Building and Sustaining Luxury Brands – Reflections on the Swiss Watch Industry

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Abstract

Compared to many other industries, the luxury industry relies more heavily on strong brands to achieve long-term competitive advantage. Accordingly, this article develops a comprehensive strategic marketing framework for building and managing luxury brands. The framework highlights the importance of developing a clear brand code and brand value, the integrated marketing strategic pillars that reinforce the brand code and value with a long-term orientation, and the need to selectively adapt to the evolving external environment while managing the delicate balance between heritage and modernity. The analysis is grounded in the luxury watch industry, combining the authors' observations and experiences with case studies, in-depth executive interviews, and consumer surveys. This article provides actionable implications for senior executives in the luxury industry.

Introduction

In contrast to most businesses that rise and fall due to technological and business-model disruptions,[1,2] the $1.2 trillion global luxury industry[3] experiences fewer such disruptions.

However, this relative technological stability does not necessarily translate to business stability, as the industry is heavily reliant on building and maintaining strong brands. The process is dynamic, and the results can be quite pronounced. For example, in the Swiss watch industry with over 300 active brands, in recent years a small number of brands such as Rolex, Patek Philippe, Audemars Piguet, and Richard Mille have grown much faster than their competitors and are capturing the lion's share of the industry's revenue and profit pool.[4] On the other hand, many once-prominent brands, such as Ebel and Corum, have struggled to maintain their former levels of prestige and commercial success.

We came to realize that playbooks for the luxury sector can be quite different from those offered to sectors driven by technological and business model innovations.[5] The natural question is: "*How to build and sustain luxury brands?*"

To address this question, we draw upon our collective academic, executive, and advisory experiences in the luxury industry, and develop a comprehensive strategic framework for building and sustaining luxury brands, adapted from the strategic marketing management framework.

We center our analysis on the Swiss luxury watch industry, which can be emblematic of many luxury sectors in the following ways. First, the product cycles are relatively long because the technical requirements are much higher than in industries such as fashion. Second, the relatively high price makes it an infrequent and high-involvement sector - consumers often engage in extensive research during the buying process. Third, emotion and socio-cultural narratives strongly affect consumers' decision-making. Fourth, the products' durable nature results in a robust secondary market in auctions and online marketplaces - brands need to pay attention to the resale prices when formulating strategy, as they influence brands' primary market performance.

While our framework has implications for technologically-stable industries where brand equity plays a dominant role, one caveat of an industry-specific study is that one needs to be careful when extending the insights to luxury environments where technological and business-model evolutions play a bigger part in forming a brand's competitive advantage (e.g., automobiles, electronics, smartwatches and wearables).[6] Our paper's title accordingly emphasizes this caveat.

Our framework starts with the core strategic tenets that help guide the more tactical decisions regarding product development, pricing, distribution, and communication. We complement our theoretical framework with case studies and in-depth interviews of three prominent watch industry CEOs: Jean-Claude Biver (former CEO of Blancpain, Hublot, and LVMH watch division), François-Henri Bennahmias (CEO of Audemars Piguet), and Georges Kern (CEO of Breitling). We believe such a combined approach provides actionable advice for senior managers of luxury brands.[7-16]

Defining success in the luxury industry

The executives interviewed define brand success in the luxury industry as "long-term brand relevance and desirability."

On this point, Bennahmias of Audemars Piguet says, "the brand's success has been built through a combination of monitoring the product offering, cleaning the distribution, building up the best team, defining a clear strategy, and not changing it every other year and obviously focusing all our efforts on the clients".

This speaks to the paramount importance of brand equity in this industry and stresses the time and dedication it takes for brand equity to be credibility established. The outcomes of brand relevance and desirability are increased awareness, perceived prestige, increased resales value, and increased revenue and profitability (via managed production growth and decreased wholesale allowance and retail discount).

