Elie Saab

By Mátyás Szilágyi and Signe Godske

Contemporary Approaches to Branding
Elie Saab

Q1 – Core business

Elie Saab’s core business is the so called Haute couture, which is a French term for “high dressmaking”. It refers to the making of exclusive, custom-made clothes. Every piece of clothing is adjusted to the receiver in order to get maximum satisfaction. Only premium quality is accepted in this case and details have an important role. The production often takes several days or even months.

This line exists on the super-wealthy market, representing outstanding luxury. Prices of the products vary from $30,000 to $1,000,000, depending on the material, design etc. It is only affordable to the super rich people, celebrities or royal families.

Elie Saab has 3 other product lines besides the very luxurious Haute Couture.

As the brand grew, due to the high demand it was necessary to create a ready-to-wear line, which is not as luxurious, it does not have such high prizes and does not include the special service of customization. Keeping the brand’s image though, these products are still in the luxury category, having high prizes, working with selected suppliers and materials.

The third product line is included in both Haute Couture and ready-to-wear. It is wedding dresses. Ready-to-wear wedding dresses are licensed to Pronovias, thus available at many more places than the Haute Couture ones. Those are only available at Elie Saab’s own salons in Beirut and Paris.

The latest product line of the company is the accessories. These include several products, such as bags, shoes, belts, jewelry, and cosmetics, as well. These are sold in the boutiques of ES.

| Short plain dress                  | $2,500 - 3,300 |
| Long plain dress                   | $4,000 - 6,000 |
| Short dress with lace insert and beading | $3,750 - 5,000 |
| Long dress with lace insert and beading | $5,000 - 6,400 |
| Short fully embroidered dress      | $8,000 - 9,000 |
| Long embroidered dress             | $11,400 - 12,750 |
| Suit (jacket and skirt)            | $6,600         |
| Plain trousers                     | $1,200 - 1,500 |
| Jacket                             | $3,300 - 5,100 |
| Fur jacket (variety of fur)        | $12,000 - 21,000 |
| Haute couture prices               | $34,000 - 1,000,000 |

*Source: Data compiled from ES financial statements.*

Putting these product lines in the different product levels (Kotler) it can be seen that Elie Saab’s core product is to fulfill the need of a dress for different occasions, either for a wedding, to go out, or to participate in a sophisticated event.
The actual product is the clothing itself, with the colors, material, embroidery, quality and all the physical characteristics of the dress. It refers to the practical features of it.

The essence of Elie Saab comes when we talk about the augmented product, the one which is related to the brand image and service connected to the clothes. The augmented product is the fact of being Elie Saab. This name gives the actual product an enormous extra value. This augmented product offers the owner to be distinguished from not only an average clothing consumer, but also from the high-end fashion consumers, as well (in terms of Haute couture). Elie Saab offers the feeling to be a part of exceptional community with superior status. Furthermore, there are other augmented products connected to the brand. Besides, the image it also a part of this category that there is a special service connected to the actual products. In terms of Haute couture for instance, it is a very exclusive and detailed customizing service, in order to ensure the perfect outcome. The warranty of the goods is also an augmented product of the company. They offer free repair for the sold goods, even if they are several years old. All the extra service and emotional or self-expressive benefit are added to the actual product and these extra values generates the extraordinary prices against the actual value of the product.

Q2: SWOT-analysis

Strengths

The company is the member of the Chambre Syndicate de la Couture, which strengthen its position on the market and gives the brand even more credit. Chambre Syndicate de la Couture is a regulating commission that decides which brands are worth to claim to be haute couture houses. The regulations are strict, involving 35 new designs of day and evening wear for each collection, or having 20 technical employees at least at one atelier. Being a member of this commission also gives the possibility to have free-advertising on state-run television.

The number of couture houses is decreasing, it is difficult to maintain this status, especially because of the changing trends, but Elie Saab is still one of the few certified couture houses proving its fitness to this area. While there were 106 couture houses in 1946, in 2010 this number was only 11 together with ES, raising its status.

Throughout the years, the company gained high prestige and loyalty from of different celebrities and royal families. Thus, it can be expected that these segments will continue to show their wealth with the help of the brand.

