

MASTER THESIS

How to enlarge the business scope and increase the brand equity of Lalique?

**A study on potential brand extensions and an analysis of the
best target segments to leverage brand equity.**

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1. Executive summary

The global luxury goods sector is outperforming the world economy with 6.5% versus 3.2% growth in 2013. While the average growth forecast for luxury goods until 2025 has been estimated at an annual rate of 8.5%, there are talks about an emerging “new normal” growth pattern of 4-6% per year for the industry. European brands still dominate the global luxury goods market worldwide and represent approximately 71% of global output. In terms of consumer, the importance of the “middle” class in emerging economies is accentuating and contributing to a large part of the estimated 10 million additional consumers of luxury goods which will enter every year until 2020. Especially sales to Asian customers continue their rise to reach 51% of the total luxury goods market in 2013. While America has recently regained momentum, the mega trend of Asia’s growing significance is expected to continue. As a consequence of a constantly changing society, an interesting new consumer segmentation approach has arisen. This approach should enable luxury brands tackling their consumers rather based on spending and behavior habits than simple generalization on nationality.

In the category analysis of glass and fine crystal manufacturers, 36 brands have been maintained and screened with a detection of only 3 relevant brands from outside Europe. The category of crystal manufacturer shows a substantial degree of regional clusters as displayed later in this report. With an average number of years of existence at just below 200 years, Lalique is clearly situated in the lower mid-field compared with its peers. On the other hand, it has been observed that the brand is above the average of 4 product segments in which crystal manufacturers have extended their activities over the years. This gives Lalique a substantial competitive advantage regarding its potential to reach more consumers than the competitors as the brand availability grows. With strongly present key values, Lalique has an elegant and exclusive French luxury aura and authentic origins in its current product segments linked with its heritage and tradition. For now, only affluent consumers, collectors and avant-gardists are aware about the brand. In consequence, the availability, familiarity and general awareness of Lalique has been pointed out as main axes on which the brand should put efforts in order to increase its brand equity. An investment into the promotion of the product segment with the widest distribution could be the fastest applicable option.

With the aim of increasing Lalique’s operating revenues it is recommended to follow the highlighted trends in mobility, secret urbanism and home automation. The growing importance and prestige of high-speed rail and the ever increasing aviation traffic offers interesting growth opportunities with the extension in infrastructure. This venture would be justified by Lalique’s past work for high class transportation companies and show significant advantage in terms of brand awareness and visibility building. The second development direction is based on the growing desire of today’s society for unique experiences and exclusive environments. With the creation of a hospitality and gastronomy segment, offering a franchising concept for private member clubs, Lalique could excel in the display of its sophisticated and luxury lifestyle. Through the association with partners from the luxury hospitality industry, Lalique should furthermore be able to extend its customer base and increase the familiarity with its brand segments.

The third brand extension follows the opportunity of the trend towards an automated home in the aspects of entertainment, security and lighting. Especially the new luxury consumer from generation X and Y strive for interconnected and easy living with style. While partnering with a strong high-end entertainment brand and a security specialist, Lalique could position itself at the forefront of luxury home automation. Even though the technological aspect might not respond to the brand identity at first sight, one could argue that this venture would represent the will to innovate of René Lalique when tackling new projects. For this product category, a newly developed E-Commerce site and additional retail partners would increase the availability and have positive influence on the awareness of Lalique. In turn, the brand equity would increase while fostering the position of a contemporary lifestyle brand.

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6. Problem statement

This chapter explains to the reader the purpose and objectives of this thesis with its delimitations. Furthermore, it provides an exposition of the broader context in which the company is operating and leads to a better understanding of the situation in which decision must be taken.

6.1. Mandate

In collaboration with the University of Applied Science from Geneva (HEG Genève) and the external supervisor, Donatella Zappieri, the researcher has been mandated to undertake a study project for Art& Fragrance SA from Zollikerberg – Switzerland over its brand Lalique.

With the aim of increasing the business scope and the brand equity of Lalique, this thesis looks for possible brand extensions and ideas about a concrete action plan. Art&Fragrance (A&F) as brand owner seeks useful information such as new ideas and/or a confirmation of the already initiated process of the brand development and communication.

6.2. Context

The group A&F, quoted at the Berne stock exchange, is a company operating in the field of creation, development, marketing and worldwide distribution of luxury goods. The company was founded in 2000 by Silvio Denz as main shareholder and has its headquarters in Zollikerberg, near Zürich – Switzerland. For 2013, the group with its 550 employees showed a turnover of CHF 118.7 million and a profit of CHF 5.8 million according to its annual report.

Since the acquisition of Lalique in 2008, A&F has restructured and re-launched the brand across the globe including launches of new product categories such as Fine Jewelry or Home Fragrances. The production facility in Wingen-sur-Moder in Alsace / France has been overhauled or modernized including a new furnace and logistics center. Furthermore, there were closures of unprofitable point of sales and openings of new point of sales such as recently in Miami, Las Vegas, Casablanca, Zürich and Shanghai. The 2013 annual report points out that the brand Lalique accounted to 70% of A&F's turnover last year (divided in 45% from its crystal, 20% from its perfume and home fragrance and 5% from its jewelry business unit).

Besides the development of Lalique and the other brands in its portfolio, A&F continues to look for potential brand acquisitions and/or new license agreements within the luxury goods sector which would constitute a good fit with the existing portfolio. On the same time, the group is considering all of the options to enlarge the business scope for each of the brands in its portfolio as to strengthen its position in the market and increase its equity.

