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PROMOTION OF LUXURY CLOTHING BRANDS IN UKRAINE

Abstract. This article provides a comprehensive analysis of current factors that determine the development vectors of the Ukrainian luxury market segment, and the effects of the global economic crisis on the dynamics of the operation of the latter. The author focuses on the complex social, political and economic conditions in Ukraine, which put into question the existence of the luxury market as a phenomenon, and proposes to develop a new hybrid model of luxury clothes promotion through traditional and innovative communication tools, taking into account the results of a sociological survey among experts of industry and consumers.

Keywords: promotion, the luxury market, the global economic crisis, branding, communications, public relations, the luxury clothing

Introduction. This article is dedicated to the investigation of promotion of luxury clothing brands in Ukraine according to contemporary social, economic, and political conditions. Thus, the aim of the article is to research the main possible ways of such promotion. This goal can be detailed in several tasks: 1) investigate current conditions in the country; 2) observe the financial crisis impact on the luxury sphere; 3) construct actual and efficient model of clothing luxury brands promotion in Ukraine.

Literature review and the problem statement. Unfortunately, such object as a luxury market and its compounds are poorly investigated by local scientists. At the same time, there are plenty of books and articles dedicated to this problem all over the world. There are many well-known researchers of luxury as a phenomenon, luxury marketing, and luxury brands etc. Among them we can find G. Atwal [Atwal 2014], R. Chadha, P. Husband [Chadha, Husband 2010], M. Chevalier, G. Mazzalovo [Chevalier, Mazzalovo 2012], M. Ricca, R. Robins [Ricca, Robins 2012].

"It is impossible to speak of luxury without providing a definition for this concept. Many experts discuss the meaning of this word and cannot agree on a final definition accepted by everybody" [Chevalier, Gutsatz 2012].

Generally, luxury can be defined as “great comfort, especially as provided by expensive and beautiful things”, “something expensive that is pleasant to have but is not necessary” [Luxury. Cambridge dictionaries online], or as “an indulgence in something that provides pleasure, satisfaction, or ease” [Luxury. Merriam-webster dictionaries], or as “an inessential, desirable item which is expensive or difficult to obtain” [Luxury. Oxford dictionaries].

A luxury brand has roots in culture, history and geography. Unlike an average brand, it cannot be found, but is built gradually, merging reputation and sophisticated followers over time. A brand is luxurious “when it is perceived as such” [Kapferer, Bastien 2009].

According to L. Scholz “The changing concept of the luxury in the course of the years illustrates that luxury is not an absolute but a subjective as well as a
relative term...Its perception is closely related – in fact is a function of the prevailing social and economic living conditions. To get a grip on the notion of the luxury it is therefore necessary not only to select a given point in time but also to choose a definite socio-economic context as a point for departure of the analysis” [Scholz 2014].

**Research results.** Thus, on the one hand, current social context (economic, political, and cultural factors), and on the other hand - the historical traditions of the brand genesis and consumer habits, developed for a particular luxury brand have a decisive impact on the trends of luxury branding.

Analysing the domestic luxury market segment, we have to take into account not only the specific changes brought about by the global economic crisis, but also take into account the complex social and political conditions in the country, primarily conducting by ATO.

The key objective of this article is to develop an authoring model of luxury clothing promotion in modern Ukraine, taking into account the maximum number of factors that influence on the development of luxury segment, and basic principles of its deployment. Therefore, we consider it is necessary, firstly, to illustrate the current state of the luxury market in Ukraine, identify trends and key characteristics of its development at its historical juncture. Secondly, it is necessary to justify the need to develop a new model of luxury clothing branding in Ukraine including the difficult social and political conditions, and information based on the results obtained with the course of two types of questionnaires (consumers and experts).

We believe in consistency of subject field limits to develop authoring model of luxury clothing brands promotion as consideration the whole spectrum of luxury brands and products in Ukraine is too broad and vague, and in general, can apply for a separate scientific study. We stopped at the clothing segment because it is one of the most popular among domestic consumers (confirmed by the results of sociological research).

