their recent work “Brand Breakout - How emerging market brands will go global” expound that, “Branding is not merely about differentiating products; it is about striking emotional chords with consumers. It is about cultivating identity, attachment, and trust to inspire customer loyalty.” In this regard they find brands from Brazil, and emerging nations including the other BRICs, score low on attributes such as ‘sophisticated’, ‘desirable’, ‘innovative’, ‘friendly’ and ‘trustworthy’ (2013, p.7)

Hence it cannot be denied that the starting point for taking ‘Made in Brazil’ luxury fashion to the world is ground level. As Bruna Messina points out, writing in Fashionbi Newspaper in February 2013, the statistics reveal Brazil to be a ‘sleeping giant’, of the fashion world when one measures its exports against output. The Brazilian textile and clothing industry has benefitted from Brazil’s booming economy and natural resources; Brazil is the world’s fifth largest textile producer. Texbrasil reported a 26 percent increase from 2010 to 2011 to record US\$ 67 billion revenue from the sector, yet only 5 percent of the total of clothes, with a value of US\$ 2.6 billion, made in Brazil is exported. Messina suggests that to ameliorate the fashion export performance Brazil,” must cut taxes, reduce costs of overpriced labour and improve infrastructural limitations.”

(www.fashionbi.com/newspaper/made-in-brazil-a-flourishing-fashion-industry/ accessed on 14 August 2013)

The researcher has identified the following five activities that collectively will create a platform from which the luxury apparel and accessories emanating from Brazil will ameliorate its export potential. This in turn will improve the status of the relevant brands in their home market, which as noted in Part III, is dominated by the foreign brands to which Brazilian luxury consumers are currently in thrall.

4.3.1 Reflect Brazil’s heritage, culture and nature in your designs and marketing

In his paean to a country that has been transformed and is now on the cutting edge, “Brazil On The Rise”, Larry Rother writes, “Brazil's culture is without doubt the country's pride and glory, its greatest achievement, and its main calling card

around the world. The amazing vitality and variety of Brazilian artistic expression provides an entry point to get to know Brazil and its people, but has also made the country a cultural power. Is there anyone around the world within reach of radio, television, or record player who has not heard "The Girl from Ipanema" at least once? Or who does not know the brightly costumed musicians and dancers sashaying down the street at Carnival? Or who has not seen images of the broad avenues and towering glass and concrete buildings of Brasilia jutting up from the grassy savannah?" (2010, p.107-8).

How then can a luxury fashion brand from Brazil leverage the bounty of this cultural harvest? In the 'eight routes to global brands' identified by Kumar & Steenkamp (2013, p.15), in three of these they cite examples of Brazilian brands, namely

The cultural resource route: Positioning on positive cultural myths – Havaianas (Lifestyle fashion)

The natural resources route: Branding commodities in four steps – Natura (Cosmetics)

The national champion route: Leveraging strong support from the state – Embraer (Aircraft)

The latter two arise from commodities and privatisation and as such are not relevant to Brazilian luxury fashion. However the cultural resource route is pertinent to Havaianas because, "its country of origin elicits a unique positive association from Western consumers (beach culture from Brazil)". By positioning a brand in this way it turns its country of origin into an advantage. (2013, p.18)

This shortcut for consumers, evaluating a new product based on its country of origin rather than analysing its inherent quality, is of course flawed but evident nonetheless. So whilst we have seen that country of origin effect works very well in the context of a maker of premium flip flops, because it equates with a perceived tropical beach lifestyle, it is not surprising that same image fares less well when

pitting an elegant Brazilian luxury evening dress against one from a French, Italian or British brand.

“The popularity of Brazil’s fashion brands is attributable to local designers’ aim to create liberated styles for urban women, drawing on local expressions of feminine style and sensuality. São Paulo beachwear and urban style brand Skinbiquini captures the struggle of urban women to express their femininity with their recent tagline “Stressed, Depressed but Well-Dressed”. Renata Gomes, its founder, explains: “I try to use the perspective of an urban woman to reinterpret different cultural elements and create something unique, versatile and modern. All our clothes and styles are designed for a urban woman who desires to carry a sense of the beach with her”. Gomes uses Skinbiquini to turn national stereotypes on their head, taking traditional icons such as tropical banana bunches and playfully reconfiguring them into modern urban style statements.” (Clode, 2013)

“While Brazilian brands are enjoying a degree of global attention due to the upcoming FIFA World Cup 2014 and the Rio Olympics in three years, there are more fundamental reasons underlying their success in creating international brands. First, a confidence to create brand narratives that genuinely focus and communicate Brazil’s human and natural energies – consciously avoiding or creatively re-presenting tired stereotypes. Secondly, (Brazil has) a scrutinizing and outwardly focused elite consumers that provide brands with a tough litmus test locally before considering international extension. This challenge is being intensified by the steady influx of foreign brands in Brazil in recent years.”

The cases of Ganem and Medeiros illustrate how traditional techniques and indigenous cultural references using locally sourced materials are used as the basis for overlaying modern design aesthetics to produce something outwith Western led style and inspired by Brazil yet accessible and desired in lands and cultures that are far removed.