6.3. Objective of mandate

This master dissertation is focused on the brand Lalique and strives to identify a potential brand extension¹ in order to enlarge its business scope and increase the brand equity towards a global lifestyle brand as a whole. Through the identification of the brand's key values and the current market trends in the global luxury goods sector, one or several brand development opportunities will be proposed and weighted by the coherence with the brand identity throughout this report. The draw up of these opportunities shall ensure that the brand will tackle the customer segment with the best potential first. This should assure the continuation of the positioning of Lalique as a global lifestyle brand. Furthermore the development proposals should also help to give the brand an overall contemporary image. To sum up, this mandate aims to answer three main questions:

1. What are the key values of Lalique and its inherent brand equity²?
2. Which are the current main trends which move society and present interesting development opportunities for Lalique while coherent to its brand identity³?
3. Which customer segments present the best potential to grow the brand equity of Lalique in its aim to form a contemporary image while following the mentioned trends?

6.4. Delimitation of subject

The subjects treated in this thesis will first of all be limited to a draw up of possible brand extensions and development directions without going into a detailed product development. Moreover, it leaves aside exact financial considerations, since this would need further in-depth research on its own. Secondly, a brand bible⁴ with accurate ethic and aesthetic codes as well as the content of a concrete advertising and promotion campaign would need to be elaborated separately. Furthermore, the recommendations are limited in regards of customer segments to macro guidelines, pointing out the best segment for a successful positioning as a Lifestyle brand.

¹ Chosen between the development into new product or customer segment as well as geographical extension.

² Focus on intangible attributes such as the "unique set of real and/or perceived distinctions attached to a brand" (Brand Equity model by Brandt and Johnson, 1997) rather than financial aspects.

³ See « Identity Prism Model » in chapter 7, Methodology, later in this report.

⁴ Document that establishes distinct guidelines on how all aspects of a company's brand will be handled, Design Hack, <http://designshack.net/articles/graphics/how-to-build-a-brand-bible-visual-style-guide>, consulted on 30.06.14.

7. Methodology

In this section of the report, the author presents the chosen methodology which found the results and recommendations to the mandator. It aims to facilitate the understanding of chosen methods from the data gathering process until the analysis of them.

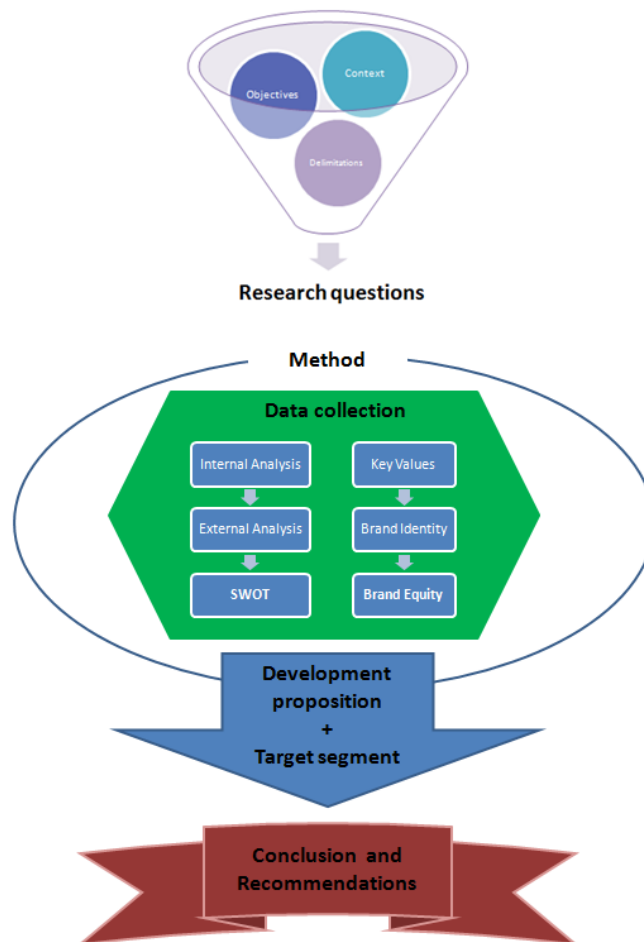


Figure 1 : Illustration of project disposition

The above shown figure illustrates the different stages of this master thesis on a macro level. It is the red line and work structure.

Apart from the problem statement, the context description and the formulation of the research questions, this thesis starts with data gathering to aliment the various research areas with observations and with theoretical models for analysis purposes. In the coming sections, these different stages will be explained and will enable the reader to understand the logic and the findings of this report as well as judge on its validity.

7.1. Data collection

The gathering of data is divided into primary and secondary data collection. The main goal of the data gathering process is to adhere to completeness and reliability as to guarantee a good basis for this report's findings and recommendations.

7.1.1. Fieldwork

This section covers the primary data gathering based on a set of semi-structured qualitative research interviews⁵. According to Hollensen (2007), qualitative research characterizes with an exploratory and it serves to gain initial and qualitative understanding when focused on key informants with considerable knowledge. Further reasons for choosing qualitative over quantitative data gathering is to look for verbal reasoning, thoughts and opinions of a sample of professionals from the luxury goods sector.

Each participant was asked to express its perception of key values, current market trends on brand extensions in general and options for the brand in question. Finally, the interviews gather input concerning the way of communication and the positive or negative experience gained or observed in their daily business. The aim of the interviews is not to compare the answers but to get a good sample during this qualitative marketing research that can be completed with secondary data from field observations within this master thesis. The main findings will be pointed out in the analysis section of this report.