Thus, the global economic crisis, oddly enough, not critically affected the luxury segment of the market status in Ukraine. Miserable state of the Ukrainian economy had virtually no impact on plans to expand the domestic market and winning international luxury brands. In 2009 mono boutiques Chanel and Loro Piana were opened in Kyiv, which belong to a category of absolute luxury - the most expensive in the luxury segment. Also in early 2009 a jewellery shop of famous brand Tiffany and a Noblesse quarter were opened in Kiev, selling expensive and very expensive brands of the Swiss watches and accessories. And despite the fact that the domestic market before the emergence of these stores had almost 70% of the world’s manufacturers of brand luxury goods represented. This fiscal immunity of the Ukrainian segment of luxury experts explain as potential clients’ invulnerability to economic shocks.

Specialists of international company Bain & Company, providing consulting services in the field of strategic management for the first time in six years of researches predicted decline in global sales of luxury goods through the global economic crisis, but not in Ukraine. Experts expected that Ukraine would be among the only European markets where sales would be likely to remain in 2010 at the level of 2009 and would reach 400 million euros. And by 2011, according to experts Bain & Company, the Ukrainian luxury segment was to grow by at least 10%.

People potentially wishing to join a luxury segment even for a lot of money in Ukraine were enough in crisis times. The Polish magazine Wprost by the end of
2009 determined out of one hundred wealthiest people in Central and Eastern Europe 23 were Ukrainians. More rich people were counted only in Russia - 35. How many millionaires in Ukraine only Tax Administration can guess. Experts believe there are much more real millionaires and billionaires in Ukraine then journalists found. But if the state treasury suffers from this difference, the domestic luxury segment benefits. The number of rich people continues growing all over the world. “The number of billionaires had risen dramatically in the preceding years, and their individual wealth continued to grow relatively to that of the rest society” [Tungate 2009].

Expensive car, famous brand clothes, and precious watches are inherent attributes of the success in the Ukrainian understanding. It so happened that partners need to give expensive and exclusive gifts to each other. Otherwise, he can be called unsuccessful. And even worse, businessmen may not want to conduct business with him.

However, despite of very encouraging forecasts of consulting company Bain & Company, we have slightly different results. According to consulting company LUXOR Management, luxury market in Ukraine was estimated in 500-600 million dollars per year (2008). The figure is quite rough, because there are mostly private companies in the market which do not disclose their financial results. For comparison: luxury-market in Russia is estimated in 9-12 billion dollars per year. Once the crisis has made its adjustments, the volume of the Ukrainian market declined by 30-40% (the Russian luxury market suffered less - 15-20%). Thus, with the advent of the current crisis the Ukrainian luxury market in terms of money fell to about 350 million dollars per year. The crisis cut off from the national group of luxury such consumers as top managers, many representatives of show business and other customers with unstable income. The basic "skeleton" of consumers is owners of large companies who reduced costs not only because of their affairs state, but under pressure of the psychological factor. Even those who keep money are in no hurry to buy luxury goods.

Development and stability of luxury market depends not only on the availability of money in the elite. Market is influenced by such characteristics as the level of consumption culture and attitudes in society. Thus, if the luxury things are nowhere to "walk", the consumer market will grow much more slowly during the crisis and show less resistance. In Ukraine compared with European countries are held few secular parties (in particular, due to political instability), where one could flaunt his luxury items. Moreover, the mood in society is not conducive to the acquisition of luxury goods. Today, many people do not want to "feast" and they have no a desire to spend money.

Market participants say that the greatest decline in sales occurred in the segment of products with maximum value, real estate, yachts, and cars (70%). The least affected segment is perfumes, alcohol, food and clothing. In this case, traders noted demand moving from more expensive to cheaper commodity groups within luxury.

With the completion of pre-crisis euphoria the psychology of the luxury market customer has changed. We cannot say that people have become more frugal, but they stopped wasting money, their spending is not frivolous anymore. Today's customer is no longer inclined to "collect" expensive things. As a result new competition that lasts for 5-7 years, stopped at manufacturers level who have postponed the planned launch, focusing on the basic of the most successful brands.

However, 2010 proved to be beneficial for Swiss watch manufacturers. As
Customs report in 2010 the volume of importation of Swiss watches in Ukraine increased. As for popular brands in Ukraine, the marketing company UMG made popular watches rating. The main evaluation criteria were: quality, uniqueness of the brand, the importance of brands in certain circles.

