Stockmann

EDITED

Creating a womenswear private brand for the premium category
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Abstract
Private label fashion has transformed from bulky basics into a well managed branded business. The latest trend: premium standard own brand collections. This opportunity is first of all available for department stores where the wide selection of successful international brands support a certain uplifted shopping experience. But what elements are essential for a premium private brand, in the women’s fashion category in this case, when the aim is to strengthen the mother brand, create value to key customers and secure a profitable own brand business in the future? This was the key question for this thesis. The case study was done for the own brands of Stockmann Group’s department store division. The outcome: a focused marketing analysis and a new limited edition womenswear private brand in the premium category. The brand was created as a part of the 150th anniversary celebration campaign in Stockmann department stores.

The background for this title is the always surprising retail trend of luxury fashion brands surviving better during economic recession than high street brands that sell big volumes with a wide spread. Usually the private labels are created in order to sell high volumes and support easy-to-buy shopping culture with high seasonal touch on fashion trends and a fast collection cycle. It is however noticeable that during tough economic times it seems that the design aspect and recognizably higher quality level sells better than lower price range apparel in a department store environment. This is the main proposition of this study.

The aim was to research and find new commercial possibilities for the own brands and most of all take part in offering consumers a choice of quality and timeless style over seasonal fashion with a short life cycle. The method was to compile a list of attributes of Stockmann’s Loyal Customer groups and their shopping behaviour based on the customer relationship management data and to interview selected Stockmann design, buying and marketing professionals to find out what is considered premium and who is the customer that buys quality over quantity. Other European department store chains were also taken into consideration in order to review if there already were similar private brand stories with positive results. The final stage was the actual launch of the Stockmann Black Label womenswear brand with a higher design-quality value.

The multiple sides of the fashion industry from marketing, branding, design management, visual merchandising and omni-channel retailing were analysed from Stockmann own brands point of view. As a conclusion, Stockmann Black Label succeeded well in offering a compact collection of affordable premium fashion in the key product categories. Also trying out a connection with the Stockmann logo and a womenswear brand turned out to be commercially worthwhile. As a side note, a more effective marketing plan would have been a profitable investment in order to better convey the brand idea, premium concept and the limited availability to the end customers. The greatest advantage, though, was that theory actually turned into practice which hopefully provided useful knowledge for Stockmann and the development of the own brand business.

The collection and corporate data are documented only partially due to copyrights and confidentiality agreement with Stockmann.

Keywords  womenswear, private brand, premium, marketing, department store
Creating a womenswear private brand for the premium category

Johanna Salovaara
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Aalto University
School of Arts, Design and Architecture
Department of Design
MA programme of Fashion and Clothing Design
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The purpose of this thesis is to study the commercial possibilities of creating an in-house fashion brand for the premium category. The case study will be done for own brands in Stockmann department store division. The result will be a new ladieswear brand for this specific market and an actual first capsule collection for autumn-winter 2012 season. The collection will be a part of 150th anniversary celebration campaign in Stockmann department stores. This written part is a hypothesis on what is considered premium and how to create a brand that nourishes Stockmann as a brand and a business.

As said the thesis consists of two parts: a general research of the Stockmann shopper and loyal customer groups comparing Finland, Baltics and Russia and secondly a market analysis that makes use of these findings. The second part is the actual launch of the Stockmann Black Label women’swear brand with a higher design-quality value. The collection and corporate data will be documented only partially due to copyrights and confidentiality agreement with Stockmann.

The background for this title is the always surprising retail trend of luxury fashion brands surviving better during economic recession than high street brands that sell big volumes with a wide spread. Usually the in-house brands or private labels are created in order to sell high volumes and support easy-to-buy shopping culture with high seasonal touch on fashion trends and a fast collection cycle. It’s however noticeable that during tough economic times, like the one we’re experiencing now, it seems that the design aspect and recognizably higher quality level sells better than lower price range apparel in a department store environment. This is the main proposition of this study.

The aim is to research and find new commercial possibilities for the own brands and most of all take part in offering consumers a choice of quality and timeless style over seasonal fashion with a short life cycle. The method is to compile a list of attributes of Stockmann’s First, Exclusive and Loyal Customer groups and their shopping behavior based on the data from customer relationship management. The other approach is to interview selected Stockmann professionals to find out what is considered premium and who is the customer that buys quality over quantity. A few other department store chains in Europe will also be looked into in order to review if there already are similar private brand stories with positive results.
Figure 1. Stockmann flagship department store in Helsinki city center.
© Stockmann Group.
Stockmann is a Finnish listed company operating in the retail trade. Its three business divisions are the Department Store Division and the Lindex and Seppälä fashion chains. Stockmann was established in 1862 and celebrates its 150th anniversary in 2012. Stockmann has 16 department stores and over 700 stores in 15 countries. The Group’s revenue in 2011 was EUR 2 005.3 million, and it employs approximately 16 000 people. (Stockmann Group’s Annual Report 2011)

Currently there are Stockmann department stores in Finland, Estonia, Latvia and Russia. The business model is to offer a wide range of high quality consumer goods under one roof. Respected and established international brands are the main attraction but, considering the market share, private labels are highly vital to Stockmann’s success. Stockmann is known for high quality not only by the goods they sell but also by the distinctive service culture. The famous saying “the customer is always right” is truly taken seriously. There is a background driver for all the operations in the department store division and that is to create shopping experiences that exceed all expectations.

Stockmann private labels, or own brands as they are called internally, offer fashion apparel for women, men, youth and children, decor items for the home and selected delicacies. The heart of the 23 own brands is in exclusivity, good quality and competitive prices. The main target group are the Loyal Customers. Some of these brands are clearly linked with the Stockmann mother brand but many of them are not even considered as private labels. There is a long history with Stockmann’s own brands. For example Cap Horn, the casual menswear brand, was established already in 1986. There is a constant search of possible new market areas for own brands.

Stockmann was considered one of the most influential retail brands in Finland according to a 2004 survey of best brand houses by IROResearch (Paalosalo, 2004). When the first department store was opened in Helsinki city center in 1930 it was full of unprecedented goods with helpful and sharp looking staff waiting to serve their customers. It was a place for special experiences, social meetings and shopping fine things. Stockmann has strong roots in Finnish retail culture but is not only highly appreciated in its homeland. In Russia and Baltic countries, when it comes to own staff and loyal customers, it is also well known and valued that Stockmann has a long history, after all the first department store in Moscow was opened already in 1989 and in Tallinn in 1996. Overall Stockmann is considered a place with a good selection of products, a pleasant shopping environment and a helpful staff. Stockmann wants to be the best European department store with a modern, international, inspiring touch on shopping.

The Finnish marketing leaders assess Stockmann like this: successful, profitable, maintaining prestige image, kept its market share and formed into an international player (Pullinen, 2007).

Stockmann as a brand, however, has very different levels of awareness when all market areas are compared. Almost everybody in Finland at least knows the Stockmann brand and has positive conceptions of it. But when we get outside of Finland the customer groups get more fragmented, local competition gets bigger and the whole shopping culture is different. The brand awareness goes hand in hand with the length of the respective department store history, the amount of similar shopping venues and the strategic location in the city. For example the Stockmann department store in Tallinn is located in the heart of the city but it faces strong competition from the Kaubamaja department store also situated in the center. In Moscow there are many Stockmann department stores, most of them inside shopping centres, but due to big population, high competition and challenges in city traffic, the market penetration is much more divided according to location. It is probable that the awareness of the in-house brands are relative to the awareness of the Stockmann brand.
As a huge retailer with a long history of selling branded products Stockmann is used to research and develop its business according to market changes, customer needs and commercial trends. This thesis is a part of that continuum, aiming to find a niche for a premium private label in women’s fashion brand portfolio.

The kick off for this title was a year and a half ago when a competition was announced for the own brands division. The task was to brainstorm ideas for a special collection or a concept celebrating the 150 anniversary year 2012. The brief was to create something that would be in line with the Stockmann brand and have a visible design aspect since Helsinki was going to be the World Design Capital at the same time. People were divided into smaller groups and each group presented their concept after one week. Astonishingly many of the ideas were based on the same adjectives: prestigious, elegant, exclusive, high quality and design for the everyday life. WDC organisation also stated that their driver is making life better through design. The idea of designing a one-time-only premium style collection for the biggest loyal customer group, ladies in their prime (as we like to see it), was decided to be executed in September 2012 in honor of the jubilee year.

Stockmann brand is highly valued, precisely managed and a guarantee of high standards. How is it perceived when incorporated to a fashion label? There are already positive results with Villa Stockmann, the premium level home interior brand, that is well established within other international home decor brands sold at Stockmann. The prediction is that Stockmann logo works as a sign of those appreciated features our customers have learned to associate with the Stockmann brand. If the trial is successful both, the mother brand and the newborn, strengthen each other in return which serves as a push to develop the premium private label business even further.

Retailization (Thomassen, Lincoln and Aconis, 2006) is an advanced study on retailer power against brands. It explains how the competitive context of retail business has changed over the years into an omni-channel one thus transforming and fragmenting the overall shopping culture. There are many noteworthy points on how to revive a branded business to suit the evolved market better i.e. ‘retailization’:

1. **Forget consumers and embrace shoppers.** Consumers consume and buy things that are essential. Shoppers shop with impulsion, out of joy and infatuation, to reward themselves or to improve their self-esteem. Shoppers are educated, involved and they have a conscience. Experiences are starting to be important and more meaningful than good bargains.

2. **From branding to the self to branding from the self.** The shopping experience should be upgraded to a top priority. Shops and products should always reflect the desired brand identity in the optimal way. The core of the business seems to have been lost during the years of the branding boom.

3. **Six seconds.** And five senses. People observe with many means and tend to form their subjective opinions very quickly. It is estimated that it only takes approximately six seconds to make a decision on which food brand to buy when shopping in a supermarket environment. The comparable time in a department store is naturally longer but still very little when there’s only one shot to get your shoppers’ attention. What happens on the shop floor is a question of great importance.

4. **Buying and trying.** Good products generate good sales. Maintaining the quality promise is the most important factor for a sustainable profit flow. Thoughtful details, durable materials and suitable style keep the customers coming back. Presumably with a few friends.

These guidelines were leading the whole design process of Stockmann Black Label collection. From materials and suppliers to fitting, finishing, styling and outfit coordination
to visual marketing and shop design. It was amazing to experience how all stakeholders were and are so devoted to this project. The reason is that they all believe in it.

**The utmost biggest driver of this thesis is how to secure the private label fashion business and keep it profitable.** While making sure the customers have access to the widest range of products with a competitive quality-price ratio, the Stockmann department store division has a continuing task to develop its functions and introduce new concepts to keep up with the emerging demands of the industry. It’s all about offering a better service for essential customer groups, like modern, sophisticated and quality-conscious loyal customer women from the age 30 onwards in this case.

All the signs are evident. The success of the luxury market during recession, the emerging premium collections of fashion chain competitors, the fact that prestige brands sell better in Stockmann than the lower price range. Actually during economically tight times many people prefer to invest in beautiful and precious things even if they cannot afford much more after that (Haigh cited in Fashion United, 2012). **The Stockmann Black Label collection is an answer to that call experimenting the potential of premium private label fashion.**

**KEY QUESTIONS**
- The shopping culture has transformed and fragmented in many ways. Is securing a profitable business through private brands key to success for an omni-channel retailer like Stockmann?
- How to develop the private brand business during tough economic times?
- What opportunities lie when Stockmann logo is attached to a women’s fashion label?
- What are the elements of premium?
- What is a reasonable price-quality level for Stockmann customers?
Part 2

CURRENT
SITUATION
The fashion business is ever-changing and highly competed by nature. There are nearly 400 designer collections presented on runways biannually, nowadays even quarterly with the huge growth of resort and pre-fall seasons. Fashion professionals buzz around the fashion capitals during only a few weeks time and gather an enormous amount of trend info for the upcoming season. Many high street fashion businesses offer new collections on a weekly basis inspired by the latest trends seen on catwalks, celebrities, events or on the streets which figuratively makes tomorrow feel like yesterday.

Accessing the fashion trend information is also easier than ever. What used to be a well guarded secret is now common knowledge. In the internet’s slipstream all fashion retailers’ websites burst information on newest trends and during the fashion weeks some fashion giants, like Topshop, have started to sell garments straight from runways. The ones who supply fresh looks the fastest are the kings of high street. But not everybody wants to be in the trend treadmill. There is still a strong crave for design and higher quality where i.e. department stores have a key position. Shopping fashion has thus divided into three: fast, premium branded and high end designer fashion.

The global market for apparel, accessories and luxury goods was estimated to reach 1800 billion USD by 2011. The company with the largest market share is Christian Dior with only 1% (Easley, 2009). In the European Union in 2009 there were nearly 130 000 clothing enterprises and in 2011 over 60 billion euros worth of imported clothing (European Commission). It is clearly an impossible and not even a worthy task to be a market leader in fashion unlike in so many other industries. On the other hand globalization and e-tail has made it so much easier for consumers to get what they want whenever they want it, so any constraints of local shopping possibilities are almost nonexistent today. Also the amount of advertising people face everyday has made those publicity efforts constantly less efficient. This of course leads to shoppers becoming more numb and unresponsive to marketing activities. In this light the key is to think local, really understand your customers (however fragmented) and put your effort in the quality, design and wearability of the products.

