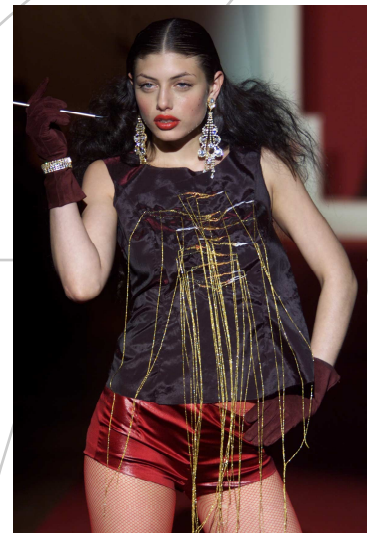


INSEAD

Diesel for Successful Living: Branding Strategies for an Up-market Line Extension in the Fashion Industry



09/2001-4948

This case was prepared by Vadim Grigorian (INSEAD MBA 2000) under the supervision of Pierre Chandon, Assistant Professor of Marketing at INSEAD, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. We thank Maurizio Marchiori and Antonella Viero from Diesel SpA for their valuable help and support.

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It was the end of summer 1998. In less than a month, the first StyleLab fashion catwalk show would be held in London. Renzo Rosso needed to make tough decisions about the branding strategy of this new line and he needed to make them fast.

StyleLab was the new upscale product line of Diesel SpA, the Italian casual wear company, famous for its cult Diesel jeans and controversial advertising. Diesel, one of the fastest-growing fashion companies of the 1990s, was number two in the jeans industry in Europe and had high expectations for StyleLab. StyleLab was designed to exploit growth opportunities in the emerging luxury segment of the casual wear market, competing with the likes of D&G (from Dolce & Gabbana) or Miu Miu (from Prada). StyleLab was also seen as a way to revitalize Diesel's core brand, D-Diesel, which, as a fashion line, had to constantly reinvent itself to remain at the forefront of trends and styles. Finally, StyleLab would allow Diesel's cherished designers to express their creativity by experimenting with new cuts and fabrics.

Renzo Rosso, Diesel's president and founder, was confident that the right decisions had been made about the name, design, production, pricing and distribution of StyleLab. He was still debating what the appropriate branding strategy for the new line should be. Three options were considered: sub-branding (e.g., DieselStyleLab), endorsement (e.g., StyleLab by Diesel), or independence (StyleLab with no reference to Diesel). Which option should he choose? And how should he implement the new branding strategy to achieve the objectives assigned to StyleLab?

Company Background

The Diesel story is inextricably linked with the story of Renzo Rosso. Son of farming parents, he studied textiles and manufacturing in Padua and started working for Adriano Goldschmied, known as "the pioneer of Italian casual wear". In 1978, Goldschmied and Rosso founded a company called Diesel. The name was chosen by Goldschmied "because it's one of the few words pronounced the same in every language."¹ From the very beginning, the company viewed the world as a single macro culture, for which the company created one product and communicated it in one language, English.

In 1985, Rosso bought out complete ownership from Goldschmied and started to turn the Diesel brand from a simple jeans label to a major fashion brand, winning many advertising industry awards, including the 'Advertiser of the year' award at the Cannes Film Festival in 1998 for its "For Successful Living" campaign. That same year, *FHM* and *Menswear*, UK's most influential fashion magazines for men, voted Diesel 'Fashion brand of the year'.

Based in the tiny village of Molvena in Northern Italy, Diesel employed more than 1000 people worldwide. Diesel products were available in more than 50 countries, through 19,000 independent retailers and 40 company-owned stores, including flagship outlets on New York's Lexington Avenue and London's Covent Garden. In 1997, its consolidated annual turnover amounted to 503 billion lire (€260 million), 85% of which was generated outside Italy.

¹ *Financial Times*, August 20, 1998.

The Diesel Way

Diesel's design, advertising and management style shared a common love for humor, creativity and irreverence towards established rules. Renzo Rosso, who was called Renzo by almost everybody in the company, had personally selected about 90% of his employees, mostly based on their passion for Diesel. For example, Wilbert Das, Diesel's creative director, was hired as an assistant designer in 1988 after he came all the way from Holland, fresh from high school graduation, to tell Renzo Rosso that he wanted to work for Diesel even without compensation.

Media Advertising

Before 1991, Diesel was a typical young design company. It focused all its energy on launching new products (about 1800 new references per year) and did not even have a consistent brand logo. Starting in 1991, Maurizio Marchiori, the newly-appointed advertising director developed a global branding campaign in-house, with the help of Paradiset, a Swedish advertising agency. The campaign appropriated the "products makes better living" theme, which was very popular among advertisers in the 50s and turned it on its head in the "Diesel for Successful Living" campaigns. Diesel's vision of consumer paradise had to be interpreted ironically. The standard promise of "success" was exaggerated, made absurd and eventually mocked. Serious themes seemed to be lurking everywhere in the adverts, but were undercut by a final admission that it was all just a joke.

Diesel advertising campaigns were artistic, colorful and sexy, as fashion advertising often is. However, they were clearly differentiated by their themes, complexity and radical irony. Diesel ads were not only visually shocking, they clearly established Diesel as a counter-point to established norms and institutions. Diesel ads were often confusing, sometimes intriguing and, as a result, very exclusive. They required wits and involvement to be deciphered, so that many people were left perplexed or failed to see the underlying irony. The few who understood Diesel's sense of humor could feel a real sense of complicity between them and the brand. Thankfully for Diesel, many of these people were wealthy teenagers looking for clothes that would distinguish them from the crowd.

For example, one television commercial mocked the core promise that jeans make you look good and help you seduce members of the opposite sex.² Another made fun of the supposedly functional qualities of jeans such as their durability. In one of their best ads, a parody of a Western movie, the handsome hero wearing Diesel jeans is shot by an ugly bad guy dressed in nondescript pants. The last scene ends with the loud laugh of the bad guy and the words "Diesel, for successful living." In subsequent ads, Diesel even made fun of its weird advertising. One particular television commercial advertised a Diesel laundry detergent entirely in Japanese (and of course not subtitled). This ad prompted a worried phone call from Procter & Gamble enquiring about Diesel's intentions for the detergent market.

Ted Polhemus, an expert in pop and youth cultures, wrote about Diesel advertising (see examples in Exhibit 1):

² "Le look le plus cool". This TV commercial is available, as well as some of Diesel's best TV and print ads, from: http://www.diesel.com/diesel_guides/

“Having shown a healthy disdain for political correctness, Diesel has also gone on to spit in the eye of ‘good taste’. In magazines, which typically feature only beautiful people doing beautiful things, their images of pigs feasting on a pig laid out on an ornate dining table, excessively pumped-up body builders, wrinkled geriatric sun-worshippers, gold-painted old men in skimpy bathing suits, magnified slices of raw meat and leering, obviously psychopathic dentists in sunglasses, all stand out, to say the least. But as shocking as Diesel advertisements can be, they more often than not manage to rise above a purely attention-getting level – either by containing a serious point of social concern or, simply but effectively, by causing us to ponder the meaning of life. No other clothing company would appear to offer such philosophical discourse.”³

Sometimes, Diesel’s ironic and tacky advertising caused resentment among the general public and triggered responses from public authorities. For example, number 15 in Diesel’s ‘Successful living’ advertisement series, ‘Make My Way’ (see Exhibit 2), reads:

“How to teach your children to *love* and care: MODERN CHILDREN need to SOLVE their OWN problems: teaching kids to KILL helps them deal directly with reality – but they learn SO much quicker when you give them a guiding hand! Make them proud and confident! Man, if they never learn to blast the brains out of their neighbors what kind of damn FUTURE has this country of ours got???”