7.1.2. Sampling and criteria

Referring to Lehmann and Winer (2008) the most important sources of information are employees, customers, suppliers, sales force, consultants and investment bankers. For this thesis 11 managers and professionals from the luxury goods sector have been interviewed. While 55% of the participants are A&F internal managers, 45% are external managers, clients or opinion leaders. A complete list can be found under appendix 2. As to guarantee the quality of the inputs, the interview partners needed to meet the following three main criteria:

- Current or past working experience in luxury goods sector
- Understanding of marketing, communication and sales aspects
- Certain knowledge of crystal brands, and the brand Lalique in particular

⁵ Interview that leaves some room of maneuver to widen the questions, Wikipedia, http://en.wikipedia.org/wiki/Semi-structured_interview, consulted on 30.06.14.

7.1.3. Literature review

In addition to the fieldwork as described above, a review of the relevant literature serves not only to gather secondary data concerning the topic of this thesis, but also sets the basis for the theoretical models which will be used to analyze the data. Besides the already well known marketing tools for data analysis in regards of internal and external environments, this thesis considered a set of models which will be described in the next section. Based on these models, key values of the brand are filtered out and its brand equity defined.

7.1.4. Research on big data source

To complement the primary data from the fieldwork of this master thesis, the thesis will use secondary data sources according to Lehmann and Winer (2008) from annual reports, qualified industry reports, business press and newspapers. Key sources are published news articles or studies from or for the ECCIA⁶, the lobby of luxury industry in Europe, the “2013 Luxury Goods Worldwide Market Study” from Bain&Company (2013) and “Europe: Branded Consumer Goods: Luxury Goods: A Trillion Dollar Global Industry by 2025?” by Goldman Sachs from 2012.

For trend analysis, this thesis will rely as well on surveys of big events across the globe such as interior design and fashion shows, blogs and recent architect projects. Hollensen (2007) points out the main advantages of big data collection being less expensive and time consuming in contrast to primary data.

“Big data is a collection of data from traditional and digital sources inside and outside your company that represents a source for ongoing discovery and analysis,” according to

Lisa Arthur (2013) in an article at Forbes

Following this definition, this source will complement the analysis of the internal and external environment of the brand in question and potential new branches and categories. It will be a major source for the competition analysis as well as the analysis of macroeconomic trends in the luxury goods industry in order to detect attractive segments and markets.

7.2. **Model selection – theoretical framework**

In order to accurately proceed the analysis of the collected data a set of models will give this thesis the necessary theoretical and academic framework. Focusing on the identification of key values and the resulting brand equity of the brand Lalique, the below explained models are chosen to guide the analysis from the fast choice of marketing doctrines given.

⁶ European Cultural and Creative Industries Alliance, <http://www.eccia.eu/index.php?id=5>, consulted on 30.06.14.

7.2.1. Brand Equity model

As starting point to define the brand equity of Lalique, the brand equity model from Brandt and Johnson (1997) is used. From the collected data, the communicated and perceived key values of the brand will be filtered out. In this thesis, the focus lies on brand equity in form of intangible attributes such as the unique set of real and/or perceived distinctions attached to a brand. The various values and attributes of below model form the brand equity and contribute to reply the first research question of this thesis.

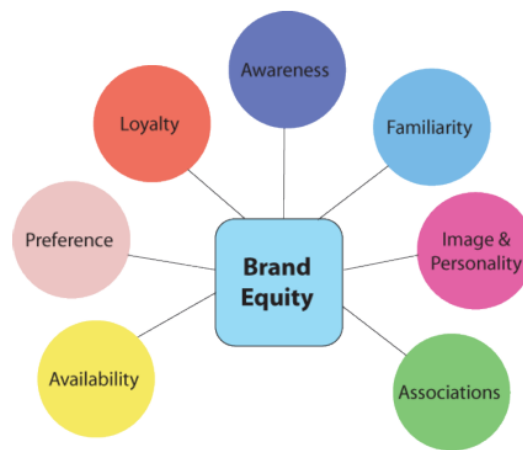


Figure 2 : Brand Equity Model (Brandt and Johnson, 1997)

7.2.2. Multi step approach

In combination with the previously described model, the multi step approach by Keller (2003) sort the various values into the brand equity defining process. The model shows the most important steps and considerations for a brand to form mental structures for the customer in order to assure the understanding and the buildup of certain brand knowledge. This knowledge, mainly formed by the combination of the awareness and the brand's image analysis, will ultimately form the brand equity.

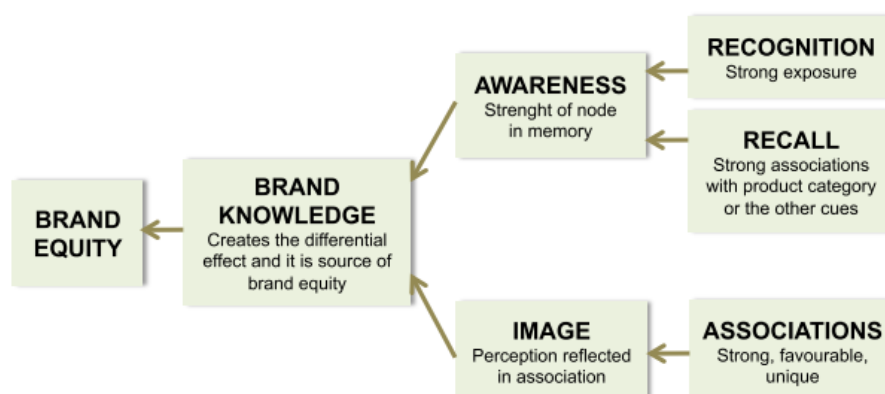


Figure 3 : Multi Step Approach (Keller, 2003)

For this report, the multi-step approach, as a second model to evaluate the brand equity of Lalique in this thesis, takes the role of double checking and thus authorizing the findings in the brand equity model. Through the answers received during the interviews will help to verify if this knowledge building is working or not and what the result is.