After the 90’s boom for sourcing cheap suppliers, much to do with the amendment of the multi-fibre arrangement (MFA) quota system, the clothing manufacturing has almost entirely fled to Far East and Asia:

China produced 20 billion garments in 2002 enough for each person on the planet to have four garments from China in their wardrobe. Also India is... expected to increase its share of the global textile business from 3 per cent to 15 per cent by 2010 according to the World Trade Organization. (Hines and Bruce, 2007)

Many former European clothing manufacturing countries like Portugal, Spain and Italy have suffered greatly during past twenty years while UK and also Finland has seen the industry almost vanish. However, when talking with Stockmann purchasing office managers (POMs) they say this trend is now slowly shifting towards closer production. European retailers now prefer to import fashion from the likes of Turkey and Romania who can provide shorter lead times and better quality control. It’s not about offering big volumes at a bargain price any more but picking out an extensive variety of fashion goods:

Unlimited selection is the new blockbuster. (Rath, Bay, Petrizzi and Gill, 2008)

Smaller order quantities that lead to better stock turn is the new trend. When big orders cease to be the key...
Figure 3. Fashion as a multi-faced phenomenon. From 50’s glamour, celebrity bloggers, responsibility headlines, front rows to social moodboards. 
From above: Stockmann Boutique fashion show in 1959, The Sartorialist’s blog about an AW12 key sweater trend, The Telegraph reporting the H&M Cambodia factory worker’s low wages, the front row at Mulberry SS13 show (Dave Bennett, Daily Mail UK), Pinterest moodboard by designer Peter Som.
moneymakers it is evident that the production slowly starts to flow back, or at least closer, to Europe from those faraway countries.

High street fashion chains in the low price range are facing harder times during recession when consumers cut down on the extra spending and start to get more conscious of quality and sustainability issues. In the meanwhile the luxury fashion market is more stable and one of the few that are still growing. Fashion United quotes David Haigh, CEO of Brand Finance, on the Global 500 list of world’s top brands:

_The rise to prominence of luxury and lifestyle brands in this year’s report is quite impressive. Whilst the world remains shrouded in economic misery, people are investing their hard earned cash in brands they feel they can rely on to produce quality, long lasting products._ (Haigh cited in Fashion United, 2012)

But how is the mid-level market doing? When low quality doesn’t attract and prices on luxury are off range there’s a gap for design and quality driven apparel:

_As the real luxury market moves into stratosphere, it’s leaving open a vast universe in which mass marketers can fulfill the new luxury desires of mass consumers. And these consuming masses have shown strong evidence they are ready, willing and able to pay premium prices for products and services that were once considered commodities._ (Rath, Bay, Petrizzi and Gill, 2008)

This is the reason why even H&M, generally known from low price points, has confirmed to launch a new luxury fashion chain named “& other stories” in 2013. The positive results from COS brand, the minimal design oriented collection with higher quality-price ratio by H&M, have verified that offering more levels of fashion will only strengthen the group’s profitability (Milligan, 2012). Inditex, the other big name of fashion for masses, also has its successful “up-market” Massimo Dutti stores already well established in 53 countries and 584 stores offering sophisticated high-end fashion. Similar concepts and capsule collections chasing this so called premium level in fashion retail are popping up here and there: Banana Republic has its Monogram collection, French Connection offered the Platinum Collection in Spring 2012 and Asos.com has Asos Black and Asos White capsule collections of higher quality garments. Not to mention all the designer collaborations that are the pioneers of designer fashion within affordable price range.

This is for sure: the old business models (where profit is made only by selling big volumes) and marketing activities (pleasing only “bargain or bling” -seekers) seem to have lost the credibility and flexibility to work in the post-recession market situation. When consumers are ever more fragmented by their shopping behaviour and not by age, gender, marital status or geological location, the focus should naturally be in studying how, what and why people shop. The new consumer types, relevant to this thesis, are discussed in the next chapter.

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**CONCLUSIONS**

- The pace of the fashion business is intense and highly competed. New fashion collections arrive in stores every week. Trend information is available to everyone and shared instantly.
- The pressure for shorter lead times is growing due to the importance of correct timing.
- On the other hand people long for longevity and are missing value for their money.
- The modern day shoppers are enticed with premium products and designer collaborations.
- Insecurity is growing during recession. A closer cooperation between management, marketing and design is required in order to serve the key customers better.

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1 The Multi Fibre Arrangement (MFA) governed the world trade in textiles and garments from 1974 through 2004, imposing quotas on the amount developing countries could export to developed countries. It expired on 1 January 2005 (Wikipedia, 2011).

2 Stockmann has purchasing offices in Turkey, China, India, Pakistan and Bangladesh.
Figure 4. Instant trend information and impulse aspirational shopping is made possible with e-tail. From above: Look of the Day -gallup at style.com, guide for Star Style at Michael Kors website, The NYC Limited Edition collection by Massimo Dutti, Stockmann Exclusive magazine cover 1/12, Premium Quality collection by H&M.
It is a new age when it comes to market segmentation. The shopping culture has changed from buying things according to one’s needs and wants into family entertainment and a way to spend time. As stated earlier the consumer has deformed into a shopper who is not looking for spending all extra cash on masses of stuff but is instead browsing for something of value and interest. Furthermore, going shopping doesn’t necessarily mean any transaction of money, it can also be just about looking and seeing things and having a break with friends from everyday chores. If an item in the store has managed to get into consideration it is also somewhat likely that the same item is later on bought from an e-shop. Omni-channel shopping possibilities and the fact that shoppers are not consuming but rather investing on their specific ways of life creates a whole lot of tiny segments that marketers have to follow.

It might be that the efficiency of the old segmenting theories diminish due to this transformation of the shopping culture:

To make matters worse, research seems to suggest that consumers are not even that preoccupied with getting their hands on their favourite brand when shopping. The private label version could, for most people, work out just fine. (Thomassen, Lincoln and Aconis, 2006)

Could it be that branding is not the key issue anymore when it comes to market positioning when there’s a sea of brands for every field? But how to differentiate if brands are becoming more indifferent for customers? It can be argued that brands are still important, especially for retailers. Brands have maybe lost their power a bit when it comes to customer loyalty but as quality certifiers they have a key position. People have figured out that they can mix and match, choose a branded product when they can afford it or a “non-brand” when it doesn’t really matter to them. Here’s only one example of how some people may cross-shop across segments based on income:

As high street stores wrestled with their identities in the minds of consumers focusing their efforts on branding and brand development many consumers were becoming more interested in how they could become ‘fashion cheats’ buying some more expensive items and mixing them with lower priced disposable fast fashion purchased at low price points. (Hines and Bruce, 2007)

The fact that people don’t stick to the script of usual shopping behaviour can be seen as a threat but it can also be a possibility. Actually it instantly creates a bigger group of potential customers. When age is not the issue, place is not the issue and money is not the issue it comes down to making the brand and the product irresistible and competitive. Here Alice Hines reports on new uprisings of the aspirational customers:

Industry insiders have noticed a comeback of what they call “aspirational shoppers” - those women and men who spend big chunks of their incomes on bags, watches, gadgets and other status symbols. Armed with credit cards, they’re charging “affordable” luxury brands like Michael Kors - the self-proclaimed “Hermes for Staten Island” - toward whirlwind success. (Hines, 2012)

These “aspirationals” keep investing in luxury items and saving from unnecessary things. They can combine luxury with old or less expensive things or they can save from some other costs in their lives. Buying outside of the box can be rewarding, exciting, it can lift one’s self-esteem and make the shopper feel beautiful, special or even independent of all those advertisements trying to sway one’s mindset. In the center of all these reasons lies the need to experience something, have feelings and value added to an otherwise trivial action like shopping has become. But what lies behind this new market of aspirationalss? Jean-Noel Kapferer describes it as the democratization of luxury. Even if the
economic growth has increased the gap between the very rich and very the poor, it has created a big middle class that is feeling optimistic, becoming wealthier and wanting to trade up. The women are working and investing in their careers, not only in the western countries but also increasingly in the BRIC countries (Brasil, Russia, India, China) thus marrying later. “You are what you wear” ideology works as a mantra when the need to differentiate against the female rivals becomes more important in the work field (Kapferer, 2012).

Interpreting and targeting the newly emerging customer groups can be mind-boggling. Where there used be one detected group there can be five more defining ones today. In a recent online article Cotten Timberlake is listing some of the new types of aspirational shoppers:

“X-Fluents”1 are the most highly indulgent, spending more, buying the most frequently and dedicated to maintaining a deluxe lifestyle. “Aspirers” like to buy and display brands. “Butterflies” are on average over 47, mostly female and enjoy luxury experiences such as travel. “Cocooners,” also over 47 on average, express their luxury identity by spending on their nests. “Temperate Pragmatists” - average age 45 - have a take-it-or-leave it attitude toward luxury goods and the lowest income of the five. (Timberlake, 2011)

What this also means is that when customers are willing to try new shopping territories the competition becomes wider. Big international retailers are sharing customers with small local ones, affordable high street stores compete with luxury chains, department stores race against e-tailers. In the end they all share the same shopper base.

However, there is still a big emphasis on location and the actual event of going shopping. It is important to be aware of local culture and norms to succeed in a certain area. Product range needs to be right, the atmosphere must serve the senses and service has to adapt to the relevant social codes. But all in all it must be remembered that customer behaviour is becoming unpredictable and highly exposed to change:

One thing in clothing is very certain. That is that nobody spends all of their money at one store. People do a lot of shopping around - it’s a very promiscuous sector (Saunders2, cited in Ringström, 2012).

CONCLUSIONS

• Shopping is a way of entertainment. It can be done around the clock almost anywhere.
• People are not very brand loyal and the share of private brands is increasing.
• Brands are still very important to retailers as quality certifiers.
• The aspirational are mixing and matching luxury items with less expensive products.
• People do a lot of shopping around. Effective customer targeting is thus more difficult to achieve due to unpredictable shopping behaviour.
• The need for tailored shopping experiences is increasing.

1 X-Fluents = extremely affluents
2 Neil Saunders is the Managing Director of Conlumino retail research agency and consulting firm
Stockmann is a part of the international association of department stores IADS. ACI (Association Commerciale Internationale) is a subset of IADS, an affinity group of mostly European department stores. It was created already in 1953. The aim of this cooperative organisation is to exchange ideas and information about merchandise and promote collaboration. Yearly meetings are held to promote successful retail actions, share best practices and exchange valuable information. ACI department store members are:

- Breuninger, Germany
- De Bijenkorf, Netherlands
- El Corte Inglés, Spain
- Falabella, Chile (excluded from this analysis)
- Galeria Kaufhof, Germany
- Galeries Lafayette, France
- Globus, Switzerland
- Stockmann; Finland, Estonia, Latvia, Russia

This chapter will mainly concentrate on ACI members and their range of private brands in women’s fashion categories. Since specific details are classified this chapter will only provide a general analysis on brand similarities, target groups and price levels.

ACI members own nearly 30 different private fashion brands for ladies altogether. A common characteristic for all ACI private brands is the intent to offer seasonal high quality apparel with competitive prices against the traditional brands. It follows the basic vision for all department stores which is to give the customers a better selection. The brands offer fashion for many different lifestyles: classic, modern, casual, contemporary and trend. Stockmann also uses lifestyles as a tool to categorize the brands and the styles.

The four Stockmann lifestyles are classic, modern, contemporary and casual. These lifestyles are divided into four (internal) price categories: low, medium, medium high and premium. In all women’s fashion private brands in ACI department stores the price levels position between low and medium high considering internal pricing (not compared to cheap fast fashion chains). The general target group can be described as adult loyal customer women in urban areas.

When all brands are placed into a graph, where lifestyle and price level are the variables, there are two concentration points of similar collections. One consists of classic lifestyle brands in medium or medium high price level. The other one is condensed around casual lifestyle in low and medium price level. This pattern shows that the private brands that are based on classic and casual wardrobe essentials within a competitive quality-price ratio have been successful and profitable for the brand owners. The newest brands in the whole selection are the mid priced ones in modern and contemporary lifestyles. Most likely the need for more variety in the modern category is an outcome from the rise of the ageless shoppers who have outgrown the fast fashion phase but consider classic clothing to be too boring. There are also a few brands in the trend-oriented low price category presumably targeting the mother-daughter shoppers. The focus of this shopping scene is the nearly independent young woman who goes shopping with her mother maybe due to a limited financial situation.

Most collections provide clothing for all product groups from outerwear, knits, blouses and dresses to bottoms and jersey items. Some even offer brand specific accessories like hats, gloves, scarves and bags. A few brands have concentrated on specific groups like luxury cashmere knits or ecological lounge wear. The average collection structure carries easy-to-combine seasonal outfits and basic everyday
separates. Biggest product groups, considering both sales figures and the number of styles, are knitwear and blouses. All collections are sold from brand specific shop-in-shops with individually designed visual merchandising strategies.

Unlike typical fashion brands, large ad campaigns in international fashion magazines or outdoor banners are rarely used in private label fashion. The marketing channels are mostly limited to some seasonal brand specific inspiration pictures in joined department store publications and web pages. But there is no reason to be shy of those in-house catalogues and magazines. As an example one edition of Stockmann’s Premiere magazine has a circulation of about half a million which is remarkable when compared to other big Finnish fashion magazines like Kodin Kuvalehti (approximate circulation 170 000), Me Naiset (145 000), Gloria (50 000) or Trendi (45 000) (Levikintarkastus Oy, 2012). Galeries Lafayette also publishes a highly stylish seasonal lookbook which combines all the brands found under their roofs. The look is very editorial, contemporary and elegant and thus definitely adds value for the customers’ shopping experience at Galeries Lafayette. Thanks to loyal customer schemes the ACI department stores have the advantage of reaching an extensive customer base without investing largely in other expensive forms of marketing communication.

It is easy to notice from the list in the first paragraph that Stockmann is the only department store who has real international experience from several countries. In addition, the understanding of different market areas has greatly increased along with the purchase of the Swedish affordable fashion chain Lindex in 2007. Lindex has stores in 13 countries apart from Finland. This way Stockmann is a pioneer in analysing and structuring the buying operations for different cultural market areas. But it is also a continuing challenge for Stockmann’s private brand collections, that are designed and bought for the whole chain, to make the selection as optimal and specific as possible for all 16 department stores with different local values and infrastructures. Next chapter will focus on the matters of locality and culture in market areas that Stockmann operates in.

