

Live, breathe and wear passion



Curriculum Topics

- Product
- Promotion
- Place
- Price
- People

Introduction

Have you ever heard of passion in the **marketing mix**? How about people? Those two Ps never seem to figure alongside the famous four which you, will of course, know by heart. This case study shows that having the depth of passion and the right people are crucial missing links in binding the regular Ps together.

Diesel builds its entire existence around the passion for what it does. With a founder who sees his work as an art and not a science, the company has redefined how a brand sees and communicates with its customers since 1978. It is the Diesel story we will look at in this case study.

Diesel is a global clothing and lifestyle **brand**. With a history stretching back over 30 years, the company now employs some 2,200 people globally with a turnover of €1.3 billion and its products are available in more than 5,000 outlets. However, this list of numbers is far less interesting than the company, people and founder behind them. Diesel is a remarkable company with a unique mindset. A mindset which puts sales and profit second to building something special, something 'cool' and something which can change the world through fashion.

The story begins with a young Renzo Rosso passionate about the clothes he wears but disappointed in the options available to him

in his home town Molvena, Italy. Acting on impulse, he decided to use his passion to make the clothes he wanted to wear. Renzo was drawn to the rebellious fabric of the 1960s and rock & roll: denim. It inspired him to create jeans which would allow him and others to express themselves in ways other clothing simply could not. Proving popular, Renzo made more and more of his hand-crafted creations, selling them around Italy from the back of his little van. The still-young Renzo is the proud owner and CEO of Diesel along with that impressive list of figures. That impulse and passion apparently paid off.

Product

Diesel sells nice jeans. Close, but no 'A'. Actually, it's not that close. The reason Diesel has grown is because it knows it is about a lot more than selling nice jeans. Diesel is a lifestyle: if that lifestyle appeals to you, you might like to buy the products. Renzo describes this as an end of the 'violence' towards the customer forcing them to buy and rather an involvement in the lifestyle.

It might be useful to ask a question – what actually is a brand? The answer could take a variety of routes and go on for pages but a useful way to think of a brand is as a set of promises. Those promises form the basis of the customer's relationship with that company. In the case of Diesel those promises are very personal, very passionate.

Marketing mix: The combination of product, price, promotion and distribution (place) used to generate profitable sales - often called the 4Ps.

Brand: A name, design or symbol that gives a product, product range or company an identity that is distinct from competitors.

The Diesel brand promises to entertain and to introduce customers to new, experimental experiences. Its product line now goes far beyond premium jeans and includes fragrances, sunglasses and even bike helmets. These products complement, convey and support the promises of passion and experience made by the Diesel brand.



All elements of Diesel's promotion aim to engage the customer with the lifestyle. If they like the lifestyle, they might like the products. For example, the Diesel team saw music as an inseparable part of that lifestyle and realised that exploring new music and new artists was all part of trying something different and experimenting with the unusual. 10 years later, Diesel:U:Music is a global music support collaborative, giving unsigned bands a place where they can be heard and an opportunity to have their talent recognised. It's not about selling, it's about giving people something they will enjoy and interact with.

Tied to Diesel:U:Music is an online radio station. It is another example of where Diesel unconventionality has created something which pushes conceptions and the usual ways of doing things. The radio station takes a rather unusual approach of not having a traditional play list but rather gives the choice to the resident DJ. This freedom is reflected in the eccentric mix of music which is played on the station.

Being such a crucial element of its work you might imagine the product design team at Diesel to 'plot' in something akin to a war room, pushing little squadrons of well-dressed soldiers around with long sticks. Actually, this is where that elemental passion which created Diesel sets them apart from many others. The whole team at Diesel lives the brand. They are all incredibly passionate about their creations. So when it comes to expressing that passion, ideas come naturally. Living and breathing the set of promises the Diesel brand communicates means employees can listen to their instincts, creating products straight from within.

Promotion

With the launch of the recent marketing campaign around the phrase 'Be Stupid', Diesel took a look at what brought its current pipeline: it was Renzo Rosso, all those years ago, taking the 'stupid' move to make jeans he wanted to wear. Then he took the even more stupid move of trying to sell those jeans to others, believing he might not be the only fool in Molvena! As it turned out, there were quite a few more to be found and Renzo's 'stupid' move ended up creating something which millions of people around the world now enjoy.

Promotion and marketing at Diesel takes a very different route to many other companies. It is always about engaging with the customer as opposed to selling at them: creating an enjoyable two-way dialogue as opposed to a hollow one-way monologue.

In promotion and marketing, we often talk about '**above-the-line**' and '**below-the-line**' methods of reaching consumers. Above-the-line marketing is aimed at a mass audience through media such as television or radio. Below-the-line marketing takes a more individual, targeted approach using incentives to purchase via various promotions. In this case passion again acts to blur and gel the boundaries between the two approaches. If we had to define this approach in terms of theory, we would call it 'through-the-line', i.e. a blend of the two.

The passion and energy embodied by the Diesel lifestyle is communicated through a mix of above-the-line and below-the-line approaches. The balance and composition of that mix is what the Diesel team hands over to their passion and feel for the company and brand. That energy guides the way this abstract theory is realised in projects such as Diesel:U:Music and the 'Be Stupid' campaign, which entertain and interact with their potential customers.



Place

Another, drier, way of describing 'place' in the marketing mix is 'channel' or distribution channel. The way a business chooses to offer its products to its customers has a huge impact on its success.

Only around 300 of the 5,000 global outlets which sell Diesel products are owned and managed by the company itself. The majority are large department stores offering many other brands or boutiques with a very specific style of their own.