7.2.3. Identity Prism

Brand identity is a promise that a company makes and the brand image is the sum of consumers' perceptions about that brand. Thus we stress the importance for each brand to know its identity and perceived values according to Chevalier and Mazzalovo (2012). In order to assure a degree of superiority against its competitors, the brand needs to assure the uniqueness of its selling proposition and the proper understanding of it.

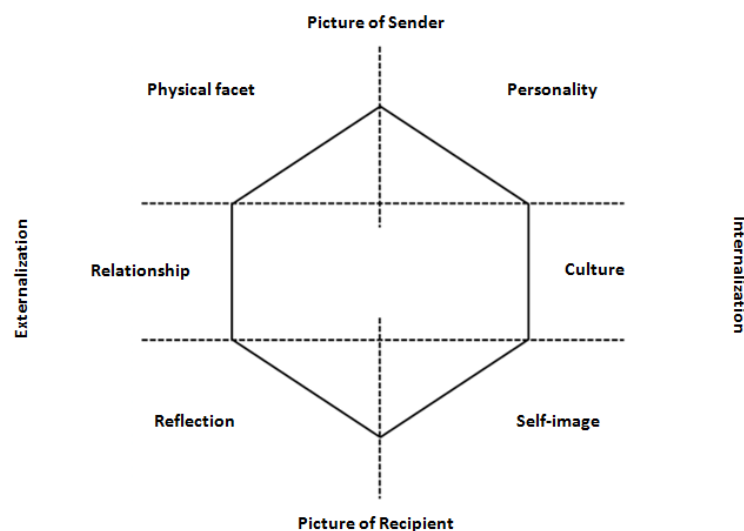


Figure 4 : Identity Prism (Bastien and Kapferer, 2008)

Bastien and Kapferer (2008) decompose the symbolic dimension of what the company would like to communicate and stand for, the “picture of recipient”, from the perception of the customer, the “picture of sender”, in the above shown Identity Prism scheme. These two vertical dimensions are combined with two horizontal facets: internal and external. As a result, this thesis deduces the mental and the visual brand identity through this analysis. Having done almost 50% of the interviews with external managers, the equilibrium between the internal and internal view is respected in this thesis.

7.2.4. EST-ET© diagram

Chevalier and Mazzalovo (2012) define this diagram (see figure 5) as “a diagnostic tool applicable to any brand manifestation in order to measure its adequacy with respect to the desired brand identity”. It allows this thesis to situate and characterize the match through two components; aesthetics and ethics.

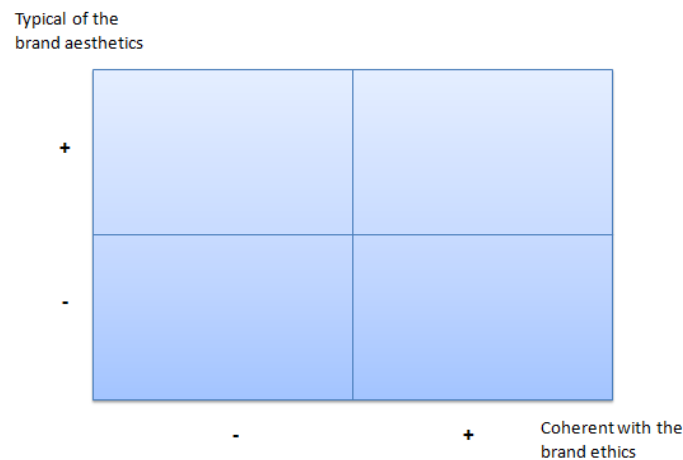


Figure 5 : EST-ET© diagram (Chevalier and Mazzalovo, 2012)

The aesthetical axis measures the consistency with the aesthetics, originality of design and efficiency in the transmission of ethics of the brand in question. On the other hand, the ethical axis is measuring mainly the coherence with the brand identity and competitive relevance. Hence, this report will use this model to situate the potential brand extension proposal to validate it on a consistency and coherence aspect to its core values.

7.2.5. Other analytical tools

Further models such as the “Semiotic Square of Consumption Values” (Floch, 1998) or the “Rosewindow scheme” (Sicard, 2010) would have provided additional analysis tools with the same aim but with a different approach and thus were not considered. On the other hand, throughout the analysis of the internal and external environments of Lalique, this thesis applies the well-known PEST⁷ and SWOT⁸ models which will complement the theoretical framework for this report.

⁷ Macro environment analysis tool, Wikipedia, http://en.wikipedia.org/wiki/PEST_analysis, consulted on 30.06.14.

⁸ Internal and external analysis tool of a company and market, Wikipedia, http://en.wikipedia.org/wiki/SWOT_analysis, consulted on 30.06.14.

8. Situation analysis

This chapter aims to represent the current situation not only of the external and internal environment but as well the perception of the brand. Starting with the external analysis of the luxury goods industry including the category competitors of Lalique, it will then strive to define the DNA of the brand in question and evaluate its brand equity by pointing out key findings from the interviews. All in all, a proper situation analysis will ensure the accuracy of the development proposition in the next chapter.