Figure 5. Women’s brand positioning comparing ACI own brands and Stockmann brands.
Exclusive, modern, chic, feminine, good fitting, premium quality. These are common attributes used in ACI women’s fashion private brand identities. Exclusive of course refers to the fact that these brands are sold only in the particular department stores. Other attributes provoke the idea of what the regular customer is looking for when shopping in a department store environment. The interesting one is the fact that many were described as premium. In a book called Private Label Strategy (Kumar and Steenkamp, 2007) this issue is reviewed and the premium store brands are divided into two types: premium-lite and premium-price. Premium-lite store brands offer better quality than competitors at a lower price:

The premium-lite store brand starts with leading manufacturer brands as the standard and then attempts to make a superior product at a lower price.

Premium-price store brands, on the other hand, are pictured as higher in price but also superior in quality. And this private brand strategy has proven to be lucrative especially in Europe:

Rather than perceiving them as a poor cousins to manufacturer brands, many consumers, particularly in Europe, will pay more for better quality private labels than manufacturer brands.

Marks & Spencer department store chain in the United Kingdom is a fine example of a success story in premium-price private brands. Their fashion, food and household goods are generally considered as good as or better than traditional brands:

Marks & Spencer store brands are perceived as premium quality, with 70 percent of U.K. shoppers believing they offer better quality than other department and supermarket chains. (Kumar and Steenkamp, 2007)

Villa Stockmann has a very similar story of a private brand considered as better than competitive manufacturer brands in the same category. Much thanks has to be given to the price level still being more affordable than luxury home decor brands. Villa Stockmann has a distinctive style resembling the affluent casual cool of the Hamptons in New York. The brand identity is build with a stable visual strategy: light and slightly rustic look, thick luscious textiles in soft and subtle colourings, attention to details rather than aggressively trendy ensembles and carefully selected decor items to support the upscale mood. The ambience is harmonious, elegant and well coordinated when visiting the Villa Stockmann shops. It is tangible that the design team is as devoted in planning a cohesive collection as it is in designing a single product. The essence of premium lies in this factor: every detail speaks the same language with the brand identity and the style is consistent, not changing rapidly between seasons. Marks & Spencer is most likely using similar guidelines with their private labels. The quality promise can only be fulfilled with long-term values implemented to recognisable standards.

To sum up, it can be stated that at least European ACI department stores have truly taken the advantage of offering more selection for their customers through several womenswear private brands in different price ranges and lifestyles. Generally speaking the true luxury brands are rare in the private label sector but premium category is already exploited by some of the ACI members especially with knitwear collections. In addition, the department store private brands are clearly established on different values than supermarkets or high street chains. Exclusiveness, quality-consciousness and competitiveness are innate attributes that make the private brands profitable for retailers. And as learned from Villa Stockmann’s example, managing the big picture is as important as the individual products. Coherence and consistency are key words when living up to the brand promise. The concept of perceived premium quality is more closely analysed in part 3.

**CONCLUSIONS**

- Private label fashion business is well established among department stores due to high profitability. Modern and ageless womenswear collections are growing.
- Biggest product groups are knitwear and blouses.
- Stockmann has a wide visibility among its Loyal Customers and is one of the rare department stores that operate in many countries.
- Maintaining the quality promise is a key issue also for private brands. Premium level is the newest tool for that.
Stockmann department stores are situated in four countries in eleven different cities: Helsinki, Espoo, Vantaa, Turku, Tampere, Oulu, Tallinn, Riga, St. Petersburg, Moscow and Yekaterinburg. **Understanding local values and dressing codes is highly important when planning what to buy to which department store.** Stockmann’s own brand collections are bought for the whole chain which means that there are no market specific styles in the collections. Whatever is designed will be sold in all department stores. Only the quantities are modified to suit the department stores best. While every buyer cannot be traveling around and visiting all stores frequently, the comments from the store personnel and understanding the story behind sales figures are ever more vital for success. Having a gut feeling or relying on stereotyped customer descriptions is just not a very viable method.

This is the exaggerated, but amusing, stereotype of a Finnish woman: very casual, apple shaped, short haired, mannish styled and owns at least one windbreaker suit which is her favourite leisure outfit. The common preconception about Russian women is that they all have very high heels, an hourglass figure, a body conscious dress and a fur coat. Estonians are perceived as being something in the middle but more like Finnish. Latvians are labeled similarly but more like Russians. Of course in real life this sounds naive and is, in fact, quite far from the truth. In the end Finnish, Estonians, Latvians and Russians are very closely linked when it comes to dressing. And there’s one good explanation. A thing that binds us all is the harsh and cold weather conditions. And mostly all women want to look their best and wear the clothes that represent the style they are most confident in. That style might be classic or casual or modern or trendy or a mix of them but style is, in any case, a very individual way of expressing oneself. **The factors that do influence the styles of dressing are weather, as mentioned, cultural traditions and propriety rules, the penetration of global fashion trends and income levels.**

Finland, Estonia and Latvia share a similar history and thus the same historical influences. All three nations have in turns been parts of the Swedish and the Russian Empires. Racial ancestry between them is also closely related but language-wise Finnish and Estonian are from the same Finnic language branch compared to Latvian which is a Baltic language. That’s why Estonians consider themselves as a Nordic country more than Baltic like Latvia. Then again Russia, Estonia and Latvia were all parts of the Soviet Union, unlike Finland, and in addition both Estonia and Latvia were independent for a couple of decades before the Soviet era. **Either way, culturally all four countries are closely related. But when it comes to fashion, the backgrounds are different.** Soviet Union had a strong blocking impact on how the western fashion culture penetrated. Finnish clothing industry has followed the European trend developments of 20th century fashion industrialisation. Entrepreneurship in Finnish fashion has strong roots still, even though the general clothing manufacturing has nowadays moved to more remote countries. Fashion awareness and reading fashion magazines has a long tradition in Finland as well. For example Eeva magazine is a Finnish classic that has been published since the 1950’s. In Russia, Estonia and Latvia the global fashion influences have been embraced freely only after the Soviet Union collapsed in 1991 and therefore understanding different kinds of trends, especially vintage and retro, has much less history to it in these ex-Soviet countries. So fashion is a relatively new thing in Russia and the Baltics compared to Finland. This could be called the Soviet effect. But naturally it is changing in a rapid speed due to active online searching and sharing culture of the younger generations. Local norms are still present but the scale of different styles is growing:

*My eyes were opened! The young locals (Muscovites) are just like us. Very trendy and representing all sorts of styles. Many had sneakers or flat shoes while I expected them all to wear stilettoes.* (Brand Manager at Stockmann)
However, as always, style and clothing link to first impressions. While individuality and self-expression seem to be more popular in Finnish fashion certain styles perhaps have more meaning to Russian women:

“Good clothes open all doors.” This saying perfectly illustrates how much clothes mean to Russians. It is the clothes that offer a first impression of a stranger, signifying his or her social status, as well as emotional and psychological condition. (Varyonova, 2012)

Discretion and event related dressing have a big influence to the fashion evolution in Russia at least for the more mature age groups. Stockmann’s visual merchandising teams travel frequently to the Russian department stores in order to do workshops with the local sales personnel around the different lifestyles and how to make them visible in the in-store displays and mannequins. According to them the outfits and looks of the season are easily understood by the locals if the messages are very clear and the purpose of the clothing is linked to the lifestyles. A classic lifestyle is displayed very formally. The casual lifestyle is interpreted with a relaxed everyday feeling and modern lifestyle links more closely to festive occasions in Russian opinion. Hence the contemporary lifestyle remains to be the most ambiguous of them all since it easily mixes all of the above-mentioned tendencies, is always influenced by the latest fashion trends and consist of looks for many occasions. As an example the heavily embellished fashion that has taken over the high streets in this Autumn season, is not that commercial in Russia since it is considered as bad taste to have lots of decorative elements at the same time by the majority. Nevertheless, the Russian customers are very keen on high quality and aware of luxury brands and thus Stockmann, offering a wide range of premium products under one roof, has been very successful there.

Local income level is another relevant factor in assortment planning. In all four market areas the monthly income is clearly higher in big cities compared to country average. These are the average monthly earnings per capita listed according to country and compared with the capital levels:

- Finland: 3217€1, Helsinki: 3770€
- Estonia: 839€3, Tallinn: 901€
- Latvia: 691€5, Riga: 777€
- Russia: 640€7, Moscow: 887€

Since Stockmann has department stores in city centers as well as in suburban shopping centers it is essential to understand the location specific needs and the competition at close proximity. City centers attract different kinds of shoppers including international tourists and then again shopping centers are better in serving the customers who require maybe easier access and better bargains for family life:

The customer is very different in the outer area shopping centers (Moscow). Most of the other stores there are cheap fast fashion chains like Bershka and Stradivarius. The customer for higher quality branded products simply don’t seem to shop there. That’s why good price points and a commercial product range are an effective way of creating sales in more remote areas. (Brand Manager at Stockmann)

Therefore the private brands have a key position in creating department store assortments with more depth and offering alternatives to more expensive brands. Nonetheless, as stated earlier, it is not only about the price, it is also the experience. Stockmann’s Loyal Customers make the key customer group, through the chain, whose aspirations make the guidelines for assortment planning. Loyal Customers are the center of the next chapter.

CONCLUSIONS

- Local values must be recognised in order to create an optimal product assortment.
- The penetration of trends and fashion culture affects the appropriate dressing norms.
- Income levels vary greatly especially in Russia and Baltic countries.
- Private labels have an important role in offering affordable alternatives to brands.

1 Statistics Finland, 2012
2 Helsinkiregion.fi, 2011
3 Estonia.eu, 2012
4 Tallinna Linnakantselei, 2011
5 Luste, 2012
6 Riga City Council City Development Department, 2012
7 The Associated Press, 2008
8 Department for External Economic and International Relations, 2012
Figure 6. Stockmann Loyal Customer card has three different stages: cash card, Loyal Customer, Exclusive Customer and First Customer. The card can also be featured with a credit card cooperated with Mastercard.
2.5

STATUS FollowS STANDARDS

Stockmann’s LoyAls CustomeRs

Stockmann aims to be an exceptionally satisfying shopping venue for everyone who comes to visit. Nevertheless the most important focus group is the Loyal Customers. And there’s a good reason: from all the purchases done in Stockmann department stores by far the biggest percentage is done by these Loyal Customers. Stockmann was one of the first in Finland to introduce a Loyal Customer card scheme already in 1986. In 2011 Stockmann had already more than 2.5 million Loyal Customers in total of which about half were in Russia and the Baltic countries. In February 2011 a new level in the loyalty program was launched: the First Customers. Stockmann has three levels of loyal customers: Loyal (available for everyone), Exclusive (4000€ worth of purchases per year) and First (8000€ worth of purchases per year). Again Exclusive and First customers are responsible of a remarkable part of total purchases. Apart from acquiring more loyal customers the goal is to keep those most important ones feeling pleased and special.

The benefits from being a Loyal Customer, at any stage, are monthly offers, newsletters, vouchers, discounts from varied partners and the Premiere magazine (published quarterly). For Exclusive Customers there are special shopping days with an extra discount, services free of charge or with discount and the quarterly Exclusive magazine (will be an additional section in Premiere in the future). First Customers get their own extra First shopping day with 10% off from season’s new items, their very own Lounge (in Helsinki only) plus more free services and advantages from selective partners.

Stockmann wants to be in active contact with its Loyal Customers. The Loyal Customer booklet offers different types of products with at least 20% discount every month and is considered the main tool for customer communication (Stockmann Group’s Annual Report 2011). There are also more monthly store offers that are not displayed in the booklet. However, considering the information on what people prefer to buy, from other communication venues the interesting ones are the special discount shopping days. They reveal what brands and product categories are in demand when given the freedom of choice and a little discount to boost the sales. This is crucial information for the operations in the buying department. When something starts to sell well in a short period of time they can be reordered or more similar items can be bought later on for the same season. Of course it has to be mentioned that the sales personnel are in key position when conveying the customer comments to buyers so that they in turn can adapt the selection to be more suitable for the customers.

It can be said that the Loyal Customers have certain high standards when it comes to shopping at Stockmann. And Stockmann wants to exceed those standards and be a continuous part in their lives. The challenge is to make sure that the relationship is flexible enough to last through the different stages. Everyone has an individual life status which is self-perceived, not created by outer forces. It is essential to realize that the different statuses follow individual standards. Supplying more options of tailored shopping experiences is the future of retail if the goal is to keep the doors open for the majorities.

**KeY PoINtS**

- Stockmann is highly focused on Loyal Customers.
- There are three stages: Loyal, Exclusive and First Customers.
- Loyal Customers provide crucial information when improving the shopping experience.
- Stockmann represents high standards and wants to offer something for everybody.
Stockmann julkaisee juhlavuoden kunniaksi numeroitun kokonaisuuden muotia, designia, herkkuja ja juhlavuutta varten tehtyjä muotoiluklassikoiden erikoisversioita, kuten 150 Edited Collection painatuksella varustetut Fiskarsin sakset. Useita valikoimaan tarkoin valikoituja tuotteita on valmistettu vain rajattu erä. 150 Edited Collection -sarjan tuotteista voikin ennustaa tulevaisuuden keräilyharvinaisuksia.