The challenge for the marketer is how to imbue his brand with ‘cultural myth-making’ (Holt, 2004) and this entails careful selection of cultural meanings to be

associated with the brand (Kumar & Steenkamp, 2013). To assist this process guidelines are offered by Kumar & Steenkamp that may be summarised as follows; Ensure the cultural meaning to be attached to the brand is recognised everywhere, has credibility, has not been previously used and is relevant to the product. Applying this to Brazil, there is a temptation to use the Havaianas' metaphors of sun, sand, celebrities and soccer, which after all is the Brazil that is recognised everywhere, however this lacks relevance to luxury fashion and has been used many times for many products. This tends to negate the 'ticks in the box' it receives for recognition and credibility. Furthermore it should be borne in mind that with luxury goods the Anti-laws of marketing apply (Kapferer & Bastian, 2009). These demand the marketer to act counter intuitively and the authors expound eighteen maxims. In this regard the luxury fashion brands from Brazil should associate a lesser-known cultural meaning from Brazil that has a credible link to it but is not necessarily instantly recognised.

Brazil has a host of historical and cultural references on which to call when seeking inspiration for its designers and just as importantly those entrusted with marketing its luxury fashion wares to a world which has a largely one dimensional view of Brazil; based on the ingredients of picture postcard of Copacabana Beach with Sugarloaf mountain and Christ the Redeemer statue as the backdrop.

Consequently the designers and marketers are counselled to undertake a process of discovering some perhaps 'forgotten' aspects of its heritage, culture and national DNA. These may include how the 10,000 strong displaced Portuguese court took refuge in the bustling slave port of Rio in 1807 and created a unique juxtaposition of overlaying European architecture onto a native Brazilian canvas to create a tropical Versailles.

The impact of successive waves of immigrants has created a multi cultural Brazil with a strong presence of new citizens of Japanese, Italian, German origin in addition to the Portuguese.

Rolling forward to the twentieth century this witnessed the birth of samba in the 1920s, which has had an indelible impact on Brazilian society still felt today in the national institution Carnival. Far lesser known but of equally long lasting effect upon Brazilian visual and performing artists was the Manifesto Antropofagia (Cannibal Manifesto) published in 1928 by Brazilian poet Oswald de Andrade. Its argument is that Brazil's history of "cannibalizing" other cultures is its greatest strength.

In the modern era the influence on contemporary music of the *bossa nova* (new wave) of the 1950s, typified by the universally known *Garota de Ipanema* (The Girl from Ipanema) and the melodies of Antonio Carlos Jobim are another source of inspiration. Brazil is now ready to confront its past and the *anos de chumbo* period which spawned the *Tropicalia* protest movement against the military dictatorship in 1964 led by the musicians Gilberto Gil & Caetano Veloso but with visual responses provided by artists including Hélio Oiticica. His work is a source of inspiration for a dress created by young Brazilian designer Barbara Cassola, which combined with architectural high heels and with the elegant clean lines of an H. Stern ring complete an effect that is far removed from the colourful bikinis and kaftans of Copacabana.



Image 18 Hélio Oiticica inspired dress by Barbara Cassola

Source: <http://issuu.com/bespoketraveller/docs/ultratravelwinter2013?e=1338896/5591839>
accessed 28 November 2013

Upstart fashion brand Neon has already begun to challenge Brazilian stereotypes in its use of works from the Tropicalia art movement.

The sweeping curves and bold statement architecture of Brasilia and the other works of Oscar Niemeyer provide rich sources of at once flowing yet in their scale brutalist design.

Finally, it should not be forgotten that Brazil is the home of ‘The Beautiful Game’ as perfected in 1970 by Pele and his teammates and the imposing Maracana stadium, the tumultuous fervent fans and the English origins of football in Brazil can all be drawn upon to create scenarios and images that will bolster brand meaning.

There are already examples of brands from China (Shanghai Tang – fashion to homeware- and Herborist- beauty products) and India (Dabur – natural health care) that have tapped into their respective ancient cultures, and now is the time for Brazil to do so too. (Kumar & Steenkamp, 2013)

4.3.2 Capitalise on events that bring the world to Brazil

Brazilian high-end fashion brands are seen at the two country's two major fashion events Sao Paulo Fashion Week (SPFW) and Rio Fashion, which are held semi-annually to launch Autumn/ Winter and Spring /Summer collections. SPFW and Rio Fashion are held one week apart and now take place at the same time as the better known Fashion Weeks in London, Paris and New York in order to tie in with the seasons in the Northern Hemisphere. SPFW needs to ensure though that the celebrities and models that it now attracts do not eclipse the designs.

The media exposure of forthcoming global sporting events should be seen as an chance to shine a spotlight on Brazil's design creativity in fashion, jewellery and accessories. However marketers should be aware that foreign media would be lazy and look for the easy stereotype, so they need to be prepared to help them scratch the surface. For example it is predictable that with the 2014 FIFA World Cup, the football related images would dwell on children playing soccer barefoot on the beach or in the *favelas*.