Here are the top 10 brands of watches:
1. Rolex
2. Breguet
3. Patek Phillippe
4. Omega
5. IWC
6. Rado
7. Longines
8. Zenith
9. Vacheron Constantin
10. Ulysse Nardin

With relatively steady recovery of interest on the original products, manufacturers are increasingly concerned about the issue of increasing number of fakes on the market that has appeared recently. The fact is that the most branded factories, saving resources, produce original products in China. Clearly, brand products are licensed, but the Chinese sometimes ignore the rules of the game and re-sell the same products at prices ten times lower than the licensed product. In addition, according to some data there is illegal production of copies of luxury brands of watches in Ukraine, thus, the reputation of the original manufacturers and their profits suffer.

That is why manufacturers have created a special Office for Supervision of pirated copies. In particular, only in 2008 the world seized about 100 thousand units of illiquid products. Inspectors found illegal selling over the Internet, to buy a copy of a luxury watch is not so simple now, every day hundreds of bids on Internet auction sites are closed, and holders of Audermars Piquet organized hunting on the Internet sites, though sellers can be caught only after the sales.

A socio-political events in Ukraine (Revolution of Dignity, ATO, etc.) in 2014, made apparent that the segment of luxury unequivocally decreased. Market analysts note subsidence of luxury market segment due to changes in the structure of buyers cost, buyers’ moving abroad, reorientation on purchases abroad. Experts say that such a complex situation on the luxury market has not been for the last 15 years. Firstly, it is politically unpopular to buy such expensive things. Secondly, a lot of customers of those goods left the country. Thirdly, this category of buyers does not “jump” from Louis Vuitton to cheaper brands; they simply began to buy abroad.

As we can see from all mentioned above, the global economic crisis somewhat weakened the domestic luxury market, but it preserved the positive trends (opening new mono boutiques, the introduction of new international luxury brands of a high-level, etc.). But the social and political events of the past two years have affected it critically. It is clear that under such conditions the old model of luxury-branding, operating in Ukraine before, or actual communication technologies used today by foreign producers and retailers on their luxury markets are ineffective. That is why we are justifying the urgent need to develop new model of atypical promotion of luxury brands on the example of clothing sector. Effective promotion needs correct branding strategy.

Primarily, we will describe and analyse the results of sociological research (the Ukrainian consumers’ and experts’ questionnaires), and basing on these
surveys, as well as consideration of national social context and global trends we will develop a unique model of luxury clothes promotion in our country that can help withstand retail and refrain luxury brand in the challenging Ukrainian realities.

Results of surveys are objective, as they were implemented on the basis of statistical requirements (surveys were conducted among 50 experts and 400 customers). Sociological sample included such indicators as sex, age, financial incomes, and social status. The results are representative and reflect the characteristics of parent population.

Let us start with a description and evaluation of the results of the expert survey. The first block of questions concerned the identification of the overall picture of the luxury market current state in Ukraine and the second unit was to clarify the position of experts on communication and technological tools of luxury effective branding.

Among the seven categories of goods (cosmetics and perfumes, clothing and footwear, food and drinks, antiques, jewellery and watches, automobiles, artwork) experts considered the three leading positions - clothing and footwear, cosmetics and perfume, and jewellery and watches, with such percentage - 63%, 30% and 7% respectively. Among the six options experts identified the purchase of luxury goods by using the following wording: lifestyle (55%); necessity, due to belonging to a wealthy class (35%); way of expression (8%); wasting (2%).

The last definition is of interest because, usually people belonging to the world of luxury are committed themselves as supporters of the latter, but the definition of luxury goods purchases as waste indicates reassess the role of luxury in life, in my opinion, it is happening due to difficult social and political circumstances in Ukraine. Answering on the question whether the financial and / or political instability in Ukraine influences on purchasing power of consumers market experts expressed a clear consensus (67% of respondents answered “Yes, very much”). Also, most experts believe that the luxury brand - is synonymous of high quality goods (92%) and domestic consumers are, in their opinion, or overly demanding (64%) or fairly demanding (36%), which suggests growth of expectations due to socio-political instability in the country. Among luxury brands of clothing according to experts confidently leading are Chanel (42%), Christian Dior (39%) and Louis Vuitton (19%) (the Ukrainian consumers despite of some changes in their composition remain committed to the classics).

The most effective media in luxury brands clothes promoting experts recognized actually unanimously specialized magazines (95%); the remaining preferred the Internet (5%). The fact that none of the respondents chose the TV or radio serves as proof of the correctness of our thoughts about their low efficiency. The percentage of interest among media leaders is very interesting because of such weighty advantage for magazines, it can be explained by the fact that a large number of experts were from the field of glossy magazines, so they answered subjectively, to emphasize the importance of their own kind of media. Voices for the Internet tools indicate awareness of local experts in global trends and awareness of the importance of the latter in promoting luxury goods.