Merkityt tuotteet saatavilla myös verkkokaupasta: stockmann.com

Figure 7. Stockmann 150 Edited Collection advertisement in Exclusive magazine 1/2012.
The Stockmann story began in 1862 with a man who had a vision of turning a small glassware shop into a modern retail and wholesale store. This man was called Georg Franz Stockmann. Originally from Germany, Stockmann settled to Helsinki with his wife, got his Russian nationality and acquired ownership for the store he started in as a manageress a few years earlier. He began to sell Finnish cotton and wool products, porcelain dinnerware and a wide selection of hardware. By the year 1900 the population in Helsinki had increased sixfold and the store was already known by its wide selection of updated goods. One magazine declared that anything except food and books could be found at Stockmann’s (Mauranen, 2008). In 1906 the family business was turned into a limited company and in 1930 the new building in the corner of Aleksanterinkatu and Mannerheimintie, designed by Sigurd Frosterus, was opened. In the footsteps of such famous department stores like Galeries Lafayette, Harrod’s and Macy’s the Stockmann department store became the cornerstone for Helsinki’s urban culture (Vekkeli, Exclusive Magazine 1/12).

Stockmann turned 150 years old in 2012. The jubilee celebrations continue throughout the year. Many events, contests, Loyal Customer benefits and an exclusive anniversary collection are offered in Stockmann department stores and webshop. “It is about manifesting the history and reinforcing Stockmann’s profile as a design-focused retailer”, says Marketing Director Marja Isokangas-Huiko. She has been a strong force in the campaign visualisation from the start. She describes that after a wide mapping of possible themes and events relating to the anniversary year it all crystallised around the campaign collection:

“We wanted to offer something extra, the essence of Stockmann, in various product groups and in all price categories.” (Marketing Director Marja Isokangas-Huiko)

The 150 Edited Collection introduces 150 pieces of numbered and selected design items, fashion and delicacies especially made for or designed in Stockmann. Stockmann even created a special own font honoring the visual heritage of ‘the grand old lady’. The signature color, emerald green, is manifested as a satin ribbon indicating the jubilee year and accompanied by a black background and golden lettering. Showcasing the honorably long history is especially important for the Russian market. The Stockmann story is valued there and people are proud to be a part of a successful company continuum: “the history doesn’t exist if it is not brought forward”, says Marja and continues: “the core is in good products and a certain style that are linked with a signature service culture and a long history”.

Stockmann Black Label is an entire women’s fashion collection titled with number 100. It is the culmination of the 150 Edited Collection presenting true style for the quality-conscious ladies. It is made for Stockmann shopperess’ in appreciation of exuberant femininity and modern elegance. Carefully selected materials, delicate details and confidence fitting form a coordinated ensemble of sumptuous wardrobe must-haves. Stockmann Black Label is a limited edition collection available in September 2012.

KEY POINTS

- The long history, signature service culture and a wide design assortment is highlighted throughout the jubilee year.
- The 150 Edited Collection offers ‘the essence of Stockmann’ in various product groups.
- Stockmann Black Label is the culmination of the Edited Collection offering premium level fashion design for the Loyal Customer ladies.
HAPPY BIRTHDAY
STOCKMANN
Part 2 has given a quick and current overview of some of the pieces of the fashion business from Stockmann’s point of view. It has searched for insights on the changed shopping culture and the new relevant customer segments relevant to this thesis. The escalating intensity, growing competition and falling quality level of the mass fashion industry together with the unstable economic situation is creating new wants for timelessness and value for money. This can be noted from the fact that luxury market is growing and new ‘premium’ labelled collections are popping up from various retailers to lure ‘the aspirational’ with the affordable luxuries and tailored shopping experiences. It was stated that the time of brand loyalty is behind us and private label fashion is gaining market share in the wake of the international brands. Shopping has gone glocal. It can be done privately around the clock via e-shops or as a way of social entertainment from traditional stores.

The private label fashion market in European department stores was examined as a comparison to Stockmann’s own brands in women’s fashion and also as a reference for the positioning of the Stockmann Black Label collection. The indication was that the general target group was adult urban women looking for chic quality over fashionability so the modern and ageless private brands were the newest editions to reach the customers, old and new. Premium level was mainly exploited in product groups of knitwear and blouses. Keeping up with the quality promise was a key element for all the private brands.

The focus was then put on the local values and lifestyles with the emphasis on Finnish, Baltic and Russian markets where Stockmann operates in. The differences, similarities, possibilities and challenges of each market was observed in order to understand the do’s and don’ts from the design perspective. The penetration of fashion trends and local income levels was seen as the biggest variables affecting the design and buying operations for Stockmann’s private brands which have a big role in attracting customers with affordable alternatives compared to more expensive brands.

The following topic was the Loyal Customer scheme which is a vital success factor and focus group for Stockmann. Loyal, Exclusive and First customers are responsible for most of the purchases done at Stockmann and they provide valuable information for those stakeholders wanting to improve the company image as an exceptional shopping venue. It was noted that the Loyal Customers have high standards and they are targeted with special campaigns and offers every month to keep them as active customers.

Finally the 150 Edited Collection was introduced to create a base for the upcoming results and expectations for Stockmann Black Label. Stockmann’s 150th birthday was celebrated from February 2012 onwards with different events, brand collaborations and this special jubilee collection of refined and numbered products presenting the ‘Stockman essence’. #100 is Stockmann Black Label collection designed for Autumn 2012. It is the highlight of the 150 Edited Collection offering a modern wardrobe ensemble of elegant pieces with premium quality and fine details.

The next chapter moves on to evaluate the future objectives like the important forces and standards behind the private brand business. The premium value attributes are discussed as well as the sense-oriented market positioning and differentiation through design. Target group and SWOT analyses provide information for Part 4 where the actual collection is introduced.
Part 3
EVALUATING FUTURE OBJECTIVES
Stockmann’s vision is to be the best European department store. In the core of the Stockmann brand is the mission to be more than expected with an inspiring shopping milieu, wide assortment of attractive high quality products and a distinguished service policy. More than anything Stockmann department stores are renowned for internationally acclaimed fashion brands. Due to the transformed and accelerated situation of the whole fashion retail sector, as discussed earlier in part 2, several projects have been initiated in recent years in the buying and marketing departments in order to attract a greater group of customers in the omni-channel market. This chapter will focus on these new tools for more efficient processes which support the Stockmann mission.

The biggest development for a more effective buying department was launched in 2011. With the help of the management consultant company Kurt Salmon, Stockmann purchasing functions went through a massive reorganisation which introduced a buyer-planner set-up for the buying department. The new model enables a deeply analyzed and fast response buying through the whole chain where the buyer concentrates on the products and the planner on the figures. Together the buyer-planner team is able to make more secure decisions before and during the season, not to mention future planning for both short and long term strategies (Stockmann Annual Report, 2011).

In addition to the 16 department stores, 7 Adademic Book stores, 13 Stockmann Beauty Stores and 3 outlets the Stockmann.com online store was opened in autumn 2010. It started a whole new face for shopping at Stockmann when a selection of fashion, home decor, electronics and books became available for new customers outside the biggest cities in Finland. This important investment has turned out to be a key factor for a steady growth. Especially the click-and-collect option has added shopping possibilities also for those locals already living near Stockmann department stores. in addition Stockmann.com is set to be the center of communication for campaigns and seasonal news to boost the shopping in the online era. Style Guide is the newest addition to the online contents launched in September 2012. Style Guide aims to be a blog-like venue for trend news, key products, brand updates and upcoming events. It has an essential role in maintaining the image of Stockmann as a pioneering retailer.

Above all, ‘More than expected’ is a guiding principle for everybody working at Stockmann. The designer for Villa Stockmann, who has been working at Stockmann own brands for a respectable time, describes this attitude through her work:

Product development for positive customer experiences, in my opinion, have always been important factors in Stockmann’s own brands. Stockmann brand, in itself, promises to provide the customer with a certain level of quality, whatever the price may be. In this respect, our customers are very active and they really take the initiative to give feedback from anything. “More than expected” is one of the guiding principles of my work every day. To offer our customers the best quality-price ratio is my number one rule. When working with own brands, the designer’s job is to achieve the best possible materials, design and details within a competitive price range as a better customer service. I think this strengthens the brand and leads to a healthy business. Positive experiences are shared with friends and the customers keep coming back in increased numbers.

This statement truly describes the overall mood of all employees at Stockmann. People are extremely devoted to their work and, besides the shopping experience, they too want to be more than expected.
As the future of retail remains somewhat unpredictable and the economic situation seems grim, these challenges are not feared at Stockmann. CEO Hannu Penttilä reveals a bit of Stockmann’s history in his preface of the anniversary edition of Exclusive magazine (1/12, p. 7). He states that even though there’s a stormy economic phase the situation is not that bad when looking back on 150 years in retail business with times of oppression, war and different stages of recession. Stockmann is in any case dedicated to focus on its customers and to offer services that exceed all expectations.

**KEY POINTS**

- Stockmann’s vision is to be the best European department store.
- ‘More than expected’ is the motto behind all operations at Stockmann.
- The new buyer-planner model enables controlled purchasing done for the whole chain.
- The stockmann.com online store and Style Guide -blog are latest developments to reach a wider customer group than before.
- Stockmann own brands are dedicated to offer best possible products within a competitive price range as an alternative to international brands.
Stockmann aims for a more sustainable future. The core value is responsibility of people (social), planet (environmental) and profit (financial). Stockmann Groups corporate social responsibility strategy was implemented from 2011 onwards in line with the 10 principles of the UN Global Compact (2004). The social responsibility includes all stakeholders: employees, suppliers and customers. The staff is educated in CSR issues. The suppliers are monitored and educated to ensure a transparent supply chain according to international, European and domestic laws. The product assortment always has options for customers looking to buy fair trade, organic or close-produced goods. And the Stockmann quality promise means that investing in high quality is the number one policy against unnecessary consumption. Since 2005, Stockmann has been a member of the Business Social Compliance Initiative (BSCI) which is a corporate social responsibility cooperation body and is administered by the Foreign Trade Association (FTA). BSCI’s main goal is to improve the working conditions in the global supply chain worldwide and to commit it’s stakeholders to implement their systems to meet the BSCI Code of Conduct. BSCI uses independent and external auditing companies as a means for neutral results.

Stockmann has own purchasing offices (PO) in Turkey, India, Pakistan, Bangladesh, China and Hong Kong. Most of the private brand articles are produced through these offices. Stockmann’s own international staff is there to source best qualities, find the most effective working methods and monitor production for best quality. All suppliers, even those that don’t work via the PO’s, are BSCI audited when the cooperation starts and, depending on their status, go through the same audit at least every three years. In addition, own PO personnel visit the factories on a regular basis to ensure a safe and smooth production.

Stockmann Black Label garments and accessories are produced according to same CSR principles. All of the tailored items (blazers, pants, dresses) are manufactured in Estonia under excellent conditions and similarly the fabrics for those items come from accredited European fabric mills. Knitwear and blouses are made in Hong Kong through most trusted long-term suppliers with a tight quality control. Jersey garments are produced via the Stockmann purchasing office in Turkey guaranteeing responsible supply chain. SBL bags and scarves come from secured suppliers in India, where the factories are mostly small family businesses who have been working with Stockmann for a long time. Shoes and belts are made in Italy with strict European standards.

Even if there is no attempt to green-wash the collection with baffling eco-labels, Stockmann Black Label represents sustainable values by offering fashion that is lasting, timeless and meant to be used and cared for. The transparent supply chain, as introduced above, also guarantees that SBL products are secure investments with a long lifecycle.

**KEY POINTS**

- The core value in Stockmann CSR strategy is responsibility of people, planet and profit.
- Stockmann has purchasing offices in Far and Middle East operated according to BSCI standards and goals.
- Stockmann Black Label aims for sustainability through lasting design and high quality.

Source: Stockmann Group’s CSR Report 2011 and BSCI website
In today’s wealthy world the shopping possibilities are endless and the competition is intense in the fashion apparel sector. The new fragmented shopping culture has compelled fashion retailers to shift to omni-channel strategies. The question is, how to differentiate against competitors through marketing and create the optimal product range through design?

These four guidelines of Retailization (Thomassen, Lincoln and Aconis, 2006), as introduced in part 1, help to create a fresh mindset for the evolved market situation:

1. **Forget consumers and embrace shoppers.** Experiences are more important than good bargains.

2. **From branding to the self to branding from the self.** Shops and products should always reflect the desired brand identity in the optimal way.

3. **Six seconds.** And five senses. People tend to form their subjective opinions very quickly. What happens on the shop floor is a question of great importance.

4. **Buying and trying.** Good products generate good sales. Maintaining the quality promise is the most important factor for a sustainable profit flow.

Above mentioned points worked as drivers for Stockmann Black Label as well. The importance of visual coherence and a tangible high quality shopping experience was seen to be a key factor in reaching the aspirational shoppers. The positive and profitable practices of Villa Stockmann were applied into women’s fashion in order to reposition the Global Essentials brand base and elevate it to a new design level. As Brigitte Borja de Mozota states in her book on Design Management (2003): “marketing, like design, is a business philosophy focusing on consumer wants and needs”. She defines the roles and nodes where these two functions should meet:

**Design as a differentiator:** when design strategy aims to create a better brand, improving product, packaging or service performance, it increases the financial value by boosting sales, exports and customer perceived value.

**Marketing as a liaison:** exchanges are vital to closing the gaps that naturally exist between producers and consumers. The designer works to improve spatial and perceptual gaps in the marketplace.

Differentiation for Stockmann Black Label derived from this integrated marketing-design process which meant that the brand creation started from a marketing vision that guided the design phase through the line. It was clear from the start that an unambiguous message conveyed through the brand promise into the collection, advertising and visual merchandising was essential in this type on one-time-only premium collection. A great effort was done in order to communicate the brand’s identity and spirit to all stakeholders from the executive level to sales personnel. This transparency strategy was believed to be the optimal way to get people excited about the brand and thus inspiring the customers as well.