The 2016 Rio de Janeiro Olympic Games offer a broader canvas on which to promote the whole of Brazil and its culture. Take the worldwide approbation and respect accorded to the Opening Ceremony of the 2012 London Olympic Games by its near 900 million TV audience. This was such a revelation in terms of content and style that it gave the world a new insight to Britain and boosted the self-confidence of its citizens. Trevor Phillips, Chair of the Equality Commission aptly described it thus,

"This was not the Britain that the world knows. But Britishness isn't about pedestrian reality; it's about myth – what we tell ourselves we have been, and what we hope to be. Danny Boyle's pageant took shards of our folk memory and threads of our everyday experience and conjured a beguiling vision of the Britain that we could be – energetic, inventive, witty, profound, and delightful. Every part of our inherited culture was woven into a dazzling tapestry."

(<http://www.theguardian.com/sport/2012/jul/29/london-2012-opening-ceremony-reviews> accessed 28 November 2013)

The Brazilian Organising Committee would be well advised to replicate this formula, though the evidence from their brief presentation at the 2012 Closing Ceremony indicates there will be emphasis on carnival and samba dancers and this may prove be a missed opportunity to highlight the multi-faceted culture of Brazil and that it should not be dismissed as a lightweight frothy confection of a country.

The logo design for the 2016 Olympic Games does show Brazil playing to its strengths with the exuberantly curved design echoing both its architectural leitmotif and the diversity of its peoples who are brought portrayed in unity by the use of each figure in one of the three colours, blue, green and yellow, that comprise the national flag. The Brazilian designer, Tatil Design describe it as "pure energy flowing" and "a sculptural logo for a sculptural city," Its outline traces that of Rio's natural skyline Sugarloaf Mountain and its smaller neighbour the Two Brothers hills and in typical Brazilian style of inventiveness a new font was created to reflect the spirit of the logo.



Image 19 The 2016 Rio de Janeiro Olympic Games logo

Source: <http://redicecreations.com/article.php?id=13738> accessed 28 November 2013

In contrast the logo for the FIFA World Cup to be held across Brazil in 2014 seems childlike. It is an image of the trophy made from three hands, although some would

say they are more tree frog-like, in two colours, green and yellow from the Brazilian flag, and with '2014' in red for no apparent reason.



Image 20 'Inspiration' The 2014 FIFA World Cup in Brazil logo

Source: <http://watch-fifa-world-cup-2014.blogspot.co.uk/2011/03/2014-fifa-world-cup-logo.html>
accessed 28 November 2013

Although the logo is a powerful statement in establishing a nation's image in the eyes of the rest of the world, it is the how the impact of these major events is handled domestically that can leave the most lasting impression. The problems besetting the preparations for the Commonwealth Games held in India in 2010 resulted in unwanted global media attention. As The Washington Times reported in September 2010, "India's efforts to outshine the 2008 Beijing Olympics are foundering under unsanitary quarters, construction delays, a record monsoon and an outbreak of dengue fever. Indian officials and organizers had intended the competition to showcase the nation's growing influence as Asia's third-largest economy. Instead, it has exposed weaknesses in the subcontinent's infrastructure and planning."

These major global sporting events requiring billions of dollars to stage and major construction projects that often impact disproportionately on the society's poorest can be a catalyst for domestic protest about a whole spectrum of social ills. In Brazil these concerns about the level of expenditure on staging the World Cup and Olympic Games have coincided with the voice of an emerging middle class that is now asserting itself in Brazil's rising economy and nascent democracy. It expects more than the prosperity delivered by global capitalism; it wants its governing elites to be accountable and to honour the rights and liberties of individual citizens. In June 2013 as the eyes of the football world were on the FIFA Confederations Cup, Brazil's trial run for the World Cup in 2014, a million people took to the streets in 80 cities across Brazil. Such protests have not been witnessed for the last 20 years. A heavy handed police response to relatively small scale protests in Sao Paulo about a few cents increase in bus fares seems to have galvanised people at every level of society from the poorest to the middle classes and gave them an opportunity to protest about many issues, including corruption in government, high taxes being spent on stadiums for the 2014 and 2016 sports events and all the social programmes that were planned to go along with that have been cancelled and that schools and hospitals are not being funded. This prompted one protester to say, "I like football, but Brazil has spent all that money on the event when we don't have good public education, healthcare or infrastructure."

In a country where the government does not like the 'Luxury' word because it stirs up popular ire against perceived corruption, cronyism and social inequalities, it may be better for domestic brands to be selective about which events it is associated for not all of them have unsullied images.

4.3.3 Going international to build a luxury identity

This mantra is one of the strategies suggested in respect of China (Lu P.X., 2008) and has equal relevance to Brazil and other remerging nations.

In January 2012 Bloomberg TV's "Luxury Life" presenter, Linzie Janis asked Beachwear and accessories entrepreneur, Harry Brantly "Do you think you can pull off a luxury brand coming from Brazil?"

Brazilian born Brantly was launching his FB Collection in his London store, with men's swim shorts and a linen towel priced at £120 and £95, replied "Brazil has a huge luxury goods market internally and has a culture of luxury...and with the World Cup and Olympics coming up we felt there was huge tailwind we could take advantage of."

When Janis asks, "Why don't more people buy them in Brazil at the moment?", Brantly politely explains that "Unfortunately Brazilians aren't very good consumers of young brands, they want to consume the big companies, Louis Vuitton, Hermes etc., so we felt that it was important to grow abroad as a Brazilian brand, to be seen all around the world in the best locations and then that would lead the Brazilians to aspire to buy our brand."