Weaknesses

The company started to expand its brand portfolio to different directions. They formed an alliance in Dubai for signature hotels. In 2009 they created their own perfume line in partnership with BPI. ES also made an agreement to create three mega yachts. This wide variety of expansion dilutes the brand and there is plan to continue this process.

Although, there is a growing market in Russia and Asia and they are becoming the biggest market for luxury goods, the sales are low due to the trends and the judgment of the perceived brand. In 2008, Asia had only 1 and Russia 10 percent of the total sales. America also is a
weak point of the company’s sales, while it is the biggest high-net-worth individual (HNWI) country.

2008 Sales by Region: Total Sales

Opportunities

The Asia-Pacific region is the best performing in terms of HNWI with 25.8 percent. There is a huge potential in Asia unmet. This is proved by the fact that 37 percent of luxury goods are purchased in Asia.

Elie Saab products are often shown at different events, while celebrities wearing them. There are markets and celebrities who still can be reached, especially in Asia, where these celebrities have even bigger influential power than in the western countries.
Ready-to-wear collections are getting more and more popular. In 2006 40, while in 2008 59 percent of the sales came from this line. Focusing on this line might be interesting, especially in Asia where consumer trends differ from the rest of the world.

Threats

The trends in 2010 were that the luxury and affordability were mixing up. Saab admitted that he wants to continue these trends to fulfill the customer needs, however according to the anti-laws it may hurt the brands image and can lead to losing its customers, because the image of the company becomes no longer interesting for the super wealthy segment.

Consumer trends are changing towards wearing more and more casual clothings. It can be seen within celebrities, as well. ES collection represent classy and extravagancy, so if “casualization” continues, the company may be forced to collections and products that do not fit the brand.

The potential customer background is changing, as well. Asian an Russian customers are not the typical aristocratic people anymore, but the so-called new-world billionaires who have a different world vision.

Elie Saab’s competitive advantage is the unique experience it offers with a customized service for the customers in the Haute Couture line. In addition Elie Saab’s personality gives an extra advantage against the competitors on the same market, with being an expert on the field.

Q3 – PLC of Elie Saab

The company put on the product life cycle diagram shows differences in the different product lines. Elie Saab is an expert in Haute couture, having high sales rates, but this started to lose against the ready-to-wear line and stagnate. Therefore the line hit the maturity phase of the cycle. It is uncertain how long it may stay here and if it will be able to revitalize or turn into decline.

The ready-to-wear segment is growing constantly, and recently there is more focus and activity at this area in the brand’s portfolio. Therefore this line is performing in the growth stage and faces more growth potential in the future.
At the beginning Elie Saab had only the Haute Couture side. They were concentrating on the exceptional, custom-made clothing for super wealthy customers and intentionally avoided the emerging affordably luxury market. Later, it has changed with the extension to ready-to-wear collections, too. These were exactly targeted to the segment mentioned above with products more affordable and easier to produce in larger quantities. Further on, this extension helped to achieve greater return on investment and a bigger turnover. This move changed the brand itself a bit. It gained a position being less exclusive on the global level, but increased commercial attractiveness. Elie Saab plans to continue with this extension strategy.

Q4 – Entry strategies
There are several entry modes Elie Saab tried and is trying out. Flagship stores play an important role in this strategy. They are opened in the main strategic locations, such as Paris, Beirut and Dubai. They belong directly to the company, and have brand-building functions. This way it has full control over its value chain. However, it also carries higher risk, because of the needed investment, and may be difficult to manage local resources.

Elie Saab introduced many expansions via licensing. For instance, they made license agreement with BPI for cosmetics and perfume. Licensing enabled the company to minimize the risk on a market, by giving the licens to such partners, who are already experts on the field. Further on, it needs far less investment, as the company basically, gives only the brand name for a product. Licensing also speeds up the entry mode. It takes less time to introduce a product this way.

A big disadvantage is the lack of control over the production process. However, the company may sign strict agreements, there is still a risk that something goes wrong where the ES does not have control and then it may hurt the company and the brand.