Nevertheless, the core of the brand was set to be at the buying and trying stage. The ‘branding from the self’ philosophy meant that the design focus was in lovable products that are attractive to see, touch and wear. Since there is a sea of brands to pick from and long-term branding was not possible, it was chosen to have the spotlight on the products:

*Maybe we are in a situation where brand is becoming the generic and the product is becoming the true differentiator.* (Thomassen, Lincoln and Aconis, 2006)

The collection needed to have that allure that if a customer had missed the Stockmann Black Label ads and window displays, the shop would get their attention during those
few seconds when they pass by while shopping. The collection slogans were “it’s not just about the look, it’s a lifestyle” and “it’s in the details” emphasizing the value of sophisticated style, elegant qualities and refined touches on the garments as a differentiator to traditional private women’s fashion brands sold at Stockmann. A closer analysis on the design process will continue in part 3.

Naturally the affordable pricing is one of the biggest reasons why private brands are so successful for retailers compared to other brands. The price points against expensive brands make strong competitive advantages, and much like for Villa Stockmann, the aim was to get the best quality level with reasonable prices for Stockmann Black Label. The role of the pricing was to be the next positive surprise after the product quality level by creating added value with customer experiences like “such nice qualities at such a good price”. Much like the philosophy behind Massimo Dutti collection where a customer can have the up-market shopping experience yet afford head-to-toe style with one purchase.

The possibilities of the affordable elegance in private fashion brand sector have been noticed by many:

> Apparel is one of the largest sectors for private labels... In response to the value provided by such specialty retailers, upscale department stores like Bloomingdale’s and Macy’s are also increasing their percentage of sales from store brand merchandise. (Kumar and Steenkamp, 2007)

Private fashion brands are not only profitable for big and established retailers like Bloomingdale’s department stores, they are also easier to manage. Decision making, promotion planning, repositioning, design and pricing are all in the hands of the retailer. Respectively, there is less B2B communication, agreements and requirements with more control over the whole supply chain from the supplier to the end customer. Administrative costs and personnel wages are somewhat higher but cost-efficiency and the ability to react according to in-season sales are the factors that make private fashion brand strategies gainful in more ways than one.
Figure 9 shows how the brands are positioned within Stockmann department stores. ACI women’s wear private brands are also added for comparison. It is clear that the general business model for Stockmann is in offering acclaimed brands with high design-quality ratio. Private brands are mostly situated to offer best price points within a particular lifestyle. Some ACI brands are already taking the advantage of premium-lite or premium-price store brands with a strong emphasis in classic lifestyle sector. **Stockmann Black Label is positioned in the obvious gap between classic and modern lifestyles and mid to mid high price levels. This positioning strategy indicates that differentiation is sought from being more refined than other private brands but not too expensive to overlap with mid high priced competitors.** Still, as always, from a department store purchasing division’s perspective it is also about buying and trying. It is about forecasting and believing in something, taking the action and learning from store feedback and sales figures. These experiences considering Stockmann Black Label are reviewed in part 5.

**CONCLUSIONS**

- Differentiation for Stockmann Black Label was sought from positive ‘buying and trying’ experiences and an integrated marketing-design process.
- The slogan: “It’s not just about the look, it’s a lifestyle” emphasizing the cohesion of the whole collection from brand creation to product range.
- Quality-price ratio is elevated from other own brands but set to be affordable against international brands.
Value, in consumer goods, is not measurable in price only. It is also about emotional connections, perceived image and usability of a product or a brand. And, as always, value is achieved only through positive experiences that sustain the brand promise. In this modern world of abundance, a real life luxury can be a special cup of coffee, a made-to-measure service, a peaceful walk in the forest or the awareness that the raw material of a purchased product is ethically produced. Since luxury is a word that people seem to avoid because it has hints of opulence and arrogance, there is a new word being used instead and that is premium. But how does it differ from luxury? What is perceived as premium? This chapter will concentrate on the different aspects and attributes that are linked with the premium value.

In Luxury Strategy (2010) Jean-Noël Kapferer evaluates how premium derives from luxury and how fashion correlates to that. He states that the conception of luxury is always very personal. This means that a luxury is relative to what is considered a commodity for an individual. Luxury is a dream, a superlative and an aspiration, however, often perceived as hedonism. Premium, on the other hand, has similar notes to it as luxury but is more real and achievable. Premium is a guarantee of high performance-price ratio and a rational investment. Fashion, as the third direction, has a seductive essence. Fashion is frivolous and works as a personifier or a tribal differentiator where the style of self-equipment either unites or separates individuals from each other. Luxury has an influence on fashion, fashion has an influence on premium and premium affects what becomes a luxury. It is argued that the three attributes are more closely linked with each other than expected. When the factor of personal perception becomes involved it confuses the legalities of this class system. For example a pink crystal-shaped perfume bottle with a celebrity name can be a luxury to one and a sign of bad taste for another. Similarly a label that says “pure cashmere” might be extra special to most people but a commodity to the “happy few”.

When evaluating the attributes of a brand or a product, the simplest way is to compare it to other similar ones in the market. The results are always relative to individual mind-sets but never final. There’s a continuous development of value attributes which reflect the times and the competitive atmosphere. Here is one description of premium:

For me premium means a top-level of a brand or a product in a certain category. Premium brands (considering consumer goods) are often more expensive in order to achieve a high quality, thoughtful design and best manufacturing. Comprehensive marketing skills are required as well as stand-out shop displays to build the brand’s premium status. (Designer for Villa Stockmann)

In general this is how most people probably perceive premium when brands are in question. Nevertheless, in the era of global markets for many consumer goods, it is less easy to determine which elements make the final product: who makes the design, where does the raw material come from, where does the assembly take place, how many steps there are in the manufacturing process, how many pieces there is in a production batch. Since these attributes are hard to pinpoint and the price level does not necessarily correspond to quality, the value is perceived by brand image and the tested product suitability. This is where private labels have gained the distance to manufacturer brands:

The emergence of the ‘premium’ private label is one of the hottest trends in retailing. While this premium private label phenomenon has attracted considerable attention... it has rarely been tightly defined in terms of premium on what and compared with what. Is it premium quality or premium price or both? (Kumar and Steenkamp, 2007)
As introduced earlier, there are **premium-lite and premium-price store brands** (Kumar and Steenkamp, 2007). Firstly mentioned compete on high quality within a given price-range, the second ones are higher in quality and in price and are considered better than even branded competitors. Under the circumstances, the perceived premium image has more to it than just a luxury label:

However, private label brands will remain a significant factor due to their increasingly higher quality and low cost since retailers don’t have to advertise or promote them to the same degree as national brands... The emergence of a more thoughtful approach to spending on luxury and non-discretionary goods means shoppers will place a premium on goods that have qualities of timeliness, usefulness, and versatility. (PricewaterhouseCoopers, 2010)

So if there are many viewpoints on premium, than it must be quite subjective on how it is perceived. In other words “a consumer's beliefs, derived from their knowledge about the attributes of a product, reveal's overall attitude toward the product” (Rath, Bay, Petrizzi and Gill, 2008). This is called the Fishbein’s multi-attribute model (Mullen and Johnson, 1990). Multiple attributes, that are relevant for the target group, can be entered and rated according to importance. When several competing brands or products are placed in line and evaluated on a chosen scale (e.g. numbers, relevance or opposites) it generates a more detailed picture of the attitudes towards the different participants. Here is one opinion that can be used as a base for evaluating the Stockmann Black Label brand’s attributes:

I consider Hugo Boss, Filippa K and Acne as premium womenswear brands sold at Stockmann (to name a few). But, truthfully, the credibility of a premium brand isn’t in high pricing. Style and taste is another issue. All different aspects as a whole determine what is premium and what is not. The ideology, style, mood, marketing and shop concept has to be in the right place. (Designer for Villa Stockmann)

Accordingly these brands can be rated with above mentioned attributes and then compared with the hypothetical and desired attributes of the brand at hand. Figure 10 illustrates the attributes valued by the aspirational customer, which is the core target group for Stockmann Black Label.

### Multi-Attribute Model

<table>
<thead>
<tr>
<th>Attribute / Brand</th>
<th>Acne</th>
<th>Filippa K</th>
<th>Hugo Boss</th>
<th>Global Essentials</th>
<th>Stockmann Black Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideology: 1 chain - 10 designer</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Style: 1 trend - 10 signature</td>
<td>5</td>
<td>6</td>
<td>9</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Quality: 1 low - 10 high</td>
<td>8</td>
<td>7</td>
<td>9</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Price: 1 cheap - 10 expensive</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Fitting: 1 slim - 10 comfortable</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Marketing: 1 narrow - 10 wide</td>
<td>8</td>
<td>6</td>
<td>7</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Shop: 1 traditional - 10 artistic</td>
<td>8</td>
<td>6</td>
<td>5</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Fashionability: 1 fast fashion - 10 timeless</td>
<td>4</td>
<td>5</td>
<td>7</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Purpose: 1 casual - 10 formal</td>
<td>4</td>
<td>5</td>
<td>7</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53</strong></td>
<td><strong>51</strong></td>
<td><strong>66</strong></td>
<td><strong>46</strong></td>
<td><strong>52</strong></td>
</tr>
</tbody>
</table>

Figure 10. Multi-attribute model used for brand comparison. Adapted from Rath, Bay, Petrizzi and Gill (2008).
The attributes are rated according to the aspirations, meaning “if I could afford I would purchase grade 10 products”. Global Essentials is also added for reference.

This chart is a handy tool when comparing the brand differences in search for the attributes that can be exploited to find the niche markets. Acne is clearly representing the high fashion side with very artistic and individual message, experimental qualities and silhouettes, narrow fitting and quite expensive pricing. Filippa K has a more minimalistic approach, nice yet demanding qualities, contemporary design, somewhat slim fitting and price level on the costly side. Hugo Boss is a strong business-oriented brand with high quality level, sleek but timeless looks, focus on details and up-market prices. Global Essentials has a different take on women’s fashion, naturally. Looks are very classic, fitting is comfortable and qualities are as good as possible for the lower price level. **Stockmann Black Label is an elevated version of Global Essentials with prestigious qualities, attention to details and more signature design pieces.** The green rows in the chart mean to highlight the most important attributes when it comes to the customer’s real life scenario. In Why of the buy (Rath, Bay, Petrizzi and Gill, 2008), a comprehensive study on consumer behaviour, it was stated that:

*Up-branding is here to stay, but step back before you step up. Think about how your up-branded product will actually be different and more relevant and why people should pay for the privilege you offer.*

Although the customer might want the Hugo Boss, the truth is, it might be out of her reach financially. In other words she is looking for premium level in the right places: sumptuous qualities in chic designs, confidence fitting and suited prices. It is premium features tailored to fit the customers’ capacity.

Generally it’s estimated that private labels make over 40 per cent of earnings for some retailers and premium private labels in particular are an attractive and a profitable new option (Thomassen, Lincoln and Aconis, 2006). And as argued earlier, it is the specified gap between the far-out and the far-too-low, which creates the premium for the majorities. It is about offering the feeling of exclusiveness over opulence and refinement rather than vanity. Premium means a brand with tailored attributes to suit the the common customer and not the other way around.

**CONCLUSIONS**

- Luxury is relative to individual and common status, it has many embodiments.
- Premium is a guarantee of high performance. It is more achievable than luxury.
- The emergence of premium private labels is a trend in retailing.
- The multi-attribute model helps to compare brands according to chosen values.
- **Stockmann Black Label is a premium version of Global Essentials.**
Figure 11. Moodboard of the target shoppers’ aspirations.
Forget the basics. There is enough to go around already. The majority of adult women are looking for something extra, value for their purchase. A nice quality, a special design or an elegant detail. Regardless of the age, it is that certain style that drives them to go shopping. It can be called aspirational or just thoughtful shopping. “You are what you wear” is still a powerful guideline for these women. Especially in Russia and also in Finland. Many have outgrown the fast fashion phase and gone weary of the poor qualities offered in the cheap chain stores.

Global Essentials is one of the biggest and oldest private brands at Stockmann in women’s fashion. The first collection was introduced in 1998. Global Essentials is also one of the bestsellers and has proven to be very competitive among other classic fashion brands like Gerry Weber, Basler, Voglia and Betty Barclay due to its exclusivity and excellent quality-price ratio. The mission is to offer up-to-date classic style and coordinated looks from work to evening. The collection is quite comprehensive consisting of jackets, blazers, knitwear, dresses, blouses, tops, pants, skirts and jersey basics. New deliveries come in stores every month and total number of styles is approximately 90 pieces per season. Core product groups are knitwear, blouses, dresses and jersey items, most of them being seasonal and basic styles. When it comes to fashionability Global Essentials represents sophisticated classic style with a modern edge and less fashion forward attitude. The size range is from 34 to 46 (European size system) and the fitting is comfortable and true to size. Price points are lower than in any other classic women’s wear brands in Stockmann but clearly higher than in fast fashion chains.

The Global Essentials collection is mentally and visibly targeted to mature women who appreciate the nice qualities, suitable fitting and subtle yet carefully considered details. Loyal Customer women are the main target group. When looked into the CRM (customer relationship management) data there is in fact strong evidence that the target group and the actual customers are very close to one another. Most of the purchases are done by Loyal Customer women who are over 35 years of age. In Finland the biggest customer group is middle-aged or up but in Russia the majority is a bit younger. Estonian and Latvian customers are somewhere in the middle. However, these big customer groups also buy other fashion brands from classic, casual, modern, design and boutique categories somewhat evenly. This means that customers are not systematically staying in their preassigned style area but in contrast like to blend different types of brands to make their own individual style. And this is only in Stockmann. These customers assumably shop and add more brands to the mix from fast fashion chains, small boutiques and others alike. The percentage of Loyal Customers (of total Global Essentials customers) is big in Finland where Stockmann is well established but rather less in Russia due to the fact that the department stores are younger and face more competition. Another interesting but a minor fact is that in Russia there are also men as Global Essentials customers when in Finland there is almost none. It can be a sign of the dressing culture where Finnish women prefer to buy their own clothing while in Russia men might buy more clothing as gifts.