(<http://www.youtube.com/watch?v=p6C5DNNGVZI> accessed 28 November 2013)

Texbrasil is the Brazilian fashion industry's export programme and is part of the Brazilian Textile and Apparel Industry Association (ABIT) based in Sao Paulo. Texbrasil has promoted the next generation of fashion designers through projects such as Ponto Zero (Ground Zero) and Project Runway. More support from such trade bodies and State government would be welcome to gain the momentum and sustain a breakthrough campaign for Brazilian fashion to embed it in the overseas consumer's consciousness.

For example, on October 28, 2012, during an acoustic show by Brazilian singer-songwriter Ceu, Texbrasil Design Program was released as a partnership between ABIT and the Brazilian Trade and Investment Promotion Agency (Apex-Brasil). The project aims to bring together Premium Brazilian brands to integrate actions and promotions in the global market, strengthening and internationalizing Brazilian fashion. The differential of the Program is to provide individual strategies for each participating company, considering the characteristics and DNA of each of them. One of the activities already confirmed for 2013 are the international showrooms. Marcia Ganem is one of the chosen partner brands, the others being

Adriana Degreas, Alessa, Barbara Bela, Cantao, Cynthia Hayashi, Colcci, GIG, Lanno, Mabel Magalhaes, Victor Dzenk, Aua, Patricia Bonaldi, Patricia Motta, Printing, T. Arrigoni, Totem and Vivaz. (<http://brazilianfashionblog.com> accessed on 26 September 2013)

4.3.4 Nurture a renaissance of artisanal textile skills and craftsmanship

A 'back to basics' approach, which may be seen as the mark of true luxury, is to produce luxury fashion in the designer's atelier and using in-country production methods that sources raw materials and skilled labour locally.

Brazil's textile industry has suffered with imports from China of finished goods rising from 29 to 62 per cent between 2002 and 2009. The beach in Rio is the spiritual home of the bikini, a garment once exclusively produced locally. Nowadays a bikini's label bearing 'Made in China' is the norm and it is only among the higher end consumers that Brazilian makers, such as Lenny Niemeyer, retain a niche market. This is not an unusual tale and many European nations have seen their textile and clothes production decimated by the move to the Far East with only specialist luxury producers left in the home market.

However, there may be a silver lining to this apparent cloud because the niche and specialist producers are creating apparel that require craftspeople in pattern cutting stitching, weaving, knitting and assembling. This skilled labour force risks dwindling away unless young people are encouraged to learn the traditional crafts. In this regard the designers in Brazil using craft based production need to respond to this challenge and it has already been noted how Ganem and Medeiros are alive to this issue and are tackling it.

Training opportunities from the State as well as private companies are needed to preserve the old methods. By this means it will be possible to harness luxury apparel design and production as an engine for innovation, regeneration and wealth redistribution.

In terms of creating a brand from artisan-based undertakings, Chevalier & Mazzalovo (2008, p.125) believe, “that any economic activity has within it the seed of a brand which will develop if conditions are favourable. How many brands started with activities of small-scale artisans?” In response they identify, “ In the fashion milieu, illustrious personalities like Louis Vuitton, Carl-Franz Bally, Enrique Loewe and Guccio Gucci were...artisans who developed their industrial and commercial vision.” (2008, p.124)

4.3.5 Influence opinion to make politicians more favourably disposed to luxury

There is evidence that the Brazilian government has an uneasy relationship with luxury goods and views it one dimensionally as a source of tax revenue. As already mentioned lower taxes, less bureaucracy and better infrastructure are all areas in which improvements are necessary to foster more competitive market conditions for domestic and foreign luxury fashion brands. The burden imposed by high taxation, the indirect costs of doing business in a cumbersome and inefficient framework and the high logistics costs resulting from relatively poor infrastructure have created what is known as the Brazil Cost '*custo Brasil*' - the increased costs of doing business in Brazil. This has been felt particularly in the textile and apparel industry making Brazilian goods more expensive than in other countries.

This impact was noted in a Financial Times article by Vincent Bevins dated 2 October 2012, “Brazil has a long tradition of textile and clothing production, and is still the world’s fifth-largest textile producer. But over the past few years the Brazilian currency has appreciated sharply, making the country even more expensive than it already was due to the so-called *custo Brasil*, the cost one must pay to deal with woefully lacking infrastructure, Byzantine bureaucracy and high taxes. Industry representatives also say countries such as China cut corners on the currency, environmental and labour standards that Brazil can’t compete with. And there is the fact that the high-quality workmanship upscale fashion houses demand is tough to come by in Brazil, even at high prices.”

SPFW designer Julia Valle complains, “Fashion is a very young industry here with our fashion schools dating back only 20 years. We have absurdly high taxes so our prices are not competitive and we don’t get incentives from the government.” That final remark is quite telling and indicates a feeling the Brazilian state could do more in this field. Today Brazil is a large agro-mineral exporter that does not wish to be in danger of becoming de-industrialised. In response to this threat it has launched the ‘*Brasil Maior*’ (Bigger Brazil) plan. Luxury fashion ought to be part of the plan as it can spearhead the resurgence of textile and fashion market development.