After the advertisement was launched in the USA, letters of protest poured into Diesel offices and irate pickets protested outside Bloomingdales, the exclusive outlet for Diesel products at that time. Renzo Rosso commented:

“Our ironic tone sometimes initially shocks consumers. We often present what appears to be outrageously inappropriate messages—confusing references to such things as racial, sexual stereotypes, materialism, drug abuse, religious intolerance and political extremism. The viewer needs to think a bit in order to understand what our intention really is. But once they have taken the time, the viewer of a Diesel ad usually – though admittedly not always – picks up on a hidden order behind the work, a meaning that is less an insensitive, subjective statement and more a balanced observation of the realities of the world we share.”⁴

Non-media Communication

The Diesel style was also evident in other forms of communication. First, Renzo Rosso was very good at personifying the Diesel Way and generated a lot of publicity in the press. For example, when he was called to receive the “Advertiser of the year” award at the official ceremony in Cannes, Mr. Rosso appeared on the stage surrounded by four “clones” of himself, team members made-up to look like him (see Exhibit 3).

³ Ted Polhemus, “Diesel World Wide Wear”, 1998.

⁴ From Ted Polhemus, “Diesel World Wide Wear”, 1998.

Diesel paid a lot of attention to product placement among actors, musicians and celebrities (although Diesel never paid the stars and almost never gave away the products to them). Diesel garments featured in many popular and independent movies, such as “Godzilla”, “Lethal Weapon”, “Crime and Punishment in High School”, or “Anywhere But Here”.

Diesel was one of the first clothing companies on the Internet, opening the www.diesel.com site in 1995. The site contained information about Diesel clothing collections and its licenses, a complete archive of all Diesel advertising, extensive coverage of D-Diesel’s seasonal fashion shows and a virtual store.

In 1994, Diesel built The Pelican Hotel in South Beach, Miami, and the hotel became a vivid manifestation of the Diesel philosophy. All 25 rooms in the hotel were designed and decorated to feel like surreal movie sets: each filled with recycled furniture and named after its own style, e.g. the Psychedelic room, Halfway to Hollywood and Me Tarzan (see Exhibit 4). The hotel became a hit with the fashion, music and publishing set. Celebrities such as Cindy Crawford, Grace Jones, Yoko Ono and John F. Kennedy Jr. stayed at the hotel.

Finally, Diesel participated in the production of video games for Sony PlayStation, Nintendo and personal computers. It contributed the Diesel for Successful Living logo and other creative content to new video game releases, such as Psygnosis’ hits “G-Police I & II”, Acclaim’s “Shadow Man” and “Extreme G II”.

Diesel Brand Portfolio

Before the introduction of StyleLab in 1998, the brand portfolio of Diesel SpA consisted of three main product lines: D-Diesel (including licenses), Diesel Kids and 55DSL (The Diesel brands and some of their logos are shown in Exhibit 5.). Most of Diesel’s production was outsourced to small and medium-sized companies, whereas design and marketing remained in-house.

D-DIESEL

D-Diesel was the core business line and an original master brand of Diesel SpA. It focused mainly on denim “5 pockets” (traditional jeans), “bottoms” (denim pants and skirts) and “tops” (jackets and shirts) for men and women. Still, denim items represented only about 30% of the D-Diesel collection. The brand offered its customers an innovative and wide range of denim and leisure clothes which expressed the unconditioned creativity of the brand (see Exhibit 6). The products were also characterized by very high quality and durability. In 1998, the D-Diesel line replaced the initial “Diesel Jeans and Workwear” slogan with the “Diesel for Successful Living” and the “D” logos.

D-Diesel Licenses

Pursuing the idea of offering its customers a total look, the D-Diesel brand was extended to a large number of fashion products beyond clothing: Diesel Shades for eyewear, Diesel Spare Parts for luggage and leather goods, Diesel Fragrances (featuring two different scents Diesel

Plus Plus and Zero Plus), Diesel Footwear, Diesel Underwear, Diesel Time Frames for watches and Diesel Writing Tools (see Exhibit 5).

Diesel Kids

The Diesel Kids line was targeted at kids who did not want to be treated like 'kids'. It offered 'gutsy' clothing with bright colors and modern lines for young people of a 'gutsy' generation.

55DSL

The 55DSL line represented "a strong and independent sportswear collection inspired by a sense of adventure and freedom". The clothing was aimed at extreme action sports fanatics. The collection was full of surprisingly fresh color combinations and prints in innovative and contemporary styles.

Extending up-market

The clothing industry in the mid and late 1990s experienced increasing market segmentation. In particular, some consumers were now willing to spend large amounts of money, not only on smart clothes, but also on casual wear. Being a good trend spotter, Renzo Rosso quickly identified a new market opportunity in high casual wear. He observed the increasing appeal of casual clothing, both in the workplace and during leisure time. Even bastions of formal business attire, such as investment banks and consulting companies, were starting to allow their employees to relax in khakis and polo shirts on "casual Fridays". To be trendy started to mean to be dynamic, lively, mobile and casual.

Renzo Rosso decided to seize the opportunities in high casual wear with a new line, StyleLab. Renzo's decision was almost entirely based on gut feelings as he simply did not believe in market research for predicting future fashion trends. Nevertheless, he knew that the prospects for a profitable market in high casual wear were quite unsure. Diesel would have to go a long way to convince enough consumers to spend \$150 on a pair of casual pants.

Another objective assigned to StyleLab was to prevent the possible commoditization of the D-Diesel core brand by keeping it at the forefront of fashion. The multiple horizontal extensions of D-Diesel brand had increased the risk of diluting its identity. More importantly, the management team was concerned that Diesel would suffer from its success. In particular, they feared that too high a diffusion would erode the exclusive and unconventional image of the brand. In Germany for example, there were concerns that D-Diesel had started to lose its edgy and rebellious appeal because of its success with older consumers. There was indeed a growing gap between the irreverent image communicated by the advertising and the image reflected by the somewhat conservative, 35-year old, BMW-driving professionals wearing Diesel jeans.