It feels there’s a clear image of the key customer: where she works, how she lives, how she shops and most importantly what makes her feel chic and confident. And this type of a brand strategy has worked well in this classic lifestyle segment. At least until now. There are signs of a slight oversaturation of mid-priced ‘everyday’ collections. In Global Essentials collection there has already been a shift towards a more designed image following the demand for uniqueness and diversity since the fashion is getting more ladylike.
and embellished or in the opposite also more minimal where quality becomes very important.

Villa Stockmann is a private brand for home furnishing offering classic up-market design and fine qualities with competitive prices. It was launched in 2006. The lifestyle is described as classic traditional with modern and simple mood. The slogan is: “Contemporary classics and luxuries in life”. The collection includes products for the bedroom (bed linen, bedspreads, quilts, curtains), the bathroom (towels, bathrobes, accessories), dining (tablecloths, dinnerware) and decor (candles, decorations, photo frames). Structural emphasis is in home textiles. Villa Stockmann’s quality level is strategically higher and price points are accordingly at medium level considering all home brands in Stockmann. Success lies in beautifully coordinated “looks” for the homes while keeping the quality promise in all areas. Villa is considered as a true brand among other international ones. It is a living example that private brands can be very competitive and not only in price.

“It’s not the age but the style” is how the target group of Villa Stockmann is pictured. For home brands is more natural to target their customers according to lifestyles than age. In this case there is of course the medium price range that sets a certain threshold for younger customers. The CRM data reveals that the biggest customer group is Loyal Customers whose age is evenly divided between 30 and 50 years. In Finland the average age group is slightly higher and in Russia, Estonia and Latvia it is younger. Most of the customers are women but again the percentage of men is higher in Russia and the Baltics than in Finland.

Furnishing homes has been a rising trend all through the 21st century which is surely thanks to the fact that the standards of living have continued to improve in the developed countries. Same goes with food. Stockmann’s fine groceries department, Delicatessen, has had a steady growth in the last decade. In fact food is the next biggest merchandise area after rest of the home department in Stockmann where Villa’s Loyal Customers go shopping. Only after food comes women’s clothing. It can be seen as a good sign when people want to invest in their homes, a sign of well-being and a balanced economic situation of the ordinary households.

Much like in Villa’s case the age of the customers is getting less important for segmenting due to the factors of perceived age and the importance of style:

One significant trend identified in the last few years is the notion of ‘perceived age’ as opposed to chronological age. People over 50 years old often have much lower self-perceived age and this influences purchasing behaviour. (Hines and Bruce, 2007)

However, since customers are not willing to give out much more than general information about themselves, the true age is also one of the few clear things we know of them in addition to gender and perhaps the living neighborhood. Baby boomers are still considered as the generation with the biggest purchasing power. There’s a common misperception that baby boomers are not interested in up-to-date style and spend only on comfort and looks that suit their age best. But new looks and trends are increasingly interesting to them as well. Gen X has also influenced their parents’ generation by teaching them about individualism, the importance of first appearances and a freer dressing culture with less visible class system and gender norms. And as said it’s far more attractive to shop according to your style than age:

Some 10,000 baby boomers turn 50 every day, and they are entering their later years with lots of money and adventurous spirits. (Rath, Bay, Petrizzi and Gill, 2008)

People want to appear ageless and represent style that’s admired by their peers. No woman past their thirties wants to buy their outfits from the “granny” store. The worldwide casual fashion chain Gap had to experience that the hard way as they opened the “Forth & Towne” stores targeted to the 35+ customers who grew out of the Gap brand. Less than two years later that “marketers dream” closed all 19 stores due to unprofitability (Rath, Bay, Petrizzi and Gill, 2008).

Stockmann shoppers have high expectations due to the brand promise of an excellent shopping experience and a wide selection of high quality products. They are active ‘foafs’ (friend of a friend) and they often shop together and share all positive and negative opinions with others. They want to be noticed, treated with respect and learn about the things they are buying. As one of the shop assistants said when discussed about the Stockmann Black Label
collection: “What are the most interesting pieces in this collection? Can you give me some pointers on the brand’s story? Our customers are always eager to hear them”.

The target group of Stockmann Black Label is based on Global Essentials brand with a leap towards a more refined taste. Women who expect sophisticated but modern looks, carefully chosen materials, finer details and a flattering fitting. The emphasis is on Loyal Customers who actively shop in Stockmann. They appreciate a designed touch and thus prefer to buy trusted brands. The vision is to reach a similar target group who buys Villa Stockmann: the selective and quality-conscious estheticians who want finer things in everyday life. Stockmann Black Label and Global Essentials are strategically targeted to quite similar customers, unlike with other womenswear own brands. The SBL capsule collection’s mission is to celebrate the 150th anniversary year and to offer a refined office-to-evening wardrobe for the beginning of the party season. If this try-out of a premium image pop-up brand proves itself to be profitable then it will have a chance to be later introduced as a permanent brand. In that case Global Essentials will also be repositioned to avoid internal competition. But during autumn 2012 SBL and Global Essentials will have a connection due to shared budgets and shop-in-shops. Brand positioning is the topic of the next chapter.

CONCLUSIONS

- Many adult women are bored with fast fashion and are looking for value for their investment. A nice quality, detailed design and focus on fitting are key attributes for them.
- Modern women cross-shop a lot between brands and stores.
- Global Essentials offers elegant everyday pieces for the classic customers.
- Villa Stockmann targets people who appreciate “contemporary classics and luxuries in life”.
- Customer’s perceived age reveals more from their shopping behaviour, not the real age.
- The target group for Stockmann Black Label is selective and design-conscious. They seek for modern and flattering items with charming details.
SWOT analysis is an established method for evaluating current state and future prospects of a business venture or a project. It provides tools for strategic planning where internal and external forces are taken into consideration and classified as helpful or harmful for the business. Stockmann Black Label is analysed here as a one-time-only project though keeping in mind that there is commercial potential in the near future to become a stable Stockmann brand.

Stockmann is a place for shopping brands with a certain quality promise. This joined with the Stockmann 150th jubilee year and the World Design Capital Helsinki 2012 campaigns created an optimal setup for launching a new design-oriented private brand for the biggest department store chain in Nordic countries. The ‘natural’ hype around design, including fashion, during autumn 2012 was part of the Stockmann Black Label brand strategy. From the collection point of view the biggest strength was of course the excellent quality-price ratio available through the trusted Stockmann’s cooperators from Finnish fabric agents to BSCI standardised suppliers in Europe and Far East. From the start it was seen that the core of the brand should be in coordinated outfits with the emphasis on elegant knitwear and blouses. The up-market image was meant to be visible in the collection to support the Stockmann brand and vice versa. The aspirational customer base, like the target group, was already established within the Loyal Customers.

The strict campaign schedule was one of the biggest challenges to overcome in this project. The collection was small, considering number of styles, but different stakeholders were plenty. In addition the somewhat different shopping cultures and attitudes towards Stockmann between Finland, Baltics and Russia demanded courage and risk taking when deciding on colors, materials and silhouettes. As stated earlier that the average customer group was younger and more fragmented outside Finland. Also any setbacks, like blockage in the information flow or too many delivery delays, were understandably estimated to be very harmful for the campaign. Visual marketing had a demanding task as well in helping to build a brand ‘overnight’ without the in-depth brand story behind it. Shop-in-shops were integrated with other brands so each shop was, in the end, differently positioned within the stores.

Future expectations, on the other hand, are set high. If the collection is commercially successful it would mean a lot of potential for growth especially in knitwear, blouses and accessories. Strengthening the brand image would be possible through the fresh web-based marketing channels like Style Guide and Trend News newsletters not to mention Premiere magazine and Loyal Customer leaflets. A great opportunity is in expanding the collection to plus sizes since many of the great girl collections are found only from the very classic brands. Then again the unstable economic state of the European Union creates uncertainty specifically in fashion retail sector. The premium image is also much more vulnerable against any production defects than other Stockmann private brands and, on the other hand, keeping up the quality promise in following seasons is challenging enough without any special marketing boosts. Plus compared to autumn-winter season the spring-summer is more difficult to build around fancy tops for instance since the party season starts from April and outside temperatures until then are below zero in many countries.

Fortunately in the light of this analysis there are more strengths and opportunities to work with than negative aspects. The risks are relatively low compared to the possible gains if everything will go according to plan. The insights resulting from actual sales and customer comments will in time show the accuracy of this SWOT. The final review in Part 5 will introduce the results and the feedback from sales floors.
## CONCLUSIONS

### STRENGTHS
- high qualities with reasonable prices
- top-to-toe coordinated looks with shoes and accessories
- luxurious knitwear and fancy tops in seasonal colours
- up-market image supported by Stockmann brand
- active information flow between stakeholders
- noticeable marketing campaign joined with Stockmann 150
- established customer base for similar fashion brands

### OPPORTUNITIES
- good feedback and sales will enable a future as a permanent private brand
- big potential for growth in accessories, knitwear and blouses
- possibility to become a respected brand within other brands
- good visibility to target group through Premiere magazines, Style Guide and Loyal Customer leaflets
- expansion to plus sizes

### WEAKNESSES
- strict campaign schedule
- high sales expectations for a short period
- production delays or cancellations have a bad and irreversible impact on a small collection
- missing an in-depth brand story to strengthen the image
- differences between Finnish and Russian shopping cultures
- shop-in-shops integrated to other brands

### THREATS
- gloomy economic prospects in Europe is weakening the purchasing power
- spring-summer seasons would be more challenging from stock turn and sell-through point of view
- higher vulnerability in case of defective production batches
- keeping up the quality level after first collection
Figure 12. Stockmann Nevsky Centre in St. Petersburg.
© Stockmann Group, photo by Kenneth Luoto
The focus of part 3 was in future objectives. Stockmann vision and CSR strategy was introduced to give an idea of the general corporate goals and the importance of own brands in that equation. Differentiation through design was sought from the point-of-sales perspective putting the ‘more than expected’ philosophy in the center of the Stockmann Black Label competitiveness. The concept of premium and the emergence of premium private labels was analysed with the support of recent studies, industry news and the multi-attribute model comparing the possible competitors for SBL within Stockmann. Global Essentials and Villa Stockmann provided the base for target group analysis which discussed the perceived age and style-oriented consumer behaviour among other things. SWOT analysis evaluated the realistic future prospects of SBL brand with a breakdown of the pros and cons.

Stockmann wants to provide their customers with a shopping venue that exceeds expectations. This vision guides all operations at Stockmann and especially in the buying department which is undergoing a big organisational change to improve a responsive, analysed and reactive way of buying. It was revealed that own brands are in the heart of the competitive advantage when giving the shoppers a broader assortment of high-quality products. Stockmann.com and Style Guide was introduced as the newest tools to reach those customers that are shopping and browsing fashion online. The corporate social responsibility strategy was viewed briefly, and noted that Stockmann purchasing offices and suppliers operate under BSCI standards. **Stockmann Black Label uses most reliable suppliers and aims for sustainability with a long lifespan design thinking.**

Positive ‘buying and trying’ experiences was seen as a critical differentiation point for Stockmann Black Label. In addition, the integrated marketing-design process was defined to be the optimal way to create a coherent image for this one-time-only campaign collection reaching for a premium status. The level of quality and price was pinpointed to be higher than other own brands but significantly higher than international brands in mid and mid high ranges. Thus the birth of premium brands, capsule collections and collaborations was reviewed as a phenomenon aiming to attract the middle class aspirational customers who are looking for value for their money. But what makes a premium? The multi-attribute model tried to answer this while comparing Stockmann Black Label to different brands with selected variables and their extremes. **It was stated that SBL implemented a premium strategy based on Global Essentials brand by elevating certain attributes and honoring the 150th birthday of Stockmann.**

Who is our shopper? It was presented that adult women are open-minded, quality-conscious and well aware of trends. Detailed design and flattering fitting are the key elements they are looking for but the fast fashion chains are not often able to meet these requirements. Global Essentials and Villa Stockmann was cross-analysed in the light of the previous notions to understand when and what the Loyal Customers are buying from Stockmann. The concept of agelessness and modern yet elegant personal style became the unifying factors for SBL target group.

The essential strength and potential for Stockmann Black Label was analysed to be in the style coordination, affordable luxury products and a link to the 150 Edited Collection. Although, it was seen that a tight campaign schedule might set the pressure too high for the production, and the threat of possible delays or deliveries that are below-standards would be harmful considering the high expectations from a short sales period. Part 5 will give a response to this SWOT analysis but before that let’s concentrate on the collection and the Stockmann Black Label brand itself.
Part 4

THE BRAND
Stockmann Black Label starts a new breed of private brands in women’s fashion. The vision is to create a brand that will nourish the Stockmann brand through an elevated design process. With the ‘mother’ logo integrated to the brand logo it is crucial to reproduce the values linked with Stockmann as a brand into the collection: guaranteed quality, refined style, attention to details, and a memorable shopping experience. In addition, Stockmann Black label is created as a part of the Stockmann 150 Edited collection which alone sets higher standards for the brand. The vision: making design statements for true style.

The vision was strongly design-oriented from the beginning, also due to Helsinki being the World Design Capital in 2012. Therefore, Stockmann wanted to strengthen their image as a design-centered retailer. Stockmann Black Label is a joined venture for many internal stakeholders who aim for an exceptional way of working through a coherent design strategy. “Good design is good business” as Brigitte Borja de Mozota puts it. She talks about the importance of design considering company relations, performance and management in her book Design Management (2003):

**Design as differentiator.** When design strategy aims to create a better brand, improving product, packaging, or service performance, it increases the financial value by boosting sales, exports, and customer perceived value.