Brazil needs a not for profit luxury goods association like ‘The Walpole’ in the UK to promote and nurture the interests of its fledgling luxury goods industry. Ferreirinha has set up *ABRAEL* but this has fewer than 25 members and many do not claim to have luxury credentials. Also the fact it appears to be aligned to Ferreirinha’s business, even if run on an altruistic basis, will inhibit its growth and therefore influence.

4.4 Visual promotion of Brazil – redefining traditional images

Depictions of Brazil in promotional material largely derive from tourism, but in terms of projecting how a nation wishes to be seen in the eyes of the world they are most telling about self-esteem and image. A number of these images dating from the 1940s to the present day are collected in Appendix 2. The earliest hint strongly at the colonial past with the black and mixed race inhabitants portrayed engaged in rural activities and the emphasis is on the colourful and exotic flora and fauna. Over the decades, the slant has become more beach oriented and even perhaps a jet set destination in the 1960s as air travel by the wealthy became more commonplace. Fast forward to 2011 and the ‘Brazil is calling you’ campaign relies on palm-fringed beaches and the welcoming arms of Christ the Redeemer statue to entice the traveller. In the context of the product being advertised, arguably this is standard fare, but it does I submit betray a lack of self confidence in the new Brazil that it really has made the journey from remote Portuguese colony to become a player on the world stage.

The green and yellow palette and iconic Samba or exotic bird images were a design staple in the 1950s and this is commented upon and depicted in the article ‘The Tropical Myth and Brazilian Textile Design’, “Since the beginning of the 20th century, cultural movements of great importance have begun to view Brazilian subservience not only in terms of foreign production but also the European model of professional conduct and the imitation of foreign artistic creation. It has been a period when national symbols are being acclaimed and the Indian and mestizo regarded as Brazilian heroes. In particular, the geography of the country is being praised for its wealth of flora and fauna, as well as the grandeur of its sheer size, features that implicitly referred to the Brazilian people, or rather the general public. There are countless examples of this eulogizing of ‘Brazilian roots’ and these can be found in the musical, artistic and literary productions that have appeared since then.” (Garcia Neira, 2012)



Image 21 -The current and popular imaginarium about Brazilian printed textiles Source: Revista Manchete (1960s)

Source: Garcia Neira (2012)



Image 22- Images of printed textiles in the Brazilian Press (1940-60)

Source: Garcia Neira (2012)

In recent times UK fashion magazines Marie Claire and Vogue Brazil have held fashion shoots in Brazil and both are culpable of using stereotype images as shown in Appendix 3. Two images from the Marie Claire, which showcases a number of foreign luxury fashion brands, show the model surrounded by bananas or hand woven baskets. Whilst no doubt meant to project the exotic nature of the location, the model's donning of a colourful turban harks back to the 1950s Carmen Miranda image of Brazil. In Vogue Brazil the supermodel Cara Delevingne is posed in the Dona Marta favela of Rio de Janeiro. Again intended to reflect the edgy street nature of her attire nonetheless the concept is as tired looking as Ms Delevingne appears in the image shown.

It would seem that the settings for foreign portrayal of luxury fashion in Brazil are currently stuck in a trite clichéd mode. However, this need not apply to Brazilian designers and there is now is an opportunity for them to show their creations in new and fresh settings that depart from the stereotypes served up as iconic visual representations of Brazil's global image.

A potential umbrella marketing initiative to promote Brazilian luxury fashion brands could employ a strap line such as "It's Brazil. Really." to underline the departure from the norm.

Its aim would be to display Brazilian made luxury apparel and accessories in a context that provides visual cues that evoke European, American and Japanese settings, yet are from Brazil. The result is to create an instant trompe l'oeil on the intended audience that predisposes them to take notice of the luxury fashion being showcased.

By using visual images that link back to cultural connections with Europe and beyond this helps to imbue the brand with the myth of heritage by association. A number of locations lend themselves to this concept and associate with different markets (as shown in brackets), for example: -

The Opera House in the Amazonian city of Manaus would look equally at home on the banks of the Seine (French).

The Great Western Brazilian Railway with its British made steam trains and the British built Manaus Customs House that could have been carved out of Birmingham or Manchester. (British).

Fordlandia, the utopian township established by Henry Ford in the Amazon in 1928 to produce rubber and manufacture tyres for his automobile company (American).

The Liberdade district in Sao Paulo (Japanese).

The architecture of Blumenau and Pomerode in Santa Catarina state (German).

The richly and ornately decorated churches of Salvador would not look out of place in an Umbrian hill town (Italian).

Images of each of these locations appear in Appendix 4 and it is suggested that market research is conducted to test the efficacy of the concept.

4.5 Summary

There are as many views on what it takes to be successful in the luxury market of Brazil as there are active participants in it, so there is no assertion made or implied that the strategies and enablers put forward here will achieve the desired successful outcomes.

What may be said with confidence though is Brazil has made a spectacular journey from colony to economic giant. *O gigante acordou* ('The giant woke up') is the 2011 slogan from luxury whisky brand Johnnie Walker, as if to emphasise the huge potential of this market for the foreign luxury brands. With this opportunity there are inevitably channels to navigate to avoid being dashed on the rocks and the enablers should be seen as a beacon to steer away from them rather than the illuminated path itself.