Renzo Rosso also thought that StyleLab would help manage Diesel's most important asset, its designers. Diesel viewed creativity as a critical investment and paid a lot of attention to its designers. Unlike most other fashion designers, Diesel's designers seldom attended the

catwalks of competitors. Instead, Diesel financed “research trips,” lasting up to 6 months per year, during which, designers photographed and bought everything that could inspire a new collection. Diesel’s designers felt that their creativity was being constrained by the relatively mainstream positioning of the D-Diesel line. StyleLab’s narrower targeting would allow them to unleash their creativity and to experiment with new styles and fabrics. In fact, the StyleLab name had originally come from the idea of creating a laboratory of styles in which designers could freely test new ideas. Diesel was hoping that some of these new ideas would eventually find their way into the main D-Diesel line.

Robert Lunardon, StyleLab category manager, summarized the three main reasons for launching the StyleLab brand:

1. To enter the new and attractive market of high casual wear.
2. To create an aura of prestige and fashion around the D-Diesel brand.
3. To give Diesel designers an opportunity to experiment with new fabrics and cuts.

StyleLab vs. D-Diesel

With the planned introduction of the StyleLab collection, Diesel was effectively moving up-market. The fashion industry was aware of a lot of examples of downward brand extensions: Giorgio Armani and Emporio Armani, Dolce & Gabbana and D&G, Donna Karan and DKNY. Upward brand extensions were quite rare in the fashion industry, but nevertheless existed. For example, during the 1980s the Ralph Lauren brand was vertically extended into the premium end of the women’s fashion market with the creation of the Ralph Lauren Collection brand. Diesel’s upward extension was a bold move. In particular, it was critical to balance delicately the relationship between the D-Diesel master brand and the StyleLab brand. In order to achieve the objectives set for StyleLab, both lines had to be clearly differentiated while retaining a common link with Diesel’s core identity.

Product

StyleLab offered wearable clothing from “a laboratory of surprising styles” for customers attracted more by innovation itself than by the diktats of fashion. Compared with D-Diesel, StyleLab was more exclusive, more refined, more expensive and, above all, more innovative in its use of design and materials (see Exhibits 7 and 8). For example, it experimented with innovative materials, such as a fabric interwoven with a thin metal mesh. Overall, StyleLab offered much less of a “street” look than D-Diesel.

Target consumer

In Rosso’s view, lifestyle mattered more than age. D-Diesel targeted people with an teenage-spirited lifestyle. Anybody interested in this lifestyle could become a target customer. In reality, 18- to 25-year-olds clearly outnumbered 35-to 50-year-olds in the D-Diesel customer

base. Trendy young people over 25 often considered D-Diesel “too young” or “too hip-hop” for them.

StyleLab could be targeted for two types of people. Firstly, it could appeal to past buyers of D-Diesel, who still liked the brand and its values, but who felt that they had outgrown the brand. In particular, young professionals could fear that wearing D-Diesel clothes to work might make them look too young, even on casual days. Secondly, StyleLab could also appeal to people who were looking for cutting-edge style, which they could not find in the D-Diesel line. These people valued the possibility of creating their own style and were not brand or fashion victims. They could be attracted by StyleLab’s independent and innovative approach to clothing. In general, StyleLab consumers would be more design-conscious than the typical D-Diesel buyers. (See Exhibit 9 for detailed information on the target customers of D-Diesel and StyleLab).

Brand identity

Diesel’s management team emphasized that D-Diesel and StyleLab should have distinct brand identities with only some common roots. Both brands shared values such as freedom, global outlook or unconditional creativity. Nevertheless, whereas D-Diesel stood for irony and irreverence, StyleLab stood for with sophistication and mystery. (See Exhibit 10 for details on the brand identities of D-Diesel and StyleLab).

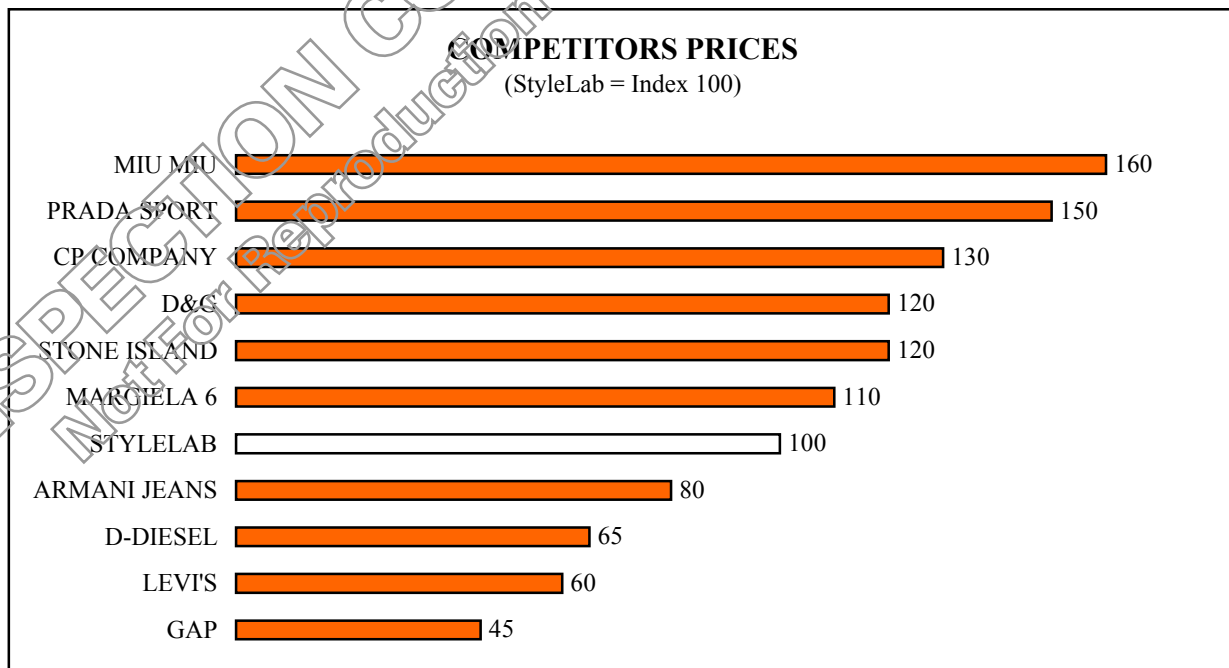
Positioning and pricing

The D-Diesel brand was positioned at the upper end of the “denim & leisure clothes” segment. D-Diesel competed with Armani Jeans, Levi’s, Mustang, or Calvin Klein Jeans. StyleLab was positioned in the lower end of the “high casual wear” segment, competing with the likes of Miu Miu, Prada Sport, CP Company and D&G (see Exhibit 11).

In 1998, a pair of D-Diesel staple blue jeans cost on average €67 and a jacket cost €72 in Europe (\$100 and \$139 in the USA, respectively). Diesel sold casual-wear garments in the same range as GAP but had a much higher price. Fashion industry experts often criticized Diesel’s high pricing policy, but Diesel executives considered that “it was not unreasonable to pay three figures for a pair of jeans likely to last forever”⁵. They contended that their manufacturing process was more rigorous. To illustrate the point, the Lexington Avenue flagship store in New York featured a washing machine in which a pair of Diesels turned endlessly.