This definition also implies that brands should have a long-term orientation when formulating strategies instead of giving in to the temptation of generating short-term revenue. The winning companies mentioned at the beginning of this article are mostly privately-held companies, which often have longer strategic horizons and are less pressured to deviate from their core strategies than public companies facing constant revenue growth pressures. This tension between long vs. short-term focus is a recurring theme in our framework.

A framework for building and sustaining luxury brands

With the ultimate goal of "enhancing and maintaining long-term brand relevance and desirability," Figure 1 outlines the strategies for achieving this goal.

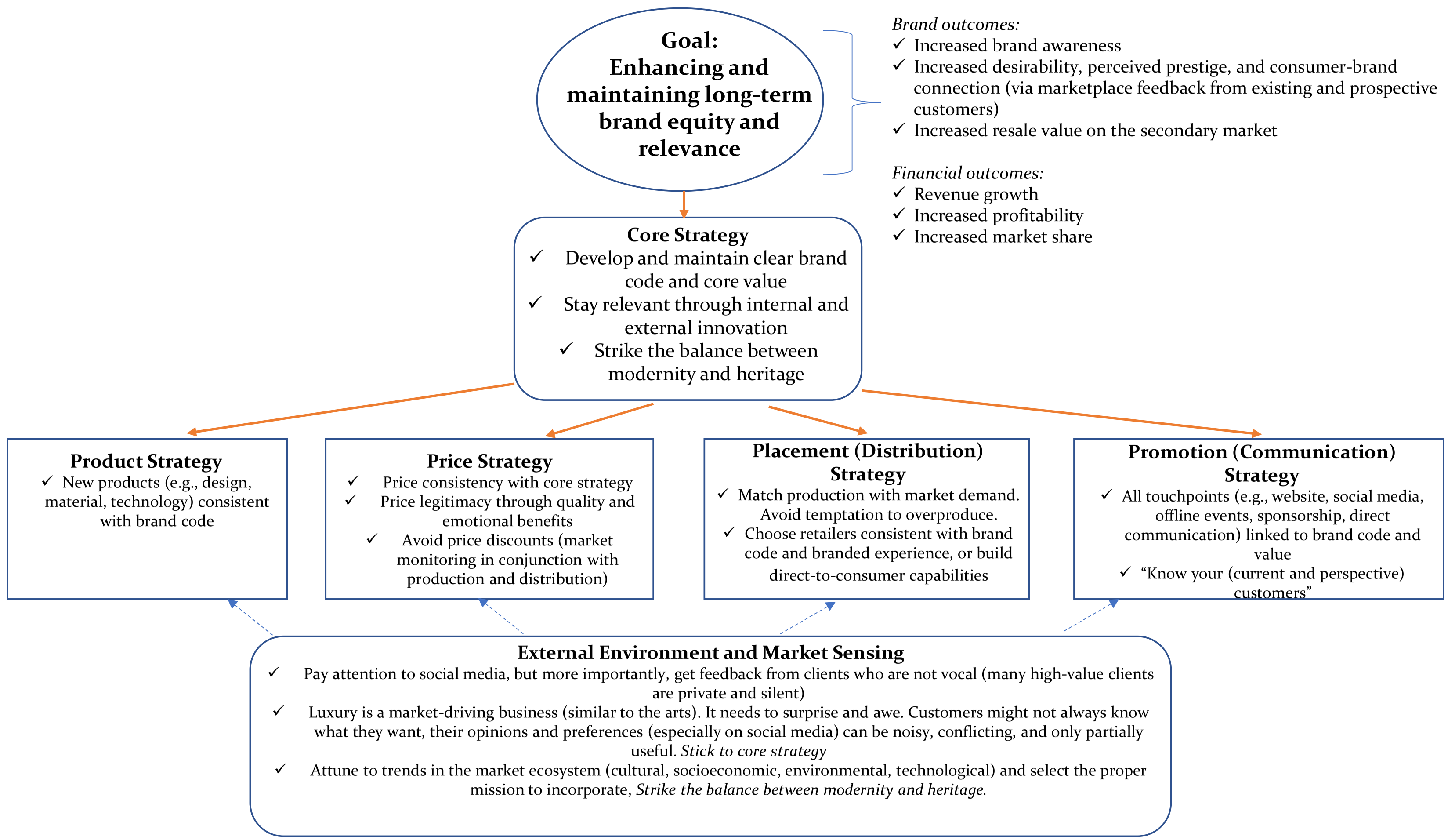
Core strategy - developing and maintaining clear brand code and brand value