Another possible risk, that the licensed product becomes a competitor of the self-made products cannibalizing itself. (In fact, ES does not have such licenses that cover the same product)
A licensing period is limited and fixed. It may occur that the licensee does not want to continue the partnership and also carries the risk, that if the licensed product does not make the required hit, it cannot be terminated due to the running time in the agreement.

Partnerships overcome difficulties with cultural differences. In this case, it is easier to manage local markets with the help of the partner. It is also a great possibility to learn the differences on a new market. The partner can be viewed as an insider, which, for instance on Asian markets is a big advantage, because external companies are often handicapped. Elie Saab agreed on such partnership with building mega yachts. Partnerships are often difficult to manage, and carries the risk that the partner becomes a competitor after a while.

Third-party distributors minimize the risk. There is such agreement with Bergdorf Goodman. It also speeds up the entry and uses existing facilities, which enables the high return on investment. The disadvantage is that there are different logistic costs. Furthermore, the third-party’s interest is to keep trade secrets so this mode limits the access to local information. Thus the company becomes too dependent on the third-party.

The company’s vision was defined in the study case as placing the brand on any product that is considered luxurious and exclusive. In this this meaning the entry strategy supports the vision, since the Elie Saab brand can represent such products, that are originally had not been related to the brand and it didn’t have knowledge about. However, there is a risk that it damages the identity of the brand and makes uncertain who Elie Saab as a brand actually is. Furthermore, some of the entry modes make the brand too broad and deprives it from its exclusivity. And in terms of luxury brand it would be essential to be hard to find.

Emerging markets

Q5 – Market targeting
The market for haute couture is very exclusive. For most people it is an inaccessible market, which makes it more desirable. There are only 11 haute couture brands left, where Elie Saab is one. This makes the market even more unique. The market for affordable luxury might be a much larger market, where it would be possible for Elie Saab to increase his turnover, but the market is less exclusive than haute couture. From the beginning Elie Saab has had a dream of creating haute couture clothes - “The primary goal was to grow the brand in new and existing markets while maintaining the brand’s exclusivity and position as one of the few remaining established brands in haute couture” (p.1) Through the last years the brand has been working hard on creating a strong, exclusive and desirable brand. If entering the market for affordable luxury will most likely damage and decrease the value of the brand. At the affordable luxury market it is possible for more average customers, who have always desired the exclusive brand, to buy it. More people will be wearing the clothes, but the brand will most likely lose its exclusive clientele.

Fashion-interest people will find a way to be able to buy their favorite designer’s clothes and then mix and match it with other brands like Zara. By decreasing the price for fashion the
desire for it will fade. People will always desire and want the things that they can’t have. As mentioned in the anti-laws “Dominate the client and make it difficult for clients to buy.” The text of the assignment is mentioning a change in the European market – from haute couture dresses to casual clothes. Elie Saab, who is among the few haute couture brands left, should keep making it desirable to wear haute couture dresses for important events. Create a perception of the life in haute couture vs. the life in casual clothes, and how it can affect other peoples’ opinions and image of you. Do you want people you see you as a person, who don’t care as much about personal image and brand? That can affect the brand of a business – if the director doesn’t mean that his/her appearance is important, why would it be any different for the business? By wearing haute couture to important event the person will send signals – exclusive, high quality, business doing well etc.

The brand of Elie Saab should keep focusing on haute couture fashion to keep the strong brand of exclusiveness, inaccessibility, desire etc.

Q6 – Recommendations for ES

Overall recommendations
As mentioned the recommendations for Elie Saab is to keep focusing on haute couture, and how to increase the desire for haute couture. The primary goal for the brand has always been to grow while maintaining the brand’s exclusivity and position as one of the few remaining established brands in haute couture (p.1).

By not entering the market for affordable luxury the brand will keep its exclusivity, which is what it’s known for and it will keep dominating the clientele. It is a very unique market with a smaller clientele, but also with fewer competitors. Since the market is this unique the anti-law of J.N. Kapferer “The role of advertising is not to sell” should be used. The brand of Elie Saab has been successfully branded – to start using advertising to convience and to sell the clothes will decrease the value of the brand. By using advertising to create attention for the brand will make it desirable.