In Europe, StyleLab pants sold for €125 and jackets sold for €335 (\$150 and \$415 in the USA, respectively). The following figure shows the price level of StyleLab and D-Diesel in comparison to their competition in a fashion store in Italy in the spring of 1998.

⁵ *Wall Street Journal*; December 9, 1998.



Distribution

Initially, D-Diesel products were distributed only through multi-brand teen-oriented stores and corners in department stores. In the early 1990s, Diesel opened flagship stores in New York, Chicago, London, San Francisco and Rome and opened single-brand stores in many large cities around the world. Diesel used the flagship stores as vehicles to bring the D-Diesel brand identity to life in its entirety. For example, visitors in the D-Diesel store near Chicago's Magnificent Mile were offered bottles of trendy soda whilst listening to alternative music. Visitors could also buy cutting-edge CDs with a current "trip-hop" album. D-Diesel products were also distributed by mail order or through the Internet.

StyleLab products were to be distributed only through specialized fashion stores, boutiques and high-end department stores, such as Joyce in Hong Kong, Barneys in New York and Selfridges and Harrods in London. The customer service guidelines for StyleLab retailers mentioned that the staff should be, or look, more mature than the staff of a typical D-Diesel store.

Media strategy

The media strategy was different for each product line. Print advertisements for D-Diesel were published in magazines such as *Face*, *Elle*, *FHM* and *Loaded* in the UK; *Marie Claire*, *Rolling Stone* and *Wired* in the USA; *Sesame*, *Fine Boys* and *Warp* in Japan. Media vehicles for StyleLab were more exclusive magazines aimed at an advanced fashion-oriented audience such as *Flaunt*, *Vogue*, *Wallpaper*, *Dutch*, *ID*, *Mixte* and *MAX*. The media plan thus avoided the juxtaposition of advertisements for both brands in the same magazine. Unlike StyleLab, D-Diesel was also advertised on television and in cinemas. Usually the same creative idea was used for print adverts, store catalogues and TV commercials.

Different teams were made responsible for developing creative ideas for the advertising campaigns of D-Diesel and StyleLab. Following an initial image-oriented phase, D-Diesel advertisements were supporting the brand and the products in a fairly equal proportion. StyleLab campaigns in contrast were planned to be mainly oriented towards building the image of the brand.

StyleLab advertising campaigns

The first StyleLab catalogue and print campaign, called “Stranded” (see Exhibit 12 and 13), was developed for the Spring/Summer 1999 collection. The creative team tried to communicate the difference between D-Diesel and StyleLab in terms of refinement and exclusivity. The campaign was based around a story about people, who looked lost and stranded, because the old world did not exist anymore. People came from different places (the sea, the splitting earth, a cave, a rock) and walked through desolate lands, experiencing several strange and surrealistic situations. They did not know how to start a new life. Some of the objects belonging to the old world were still there (a clock, a ladder, a fridge), but civilization no longer existed. It was only at the end of the catalogue that the four people met and walked together into the sea. Some of the images from the catalogue were planned to be used as print advertisements in magazines.

The theme of the planned StyleLab Spring/Summer 2000 campaign was a mysterious spy story. It was to be shot in a nuclear bunker of the 70s in the former East German—reflecting a strong feeling of mystery. Presented as a secret dossier, the catalogue contained twelve StyleLab images and seemingly confidential information: a mysterious English letter, the postcard of an unknown man, pages of a timeless Russian newspaper with a strange English slogan on the back, an incomprehensible map of electronic equipment and a copy of a real German invoice of World War II. Readers had all the elements to make up their own intriguing story.

Point-of-Purchase Material

Point-of-purchase (POP) materials played a different role for D-Diesel and for StyleLab. For StyleLab, their goal was to develop the brand’s image and they were almost always based on the creative idea from the corresponding advertising campaign. D-Diesel’s POP materials, in contrast, were used tactically to boost sales and were not always derived from D-Diesel’s advertising because of its complexity. As Alessandra Pesavento, retail marketing manager of Diesel, said: “For D-Diesel, POP materials based on simple themes, mainly featuring products and cute models, sometimes lead to increases in sales of up to 40 % compared to POP materials based on D-Diesel media advertising.”

Branding strategy for StyleLab

Almost all of the major issues related to the launch of the StyleLab line were settled. Design, production, advertising, pricing and distribution decisions had been made. The only major issue that was still being debated was the branding strategy. In particular, it was necessary to

clarify the nature of the relationship between D-Diesel and StyleLab. StyleLab's logo was also awaiting a final decision on the branding strategy.

Three main branding strategies were considered: 'Sub-branding', 'Endorsement' and 'Independence' (see Exhibit 14). The three strategies, which had several variants each, reflected different degrees of association between StyleLab and D-Diesel. Maximum separation between the two brands was offered by the 'Independence' strategy. At the other extreme, the 'Sub-branding' strategy ensured a very close link between the two brands and a prominent position for the Diesel brand name in the new line.

Renzo Rosso and his team only had a couple of weeks to address these important questions:

1. How closely should D-Diesel and StyleLab be associated in the mind of the consumer? What branding strategy should they choose for StyleLab?
2. On what basis should the branding decision be made? Would market research be useful? Would it help to talk to consumers?
3. How should the branding strategy be implemented? What should be the logo of the new brand? How should StyleLab's and D-Diesel's marketing mix be adapted to support the chosen branding strategy?
4. How should Diesel judge the success of the StyleLab line? StyleLab's brand awareness or brand image? StyleLab's sales or profits? D-Diesel's brand awareness or brand image? D-Diesel's sales or profits?