**Design as coordinator.** When design strategy aims to manage change in the innovation process, it acts as an efficient tool for the management of new product development. Design creates value because it helps coordinate functions and avoid conflicts, encourages cross-disciplinary teams, and improves communications among the designers in a project team.

**Design as transformer.** When design strategy creates value by improving the relationship between the company and its environment, anticipating a clear vision of future markets and competition, creating new markets, and forecasting trends, it generates substantial strategic value, which can have a direct effect on the organization’s positioning.

So design has many roles not exclusively meant for designers. Design can be seen as a creative process for the whole team. Innovation is needed in all departments in order to generate success and competitive advantage in the future. In addition, Stockmann added courage to the basic values of their operations in 2012 which in itself tells about the need to renew the business strategy to meet the competition and to attract new customers. **Stockmann Black Label is one of those courageous examples how a multidimensional design strategy was incorporated to the whole process.**

The whole thing started in October 2011 with a group of people from own brands going to Helsinki department store one evening to brainstorm, check the current collections and to monitor customers. There was the Merchandise Area Director, Merchandise Manager, Design Manager and Designer from Stockmann own brands. The conversation was low key but passionate when everyone shared thoughts, aspirations and opinions for the upcoming collection. Each had their own point of views and therefore the discussion was very fertile. The directional goals were set to be in special qualities, fine details, novel design and confidence silhouettes. The work continued by coming up with keylines and phrases to elaborate the brand idea:

**For everlasting elegance.**

**It’s in the details.**

**Tales of a woman.**

**The essence of sophisticated chic.**

**Classic rules with modern twists.**
Figure 13. Stockmann Black Label window display.
© Janne Salovaara
The brand ideology is thus built around the modern elegance on which Stockmann brand stands for as well. The beauty of womanhood is in the spotlight honoring the subtle allure and feminine curves in the spirit of iconic women like Jacqueline Kennedy Onassis or Kate Winslet as a modern day fore figure.

The next step was to decide upon a name and to create the logo. Stockmann Edited was the working title for the project. Since the whole anniversary collection, consisting of many different branded products, had already been named the 150 Edited Collection, the name needed to be changed. The one-time-only feature of the collection required the brand name to indicate prestige in a single reading. Black is the color of nobility, elegance and experience. Black Label on the other hand is a commonly recognised name used by many different brands in order to differentiate higher quality product lines or capsule collections of the mother brand. So the brand was named, quite unambiguously, as Stockmann Black Label. The logo was derived from Stockmann Silk’s logo, the private brand for fine lingerie, in order to avoid the registration of any new logotypes. The delicate script reminds of elegant femininity and is underlined with the spacious and simplified capital lettering of Black Label.

In Why of the Buy (Rath, Bay, Petrizzi and Gill, 2008) it was suggested to “play from your brand’s strength”, “leverage design” and “create a brand personality” in order to build brand equity. For Stockmann Black Label these functions had to be embodied with a single logo due to the pop-up nature of the brand. The strength is built upon the Stockmann brand. Black Label indicates a level of refined design, and brand personality is crystallised in the slogan: “It’s not just about the look, it’s a lifestyle!”.

In addition, the vision of Stockmann Black Label is supported by the refined appearance of the 150 Edited Collection.

**KEY POINTS**

- Stockmann Black Label vision and values are linked with the Stockmann brand in order to create brand equity for both.
- The role of the SBL design strategy was in making connections in between management, marketing and design for a coordinated and commercial result.
- Goals: special qualities, fine details, novel design and confidence silhouettes.
- The brand ideology was to honor the beauty of womanhood.
- The collection was given a name that would communicate the Stockmann prestige in a flash.
- Stockmann brand and the 150 Edited Collection supported the SBL vision.
Looks to last

Visual poetry

A touch of class with a hint of modern

make looks to last for a lifetime. It’s in the details.

"I am a woman above everyone else!"

- Jackie O

The women’s collection is a defining vision of elegance. It is effortless in style and designed to last for a lifetime. The dressy elements pair perfectly with ever-so-classy cashmere sweaters, silk blouses and fine jerseys.

Dress like the stars

Iconic chic

Tales of details

It’s in the details

A touch of

Dedicated to dress up

BRAND IDEA

COLLECTION

Figure 14. Pages from Stockmann Black Label brandbook.

© Stockmann Group
On another level, given all the stresses of the world, there seems to be an increasing desire to “take care of me”. People want a bit of luxury however they can get it. (Rath, Bay, Petrizzi and Gill, 2008)

Luxury is a very personal thing, as discussed earlier. It can be experienced in more ways than just a shiny logo with a high price or a glossy ad in a leading magazine. A peaceful space, a favourite scent or a soft material can all be luxuries to different people. Premium quality can thus be interpreted in many ways as well. The essence of premium is derived from serving the senses: vision, touch, smell, hearing and taste. When it comes to clothing, the stimuli we get from shopping and wearing the garments, are crucial for a satisfying experience:

In fashion, vision is the most obvious stimulus... at a fashion show, we are exposed to an amazing assortment of garment colors and shapes...color is an especially vital element of vision. Essential also to the total fashion presence is the sense of touch. The plush feel of velvet, the smoothness of microfiber, the slight scratch and weight of denim each create a physical sensation on contact with the skin. (Rath, Bay, Petrizzi and Gill, 2008)

In addition to vision and touch the other senses can also be deciphered as stimuli used by fashion marketers and designers. Smell is an indirect element in fashion because the industry rather tries to avoid it due to smell being a very strong and divisive sense. Some fashion concepts do of course use it as a hallmark for the brand, eg. Abercrombie & Fitch. But, on the other hand, smell can be interpreted as a brand image detector: is the brand personality suitable for me and does it have similar values I approve of? The brand “smell” is the perceived image experienced by the audience of consumers.

Similarly, the sense of hearing, can be seen by fashion either directly as the sound a garment makes when worn or indirectly as word-of-mouth between shoppers. Static, rubbing or crispy sounds can be signs of cheap synthetic materials or characteristic for sportswear. Soft sounds may indicate warm natural materials like cashmere or cotton. Then again, hearing about a brand has the power of reassurance or contradiction in consumers minds. Taste is an equally indirect sense used by the fashion industry. As it is not convenient to sense clothing with your mouth, taste can mean the sense of style: a certain look of an individual or a fashion collection. The “taste” of a piece of clothing is very subjective, and probably the strongest of the indirect senses in fashion. Hence, serving all the senses is a key function for fashion design, and especially important when aiming for a premium level user experience.

The mission for Stockmann Black Label is to serve the senses in an elegant way to support the premium image. The aim is to create lovable garments that would be used again and again. Using lush and durable materials like pure cashmere, extra fine merino wool, silk-satin and fine mercerized viscose jersey makes the basis for the design. The collection is defined like this:

Definitely chic.

The collection is a definition of elegance. It is effortless in style and designed to live beyond fast fashion trends. Future vintage is what we aim for.

These garments are made with a modern touch yet an evergreen state of mind. Quality is a key issue as well as making women feel confident from work to evening. The dressy design elements and favourite suiting separates pair perfectly with ever-so-classy knitwear, chic tops and fine details.

Feel good, look spectacular and don’t settle for less!

Confidence is indeed one of the key elements considering the silhouettes. The general fitting is not slim but slimming: covering where needed, revealing where suitable and above all flattering to different body types.
from O to X-shapes. The intention is to offer options in all product categories. For example the two dresses in the autumn-winter 2012 collection serve different purposes. The fitted stretch shift dress, Halle, with contrast tapes in the princess seams is intended to shape and support the figure while creating a slimming appearance. The draped elbow-sleeved dress, Helen, is designed to highlight the curves but hide the tummy. Also it is made from a dense anti-wrinkle jersey in order to look immaculate even when worn straight from a suitcase. Similarly, the two styles of pants in clean and washable wool-stretch quality are satisfying different needs. Cameron is the straight leg pant elongating the appearance while the cropped slim style, Cate, emphasises slender legs and pair well with the popular ankle boot styles. So each garment has a function added to the look. Together these wardrobe delicacies can be mixed into various, easy and exceptional outfits.

Attention to detail is another focus in Stockman Black Label garments. Small thoughtful indications are included to make a signature style. The narrow labels are densely woven with black base and shell white lettering. Refined qualities have their own extra labels: pure cashmere, extra fine merino and fine silk. The Sophia silk blouse has a detachable tie piece and narrow double button cuffs inspired by cuff links. The mini-sequined top, Michelle, has two layers of raw-edged light georgette around neckline, armholes and hem. Jessica is a modern shape turtleneck sweater in lovely cashmere with a dropped shoulder line and fully fashion details in waist for a nice feminine figure. The Kirsten shell top in extra fine merino wool has special Japanese shiny crystals for that eye-catcher effect. And to top it all there is the airy Drew blazer in fine flat finish tweed with a waist-emphasizing peplum hem.

To complete the look Stockmann Black Label also features some limited edition accessories from bags, scarves and belts to shoes. Anne leather tote is a ladylike hold-all in sturdy leather. It has round and straight handles, easy-to-open metal lock, a detachable across-body strap, a covered key loop detail, multiple inner pockets with zip closure and an embossed cardholder. Audrey leather clutch fits inside easily if the day continues straight to evening events. The Angelina cashmere wrap works as a dashing neckpiece or a cosy shawl during travels. The patent leather belt, made in Italy, has a decorative triple-buckle. There are also two styles of suede shoes: heeled ankle boots with warm-lining and a back zip and classic pumps with a shallow platform and patent leather detail.

From small details and dressy separates to complete looks, Stockmann Black Label is all about refined silhouettes with a modern classic spirit. It’s a finishing touch to create lovable garments. It’s in the details making statements of true style.

**KEY POINTS**

- The essence of premium can be experienced through the senses: vision, touch, smell, hearing and taste.
- Stockmann Black Label aims to offer exceptionally lovable and wearable garments.
- The fitting is flattering. The collection consists of pieces for different body types.
- Various and exceptional outfits are easy to combine.
- Signature style is created with elegant details.
- The accessories are designed to complete the look.
Businesses of all types try to turn today’s buyer into tomorrow’s loyal customer by continuously searching for and implementing ways to add value to multiple parts of the shopping experience. (Rath, Bay, Petrizzi and Gill, 2008)

The key driver for Stockmann as a retailer is serving their customers with a shopping experience which exceeds expectations, as introduced earlier. A wide range of branded quality products from various merchandise areas is the main attraction with the highly-rated service culture supporting it. Stockmann private brands have a mission to offer commercially essential products with lower price points in consideration of the Stockmann quality promise. Many of them are already well-established especially among the Loyal Customers. **Stockmann Black Label represents a new premium, yet affordable, addition to the own brand family with an elevated design level supporting the Stockmann brand image.**

The positive “buying-and-trying” shopping experiences are essential for department store retailers like Stockmann. Good products generate good sales. This statement is the backbone of this thesis and one of the important drivers for Stockmann Black Label. Much more can be achieved, beyond the dashing marketing strategies, with a simple mantra: “Behind every great brand is a greater product” (Thomassen, Lincoln and Aconis, 2006). **Maintaining the quality promise, after the item has been checked out from the cashier and used for many times, is the true ordeal.** When successful it decreases the perceived cost (price versus value) and stabilises the future of the business:

*Trying and buying are the two moments where you can make a difference and realize the full retail potential of your brand.* (Thomassen, Lincoln and Aconis, 2006)

Boosting the quality promise was the essential issue when planning the collection and designing the actual Stockmann Black Label products. Fine and durable fabrics for tailored pieces were sourced via reliable fabric agents and the manufacturing was done in Estonia to secure nice fittings and workmanship. The prime knitwear suppliers in Hong Kong were assigned to produce their best results in sumptuous qualities with the emphasis on delicate details. Furthermore, the sampling phase can be described as a challenging audition for garments where even the slightest flaws were detected and corrected. **All in all a more thorough attitude, than usual, was embraced all the way from assortment planning to material sourcing, style-precise fittings to fine tuning the details, coming down to making desirable products with an optimal perceived cost in order to endorse added value through good design.**

**KEY POINTS**

- Focus on the customer experiences: “Behind every brand is a greater product”.
- Maintaining the quality promise is the key to success.
- The quality-price ratio aimed for a low perceived cost.
- The manufacturing of Stockmann Black Label products was done via reliable suppliers.
6TH SENSE / Tales of a Woman

On the search of what makes a woman this collection is dedicated to feminine essentials. Emphasis is on the waist and the beautiful draped silhouettes. It’s a selection of softest cashmere and merino knits, iconic dresses, stretch wool bottoms and detailed tops in luscious materials. These modern pieces are made with a 50’s flare - the age of true femmes. Colour palette is what makes it modern: Shadow Fuchsia and deep Midnight Blue is paired with evergreens like Black and Oyster Shell. Copper Brown and Sand Beige is added to give warmth.

Figure 15. Stockmann Black Label, color card for AW12 September
Figure 16. Stockmann Black Label, sketches
© Johanna Salovaara
Figure 17. Stockmann Black Label, product map for AW12 September
Figure 18. Stockmann Black Label, key looks. Models: Jasmina Toivonen / Fondi, Karoliina Kupari. © Johanna Salovaara
When assessing the commercial potential of a brand or a business venture certain requirements need to be considered: identity, quality, usability, availability, visibility, novelty value and reputation. In addition it has to be recognised that even when all requirements are critically evaluated the risk always exists, especially in the fashion industry. The aim is to simultaneously minimise the risks with coherent marketing, suitable design and a tight quality control while making sure the novelty value is attractive enough to generate aspirations.

The brand identity might be evaluated as the most difficult to achieve for Stockmann Black Label due to its limited edition nature. Therefore the name is linked to the Stockmann brand in order to achieve instant comprehension and create a link to Stockmann values. Thus the key factors to support this are reputation, visibility and novelty value.