The affordable luxury market as mentioned might be larger than haute couture, but Elie Saab should not respond to the rising demand and desire from this market, since it might decrease the value and exclusivity of the brand. This anti-law is important for an haute couture brand to keep in mind, when being tempted to enter new markets and increase the turnover.

The last very important anti-law is “Luxury sets the price, price does not set luxury” – the brand of Elie Saab needs to show through their advertising that the unique designs and high quality of the clothes justify the prices of the brand. There is a reason for the high price – it is because of the high luxury level.

What should be the target market?
The target market should keep being haute couture. The primary focus for the brand should be haute couture since it is desirable, inaccessible and exclusive. By using haute couture in marketing and branding the brand will create larger attention from the world than by focusing
What branding strategy do you propose?
The recommendations for Elie Saab are based on Kapferer’s brand prism identity and Aaker’s brand identity system.

**Brand identity:** Elie Saab should mix brand as a business and as symbol. Brand as business to create a large corporate brand. The brand is known for its haute couture, which is very exclusive, high quality and desirable to many people. By focusing on creating a brand as a business the company will benefit from the associations from the haute couture line. Brand as a symbol creates symbolic aspects of the brand like a visual image, logo and brand heritage. By mixing brand as a business with brand as a symbol the brand has an opportunity to become larger. Elie Saab needs to create an image of high quality, exclusiveness and unique designs, and brand it to a broader target group. There are many people, who are dreaming of expensive clothes – this way Elie Saab will get larger brand awareness. More people will know who Elie Saab is.

**Brand architecture:** The brand of Elie Saab should stay a corporate brand. By branding the organization as one the business will be able to focus on creating one unified brand image that is going to value quality, design and custom-made dresses. Assumed that the branding will be successful the customers will know the brand for these values not matter which category of clothes that you would buy.

**Brand communication:** The brand of Elie Saab is communicating their vision through different fashion shows at different fashion weeks. This way the brand will be able to communicate directly with its wealthy customers. Fashion shows are a possibility to show off for the media. PR is an important tool since this way it is possible to communicate to a broader target group. By communicating through fashion magazines the brand is able to show the new lines of clothes to a broad target group.

Elie Saab should focus on communicating through a broader range of fashion magazines – also the magazines that the average people are reading. It creates a dream of a life in exclusivity. Some of the average people might be able to afford expensive dresses from Elie Saab. It is about creating an image among the average too, but not to enter the affordable luxury market. The social media is an opportunity to reach another group of people then the target group their marketing are directed at. Through the social media Elie Saab could inspire people to dream of the life in exclusivity.

**Brand associations:** Haute couture, high quality and unique design. Elie Saab should be connected with people, who have high status, but also other haute couture brands like Chanel, Dior etc. This will affect the brand positively.

**Value propositions:** The most important functional benefit of Elie Saab is that the dresses are custom-made for each client. Each client has the possibility to make modifications before
buying the dress, which an advantage when dealing with exclusive clients, who are spending a lot of money on a dress.

It costs a lot of money to be able to buy a custom-made dress of a unique design, high quality and exclusiveness. Therefore it is important to provide the customer with emotional benefits that will equalize the expense of the dress. At Elie Saab they are trying to create a positive atmosphere when the client is purchasing. The experience of buying a dress needs to be unique and therefore Elie Saab offers great and custom-service for each client to make them feel important.

Buying a dress of Elie Saab has self-expressive benefits too. When carrying a custom-made dress by one of the few haute couture designers left will show a self-expressive image of quality, exclusivity and high status.

**How to improve brand equity:** A possibility for future improvements could be to use local inspiration of nature, conditions, culture etc. from different parts of the world. The clothes could tell a story and create attention through the experiences of the designer.

By using the social media more often would be a possibility to communicate to a broader target group, which will increase the awareness of the brand among average people. It is not a bad thing to be known for exclusive design among the average people.