First and foremost, the long-term goal requires a core strategy of developing a strong brand code and brand value. Then, the brand needs to stick to the code and value when formulating the four pillars of marketing strategy – product, price, placement, and promotion.

Brand code embodies specific design elements, whereas brand value reflects higher-order ideals such as excellence, respect for tradition, and innovation. Brand value needs to be credibly embedded in brand code. For example, if the brand value is innovation, the products must reflect pioneering design, functionality, technology, and materials. Some refer to the combined brand code and value as "brand DNA."

The consistency of a clear brand code and brand value over time, embodied in products and communication, cements in consumers' minds a clear brand identity – what the brand truly stands for. A clear and believable brand identity is essential in building brand equity.

Figure 1. Framework for building and sustaining luxury brands



As the market environment and consumer preferences change (e.g., trends in environmental and social issues), strategic adaptations can take place to stay relevant in the prevailing culture. However, such adaptation should not be drastic to deviate from or overshadow the core code and value, or it will cause brand confusion and dilution.

For example, Rolex's brand value is "excellence," which is carried out throughout the brand's communication across diverse domains in sports, sciences, and the arts. This value is linked to its products, which Rolex measures as precision, reliability, and durability. While the current collection reflects the research over the years in movement precision, reliability, and durability and exhibits some minor aesthetic updates, Rolex's brand code and design elements have remained virtually unchanged since the 1960s.

Similarly, Hublot's core strategy, "art of fusion," ensures that the brand's strategies and investments are geared towards developing and integrating novel materials in their products, such as new alloys in the cases or movements. Blancpain's motto "Since 1735 there has never been a quartz Blancpain. And there never will be" (penned by Biver in the 1980s) dictates an overall firm strategy that all the products should embody traditional horological elements and would only contain mechanical, instead of battery-operated quartz, movements. To ensure concerted implementation throughout the organization, all of these companies have carried out extensive training on the brand code and brand value to all employees.

Our interviewees echo the paramount importance of a clear brand code and value. As Bennahmias of Audemars Piguet puts it, "You build the success of your brand by setting a clear strategy and foremost sticking to it in the long run." Asked if the brand's DNA is a fixed concept or can evolve, he replies, "The core roots of the brand's DNA should always remain, but you have to adjust them to your time. What was right at a given time might not be valid anymore. But the golden rule is: never walk away from your true roots!"

Biver echoes the same sentiment, "DNA is clearly a fixed concept but can slightly adapt to trends. DNA of human beings never changes, although the body will change with age. The same happens to brands. Brand DNA cannot fundamentally change, but some adaptations to trends are possible."

Kern of Breitling similarly cautions against distractions from the market, "Don't get fooled by the [product] references some people expect seeing from your brand. You have to know your own true values and be capable of focusing on your true roots… Avoid getting too high, too fast, by resisting short-term temptations."

For heritage brands: find inspirations from the past

So, how shall brands develop brand code and value? For a brand with a long history, it can dig through the archives and identify the compelling brand value and design code, perhaps from the era when it was founded. This approach allows the brand to leverage the romance of a bygone era and then bring the value and design to the modern era. For instance, brands like Breguet and Leroy had illustrious histories making clocks and pocket watches for royal courts and ship deck chronometers from the late 1700s to the 1800s. Such rich history allows them to draw from this heritage for inspiration when developing their current products – Breguet's current Marine and Classique collections are indeed reminiscent of the brand's design code from the 1800s, thus creating a linkage between the past and the present.