8.1. External environment

This section starts with the analysis of the luxury goods industry and then concentrates on the market category of global well-established fine crystal manufacturers in which Lalique is operating. Furthermore, the external environment involves a competitor and a trend analysis.

8.1.1. Luxury goods industry

According to the study of Frontier Economics (2012) for the ECCIA, European luxury brands account for 70% of the global luxury goods market sales output which amounts to more than EUR 600 billion⁹ in 2010. These over EUR 400 billion account for 3% of European GDP. The total industry is responsible for over 1.5 million jobs (thereof a million directly) in Europe while realizing roughly 60% of its sales in export markets outside of the continent. From the remaining 40%, half of the goods are being purchased by tourists on their passage in the capital cities across the continent - this share is expected to reach 60% over the next 10 years according to Goldman Sachs (2010).

European brands are thus acting as ambassadors for Europe and are closely linked to the reputation of heritage and high-quality manufacturing. Furthermore, they also represent an essential role in the global luxury goods industry and can thus be taken as reference market for luxury brands and this thesis. From ECCIA's approximate 300 members of Europe's leading luxury brands, Frontier Economics (2012) counts the following 14 different consumer product and service segments:

| Personal luxury goods: | Other luxury goods: |
|--|---|
| <ul style="list-style-type: none"> - Watches & jewellery - Fashion - Perfumes & cosmetics - Accessories - Leather goods | <ul style="list-style-type: none"> - Gastronomy - Furniture & furnishing - Design household equipment - Cars - Yachts - Wines & spirits - Hotels & leisure experience - Retail & auction houses - Publishing |

Figure 6 : Luxury goods sectors by segments (Frontier Economics, 2012)

⁹ Figure according to Frontier Economics (2012) which does not include "Retail & auction house" and "Publishing" and will therefore under-estimate the total value of the global luxury market.

ECCIA shows that the global sales output of companies offering luxury branded consumer goods and services for “Cars” and “Personal luxury goods” represent together 69%, that’s EUR 418 billion, of the total luxury goods market (see chart below). The market share of European brands in these two sectors combined is at a remarkable 80%, while the average across the sectors shows a share of 65%. Only in “Hotel and leisure services” and “Yachts” European brands sell less than brands from other parts of the world. While the “Design furniture & household equipment” market values approximately EUR 17 billion, representing only 3% of the global luxury market, the penetration of brands originated from Europe is highest and reaches a stunning 90%!

| Luxury goods sectors by value of sales | Global value in € billion | % | Europe in € billion | % | Rest of the World in € billion | % |
|--|------------------------------|-------------|------------------------|------------|-----------------------------------|------------|
| Cars | 245 | 40% | 206 | 84% | 39 | 16% |
| Personal luxury goods | 173 | 29% | 128 | 74% | 45 | 26% |
| Hotels & leisure experience | 93 | 15% | 30 | 32% | 63 | 68% |
| Wines & spirits | 40 | 7% | 25 | 63% | 15 | 38% |
| Gastronomy | 33 | 5% | 21 | 64% | 12 | 36% |
| Design furniture & household equipment | 17 | 3% | 15.3 | 90% | 1.7 | 10% |
| Yachts | 6 | 1% | 2.8 | 47% | 3.2 | 53% |
| TOTAL | 607 | 100% | 428.1 | 71% | 178.9 | 29% |

Chart 1 : Luxury goods sectors by value of sales in 2010 (Bain&Company, 2013)

According to the International Monetary Fund (2014), growth projections of the world economy have been estimated at 3.4% for 2014 and 4.0% for 2015. In contrast, the luxury goods industry is expected to grow at an annual average rate of 8.5% until 2025 according to Goldman Sachs (2010). As the purchase power in developing countries continue to increase with a rising middle class and urban populations, the luxury goods sector in Europe with its manufacturers will increasingly gain in importance. A bit less optimistic concerning future growth is the spring update on the worldwide luxury goods market by Bain & Company (2014) reports for the year 2013 an increase of the luxury goods market of 6.5% and talks about a “new normal” global growth pattern of 4-6% per year for the years to come. The same report show three segments currently outperforming in 2013: accessories, watches and jewellery. All these product categories fall under the “Personal Luxury Goods” classification. This signifies thus that this segment, which already represents 29% of luxury goods sales output, will most probably further gain in market share.

Looking at the markets, Bain&Company (2014) underlines that while sales in China are suffering due to a political crackdown on corruption and sales in Russia and Eastern Europe are contracting as well due to political conflicts, Japan and the Americas are on a rise again. From the press release on the website of Bain&Company (Luxury Goods Worldwide Market Study Winter, January 2014: page 2) partner Claudia D’Arpizio can be quoted as follows; “the global market is maturing, stabilizing and consolidating”.



Chart 2 : Value of personal luxury goods market worldwide from 2011 to 2013 by region
(www.statista.com consulted on 30.07.14)

Chart 2 as above shown draws the attention to the repartition of sales in the personal luxury goods market by region. While Mainland China shows the mentioned slowdown of growth it remains on 4th place behind Japan, but if Greater China¹⁰ is taken into consideration it represents the 3rd largest market behind Europe and the Americas.

