

## **Topic 7: Profit Margin and Designer Markup**

**Questions to consider:** Is it ethical that designer brands charge 10x what a non-designer brand would charge for a garment or accessory of similar/exact quality? What are the costs associated with branding? How do marketing efforts towards branding benefit the consumer? What benefit (emotional or psychological) does the consumer get from owning a designer brand vs. an unbranded or unknown brand's product? Is it generally true that designer brands work with artisans (largely in Europe and high wage countries) who make the product largely or fully by hand? E.g.: There may be up to 18 hours of production on a single Chanel bag which involves 180 different procedures and up to 15 people to make. Does the high cost of labor and lack of automation with machines justify the high prices of designer goods?

In the fashion industry, designers production of their work can either be seen as ethical or unethical. These high end fashion designer is known for their craft but they take a different route in their brand strategy unlike non fashion designers. A fashion designer compared to a clothing designer can have similar garments but a different range of price points. Luxury fashion designers create these high price points to make their garments exclusive. In their garment they display art of attraction. Clothing designer has a similar idea but they have it more toned down.

It is ethical for a luxury brand to charge more than a non designer brands because this creates a big profit. If you can drive your consumer to purchase a high price item in your company then why not? In our society today consumers want to have what no one have and that all comes from high pricing. It helps to limit from everyone having the same thing in their closet.

The cost that associated with branding comes with a lot of money. In order to promote your brand you need to associate with your website, logo, company name and the brand position. These are all associates to connect with consumers. It can either leave your consumers talking or

not knowing a thing about your company. It helps the company to create an image that can be relatable.

Marketing is a great tool to use towards branding because it helps consumers to connect with the brand. It helps to promote an image to customers which can be relatable. A brand for a company represents an identity. Luxury brands are known for this relationship between their consumers. It represents this high end lifestyle. It benefits their emotions and status of wealth. Luxury brands impacts on its image of personality. A consumer being seen with a designer brand versus a person seeing a person with a non designer has a different self perception. According to this article it states “ A consumer purchase of luxury brands frequently is driven by perceptions about self-identity, ideal self, social comparison, and other self motivations” (The Emotions of Luxury. n.d.). It benefits the psychological part of personality that makes a person feel glamorous. It touches on how you feel and your identity.

In many of these luxury brands, their products consume a lot of time and energy. Sometimes you can tell by the price points of the product. The labor put into it justifies the price of the garment or item. The production behind all of the greatness is not credited rightfully all of the time. These people who undergo labor do not live life like the designer itself. They usually live in a third world country and work in a poor condition. Their factory job is a job they would most likely depend on to feed their family. They should be credited with the creativity just like the fashion designer. It is a great opportunity for these people to make a living but it should be able to provide these people with a better profit to live a better life.

As you can see, I believe I can justify luxury brands higher price point because it justifies its designer name. A garment at higher price point stops everyone from having it. It helps designers to keep their products at a high stance and also affect an emotional part to their consumers. This all also associated with the brand identity because this is where consumers create a connection to the designer work. Another point I would like to mention is the production behind the fashion designer work. It can come from sweatshops or from machine either way it is not fully produced by the designer itself so I believe they have every right to get credited for a good amount of profit.

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