As for the proposed forms of luxury presentation in magazines (articles, interviews, and advertising layout) votes were actually evenly divided - 35%, 34% and 31% respectively. We tend to think that among experts from the field of gloss preference was given to the first two forms, while the third option is chosen, mostly by professionals from the field of sales, as for them visualization is usually more important than the text, because it contains ready elitist image,
which "is read" with all the details within seconds and does not require significant time spent on reading and analysing information. But the editors and journalists of glossy magazines as “pen artists” rather give votes for the supply of text advertising. Lip in response to the most effective media was confirmed with a duplicate question, which required detailed answers (What is the role of the Internet in promoting luxury brands of clothing?). Here, virtually all experts demonstrated possession of relevant information on the international luxury brands use of social networking as means to draw attention to their products, noted the prospects of this channel of communication in the future, few respondents specified that the Internet means never replace traditional luxury boutiques, despite of this we tend to see in such interviewed persons those involved in retail. After all, the question did not concern sales via the Internet, but only promoting, but "sellers" immediately sensed danger and immediately decided to warn it.

Opinions on luxury clothing sales channels also were split. 74% of the experts believe in leadership of the traditional luxury boutiques, while the other gives votes for online order and personal delivery (26%). This is a significant indicator that confirms the need to use the Internet resources as means not only of informing, but also as a sales channels. This idea is proved by answers on the question about the factors that affect sales of luxury clothes, 32% of respondents were in favour of the brand name; 46% - advertising strategy; the rest (22%) called the seller as an embodiment of the brand and the best mediator between the owner and the consumer (probably this opinion belongs to sellers).

Unfortunately, whether due to lack of time or because of reluctance to deeply analyse the problem, open-ended question about the best strategy to promote luxury clothing remained almost not opened. Most respondents wrote 3 to 5 sentences, noting the current difficult state of the luxury market in Ukraine, the need to revive this market segment, as well as changes in the domestic consumer suite (political elite does not want to openly demonstrate their wealth, and buys luxury goods mainly overseas business elite numerically reduced because of a change of residence, new young players that mostly represent the realm of information technology and have substantial cash assets), that today in difficult times for Ukraine to acquire and demonstrate luxury is no longer a trend, the need to “walk” at least for but rather along with global trends of luxury brands promoting.

Survey among consumers also provides lots of useful information for our study. Customers of luxury brands have confirmed that among the variety of luxury goods they buy mostly clothing and footwear (56%), cosmetics and fragrances (26%), jewellery and watches (18%). Also, consumers reported that the majority buys luxury goods several times a week (64%), minority - every day (12%) and the rest (24%) - once a month. This information indicates that today the Ukrainian luxury market segment has 76% of regular customers and 24% - unstable (consumers of premium segment who sometimes like pampering with luxury things).

Also consumers of luxury admitted that 62% of the consumption of luxury brands is a way of life, for 22% it is a manifestation of good taste, and for 16% - a way of self-expression. Buyers of luxury informed us that the financial and political instability does not significantly affect their purchase of luxury - 43%, no effect - 46%, and significant impact - 11%. Chanel (45%), Christian Dior (34%) and Louis Vuitton (21%) are the most favourite brands of respondents.
description of luxurious things most consumers prefer adjectives “elitist” (27%), “expensive” (26%), “refined” (25%), “status” (22%). Most respondents often discuss the purchase of luxury with friends - 72%, often - 23%, and only occasionally resort to such discussions 5%. Most of the solutions on the luxury acquisition customers do affect by brand name (42%), exclusive product - 24%, the latest acquisitions of friends - 20%, high price - 14%. Interestingly and surprisingly honest were answers on the way consumers purchase luxury clothing. It turns out that today the Ukrainians prefer traditional boutiques in 46% of cases, 41% buy luxury clothes in show-rooms, and the remaining 13% make an order online. The latter figure is quite high, which testifies to the Internet resources.

About 45% of luxury consumers like to learn on novelties from the gloss (21% - experts articles, 49% - interviews with stars, 30% - advertising layouts), and the remaining 55% - from the Internet sites (33%) and social networks (67%). This is a very strong performance of the Internet resources that talk about the need to maximize their potential for spreading information among luxury consumers. 73% of respondents will to use apps on smartphones on fashion and luxury topics.