The main characteristics of the luxury goods industry are brand and symbolic values, cutting-edge design and heavy investment in research and development. As stressed by Frontier Economics (2012), the industry relies on a unique business model when compared with other branded consumer goods. The main axes of European Luxury Brands rely on the following points:

- **Aura as key driver** for consumer behavior and purchase decisions
- **Craftsmanship** through innovation and quality with a highly trained and skilled workforce
- **Control in selective distribution** as to control the high perceived value of the products as well as to guarantee a high standard of consumer experience and after-sales service
- **Intellectual property** in regards of brand, design, innovation and research
- **Development of new markets** especially in Asia and the BRIC as key growth drivers

These pillars form the basis for the future success and development of growth of the luxury goods industry and thus any policy change against it can have a significant impact. Based on ECCIA's report, the following main threats are emphasized:

¹⁰Term often used to describe Mainland China, Hong Kong, Macau and Taiwan, Wikipedia,
http://en.wikipedia.org/wiki/Greater_China, consulted on 15.07.14.

- **Access to craftsmanship:** lack of skilled worker supply
- **Regulatory action and competition policies:** restriction of distribution control that will hinder the fight against “parallel market”¹¹
- **Intellectual property infringements** (online and offline) through counterfeit products that will result in output loss and job cuts
- **Trade barriers** that harm exportation into new or existing markets

8.1.2. Design furniture market

For 2013 the design furniture market performance has been flat, while from 2010 until 2012 a steady growth between 3% and 5% could be seen according to Bain&Company (2013). Especially the categories “Living & Bedroom” which accounted to 49% in sales in 2012 were down so that the design furniture market reached a value of approximately EUR 19 billion by end 2013. On the other hand, the “Lighting” segment outperformed again all categories accounting for approximately EUR 2.7 billion after a continued strong demand for LED technology. Positive input came as well from the “Bathroom” category reaching a value of EUR 3.0 billion following new partnerships with famous designers and architects. A general trend towards green vocation and the use of precious but sustainable materials are highlighted.

8.1.3. Crystal manufacturing: category and competitors

In order to be aware about the competitive edge and as to always seek to differentiate its product offering, the following main criteria have been compared: origin, existence since / years of existence, turnover, number of employees, brands in portfolio, main material they work with, number of key segments, unique selling proposition / key competences, numbers and sort of brand extension, perceived objectives, projections for further development. In consequence, this forms as well the basis of the research areas for the category and competitor analysis.

Even though Lalique has 5 different main pillars¹² and thus covers different product categories with these key segments, the focus of this thesis is on the brand’s key competences from its origin: the glass and crystal manufacturing. Analyzing the competitors of Lalique, a number of 36 brands have been maintained in this analysis. They form the category in question including a few companies perceived as competitors for Lalique. The detailed analysis covering the above mentioned topics as well as a list of non-withhold brands and the reason for not considering them for this analysis can be found under appendix 1.

¹¹“trade of a commodity through distribution channels which, while legal, are unofficial, unauthorized, or unintended by the original manufacturer”, Wikipedia, http://en.wikipedia.org/wiki/Grey_market, consulted on 15.07.14.

¹²Will be developed further in section 7.3.2, brand segments, from the internal analysis of this thesis.

Concentration of brands per country

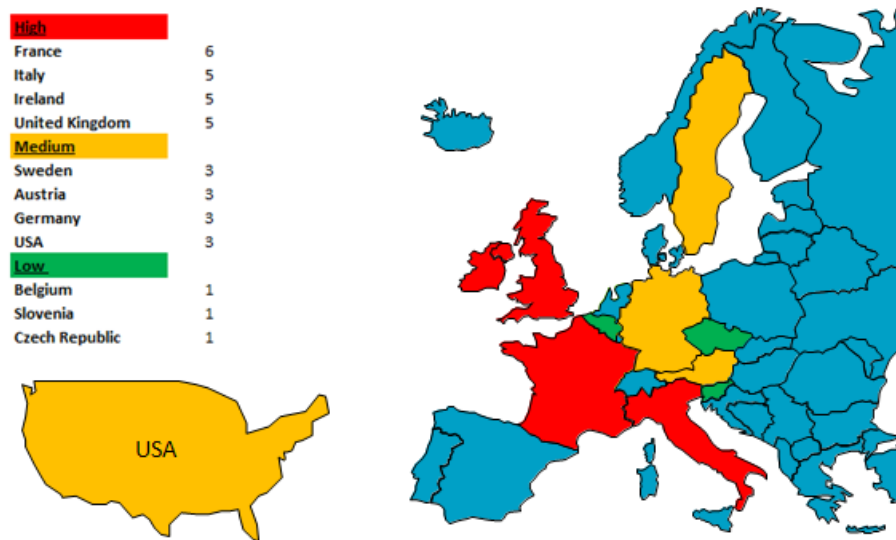


Figure 7 : Concentration of brands by country of origin

As “Made in France” is an important distinction factor for Lalique, a certain regional cluster can be formed by the origins of the brands in this analysis, while leaving aside the nationality of eventual holding companies. The above heat graphic shows clearly that the level of concentration of crystal brands is highest in France, Italy, the United Kingdom and Ireland. On the other hand, it is important to point out that today’s territory of Germany, Austria and the Czech Republic can be considered as cluster under the influence by the ancient Austria-Hungary Empire which included Bohemia as well known origin for crystal manufacturing until the First World War. Furthermore, this report calls attention to the emergence of a few players from the United States of America over the last century, mainly founded by immigrants from Europe.