For entrepreneurial brands, develop a narrative before jumping into prototyping.

While heritage brands have the advantage of history, they can also be tied down and constrained by their legacy. On the other hand, new brands have the freedom to craft their own narrative, value, and design code from scratch. For startup brand owners, before jumping into product prototyping, it is imperative to think carefully about the niche that you want to occupy and the brand value and design code that you want consumers to instantly associate. Such clarity will not only increase the chances of a successful launch but can guide product, communication, and corporate investment strategies for years to come. In this vein, Richard Mille, a brand launched only 20 years ago, has followed a clear approach with its F1 theme and subsequently expanded to performance sports themes.

Interviewing industry practitioners, seasoned and novice consumers, and other stakeholders such as suppliers, retailers, and the press can identify and develop compelling brand value and code. One can also draw inspiration from adjacent categories relevant to the target customers' lives, such as the arts, travel, sports, and epicurean pursuits. These preparation efforts can take months, but the result will allow the entrepreneur to more accurately assess where the competitive blank spaces are and the feasibility of occupying such spaces in the long run in terms of investment needed, the entrepreneur's capabilities, and potential competitive responses.

From our experiences, too many entrepreneurs are too eager to produce a product prototype without doing the above homework beforehand. This "product-first, strategy-second" mindset has been a leading cause of why startups fail,[17] and the lack of a coherent long-term brand strategy can be especially fatal for the "brand-equity heavy" luxury industry.

Aligning the four pillars of marketing with the core strategy

As Figure 1 illustrates, once the core strategy, as defined by brand code and brand value, is set, then the four pillars of marketing strategy - product, pricing, placement (distribution), and promotion (communication) strategies, should align closely with the core strategy.

1. Product development - be true to the brand code

A distinct brand code can make product development easy, as it sets the guiding parameters and boundaries. For instance, the Breguet example mentioned earlier shows that design elements of Breguet's ship deck chronometers made in the 19th century can help it conceptualize the next generation of marine-theme wristwatches.

Going back to the brand's vintage pieces for inspiration is thus a key driver for product development. These revival efforts and alignment to historical designs can foster the image of historical continuity and "eternal" brands, which defines a luxury brand for most clients. For example, Cartier is always building its core collection around the five pillars - Pasha, Panthère, Tank, Santos, and Ballon. Any novelty has to fit into the DNA of one of those five product families, thus making sure that the overall brand identity remains coherent.

For entrepreneurial brands such as HYT, a brand built expressly on the brand code of using liquid to display time, subsequent product development would further explore this technology and design concept of using liquid to creatively replace traditional time-telling mechanisms. Similarly, Romain Jerome's brand code of playfully enmeshing popular cultural elements (e.g., the Titanic, the moon landing, the Day of the Dead) into their products' materials and designs, mandates that its product development needs to be cognizant of various pop culture around the world and develop design, material sourcing (e.g., rusted steel from the Titanic and dust from the moon), and collaboration capabilities to bring these concepts to fruition.

Horizontal and vertical product extensions are always crucial growth concerns for any luxury brand, and any extension decisions should have legitimacy based on brand code and history. For example, the watch and jewelry house Chopard tried to stretch the brand horizontally beyond these two categories, trying to imitate the more comprehensive houses such as Cartier or Hermès. But Chopard does not have the history of a luxury Maison dating back to the 19th century and therefore selling perfumes, handbags, or opticals has been far less successful.

On the importance of the product to follow the core strategy, Bennahmias says, "AP is developing products fitting in the long-term strategy and not so much following customer insights or market studies. We are not pretending to know better than our customers, but we are making sure that we stick to our values. Even though we have people inside our company who are very much in favor of focus groups, as the CEO of AP I don't like to rely too much on those client feedbacks to get inspiration for new products".

