



Exploring Masstige Market Entry for Hermes

The possibility of cosmopolitan class for the brand of Hermes occurs from several key factors which are endowed to the brand as well as the market dynamics. **DelVecchio, Henard and Freling's (2006) research article on sales promotion impact on private brand preference adds real-life examples useful during the planning of Hermes' further brand growth.** Perhaps THE most impressive aspect of this iconic brand is its unannounced heritage that started in 1837. Hermes is highly revered for the outstanding quality of its craftsmanship and that is the main reason for wide consumer affinity and trust towards the brand. The presence of this brand loyalty is an irrevocable name starting point for Hermes to attend, successfully, the operations of this masstige market segment. The meta-analysis has the magnifying glass on the enduring effects of brand preference on consumer behaviour even after the promotion has ended, thus supporting the notion that Hermes' brand influence among the rich might bring positive feedback about her (millennials and cost-conscious) masstige brand offering.

On the other hand, Hermes' brand equity is strengthened by the involvement of luxury, exclusiveness, and world-class class for high demand by brand-aware clientele across distorted age groups. Her strategy of introducing more affordable product lines to grab the attention of the very lucrative masstige market is the right decision. It will help Hermes to satisfy the demand for luxury products without sacrificing their premium image. It is clear from the review that keeping the positive reviews which are aligned with consumers' perceptions before the positive comments is a good strategy, and this implies that Hermes should be moving into the mass-market segment with her already-known prestige and popular lifestyle brands.

However, Hermes will also utilize its exacting product lines covering their products and communication channels properly to avoid any chance of brand dilution. It is a matter of concern for the high-end brand that though it can appeal to the mass segment and establish itself as a high-end brand; it loses its exclusivity which in the long run effect the brand recall and competitiveness of the brand in the market. As a result, the meta-analysis provides the key competitive insights for the trademark extension of Hermes and helps the company to make the right decisions to achieve the smooth transition toward a masstige brand which still preserves its luxury heritage and core brand values.

The Brand Selection Criteria and Background

Founded in 1837, Hermes began as a Parisian harness workshop and expanded into luxury goods. It caters to affluent consumers who value craftsmanship and exclusivity. Hermes symbolizes luxury, sophistication, and timeless elegance. The brand has been a luxury leader for its significant influence and recognition in the luxury market. Its pricing strategy and potential market expansion align the brand to further come across as a masstige luxury brand. Renowned for its prestige, quality, and iconic products like the Birkin and Kelly bags, Hermes emphasizes craftsmanship, innovation, and sustainability in its production processes. Hermes competes with other luxury brands but distinguishes itself through craftsmanship and timeless designs. **DelVecchio, Henard, and Freling (2006) emphasize the importance of post-promotion brand preference, relevant to Hermes' evolution as a masstige luxury brand.**

The Brand distinguishes itself through its rich heritage dating back to 1837, epitomizing meticulous craftsmanship and artisanal techniques. Iconic products like the Birkin bag and silk scarves represent timeless luxury, coveted for their exclusivity and deliberate scarcity. The brand's bespoke services offer personalized experiences, while a commitment to sustainability aligns with contemporary values. Drawing inspiration from art and culture, Hermes infuses its designs with depth and storytelling. Consistent brand values rooted in authenticity maintain Hermes' prestigious position in the global luxury market.

Evaluation of Hermes' Pricing Strategy: Hermes products are positioned at the upper echelons of the luxury market, with prices reflecting exceptional craftsmanship, exclusivity, and timeless design. The brand strategically maintains high price points to preserve exclusivity and appeal to affluent clientele seeking status symbols and exceptional quality.

Strengths of Hermes' Pricing Strategy: Hermes' high pricing strategy reinforces its image as a symbol of luxury and prestige, attracting discerning customers who value craftsmanship and exclusivity. The brand's unwavering commitment to quality justifies premium prices, fostering brand loyalty and enhancing perceived value among consumers.

Challenges and Risks: While Hermes' pricing strategy sustains its aura of exclusivity, it may limit market penetration and accessibility to a broader consumer base, potentially hindering revenue growth. Overreliance on affluent consumers makes Hermes vulnerable to economic fluctuations and shifts in consumer spending patterns, necessitating diversification strategies.