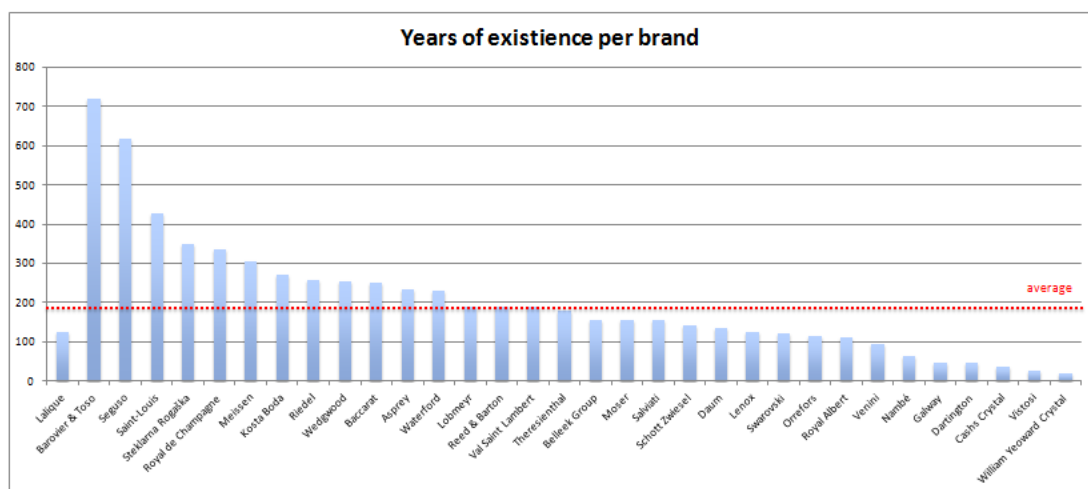


Chart 3 : Years of existence

The analysis of the years of existence as per chart 3 shows that Lalique is clearly in the lower mid-field when it comes to the age of the brand. Focusing on other positive brand attributes will be necessary, since its Italian counterparts from Murano / Venice show by far the most ancient roots of crystal manufacturing under a certain brand name or family tradition. Moreover, brands like **Saint-Louis**, **Royal de Champagne** or **Meissen** owe their existence mostly due to founding-contracts which can be traced back to the Kings and Nobility of the middle ages.

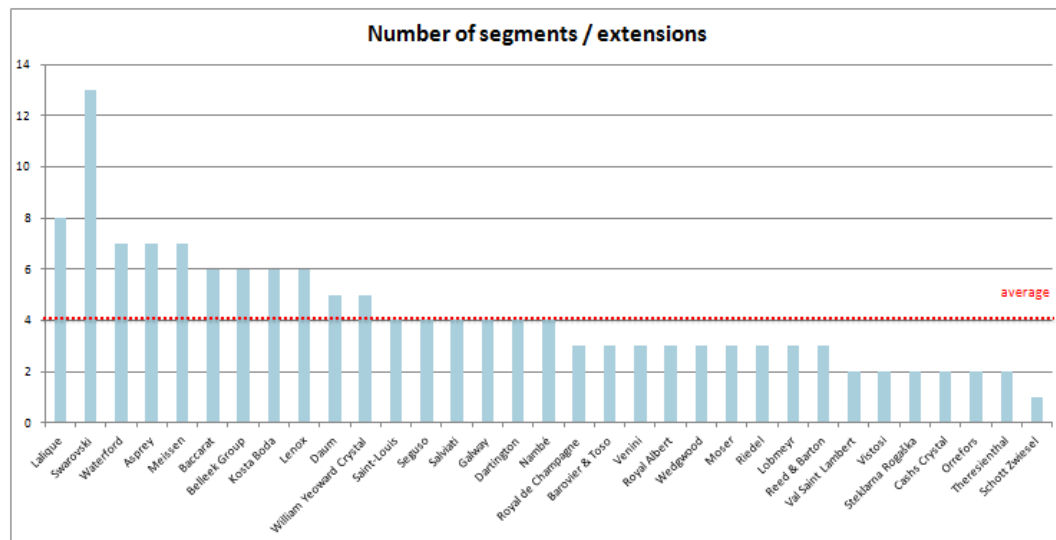


Chart 4 : Number of segments / extensions

When it comes to diversification, this analysis stresses that Lalique has a relatively well extended portfolio with a number of 8 different segments including Art, Home Fragrances and “Home and Resorts” with its new but small Boutique Hotel near Wingen. **Swarovski**, the behemoth with its overall EUR 2.4 billion business, is the most stretched brand that has its origin out of the luxury sector but continues to grow its mechanically produced crystal creations. The newest venture is the entrance into the “Film and Entertainment” business last November 2013. **Waterford** grounds its diversification not only on its own brand offer but as well on acquisitions since the mid-1980s of brands such as Wedgwood, Royal Albert, Cashs Crystal and Steklarna Rogaska (to name only the crystal brands). A similar player is **Belleek** with its group of focusing however mainly china and pottery brands.

After these general observations, it is recommended to watch closely the following competitors of Lalique which are strongly linked and comparable by the origin, price positioning, level of perfection and technique used. **Baccarat** (owned by Starwood Capital Group) is perceived to continue the development into the “Home and Resorts” category as well as co-branding activities (ie with perfume houses, designers, etc.). Its 2013 annual report states that an overhaul of its distribution as well as a rationalization of its assortment are on the top of the agenda, after having posted a consolidated net loss of EUR 6.8 million on its operational revenue of EUR 149.3 million for last year’s exercise. **Saint-Louis** continues to position itself as major player for bespoke projects and takes huge advantage of the distribution network of the Hermès Group it belongs to.

Daum-Haviland including **Royal de Champagne** (owned by Financière Saint-Germain) and **Val Saint Lambert** (new independent ownership since beginning 2014) shall not miss on the watch list of competitors in order to be aware of their next moves at every moment.