Biver: "The results from customer input are usually more linked to the past. Customers usually mention not what they would see in the future, but what they would have loved in the past or present… Therefore customer input must be interpreted carefully…"

Kern: "Developing new products and making sure that we are staying coherent is a constant balance. By making collabs with younger brands such as 'Deus ex-machina', we are not going into fashion, but we are becoming fashionable. The code of this watch stays in line with our core values, but we adapt the design to the collab which is highly successful with younger customers."

Sidebar: An iconic product can help redefine the core strategy

If a brand's product, for some serendipitous reasons, became an icon, then the brand can leverage this success to redefine the core strategy. One successful example is Audemars Piguet (AP), a heritage brand traditionally focused on high-horology dress watches. In 1972, its octagon-shaped, steel sports watch Royal Oak became a surprise runaway success. Since then, AP has relied heavily on its Royal Oak product family, which has been the main sales contributor to the brand.

The launch of the Royal Oak in 1972 was not only an important product launch for AP, but it created a new product category of the sport-chic watch at a time when high-end watches were conventionally designed and made of precious metals. This cemented AP's leadership in this emerging space, which AP has incorporated into its history and is now part of the brand code. A related example is the Nautilus line launched by a similar heritage brand Patek Philippe in 1976 – designed by the same designer behind the Royal Oak – which is to date the most coveted and iconic watch sold by the brand.

Both AP and Patek Phillippe have made evolutions and derivatives (e.g., different case sizes, different movements) of those two iconic watches and have kept them in their core range since then. An appropriate comparison in the automobile sector is the automaker Porsche's 911 model - a perpetual design evolution of an icon that just needs minor design improvements to keep up with consumer expectations through time.

2. Promotion (communication) - a mix of emotional and concrete, integrated across all touchpoints. and relevant to the target customers

Luxury is about storytelling - you are not selling a product, you are selling a story meant to take the clients on a journey. Clients won't just focus on the performance comparison between two products, as they are buying into a brand's narrative and emotional appeal.

Thus, communication has to be the right mix of brand-related emotional tales and product-related concrete facts that will make the communication compelling. For instance, a brand trying to rejuvenate its image will need to come up with claims relevant to a younger generation rather than telling them the same story heard over and over again. The communication strategy has to stick to the core strategy, but can module the messages between the emotional/abstract and concrete/functional. Our research shows that goal-consistent messages delivered over time, while modulating between diverse emotional and functional appeals, can be very effective.[18]

In terms of execution, the communication effort needs to be fully integrated across all offline and online touchpoints with the common goal of reinforcing the brand code and brand value in consumers' minds. Similarly, as brands receive increasingly diverse consumers' reactions from diverse platforms, responses to questions and concerns must be handled with a consistent brand approach.

For an integrated communication strategy to succeed, the brand needs to ensure that all staff members are well-versed in brand code and value. "Knowing your customers" makes for more resonating communication and is central to effective social media communication. Staff members in charge of firm-generated content should not be relegated to a PR or communication department detached from the firm's overall marketing strategy and customer insights. They should be well versed in the brand's core strategy and the psychographics of the firm's current and prospective customers - their preferences, needs, and lifestyle outside of their relationships with the focal brand. They should also be technically well-versed in the products' performance and understand the common customer usage scenarios.

Adapting to the ever-evolving communication channel and format is also key - the carefully crafted messages can only be effective if they reach customers at their preferred channels. Not being dynamic and adaptable can cause a brand to lose grounds on which it once held legitimacy. For example, Chopard was one of the first brands to initiate a strong collaboration with the car world by sponsoring the Mille Miglia car race - a vintage car competition that conveys a strong image of life from another time and a sense of nostalgia. Accordingly, Chopard launched a watch line named "Mille Miglia" and designed products with a strong vintage car motifs. Unfortunately, over time, the communication didn't adapt to the world of digital media and remained quite silent compared with smaller and emerging players such as Richard Mille, who started sponsoring "Concours d'élégance" races of vintage cars. As a result, Chopard has given up its leadership role in a potentially powerful environment to that of a niche player.