Hermes uses a selective pricing approach that most certainly helps to brand its stuff as symbols of sophistication, elitism, as well as high-end quality (Dion 2003). The product of its handbag which widely earn high-end fame, appealing to the highest stratum of the people, is an intended decision of the brand's target consumers and product positioning. One of the features of Hermes handbags is the fact that it is not for everyone of thirty years and below and the taste might not even match or the cost might not be somehow affordable. Gardens are however called the ultimate dream bags for many. Hermes's rate is not price based on the product that the is manufacturing but on the status and the glamor of the brand among consumers. It follows that the Hermes brand can charge up to 99.73% profit margins and make the products of pure luxury and scarcity with no link to discounting as well as a policy for customizing items by order. (Atlantis Press, Yihan Wang, Icemed 2021). The luxury fashion houses unwittingly turn the strategy of pricing their products well above their counterparts as curiosity among customers remains the desire of all humans ultimately. Besides, the expensive products are exclusive and valuable to the luxury fashion buyers to maintain their lofty reputation, therefore, elevating the plight of luxury fashion houses.



Hermès' Unique Pricing Strategy Contrasted with Competitors in the Luxury Fashion Landscape

Among the luxury market, the pricing strategy of Hermes goes through the doorway of heedfulness shown by prestige, craftsmanship and exclusivity (Chang et al., 2013). Hermes, as a luxury brand, sets its prices higher than those of competitors who are based on production costs and market demand. It often commands up to 5 times more for its well known handbag or other prestige items than other rival luxury brands. This price premium is one of the tools used by the brand to indicate its authenticity as one of the luxury brands and its capability to maintain a particular level of luxury perceived by up-market consumers. While some competitor brands may have products that are at the listings level but still embodying the sensation of luxury and quality, the basis for Hermes' pricing policy is not the cost based pricing but the creating the aura of exclusivity and rarity. Secondly, Hermes does not usually advertise discounts or participate in sales campaigns. This means it becomes possible to position itself as a superior product. In total, Hermes' pricing policy, made special by the fact that the company has its own exclusive distribution model, and that it keeps luxury and handcrafting as its core principles, is the one that makes it unique and well above all other fashion labels. (Chang et al., 2013)



Managerial guidelines for pricing of the brand

Segmentation and Positioning:

Guideline: Customize the identified consumer market segments extremely based on the luxury and masstige market alongside Hermes' brand values and visions.

Justification: Pricing plans can be customized, depending on a particular target group. As a result, Hermes will be able to reach both high-end luxury consumers, who are looking for the Made to Order level of exclusivity, and also consumer groups who are keen to have more affordable luxury brand experiences. *(Taylor Wells, 2023)*

Sustainability Integration:

Guideline: Develop pricing strategies consistent with Hermes' demonstrated values of sustainability and ethical marketing emphasizing the importance of luxury as a sustainable brand.

Justification: The integration of sustainability into price strategies promises more involvement from environmentally concerned consumers and consequently improves the reputation and appeal of the brand.

Product Line Extension:

Guideline: Create a masstige ("mass and luxury" combined) line as an affordable product option while still maintaining uniqueness from the main luxury products.

Justification: By diversifying its products, Hermes acquires a broader spectrum of consumers, and ensures that more people in those demographics can have the privilege of owning Hermes goods at more affordable prices while still going after the exclusivity of its core luxury offerings. *(Akshay R. Rao, 2013)*

Exclusivity Maintenance

Guideline: Maintain Hermes' policy based on the no-discount approach and unique customization process on the offer to preserve the brand and the perception of rarity.

Justification: Aiming to retain the exclusivity of the brand represents the premium positioning among consumers is reinforced and competitive value is perceived by them, making the long-term growth of the business consistent.

Pricing Structure:

Guideline: As a strategy, pursue two-tier pricing in which you provide the balance between being able to reach the public and maintaining the recognition for being a luxurious brand.