Exhibit 1
Diesel Vintage Advertisements cited by Polhemus

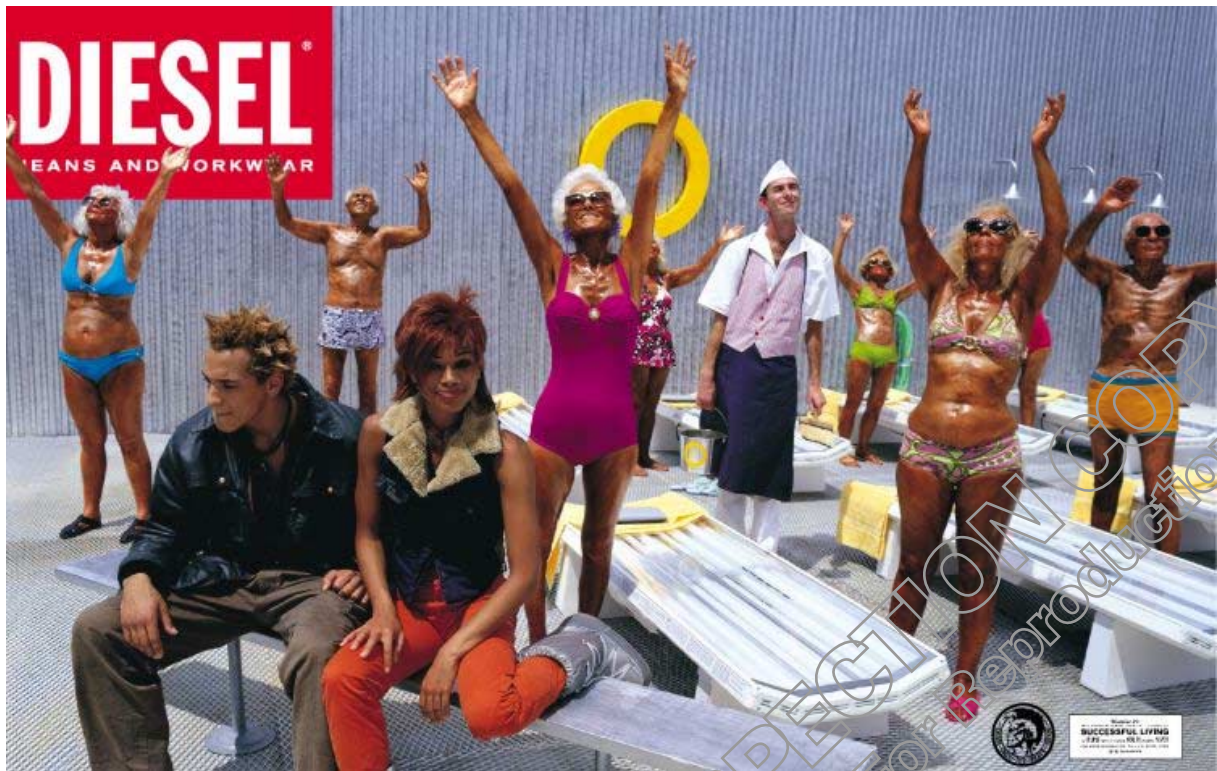


Exhibit 2
'Make My Way' Press Advertisement, 1993

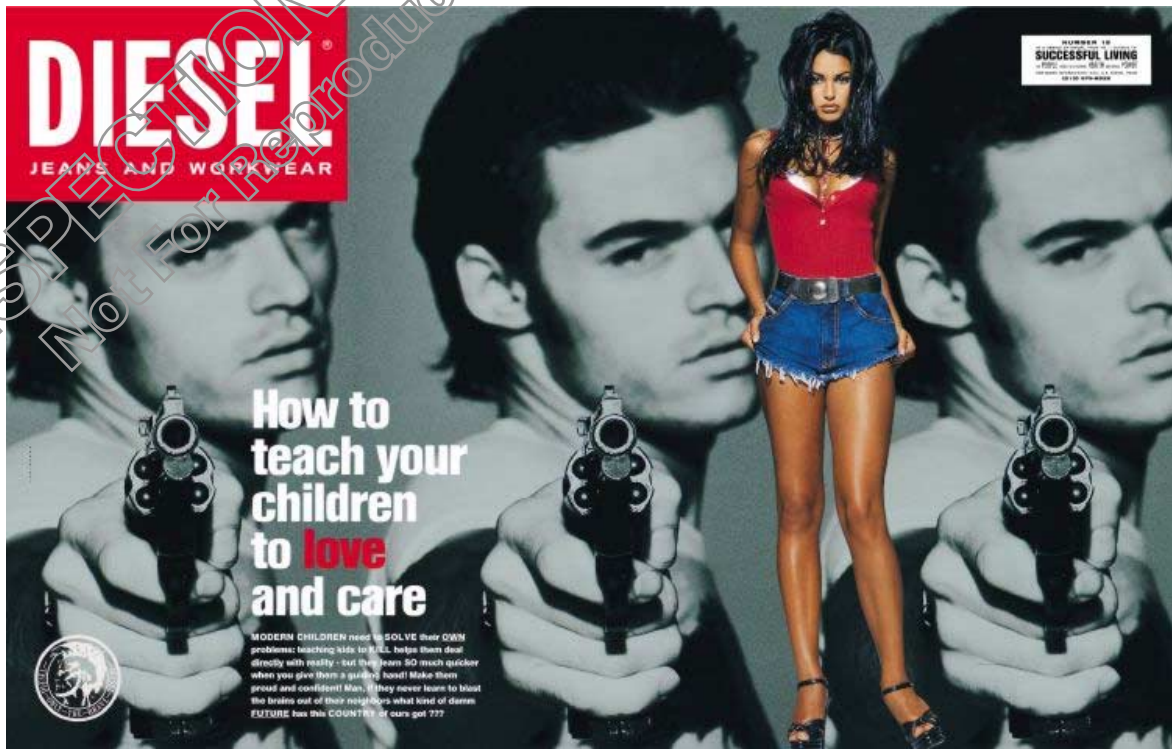


Exhibit 3
Diesel Team on Stage during Official Ceremony in Cannes



Exhibit 4
Inside the Pelican Hotel



Exhibit 5
Diesel Brand Portfolio

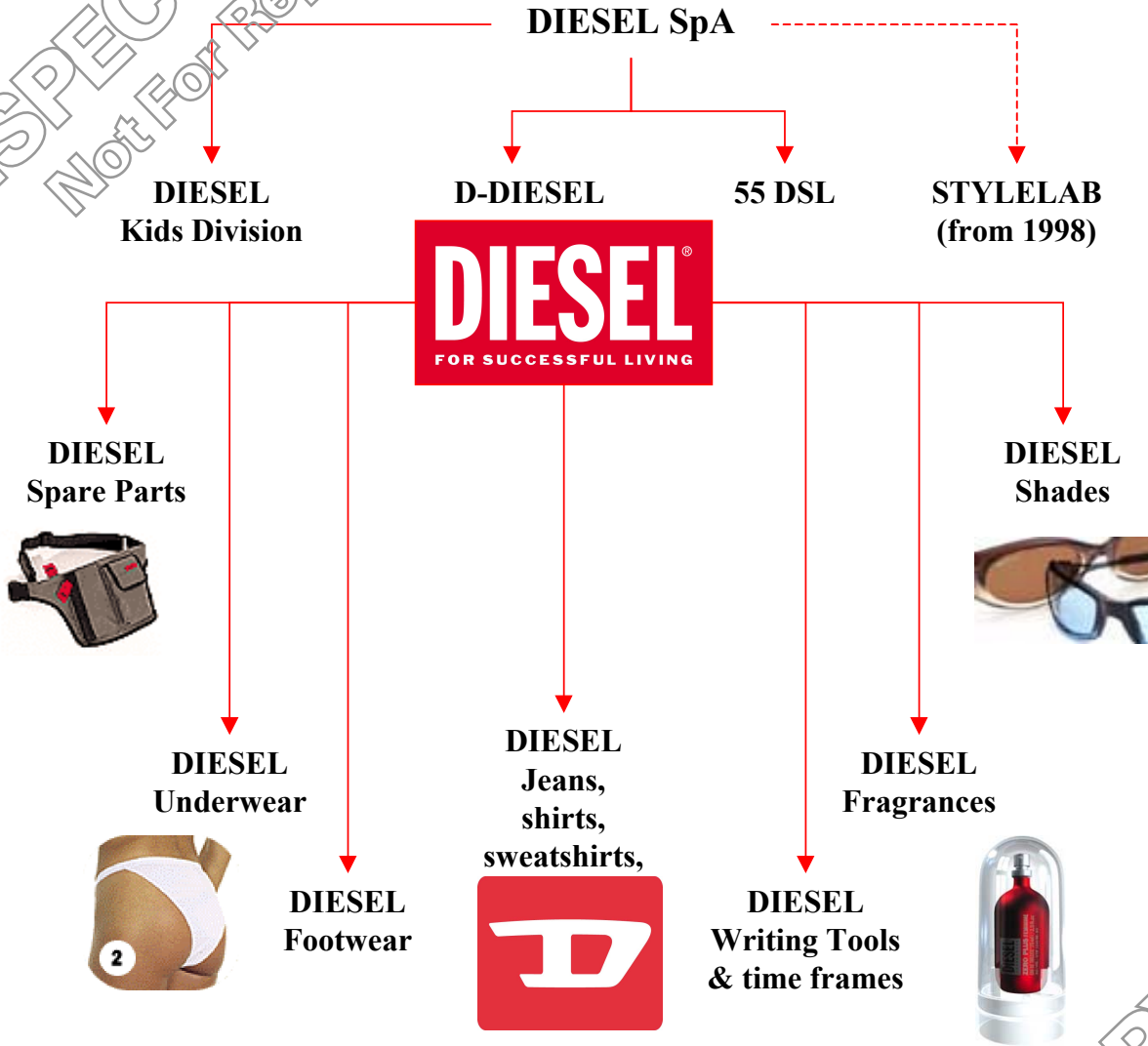
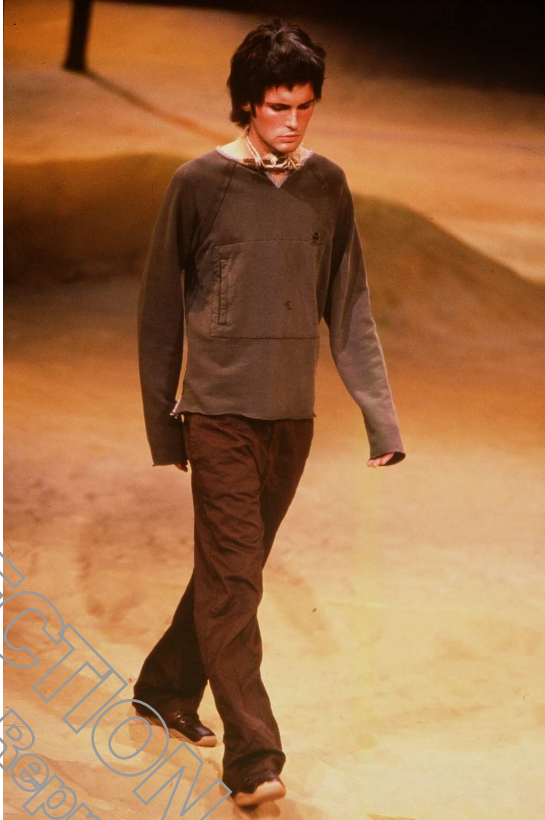


Exhibit 6
D-Diesel Spring/Summer 2000 Collection



Exhibit 7
StyleLab Spring/Summer 1998 Collection



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Exhibit 8
StyleLab Fall/Winter Collection 1999



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Exhibit 9*Target Customers of D-Diesel and StyleLab brands*

CRITERIA	D-DIESEL	STYLELAB
GEOGRAPHIC		
Region	International	International
Density	Urban	Urban
DEMOGRAPHIC		
Age	Focus on 16-25	Focus on 25-34
Gender	Male-female	Male-female
Income	Medium/ medium-high	Medium-high
Occupation	High school/ college students/ young professionals	Professionals; managers
Generation	HIP generation	Generation X
Social class	Middle class/ upper middles	Upper middles/ lower uppers
PSYCHOGRAPHIC		
Lifestyle	High media exposure Shopoholic Neo hedonist Tribe member Trend follower	High media exposure Traveler Worldly
Personality	Open-minded Independent Innovation receptive Curious	Independent Visually educated Fashion perceptive Culturally aware Curious