On aligning communication with core strategy, Kern says : "Don't mix up between digital transformation and e-commerce. Your e-strategy is about creating touchpoints to trigger sales, but it should be treated with an overall and coherent strategy."

Bennahmias stresses the importance of human connection and relevance, "We have new tools on hand which give us a lot more opportunities to communicate in a much more direct way with our clients. But keep in mind that whatever you do, you have a 50% chance of offending someone by conveying a message. And I believe that as of today no one – neither in the watch world nor outside of it – has managed to break the codes of communication. I am a firm believer that in a niche brand like ours, where we are selling 45,000 watches a year, we should stick to 1:1 communication with clients as much as possible. We are not going away from human connections".

Sidebar: Highlight the human creators behind the product, whenever possible

The connection between the client and a human creator – incarnating the brand – will be stronger and viewed as more authentic than the bonds he might have with a faceless corporate brand. The encounter with the creator or the person managing the show creates deep, long-lasting bonds between the client and the brand. If a customer is talking to the watchmaker at his bench or the master winemaker in his cellar, it will create a relationship nurtured by emotions and memories that corporate messages will never achieve.

3. Pricing - reinforce brand positioning, establish price legitimacy, and avoid discounting

Pricing can be both a challenge and a competitive advantage. Ever since Veblen illustrated luxury goods' "snob effect" with increasing prices triggering higher demand, luxury brands have faced the challenge of setting prices with compelling logic. Pricing needs to be compared with the peers but should always be consistent with the brand's core strategy.

A luxury brand will have to price at a coherent level with its overall brand claim. If the potential client thinks that a high-end brand is priced too low, he will question the brand's consistency. On the other hand, it can be risky to position a new brand above an established reference brand.

Nevertheless, Richard Mille, a brand launched in 2001, took exactly this daring pricing approach by setting its first product at 100,000 Swiss Francs above the most prestigious brands' comparable products. Not only was the brand successful at the launch, but that premium pricing remains a competitive advantage. They claimed that "we don't fear any comparison and we're not to be compared with anyone." To make this core strategy work, the brand is coherently and consistently supported by well-capitalized communication campaigns, high-profile partnerships, costly R&D, daring innovations, and exclusive distributions, to support the brand aura needed to justify the ultra-premium pricing.

The initial pricing decision needs to be carefully thought out and is crucial for the brand's future trajectory and future clientele. Once your price point is set and seen as coherent with your brand's DNA, you never get a second chance to make the first impression. In general, going down-market with a lower-priced product aimed to attract, say, a younger clientele with a lower budget is easier than going upmarket with an exclusive line to capture a higher-end clientele. In the latter case, the brand's existing clientele won't be attracted, because they will question the premium needed to experience the brand that they already have, and potential clients will question the credibility of this brand to compete with their usual luxury brands.

Finally, avoid price discounts. Once price discounts are offered, brand equity is put in question, and it will take a long time for the damaged brand equity to recover. This also implies that one needs to manage growth to avoid overproduction and thus the temptation to sell excess inventory through discount gray market channels.

4. Placement (distribution) – encourage product inspections; store experiences and retail partners need to align with the core strategy

In the era of e-commerce and digital marketing, it can be too tempting to embrace the digital and dismiss physical stores. Although e-commerce has broadened the brand reach and facilitated product fulfillment, it has an important limitation: it falls short in physically engaging customers – a task that physical stores are well-equipped to do. This capability is crucial because many products require physical engagement in order for the customer to make an informed decision.[19]

Our recent research has shown that despite the online-posted photos, videos, and reviews, people still prefer to physically inspect many product categories.[20] This is especially true for hedonic categories such as luxury products. While this might be less of an issue for well-known brands, it is crucial for lesser-known brands. Physically engaging the customers can boost their confidence during the buying process and facilitate their understanding of the brand code and value.