Justification: Through the implementation of a pricing range, the Hermes brand can not only satisfy different consumer groups but also extend and strengthen its opulent brand image to ensure that the profit margin is fully obtained. *(Jin-Hui Zheng, Chun-Hung Chiu, Tsan-Ming Choi, 2013)*

Marketing and Communication:

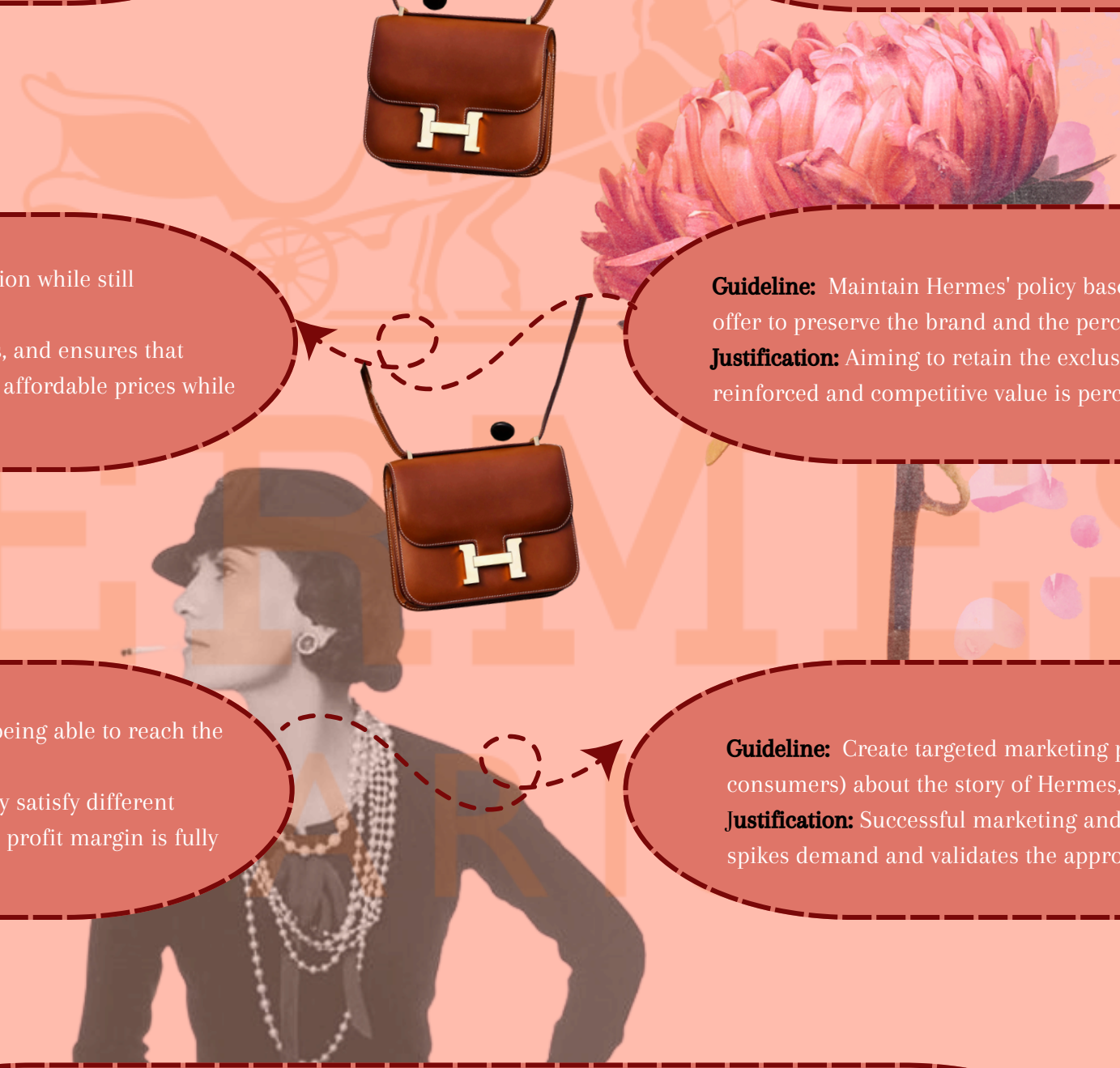
Guideline: Create targeted marketing programs that tell High-end shoppers and mass-affluent class (masstige consumers) about the story of Hermes, its craftsmanship, and lifestyle of aspirations.

Justification: Successful marketing and communication plans generate higher brand recall and likability, which spikes demand and validates the appropriate price range. *(Atlantis Press, Yihan Wang, Icedmed 2021)*

Distribution Channels:

Guideline: Via omnichannel distribution, luxury and masstige customers should be catered for on conventional luxury market channels, online and mass market retailers.

Justification: Choosing distribution channels other than direct delivery to customers can make it possible to influence every consumer and maintain Hermes' control over its presentation and customer experience. *(Fabrizio Mosca, Elisa Giacosa 2016)*



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