

COLUMNS

How European and American brands navigate the transcontinental luxury divide

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Gucci has bloomed under Alessandro Michele's creative leadership. Image credit: Gucci

By [Ashok Som](#)

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Europe is home to some of the world's most recognized and revered luxury fashion brands. Herms, Chanel, Louis Vuitton, Moncler, Prada and Gucci are just some of the French and Italian luxury houses that have achieved iconic status over the past century. Their global reputations are founded on long histories of unparalleled savoir-faire, impeccable craftsmanship and a strong sense of heritage.

American affordable luxury houses are no less recognizable on the international scene. Brands such as [Coach](#), Ralph Lauren, Michael Kors and Kate Spade have made international names for themselves, founded on some of the same principles that guide Europe's luxury houses across the Atlantic.

Nevertheless, three critical differences separate typically European luxury brand strategies from typically American ones.

1. The European icon versus American form and function

When we talk about "true luxury," we are often talking about the definition upheld by the European luxury houses mentioned above, amongst others.

History is a critical ingredient to the success of each of these brands.

Over decades, if not centuries, they have each forged a distinct brand DNA including signature colors, materials, treatments and other details that make pieces instantly recognizable to other savvy luxury consumers.

In other words, European luxury is, above all, iconic and exclusive.

By contrast, many of the most recognized American brands were created from a utilitarian perspective: brands such as Ralph Lauren, Coach or Michael Kors were initially created to respond to a need or an unmet demand in the North American market.

When Coach launched its first atelier, for example, the idea was not to create an iconic product, but rather to offer American consumers well-made and, above all, functional travel cases.

Even Tiffany & Co. was born out of this same utilitarian logic: you need a ring to get married, and we can fulfill that need.

Many of the American affordable luxury brands that are now well known in the market gradually expanded their product offerings and tried to portray the American lifestyle to a certain extent.

However, their historical intent was not the same.

American luxury is still about the form and function of products designed to meet the practical needs of American consumers.

2. European dream weaving versus American consumer choice

As we saw above, European luxury brands place a great deal of importance on exclusivity and creating a desire for the few.

According to the European ideal, luxury is, by definition, something that you do not need but that you nonetheless crave because of its iconic status.

As a result, the European luxury branding strategy is about building an aspirational desire around iconic products.

In other words, we are talking about pulling savvy clientele into the exclusive world of each brand.

By contrast, American luxury branding strategies often involve pushing clients to choose one brand over the many other brands available to them.

American luxury marketing is less about branding and more about sales: how are we going to use ecommerce, digital marketing, in-store promotions and other solutions to drive sales?

Here, brand DNA and exclusivity take a backseat to following the latest trends, all in the hopes that clients will choose their products over others in a competitive market.

3. European mindshare versus American market share

The American luxury industry's push strategies, as mentioned above, focus not on creating a desire, but giving consumers access to their products to create the American lifestyle.

Here, creating a feeling of exclusivity is not as important as meeting demand and conquering market share.

Gaining market share involves coming up with a concept, doing market research and testing the concept.

Once the market share has been gained, one can increase the price.

For many European luxury houses, this is far from the luxury ideal.

By creating an exclusive "dream" to which savvy clientele can aspire, the European luxury logic is more about conquering mindshare rather than market share.

In other words, a brand's image and its association with the luxury ethos are more important than how many units are ultimately sold.

Of course, this has set up a kind of conflict between many of the individual European luxury labels who want to preserve their exclusivity and the multi-brand conglomerates that place more importance to the market share and the bottom line.

The Gucci experience: A transcontinental reconciliation

Gucci, after a long hiatus, is one brand successfully walking the fine line between the push and pull strategies favored on each side of the Atlantic.

Inspired in part by traditional Indian textiles, creative director Alessandro Michele has given the brand new life by incorporating an array of exotic new elements.

In his collections, Gucci's iconic nature remains strong and a great deal of importance is placed on the traditional markers of the brand.

However, Gucci has also added new layers and chapters to the brand's story.

Gucci has recognized that consumers are tired of the same old brand DNA of European luxury's old guard. They want something new and fresh.

Mr. Michele's collections also recognize that creating "the dream, the desire" is different today than it once was.

In an increasingly globalized and uncertain world fraught with war and terrorism, today's luxury brands need to focus on being aspirational in different ways.

GUCCI'S 2017 collection is inclusive and multicultural, and takes consumers on a real journey of discovery.

Finally, Mr. Michele's collections capture mindshare while appealing to a growing luxury clientele by going beyond the European tradition and reaching out to a growing segment of luxury consumers in emerging economies.



Ashok Som

Ashok Som is professor of global strategy and chair of the management department at the [ESSEC Business School, Paris](#). He is the co-author of "[The Road to Luxury: The Evolution, Markets and Strategies of Luxury Brand Management](#)," by Ashok Som and Christian Blanckaert, Wiley. He is also co-director of the [ESSEC-Bocconi EMILux program](#). Reach him at som@essec.edu. Reproduced with permission and adapted for style.

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