Exhibit 10
D-Diesel and StyleLab Identity Prisms

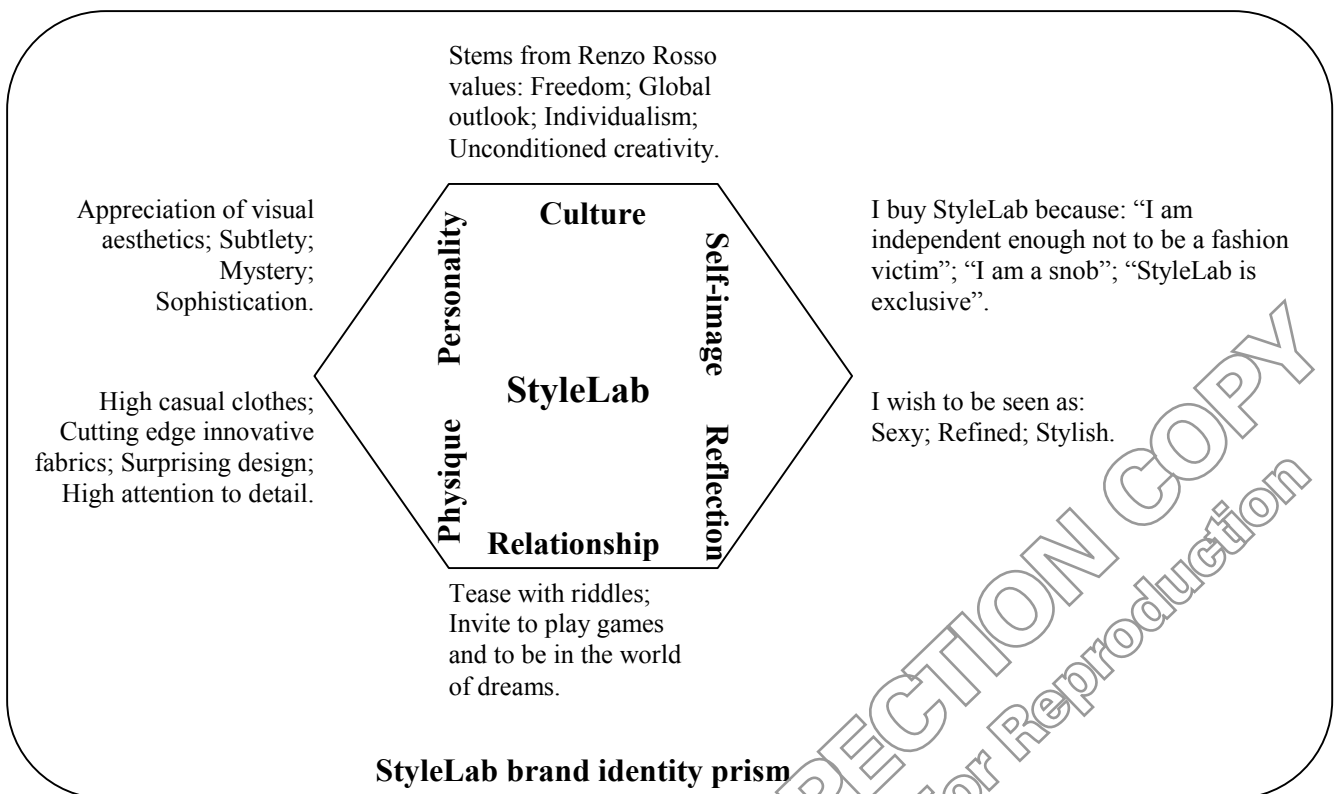
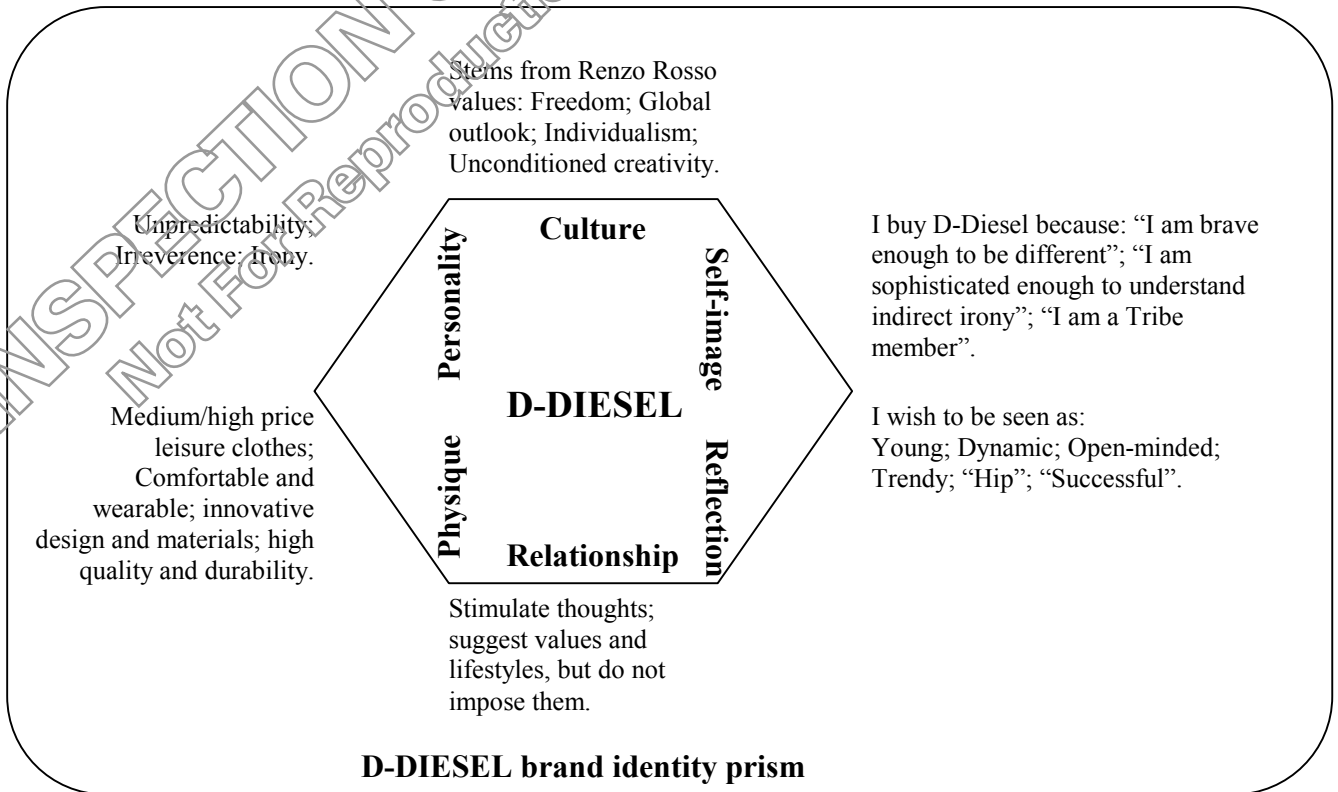


Exhibit 10 (Cont'd)

Description of Kapferer's Identity Prism⁶

Brand identity can be represented by a prism with six facets.

1. **Physique.** A brand, first of all, has its physical qualities, key product and brand attributes – its 'physique'. For the Orangina soft drink its physique is in the small round bottle and the orange pulp we can actually see.
2. **Personality.** A brand has a personality of its own. By communicating, it gradually builds up character. The way in which it speaks of its products shows what kind of person it would be if it were human.
3. **Culture.** A brand has its own culture, from which every product derives. Here culture means the set of values feeding the brand's inspiration. The cultural facet is the key in understanding the difference between Adidas, Nike and Reebok. Mercedes embodies German values: order prevails. Even at 260 km/h, a Mercedes has perfect handling. Culture is what links the brand to the firm, especially when the two bear the same name.
4. **Relationship.** A brand is a relationship. Indeed, brands are often at the crux of transactions and exchanges between people. The Yves Saint Laurent brand functions with charm. Dior symbolizes another type of relationship: one that is grandiose and ostentatious, flaunting the desire to shine like gold.
5. **Reflection.** A brand is a reflection of the desired image of the brand user.
6. **Self-image.** Finally, a brand speaks to our self-image. If reflection is the target's outward mirror, self-image is the target's internal mirror. Through our attitude towards certain brands, we indeed develop a certain type of inner relationship with ourselves. In buying a Porsche, for example, many Porsche owners simply want to prove to themselves that they have the ability to buy such a car.

⁶ Jean-Noël Kapferer. "Strategic Brand Management." 2nd edition, 1997. Pages 99-106.