Specific to the current context, based on our survey of 330 customers in the "luxury watch segment" (e.g., retail prices above $20,000) who have purchased the category online in the past, 68% of them mentioned that they would not buy a lesser-known brand without seeing it in-store first. When probed for reasons, some informed us that they wanted to assess the fit and wearability in terms of size, weight, and texture. But even those customers who did not voice specific fit concerns expressed a general desire to "see it in person before making a decision." While the percentage of people wanting to first check out the items in-store is slightly lower in the premium sector (e.g., retail price between $5000 to $20,000) at 57% (sample size 535), it nevertheless highlights the importance of physical engagement.

The evidence suggests that distribution should not be exclusive but selective as physical engagement and product handling is key. Although some scarcity can be desirable in the luxury industry, we recommend that brands make products available for physical inspection, even if they are not available for immediate purchase.

When engaging customers in the physical store, it is important that the store experience is consistent with the brand's core strategy. Details need to be paid to factors such as store design, product curation, personnel training in product attributes as well as brand history and cultural backgrounds.[21] Brands that operate their own network of boutiques have full control and alignment of these service aspects. These vertically integrated stores can also act as venues for offline events to further engage customers in a more relaxed and social setting – a human connection and soft-sell strategy crucial for the luxury sector.[22,23]

If a brand chooses to work with retail partners, it must carefully pick partners whose core strategy aligns with the brand's own. Such alignment is reflected in the retail partner's location, store décor, level of in-store service, staff's knowledge, omnichannel capability, and aftersales service. Without such close alignment, it can result in inconsistent brand experiences.

On distribution strategy and retail partnerships, Bennahmias says, "First of all, you can't put all the retailers in the same basket. We – the brands – pushed the multi-brand retailers to become "rainbow" places with each brand trying to push further the brand's flags, each with their corporate identity. With this, we contributed to the loss of identity of those retailers and by doing this they lost their relevance. Having said that, I strongly believe that there will be always a place for the best of the best of the retailers. AP does not have any e-commerce activities and does not plan to do so."

Biver firmly believes in the importance of the traditional retailers' role in building emotional resonance with consumers, "Retailers, provided they have the right stock, the right brand and product information and the right salespeople, still have an important role to play… But they have to adapt and not only sell a product in exchange for dollars. Today experience and emotion have become a strong sales argument for the traditional distribution channel. One has also to take into consideration the "advertising and promotion" role the retailer is playing through the high visibility he is giving to the brand and its product. 10 showcases of 1 meter with 10 products each in Tokyo are worth quite a lot in terms of visibility. If he can then add some elements like emotion, experience, special service and treatments, then he will be the perfect complement to the online channels."

Kern is a strong advocate of e-commerce and multichannel and says, "Due to the change of habits that Covid restrictions brought, people will travel a lot less, and therefore the brand's visibility is strongly negatively impacted… The online presence has become a capital asset to develop the brand's awareness."

Attuning to the ever-evolving environment but remembering luxury's market-driving nature

Finally, the bottom of Figure 1 suggests that in addition to aligning the four pillars mentioned above of marketing to the core strategy, brands need to be attuned to the ever-changing broad external environment.[24] The awareness of technological, cultural, and socioeconomic macro-trends is crucial for market sensing and ultimately staying relevant to new generations of luxury consumers. These can lead to operational and product initiatives such as responsible diamond and gold sourcing that started over a decade ago, Hermes Watches' sourcing of steel locally from Europe, Zenith's collaboration with young artists such as Felipe Pantone, and Panerai's up-cycled and plant-based materials for their cases and straps.