When developing pointers for local brands these too are fallible but do offer a way towards a new approach to luxury that Brazil is uniquely placed to pursue.

PART V Conclusion

Luxury was for centuries the domain of the aristocracy and wealthy acting as a clear boundary to social stratification. And there it stayed until the line between the rich and the rest began to dissolve in the second half of the 20th century. A new luxury consumer emerged as did new purveyors, the luxury groups. In the 1990s their inexorable march washed up on the shores of a Brazil emerging from decades of economic volatility and, save for the elite, isolation from the luxury world.

The opening of the Brazilian economy, and the attendant imposition of financial discipline, that was initiated in 1990 by President Fernando Collor de Mello with the *Plano Real* and since enhanced by the careful stewardship of Presidents Fernando Henrique Cardoso (1995-2002), Lula da Silva (2003-10) and Dilma Rousseff (2010-present) have brought the stability that has transformed and fulfilled the potential of a country blessed with abundant natural resources and a resilient and creative population.

An outcome of this economic boom when combined with the rapid increase of the HNWIs and aspirant, status seeking middle classes and the impulsive, trend hungry nature of Brazil's fashion conscious consumers, has been an influx of foreign luxury brands to meet that need. At the same time Brazil's fashion industry has been maturing and has the creativity needed to express its particular identity. Already some designer brands are admired on the global stage indicating that in time, and with the combination of luxury attributes identified in this research, luxury fashion brands from Brazil will gain similar recognition.

The approach to luxury that the foreign luxury groups bring to Brazil represents the 'old luxury', an imperial order of stellar brands many of which began their existence in the last century or earlier with the noble values first associated with luxury. Over time they have succumbed to the temptation to broaden their consumer base to the new aspirant middle class, the 'C Class' as they known in Brazil, and in doing so sacrificed on the altar of profit and dividends much of what first made them unique, exclusive and exulted.

It is to be expected that this seemingly indiscriminate consumption of luxury fashion peddled by the hegemony of European and American brands will occur in the first flush of Brazil actually becoming 'the country of the future'. Equally it is in the nature of commercial reality that the foreign luxury brands will meet the huge demand for their products in Brazil and that this scenario will prevail for some while to come. However, those responsible for ensuring the foreign brands' long term presence and growth in this market should be responsive to it, as it matures and takes on its own distinctive identity.

It is inevitable that initially the Western defined luxury codes will be omnipresent in the relatively new luxury market of Brazil. Sooner or later luxury tropes defined by Brazilians will appear and lead to luxury innovation. Brazil has an instinctive capacity to break the rules, to blend, to mix and to play with codes making it a fertile ground for the appearance of Brazilian-defined luxury (Hoffman & Coste-Maniere, 2012). Its future growth and brand development is susceptible to being driven by the fervour with which Brazil's young population embraces new technologies and social networking platforms. They are a boon to brand and consumer interaction and enable 'story telling' thus enabling Brazil to cross borders in a way that was never possible in the pre-internet age.

Hoffman & Coste- Maniere premise that for local luxury players to make an impact in respect personal goods they should be aware that, "Given the strong focus of luxury incumbents on heritage, a meaningful frame for newcomers is to differentiate three orientations of luxury value propositions: 'looking to the past,' 'looking to the present,' and 'looking to the future.' 'Looking to the future' value propositions propose a viable future view for newcomers, reframing the meanings associated with a certain luxury product. Osklen symbolizes this approach."

It is submitted that if this Brazilian-defined luxury were to adhere to the concept of New Luxury as propounded by Osklen founder, Oskar Metsavaht, it would have an appeal to HNWIs and eventually trigger a trickle down effect to the consumption behaviour of the middle classes away from the primacy of the logo.

Metsavaht put forward his concept in an interview with Jonas Hoffman in April 2012, as follows: -

“There is a need to transform the luxury management to combine environmental respect for raw materials (sourcing) to aesthetic appeal and craftsmanship in order to transform luxury consumption for clients to develop a perception of what values luxury really stands for: a **New Luxury!**”

Hence there is a marked trend for a growing number of Brazilian brands to follow in the steps of Osklen and offer a ‘New Luxury’, that espouses the 21st century ‘noble values’ of bringing together fine materials, craftsmanship and design but which does not deplete the planet’s resources and has a clear vision of social responsibility. It is an approach to new luxury in apparel and accessories that reflects the nation’s multifaceted culture, shares its growing concern for the environment and desire to revive artisanal skills in a socially inclusive way; by following this path to achieving its Brand Meaning, a Brazilian brand will resonate with global luxury consumers.

It is anticipated that the early adopters of the new luxury from Brazil will be those discerning consumers with more sophisticated taste whose palettes have become jaded with the luxury groups’ treadmill of restyling of ‘formula fashion’. The researcher shares with the optimism of the prolific author on luxury and fashion, Dr. Jonas Hoffman, when he remarks, “ It [Osklen] shows a path for development of the Brazilian luxury market as clients will gradually move away from buying just a logo to becoming interested in the quality and soul of a luxury brand.”