**Brand positioning statement:**

- **Target market:** People with an interest in exclusive and haute couture clothes, who are able to afford it
- **Market definition:** Market of haute couture clothes
- **Benefits:** Image of quality, exclusivity and high status
- **Reasons to believe:** Invited member of Chambre Syndicale de la Couture, because of the custom-made dresses of unique design and high quality

The main target group for Elie Saab people who have an interest in luxury clothes that is custom-made with unique design and high quality, which will add an image of exclusiveness to the client. Elie Saab has a RTW line too, but by having the main focus on haute couture dresses will increase the image of exclusivity, which the RTW line will benefit from too.

The market for haute couture has declined from 106 in 1946 to 11 designer houses in 2010. However even with the decline in the market, the competition is still strong because of the small target group. The designer houses are sharing its customers with each other.

As mentioned the main benefits of Elie Saab is that it creates an image of quality, exclusiveness and high status for the customers.

The Unique Selling Proposition of Elie Saab is haute couture custom-made dresses of unique design and high quality.

*Elie Saab designs haute couture custom-made dresses that creates an image of unique design, quality and high status for the elite of world.*
What marketing mix strategy?

**Product:** Elie Saab consists of different clothes. Next they offer personal service, workmanship, unique designs and exquisite materials. The brand consists of 4 product categories, Haute Couture, RTW, Wedding Dresses and Accessories. As Cavalcanti said “*We offer competitive couture pricing without compromising on service.*”

All haute couture dresses are made in-house in Paris and Beirut. The line had an experienced team of very talented dressmakers and embroidery specialists at the shop in Beirut, who created the custom-made dresses for clientele across the globe.

As mentioned in the text of the assignment it is a possibility to increase the lines of Elie Saab. Men clothing, swimsuits, lingerie are other opportunities to increase the turnover without entering the market for affordable luxury, which would have decreased the exclusivity of the brand. By producing new product lines the brand keeps the exclusivity but make it possible to buy beautiful clothes for a whole family, which we assume will be popular between many in the current clientele.

**Price:** The haute couture dresses are custom-made of unique design, high quality and not produced for the masses. “*Given our position of exclusivity, the couture gowns and wedding dresses must remain very expensive and customers must experience the ultimate customer service*”, commented by Cavalcanti. The custom-made couture dresses are priced from $30,000 to above $1,000,000 depending on design and fabric. The RTW line begins at $1,200 for plain trousers and goes up to $21,000 for a fur jacket.

When having the anti-laws in mind Elie Saab should not change the prices or enter the affordable luxury market. According to the anti-laws it would affect the turnover negatively, if decreasing the prices as time goes on. By raising the prices the demand is estimated to increase. Elie Saab should not respond to the rising demand for affordable luxury in order to keep dominating the clientele.

**Place:** Flagship stores of Elie Saab are located in XXX. Next the brand has different company-owned concession including one at Harrods in London. The brand is not located in many different parts of the world, but they are available in 45 multi-brand retailers and departments stores across the world such as Bergdorf Goodman and Neiman Marcus in the U.S. A recommendation for Elie Saab would be to create new flagships stores across the world to increase the brand awareness among the average people.

The brand is too located online at their website, Google and social media. There are strong possibilities for increase the focus at these areas. To be present online can become a huge advantage. It will be possible for the brand to reach more people than just at fashion shows. It is an opportunity to show the new collections to more.

Otherwise the brand is present at fashion shows at fashion week across the world, which they should increase the focus on.

**Promotion:** Currently Elie Saab has 3 external PR offices in London, Los Angeles and New York, and 2 in-house offices in Beirut and Paris. The goal for the offices is to communicate
the spirit of true luxury and exclusivity. The statement is communicated through events, celebrities like Angelina Jolie, Diane Kruger, Penelope Cruz, Beyonce, Her Majesty Queen Rania of Jordan, Her Royal Highness Princess Victoria of Sweden etc. The celebrities are used despite of the anti-laws to reveal the brand’s spirit.

The brand as profiles at different social media pages, but in order to increase the brand awareness they should increase their focus on the social media and their website. The website might seem confusing for some people, which is a negative thing. After hearing about Elie Saab the internet will be the first place where people will be seeking for information. Next they will look at the website of the brand to get more information about the design, collection and fashion shows.

Conclusion