Thus, the current target audience of luxury brands of clothing in Ukraine is quite different. Here we find the traditional category of political and business elites, but today their share has decreased (the first group is unwilling to once again attract the attention of the media and the public on precious things in difficult period for the country, the second group gives preference to foreign luxury markets), representatives of medium businesses from IT segment, realm of sales and services, etc., representatives of show business, “golden youth”, representatives of the premium segment, which occasionally purchase luxury items. When developing a strategy to promote luxury clothing brands in Ukraine we should take into account the specific target audience, the global economic crisis, the socio-political instability, and innovative communication technology in luxury-branding.

I propose to develop a hybrid model of luxury clothes promotion in Ukraine based both on traditional media in communication with present and potential customers (as the target audience is changing and will vary over the next 5 -7 years under the impact of economic fluctuations, social and political disturbances), as well as innovative online resources. Our surveys conducting among local experts and luxury consumers, confirm the readiness of the Ukrainian market for improving communication tools with information achievements. They, in my opinion, will not just improve the situation on the luxury market, and due to innovative appeal will not allow this segment to disappear as a phenomenon (today it declined 2.5 times compared to pre-crisis state).

So, traditional media are interesting for us, as always, with glossy magazines. Moreover, the advertising layouts that demonstrate integrated brand image should go to the vanguard. Media content in articles and interviews should give new incentives to domestic elite. Emphasis must be done not only on the elitist character of luxury brands, but should emphasize their functionality and uniqueness of option (i.e., exclusive thing that could be developed according to customer needs). On the other hand, we should strongly enhance the social role of wealthy class, remaining in Ukraine, even in times of economic stagnation and unfavourable business socio-political conditions this class pay taxes on businesses in the domestic budget, so it makes buying valuables in the Ukrainian
luxury boutiques, therefore, supports the national economy.

The role of television as a means of communication with the wealthy class is now extremely low, large business people do not have time to watch TV content, there is no guarantee that watching golf tournament, they will fall on the ad unit; youth (25-34 years) prefers online resources in its search for any information, including that related to luxury brands; "Golden youth" also floods spaces of Instagram and other social networks ("word of mouth" among this age group increasingly moved into the electronic space). Radio also became only means of communication with the mass consumer.

**Conclusions.** Thus, among the PR-tools social networking and social services take leading role. However, their actual problem is in the quality of content (luxury producers have to realize that for them the Internet is not a way to save money but the opportunity to be in the eyes of today's modern consumers). Domestic boutique in Ukraine should not just have a website (the latter should be interactive, easy in use, but to speak the language of luxury (literally and figuratively), it is necessary to conduct cooperation with local stars of show business, "socialite" and so on allocating nice promo on their Facebook pages or blogs that encourage followers subconsciously absorb information, then analyse and apply to these luxury brands themselves. Besides YouTube and other video sharing can be good platforms for relaying the latest innovative among luxury brands, history and traditions of the brand, old collections catwalks, making process of unique products and so on. Today, people get used to receive information fast, and in the luxury segment there is lack of non-traditional channels to deliver such information.

Among the means of PR an effective instrument in local realities is organizing special private events (primarily charity). The social significance and generosity of wealthy class are manifested by raising funds on acute social problems. Similar events today should not be the elite way to meet pride; it is an opportunity to stress their national identity and consciousness, willingness to help fellow citizens in difficult times. There are always enough social problems, but now because of ATO in Ukraine there are very many handicapped soldiers who need high-quality dentures, many families and children left without fathers-caregivers, unfortunately, the state cannot take on all financial obligations for complex problems solving. That is why it is necessary to focus attention of wealthy class on these issues and as a result receive tiered benefits.

Thus, the current hybrid promoting model of luxury brands clothing in Ukraine is a set of communication tools (traditional and innovative), which allows, on the one hand, to restore and enhance the interest of national wealthy class to luxury products, and on the other hand, makes this class socially significant both in its self-perception in particular, and in the perception of civil society as a whole.

The modern world boasts with speed and variability. Effective communication in promoting luxury brands 10 years ago may not be relevant today, because technology changes, and in turn it changes consumers. The manufacturer and retailer have to go a step ahead of the community, providing its needs; today luxury-branding has to catch up with the community that is rapidly developing with the new Internet resources. The domestic luxury market in difficult economic and socio-political circumstances is forced to fight for life and create a new culture within the constructive dialogue with the conscious and advanced consumers.
References

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