We can see in the work of Marcia Ganem and Martha Medeiros the embodiment of the ‘new luxury’ that is being led by Brazil. There is the potential for them and their compatriots who follow a similar path to become a source of pride and inspiration for the Brazilian elites that in the past and today hanker for European and American brands. Taking this route requires a conviction in values and tenacity of purpose to set new standards or ‘noble values’ that both enshrine the pillars of luxury

identified in this study and add layers of environmentally aware, socially inclusive and culturally informed markers that the next generation of designers and makers from Brazil has to offer the world.

Appendices

Appendix 1: The Mulberry Approach

The Mulberry Approach

Mulberry will make a positive difference to its people, environment and communities it works in.

Climate Change

1. All of our premises will be refurbished to high energy performance criteria and environmental specifications
2. Where possible we will invest in renewable energy sources
3. We will review our transport policy to minimise our carbon footprint
4. We will source our purchases from sustainable or renewable sources wherever possible
5. We will reduce the amount of chemicals used in our production
6. Communication methods between our own premises and third parties will be improved to reduce the need for printed documents and travel between sites

Reducing Waste

7. We will recycle as much as possible from all of our sites
8. The packaging used for our products will be reduced and made more environmentally friendly
9. We will maximise the utilisation of our leather and so reduce waste

Fair partners

10. We will only work with partners who share our ethical values and have signed our Global Sourcing principles and Animal Sourcing principles
11. We will use fair trade alternatives where these are available and suitable for our business needs

Animal Welfare

12. We will continue to ensure that all exotic materials are sourced with CITES certification
13. We will ensure that we have complete tracking of the source of all hide products

Community Involvement

14. We will introduce a policy to allow employees to have paid time off or funding to assist the local community and other charity projects
15. We will review our charity funding policy and introduce ways for employees to contribute to charity
16. We will consider how best we can use the rookery land to the benefit of the environment and our employees

Health and wellbeing

17. We will encourage healthy eating for our employees and ensure our canteen facilities use locally produced and farm assured products where possible
18. The overall salary and benefit package available to employees will be regularly reviewed to ensure we continue to fairly reward our staff
19. Communal space will be provided at all of our own premises
20. Social committees will be established in Somerset and London with funding made available for events

Appendix 2: Past and current promotional images of Brazil



Source: <http://www.fly-brother.com/2013/10/brazils-iconic-varig-airlines-brand-to-be-discontinued/> accessed 28 November 2013



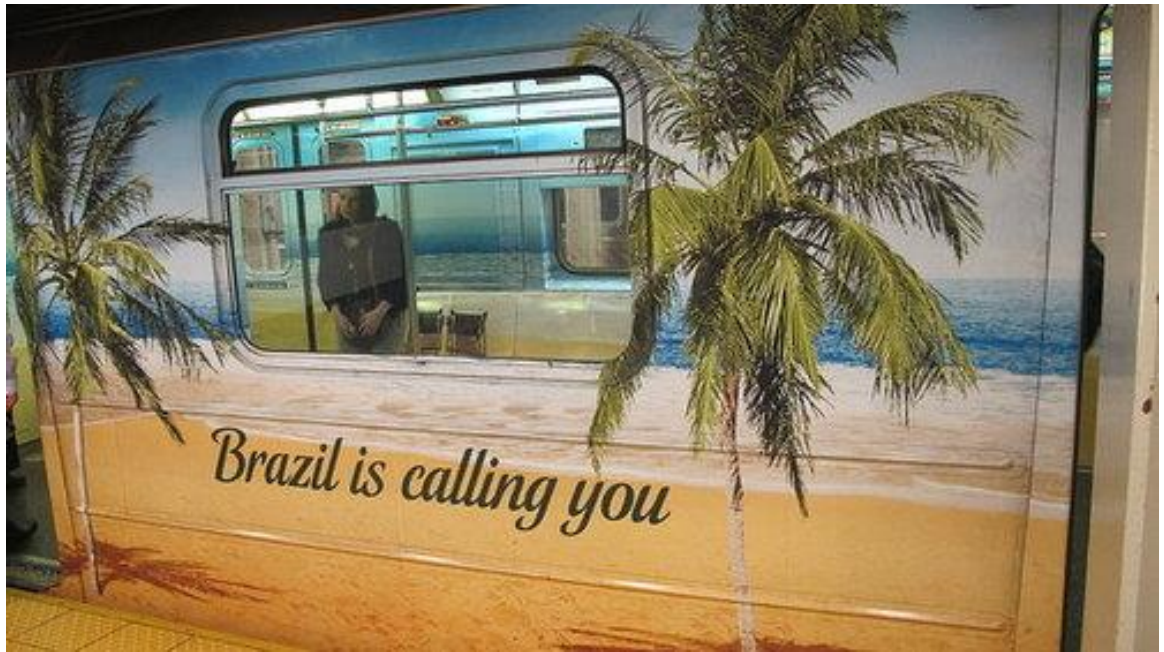
Source: <http://www.fly-brother.com/2013/10/brazils-iconic-varig-airlines-brand-to-be-discontinued/> accessed 28 November 2013



Source: http://www.sportsposterwarehouse.com/detail F100950_988_riobyvarigfl.html accessed 28 November 2013