How do you maintain the quality of a product and its communication when dealing with so many different partners and distribution channels?

The strong **culture** within Diesel again holds the answer. Every employee is able to communicate the brand appropriately in their given role within the company. As such, the managers of the Diesel-branded stores know that their function is to act as a flagship. They focus on the core campaigns like 'Be Stupid' giving a solid focus and image for the brand. Employees in each of the stores all know the campaigns intimately and are very aware of the image they should put across to customers entering the stores.

Their retail partners such as the department stores are a crucial link in the chain. Diesel works closely with these partners to ensure they express the same level of passion when offering their products. This is done through separate and individual campaigns. These provide visitors with a unique experience which again encourages them to get involved with the Diesel lifestyle as opposed to forcing products on them.



Culture: Set of assumptions, beliefs and patterns of behaviour that are characteristic of an organisation or group of people.

Penetration pricing: Setting a low product price often with an aim to gain market share from the competition.

This approach to distribution can be seen as a mix of exclusive and selective distribution over intensive distribution. Exclusive distribution involves limiting distribution to single outlets such as the Diesel flagship stores. Selective distribution involves using a small number of retail outlets and partners to maintain the quality of presentation and communication to the customer. Intensive distribution, on the other hand, is commonly used to distribute low price or impulse goods such as sweets.



Price

The price of a product is so much more than a little, or rather big, number on a tag. The price of a product is the most direct and immediate tool a business can use to convey the quality of its product at the point of sale. If done right, the price reinforces the rest of the marketing, drawing in the target customers by conveying the appropriate quality.

Diesel uses a model based on premium pricing. As we have discussed, Diesel is far more a lifestyle than a clothing brand. Through the vision and passion of Renzo Rosso, the company has created a whole new approach to engaging with its customers. The price of Diesel's products needs to reflect the substance and value of that experience.

A strategy such as **penetration pricing** used by businesses making high-volume, relatively low-margin products would be inappropriate as it would undermine the quality association thus devaluing the brand and experience.

We do not pay a premium price for Diesel jeans because they are a premium quality, that is taken for granted. We pay a premium price because the jeans and the brand fit in with and even encourage a premium, dynamic lifestyle built 'for successful living', as Diesel would say.



The team at Diesel must be intimately in tune with that lifestyle so they can see how their diverse range of products from jeans to fragrances and even bike helmets fits within that lifestyle. That feel for what Diesel is and how we, the potential customers, interact with it allows the company to price those products in a way which complements and neatly fits into that lifestyle.

People

Besides the fact Renzo has, let's say, done alright for himself, he has inspired thousands of people who proudly work to build the brand through a shared passion and contagious ambition.

Looking at the structure within which all those people work can help us to understand just why they are so happy to be there. Renzo realised people and their ideas form the heart of the company. So that everyone's voice can be heard and each person working for Diesel has an equal say, the company adopts a flat hierarchy. This means there are very few layers of management and everyone is encouraged to communicate with each other: sharing ideas, solving problems and trying to communicate that energy with people outside the company – the customers.

When decisions are made in this flat hierarchy they are made as a team. The team as a whole can then track the progress of that idea and monitor the results. Feedback is important because if everything has gone to plan, the achievement has to be acknowledged so that everyone can take pride in what they have done. If something has not gone to plan, group feedback allows an evaluation of why and the ability to learn for the future. Importantly, this acknowledgment or learning happens equally across the company so everyone is kept up to speed on the ups and downs of business.

This sense of belonging both to a team but also to a particular responsibility is very important for employee motivation. The better you understand your work and your environment, the happier you are likely to be with your job.

The happier you are, the less likely you are to want to leave and so this open approach has the very positive company-wide effect of high employee satisfaction and a low staff turnover. Specifically in the fashion industry this means that the people working for Diesel have a stronger sense of identity and a deeper understanding of the brand making them even better at what they do.

Conclusion

The marketing mix is all good and well but it doesn't paint the full picture. To understand it we must look at the 'touchy, feely' elements of business which are less often discussed. Diesel has built its existence around that touchy, feely passion with every one of its 2,200 employees living the Diesel brand. Diesel is the perfect company to allow us to see how this dry theory actually works in real life: how the passion of a founder like Renzo Rosso can be communicated around a company and breathed into each and every one of its diverse products.

Diesel grew into a global household name for premium clothing but it all started from that one man wanting to do something unusual, something 'stupid'. Stubbornly he stuck to his belief in doing the unusual and it has created a global company whose products are enjoyed by millions. More importantly, this has created a lifestyle – a whole new approach to the way we see a brand. Diesel is an experience which interacts with and entertains its customers – a far deeper relationship than most other brands.

Being driven by passion and the desire to do something special naturally ties these elements together. Understanding theory like the marketing mix in a company like Diesel can be difficult if we expect the elements of price, place, product and promotion to be separate from each other. It becomes easier if, like a magic eye picture, we look beyond the dry theory and realise all of these elements are inseparably bound together by the passion of people like Renzo Rosso who have dedicated their lives to treating their work as an artistic expression of their feelings.

1. Explain which of the promotional strategies used by Diesel are above- or below-the-line. Analyse the impact that each approach might have.
2. What type of promotion might Diesel:U:Music be regarded as and why?
3. Explain the advantages and disadvantages of using premium pricing as a strategy.
4. Considering the distribution strategies mentioned in the case study, what might be the outcome if Diesel adopted an intensive distribution method?
5. To what extent do you think Diesel can rely on its brand alone for future growth? How far do you think Diesel's growth is directly linked to its organisational structure?

QUESTIONS

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