Exhibit 11
D-Diesel and StyleLab Brand Positioning

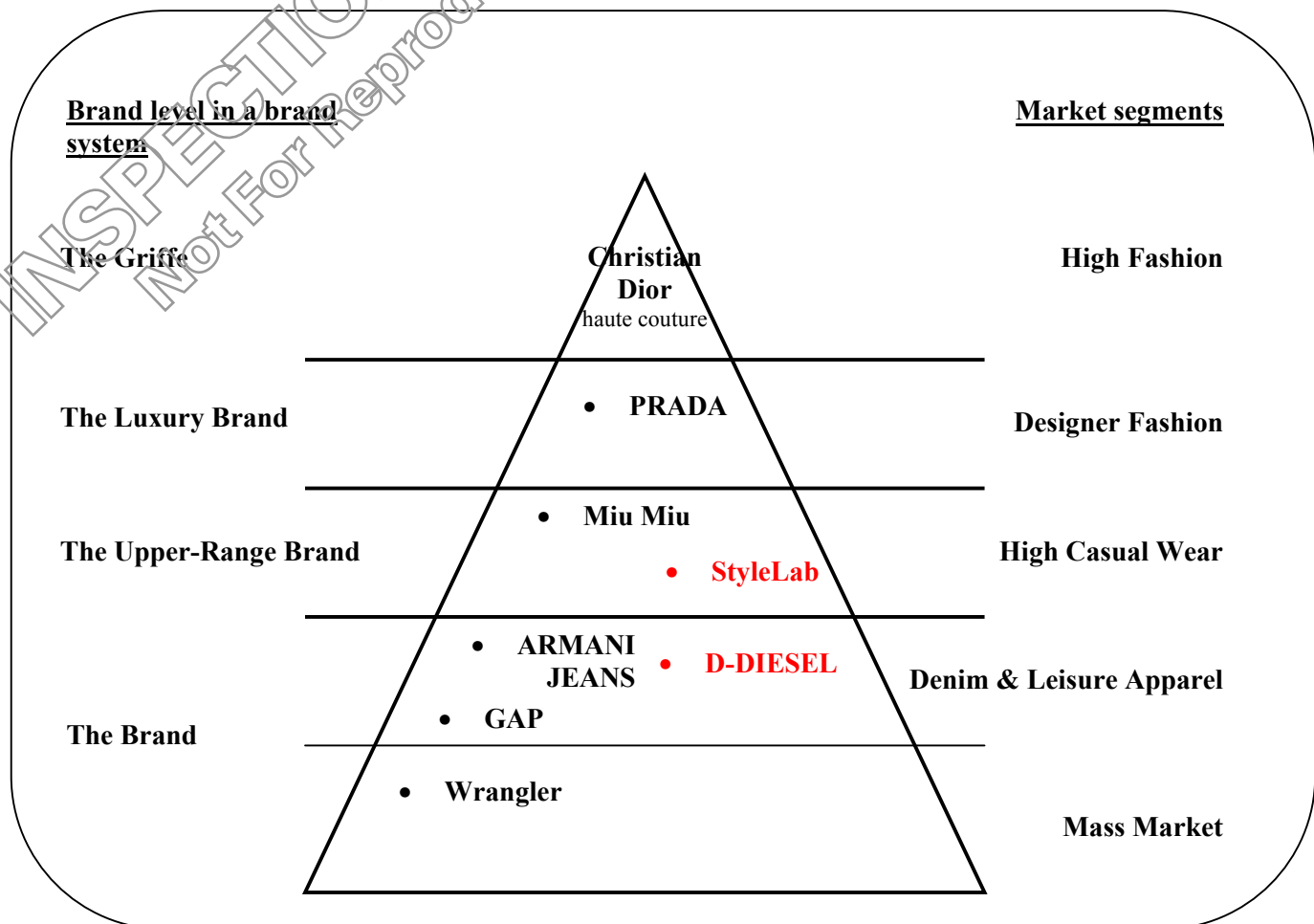


Exhibit 12
“Stranded” StyleLab Spring/Summer 1999 Advertising Campaign



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Exhibit 13
“Stranded” StyleLab Spring/Summer 1999 Advertising Campaign

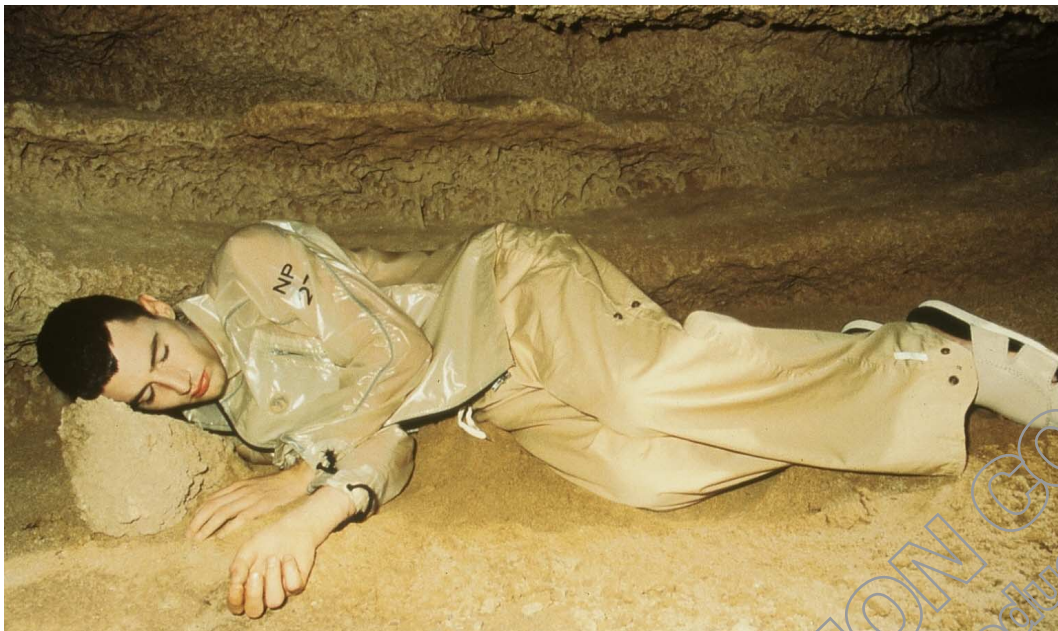









Exhibit 14
Three Branding Strategies for the StyleLab Brand and their Variants

TYPE OF LINK	IMPLEMENTATION	EXAMPLES
Strategy 1 – SUB-BRANDING		
Diesel as a main driver	The Diesel logo visually dominates the StyleLab logo.	
Diesel as a co-driver	The new logo maintains a verbal connection with the Diesel brand but no visual connection.	
Strategy 2 – ENDORSEMENT		
Strong endorsement	Diesel plays a minor driver role. The Diesel logo is not used, although the Diesel name is visually close to the StyleLab name (e.g. StyleLab from Diesel or StyleLab by Diesel).	
Linked name	A common element, the letter 'D', is the implicit endorser for StyleLab.	
Umbrella brand	Both D-Diesel and StyleLab become sub-brands of a new corporate umbrella brand (e.g. Diesel Planet).	
Token endorsement 1	The endorsement is mentioned in the communication in plain text, small fonts and relatively far from the StyleLab logo.	“Inspired by Diesel” or “Created by Diesel”
Token endorsement 2	Only StyleLab’s web site provides a subtle link to Diesel.	www.StyleLab.diesel.com
Strategy 3 – INDEPENDENCE		
Acknowledged ownership	StyleLab and Diesel are not linked visually, but many customers know about the link (e.g., Toyota’s Lexus or Levi’s Dockers).	
Total independence	Diesel is not mentioned anywhere in the communication for StyleLab.	

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