Source: <http://www.fly-brother.com/2013/10/brazils-iconic-varig-airlines-brand-to-be-discontinued/> accessed 28 November 2013



Source: <http://thegspotnyc.onsugar.com/tag/advertisements> accessed 28 November 2013



Source: <http://www.dailydoh.com/archives/52924> accessed 28 November 2013

Images from an advertising campaign of 2010

Appendix 3: Luxury fashion shoot locations in Brazil



A 2013 fashion shoot for Marie-Claire in Salvador, Bahia State, Brazil Source: <http://nz.lifestyle.yahoo.com/marie-claire/fashion/shoots/galleries/photo/-/16128974/in-living-colour-our-brazil-fashion-shoot/16128980/> accessed 29 November 2013



A 2013 fashion shoot for Marie-Claire in Salvador, Bahia State, Brazil Source: <http://nz.lifestyle.yahoo.com/marie-claire/fashion/shoots/galleries/photo/-/16128974/in-living-colour-our-brazil-fashion-shoot/16128979/> accessed 29 November 2013

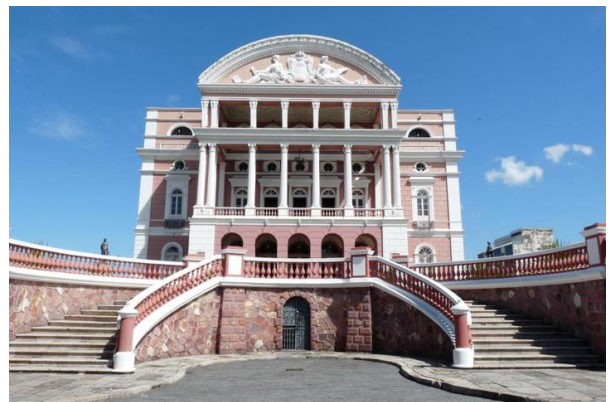


A 2013 fashion shoot for Marie-Claire in Salvador, Bahia State, Brazil Source: <http://nz.lifestyle.yahoo.com/marie-claire/fashion/shoots/galleries/photo/-/16128974/in-living-colour-our-brazil-fashion-shoot/16128989/> accessed 29 November 2013



Cara Delevingne on a Vogue fashion shoot in a Rio Dona Marta favela of Rio de Janeiro in October 2013 Source: <http://celebridades.uol.com.br/album/2013/10/03/top-britanica-cara-delevingne-faz-ensaio-em-favela-carioca.htm> accessed 29 November 2013

Appendix 4: A visual concept for New Luxury and Brazilian fashion



The Opera House, Manaus

Source for all images:

<https://www.google.co.uk/search?q=the+opera+house+in+manaus&client=firefox-a&hs=rJh&rls=org.mozilla:en-US:official&tbm=isch&tbo=u&source=univ&sa=X&ei=e2iYUvrVE-SZ0QXkjlGwBw&ved=0CDsQsAQ&biw=1802&bih=869> accessed 29 November 2013



The British legacy - a loco and stations from the Great Western Brazilian Railways Source: <http://www.flickr.com/photos/78379130@N00/3316901836/> accessed 29 November 2013 and the 19th century Customs House in Manaus Source: http://www.aboutbrasil.com/modules/brazil-brasil/rio-de-janeiro_sao-paulo_fortaleza.php?hoofd=3&sub=16&art=168 accessed 29 November 2013



Fordlandia – a little piece of the American Mid West created by Henry Ford in the Brazilian Amazon
 Source for all images:
<https://www.google.co.uk/search?q=fordlandia&client=firefox-a&hs=8n1&rls=org.mozilla:en-US:official&tbm=isch&tbm=isch&u&source=univ&sa=X&ei=z2WYUtGkKanG0QXY24DACw&ved=0CDoQsAQ&biw=1802&bih=869> accessed 29 November 2013



Lberdade, Sao Paulo- a Japanese district

Source for all images:

<https://www.google.co.uk/search?q=liberdade+sao+paulo+brazil&client=firefox-a&hs=Z7g&rls=org.mozilla:en-US:official&source=lnms&tbn=isch&sa=X&ei=gWWYUq-aOaaJ0AWzmYCYDA&ved=0CAkQAUoAQ&biw=1802&bih=869> accessed 29 November 2013



Pomerode and Blumenau, Santa Catarina State – the distinctive architecture of these German outposts in Brazil

Source for all images:

https://www.google.co.uk/search?q=pomerode+and+blumenau,+santa+catarina+state,+brasil&client=firefox-a&hs=ok1&rls=org.mozilla:en-US:official&source=lnms&tbn=isch&sa=X&ei=AWWYUreuEMK30QX_ooGABQ&ved=0CAkQAUoAQ&biw=1802&bih=869 accessed 29 November 2013



The richly and ornately decorated Sao Francisco Church, Salvador, Bahia State

Source for all images:

www.google.co.uk/search?q=sao+francisco+salvador+brazil&client=firefox-a&hs=yV1&rls=org.mozilla:en-US:official&source=lnms&tbn=isch&sa=X&ei=aWGYUpC7G4Gf0QWYmoCABg&ved=0CAkQAUoAQ&biw=1802&bih=869 accessed 29 November 2013

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