**How to achieve optimal awareness across the different market areas with a small-scale marketing strategy? How to be different against competitors?**

**How to convey the premium value but avoid the opulence?** The strategic advantage for Stockmann Black Label is of course the distinguished anniversary campaigning and being a part of the 150 Edited Collection offering a wide selection of carefully selected quality goods from coffee to designer handbags. Whoever finds them interesting is bound to get acquainted with the SBL brand. The critical point is the apparent price level. It is very dangerous to appear too expensive or on the other hand too cheap to be respectable. The premium identity versus affordable prices is a tricky business but the risk is minimised by placing the Stockmann Black Label collection with peer brands, like Global Essentials, to guide the right shoppers to the SBL shops.

Concerning availability, also included in the Stockmann Black Label brand strategy, the **exclusive and limited selection is counted as a part of its attractiveness and commercial potential.** The economic risk is small yet the knowledge gained is very valuable. Along with the omni-channel retail strategy (including department stores, shopping centre stores and e-tail) the Stockmann shopping venue has expanded to suburban areas and internet which enables a vast customer base. The British department store John Lewis is also in the business of opening a pop-up store in more remote areas to boost its omni-channel strategy:

> John Lewis Brand and Buying Director Peter Raais said: “This way of launching a new shop really engages with the local community, while at the same time goes back to the basics of retailing – finding a site, choosing an edited assortment and presenting it to customers in a creative and unique way.” (Harrison, 2012)

Accordingly, though SBL is available for a limited time period only, its availability is quite wide. Although it has to be said that the brand identity is much harder to convey in an e-tail environment than in a flagship department store which means that the products have to speak for themselves when bought from the net store.

This takes us back to buying and trying; the elements of quality and usability that are the strongest values for Stockmann Black Label. The **high quality-price ratio has proved to be a commercial success for other womenswear private brands at Stockmann and in SBL it has been enhanced in order to offer an even more excellent level of quality and style in a competitive price level.** The affordable price level links to the compact yet easy-to-combine product range. Prices are between 22,90 and 169,00 euros so one can easily buy a whole outfit with less than 200 euros which is a lot less than from other international brands. And in many cases the quality level is more or less the same not to mention the fitting. The SBL garments are designed to fit nicely to mature feminine figures and give more confidence; the essential tool in securing the commercial potential in a shopping milieu like Stockmann. Whether this analysis is realistic or not, it will be reviewed in part 5.
KEY POINTS

- identity: up-market mood with affordable prices
- quality: excellent quality-price ratio, lasting design
- usability: confidence fitting, easy-to-combine outfits
- availability: omni-channel strategy, attraction in exclusiveness and limited selection, positioning within peer brands
- visibility: a striking campaign strategy focusing on loyal customers
- novelty value: differentiation with elevated design, integration to stockmann brand promise
- reputation: stockmann brand supporting the awareness of the brand
Figure 19. Stockmann Black Label advertisement in Premiere magazine 09/12.
© Stockmann Group
Part 4 implemented the analysis from previous chapters into Stockmann Black Label collection. The vision and mission were further examined in relation to the Stockmann mother brand. Adding value to customer experiences was discussed with the help of the ‘buying and trying’ philosophy. The coherent design strategy was introduced as well as the actual collection from brainstorming to products. Final section analysed the commercial potential of the project. The vision was to create brand equity to Stockmann brand with linked values and standards. Therefore also the name, Stockmann Black Label, was given in order to create an instant image of the brand. The design strategy adopted the role of connecting different departments for a coordinated and commercial result. Honoring the beauty of women the brand ideology pursued a set of goals: special qualities, fine details, novel design and confidence fittings. In addition, it was stated that being a part of the 150 Edited Collection required certain attributes of prestige and exclusiveness.

The elements of vision, touch, smell, hearing and taste was discussed from fashion point of view. Serving the senses was found to be in the heart of what is considered premium. Hence the mission for Stockmann Black Label: creating exceptionally lovable garments. The focus was in luscious qualities, elegant details, flattering fittings and versatile outfits with a contemporary twist. The extensive yet compact wardrobe was spiced up with seasonal and sophisticated accessories.

Exceeding customer expectations is the backbone of Stockmann competitiveness. The saying that good products equals good business became an important principle for Stockmann Black Label process as well. Also it was stated that the premium quality promise required meticulous monitoring and secure supplier connections. The aim was to offer a surprisingly good quality-price ratio which would result as a low perceived cost.

The Stockmann Black Label brand identity was elaborated with slogans from the brainstorming phase. The collection was presented through visual notes of the whole assortment. Qualities, styling and fits were described in detail. The key looks were displayed with mood pictures. There it all materialised.

As a conclusion to part 4 was the analysis on commercial potential. It was divided into seven elements: identity, quality, usability, availability, visibility, novelty value and reputation. The commercial strength was defined to be in quality, price and usability but there’s no question that the real strategic advantage this time was found to be in timing and the visibility of the anniversary year campaign. The following part will gather the results and conclude a final review of this project.
This chapter will analyse the actual commercial outcome of Stockmann Black Label collection with the help of the sales data and the feedback received from the shop floors. Again the results will be partially recorded here due to the confidentiality agreement with Stockmann.

In the beginning of November 2012 a following questionnaire was sent to the responsible shop assistants in all the stores across Stockmann department store chain:

1. How has Stockmann Black Label collection been received among customers?
2. What do You think about the collection? What kind of comments have you heard from customers regarding the products and qualities?
3. Has the price level been cheap, suitable or expensive?
4. In your own words, could You describe the customers who have bought Stockmann Black Label products. 
5. Has it been easy to find nice outfits from the Stockmann Black Label collection?
6. What products or product groups have been most successful? What styles didn’t work?
7. Share Your thoughts concerning the Stockmann Black Label collection? Would there be commercial potential for a similar brand in the future?

Most stores replied, some with with long and some with short comments. Understandably many of the answers received concentrated on the products, prices and quality. Opinions on branding, marketing and commercial potential were only a few since those areas are not often related to the everyday work of the shop keepers. Approximately 70% of the feedback was positive or neutral and only a few were truly negative. Generally everybody thought that the products and the collection in itself succeeded in quality and style. The quality-price ratio, as well, was mostly considered suitable or even excellent. The shop personnel highlighted that, quite exceptionally, there was no complaints or returned items from SBL collection. Some of course thought that the price level was too high for an own brand but also noted that while being a new brand with higher standards it would take time to achieve a right mindset within the customers.

The knitwear, tops and accessories were loved everywhere. The cashmere and merino knits were perceived as very interesting and of high quality. Similarly the feminine tops in silk, georgette and mercerised jersey were mentioned as commercially successful due to elegant details and nice qualities. The accessories; consisting of two leather bags, a cashmere shawl and a leather belt; were considered excellent as well since the quality was nice and polished but the prices were noticeably less than other globally known branded accessories. The two trouser styles, though, shared opinions. The Cate cropped trousers in stretch wool mix were considered more successful for they paired well with the trendy ankle boots and rainy weather. The Cameron straight trousers in same quality did not interest customers this season. The more expensive items like the trousers, tailored dresses and the blazer was seen as most difficult to sell especially in the Baltic countries and Russia where the general income level might not be in favour of this type of investment dressing. Also, as stated earlier, the awareness is slightly more difficult to achieve for new and unknown brands in these countries since fashion culture is more related to the big brands in luxury or fast fashion categories.

So let’s talk a little bit about branding which was probably the most difficult task in this project. The tools: anniversary year campaign, limited collection, one advertisement
Figure 20. Pictures of the store displays.
© Stockmann Group
and point-of-sales shared with another own brand. On one hand the whole concept of the 150 Edited Collection supported the Stockmann Black Label brand ideology very well and created a certain hype around the campaign and the products. On the other it was easy to disappear in the stores without a striking visual merchandising or separation from other brands. Needless to say perhaps that many of the store comments on branding were less positive because the visual merchandising strategy was not effective enough from their perspective. It was challenging for them to explain the difference to customers because the shop floors were shared with Global Essentials. Clear indications and signs to separate the two were not executed in the best way possible. However, some stores did in fact think that the brand was noticeable and welcomed by the key shoppers. In Helsinki city center Stockmann Black Label had the whole corner window display for some weeks which boosted the sales nicely. As a conclusion the campaign, as a whole, would have performed better if it could have been possible to invest more on marketing and visual merchandising. The ideal marketing way would have been to shoot a lookbook leaflet of the collection to communicate the brand idea and inspire the shoppers in the stores or online.

The average customers were described by the shop staff like this: adult women who prefer classic style, practical clothes and natural materials, are ready to pay more for good quality. Many also noted that the age was not a common denominator among customers, the style was more important and the customers who bought Stockmann Black Label products varied from mature ladies to young adults. A few hits could even be found from the net blogs. Most of the bloggers were the aspirational types in their twenties, which is quite usual in the fashion blog genre, but there were also a bit older women blogging about their favourite looks of the season where SBL items were mentioned. In this light, it could be concluded, that targeting the aspirational customers with a refined take on the affordable modern classic style was successful. Yet opinions on finding different kinds of outfits from the assortment divided our respondents. Most Finnish stores were pleased with the selection and said that it was easy to find many different outfits but in the Baltics and Russia it was a slightly different story. They found the assortment too narrow and colors too dark for their customers. Evidently people bought mostly single items from those stores. Therefore the look book would have been a great asset in promoting the outfits as well.

The sales figures are mostly in line with the store comments. Knitwear was a success in all market areas and all six styles sold well. Especially both cashmere sweaters had excellent sell-through figures. In Finland the merino knits achieved the same level of sales as the cashmere. Similarly the tops and blouses sold well with some local exceptions. The accessories were a huge hit in Finland where the scarf and the tote bag was almost sold out. The tote was a superior product also in the Baltic countries and Russia but the sales of the other accessories fluctuated. On the down side the tailored items were the slow movers of the whole collection. While being much less expensive than international competitors, the two dresses and the blazer were not so successful maybe because the quality level of that type of garments is more difficult to explain to customers. Fortunately the two trousers and the skirt sold somewhat evenly.

Coming down to the commercial potential of Stockmann Black Label collection, at least according to store comments, the concept would be promising in the future if a more prominent marketing strategy was implemented. Noticeably there is great potential in premium knitwear, blouses and accessories while the tailored items would need to come down in price, and unfortunately in that case also in quality, to achieve better sales. It remains to be seen, if the brand is further developed and the economic situation is improving, how investing in an effective marketing campaign would give back in profit.
Private label fashion has transformed from bulky basics into a well managed branded business. The latest trend: premium standard own brand collections. This opportunity is first of all available for department stores where the wide selection of successful international brands support a certain uplifted shopping experience. But what elements are essential for a premium private brand, in the women’s fashion category in this case, when the aim is to strengthen the mother brand, create value to key customers and secure a profitable own brand business in the future? This was the key question for the thesis at hand. The case study was done for the own brands of Stockmann Group’s department store division. The outcome: a focused marketing analysis and a new limited edition womenswear private brand in the premium category.

The book in your hand is a detailed report of the project as a whole. It started with setting the predictions and goals for the study and introducing Stockmann as a company and a brand. The next part focused on the current situation. It took a stand on the challenges of the fashion business, described a new and interesting target group called the ‘aspirationals’, mapped the private brand fashion done in Europe, looked into the local values and lifestyles affecting the shopping culture and introduced Stockmann Loyal Customer scheme together with the 150 Edited Collection. Thus part II draw a wider framework for the following sections that gradually approached the topic and moved towards tangible results.

Part 3 concentrated on the future objectives from Stockmann own brands point of view. Competitive advantage and differentiation was sought from improving the design process towards exceptional point-of-sales experiences. The perception of premium was discussed in the light of recent studies. Together with insights on the target group and consumer behaviour, based on relevant Stockmann own brands, the optimal level of standards for Stockmann Black Label brand was crystallised. The chapter was finished with a SWOT analysis before diving into the actual branding and design.

The vision of Stockmann Black Label was to nourish Stockmann as a mother brand. This and the mission to create lovable garments was defined in the beginning of part 4. A more effective and coherent design strategy was implemented in the process. Serving the ‘fashion senses’ with special qualities, fine details, novel design and confidence fittings was put in the heart of the SBL design and assortment planning. In addition it was stated that the price-quality ratio aimed for a low perceived cost within the premium category. The collection and its targets was examined all the way from the brainstorming phase to outfit planning and single products. Visual notes from different stages of the project was displayed before reviewing the commercial potential of the SBL brand through identity, quality, usability, availability, visibility, novelty value and reputation.
The topic of this thesis was decided in spring 2011. The branding, assortment planning and design started a couple of months later in September and lasted until June 2012 when the last products was approved for production. The collection arrived in stores in September 2012. The marketing analysis and writing this thesis report took from January to December 2012. Getting to learn more of the multiple sides of this industry from fashion marketing, branding, design management, visual merchandising and omni-channel retailing was very rewarding in itself. From these multiple perspectives on fashion, which is probably the fastest changing industry in the world, the subject at hand was reduced to a selection of titles that felt relevant to Stockmann own brands framework. As a conclusion, Stockmann Black Label succeeded well in offering a compact collection of affordable premium fashion in the key product categories. Also trying out a connection with the Stockmann logo and a womenswear brand turned out to be commercially worthwhile. A more effective marketing plan would have been a profitable investment in order to better convey the brand idea, premium concept and the limited availability to the end customers. The greatest advantage, though, was that theory actually turned into practice which hopefully provided useful knowledge for Stockmann and the development of the own brand business.
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INTERNET SOURCES:


Johanna Salovaara
Master’s thesis 2012
Aalto University
School of Arts, Design and Architecture
Department of Design
MA programme of Fashion and Clothing Design