Sidebar: How "Omega x Swatch" elevated the profile of both brands

As a notable recent example of a collaboration aimed to keep both brands relevant for younger consumers, the Omega x Swatch MoonSwatch is a collection of colorful quartz watches provocatively resembling Omega's iconic Speedmaster Moonwatch but at a much more accessible price point ($260 vs. $6,000). In this collaboration, Swatch brings to the table an innovative material bio-ceramic - a blend of ceramic and bio-sourced plastic. This material speaks to Swatch's historical brand code focusing on creating fun and plastic quartz watches, making the brand a fashion icon throughout the 1980s and 90s.

The end product is intriguing and blends both brands' codes. Swatch, founded in 1982, "can afford to experiment with new materials and designs that do not necessarily follow any institutional logic, except that of constantly disrupting prevailing norms and catering to current fads. In contrast, Omega, founded in 1848, is an establishment that has to respect its traditional principles and its well-established visual design factors. Here, the two opposite forms of expression become complementary, creating the necessary tension for a stimulating and paradoxical product. Its price point offers scope for a broader and younger audience to be interested in starting their journey into owning watches and exposes the next generation of watch wearers to an Omega icon."[25]

For the product launch, Swatch also made MoonSwatch available only in Swatch's physical stores and temporary pop-up stores, accompanied by an announcement on social media. This approach is now the norm for launching high-end streetwear and limited edition sneakers. This concerted communication and channel formula drove mostly young consumers to the Swatch stores around the world, and many had to wait for hours in line outside of the stores. The intense interest around the MoonSwatch campaign has revived interest in the declining Swatch brand (the annual volume of Swatch has declined by 85% since the 1990s),[26] particularly with younger consumers who didn't see the brand as the cool provocateur that previous generations may have.

As consumers' lifestyles evolve and the line between formal vs. casual becomes blurred, this partnership is also a culmination of a trend of collaborations between luxury and street brands to create innovative new products that blend the best of both worlds and speak to both audiences.

Organizationally, senior managers need to realize that brands are defined by the people who run them, and new talents and perspectives are required to keep their brands culturally relevant. There is currently an industry-wide call for more female and minority senior executives across the traditionally conservative white male-dominated luxury sectors[27] to address the growing diversity of their clientele and avoid embarrassing and expensive faux pas.[28]

From our observations, it is difficult for a brand to remain relevant for more than one generation of customers without strategic updating – many brands do not transition well culturally. As one of us summarized during a recent media interview - "the public pressure is the trigger for changes and watch brands have to comply with the expectations set by their existing or potential clients. Time will punish the ones hoping for a miraculous status quo."[29]

When presented with the many macro-trends, it is essential not to be overwhelmed, pulled in all directions, and chase the hottest fad. Just like core strategy formulation, it is a matter of picking and choosing your missions - a brand cannot be everything to everybody.

Similarly, brands would easily hear diverse and often conflicting opinions in today's digital landscape. It is essential to realize there are a lot of noises that can be distracting. While taking customer feedback under advisement can be helpful, the luxury industry, like the arts, must understand that they are in the market-driving and visionary business. They need to educate and guide consumers in their taste formation,[30] and the new products must surprise and awe.

The original brand code must remain salient as brands evolve with the changing times. If the evolution is a departure from the old, it must balance modernity and heritage. As brands try to modernize and appeal to Gen Zs, who many would think would embrace anything, they need to remember that as much as Gen Z loves change, they are also nostalgic for the past and deeply respect traditions, culture, and heritage. Luxury brands could benefit from Mr. Biver's human analogy, "as humans age, our looks may change, but our DNAs remain the same."

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7. Extant academic research in luxury marketing has often focused on consumer's motivations and social needs and discussions of how consumers of various social classes engage in luxury consumption. These studies utilize lab studies to demonstrate a specific effect instead of a holistic strategic management perspective. On the other hand, popular books written by consultants present anecdotes and case studies and lack a cohesive theoretical framework that allow managers to assess functional performances and areas of improvements. In contrast, our framework combines luxury products' social and motivational aspects with our empirical observations over decades, reflections from industry leaders, and an academic framework grounded in strategic marketing management, strategic brand management, and strategies for market-driving firms.
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