Brands such as **Asprey**, **Meissen** or the New Wave Group with **Kosta Boda** and **Orrefors** have shown the potential to innovate and drive the market creativity in various segments along with lighting specialists such as **Venini** and **Vistosi**. In consequence, these players are expected to continue venturing into new sectors and be ahead of the creation of contemporary products in a diversified assortment.

8.1.4. Consumer segments

With the new reality of growth and a slowdown across the board Bain & Company (2014) highlights a strategy shift by the companies from a “market focus” towards a “consumer focus” approach. This shift follows the social trend of mobility where more and more people travel.

As shown in chart 5, Chinese consumers are the most important group of luxury goods consumers. While Japanese consumption is contracting, the Asian consumers still make up 51% surpassing Europe and the Americas combined.

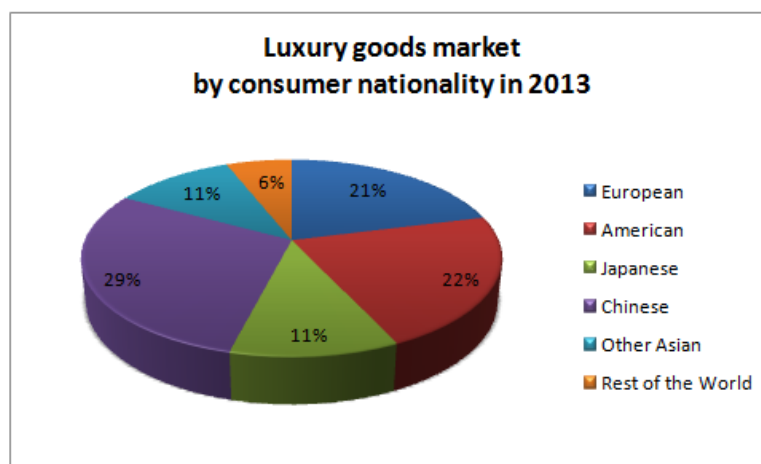


Chart 5 : Luxury goods sectors by value of sales (Bain&Company, 2013)

From a consumer perspective, Goldman and Sachs (2010) points out that the number of households in the “affluent” class, with an income of more than USD 150’000, is expected to show highest growth rate with approximate 125% according to Euromonitor to reach 73 million households by 2020. In absolute terms however, it is expected that growth will be led by the “consumer” class (from USD 5’000 – 25’000) reaching 788 million and “middle” class (from USD 25’000 – 75’000) reaching 392 million households. The categories “Gastronomy” and “Perfumes & cosmetics” are especially predicted to be driven up, due to their lower price points of entry products. These entry products form the basis on which the brands can draw the consumer into moving upwards into more premium products within the brand assortment.

According to Bain & Company (2014) the number of luxury goods consumers has risen to approximately 330 million by the end of 2013, up from 90 million in 1995. This number is expected to reach an estimated 400 million by 2020, adding 10 million consumers a year. Furthermore, the report notices that the consumer picture is changing from a formerly “affluent” consumer only market to a more heterogeneous consumer market where 90% of the spending is done by 45% of the consumers. In order to simplify this “new” luxury consumer, Bain & Company (2014) has defined 7 consumer types according to their spending behavior, leaving national or ethnical boundaries aside:

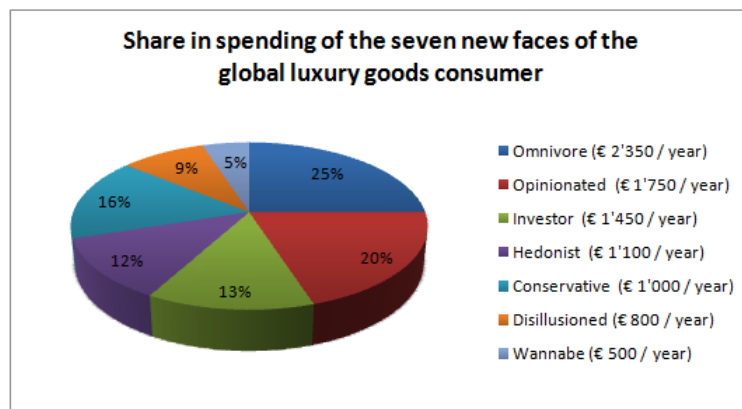


Chart 6 : Share in spending of the seven new faces of the global luxury goods consumer (Bain&Company, 2014)

1. The Omnivore

Are newcomers to luxury and are likely to be women that prefer to shop luxury goods in single brand stores while traveling. With 25% of spending they represent the highest share of the “new consumer” with a focus on watches and jewellery, ignoring the sometime relatively high entry levels. Even if they endorse luxury brands, they are not loyal to the brands they purchase. Geographical relevancy: China (tier 2 and 3 cities)

2. The Opinionated

These are well informed consumers from the generation X and Y with a focus on leather goods and watches. They observe the brands on social media regarding feedbacks from other consumers before buying luxury goods. This group makes up 20% of the share in Bain’s consumer segmentation and likes to shop locally. Geographical relevancy: China, USA, Western Europe

3. The Investor

This group focuses on quality and durability of goods, such as watches and leather goods, which are to be handed over from generation to generation. The purchase decisions are cautiously evaluated. Geographical relevancy: Japan, Middle East and mature markets¹³

¹³ Market in a state of equilibrium with an absence of significant growth, Wikipedia, http://en.wikipedia.org/wiki/Mature_market, consulted on 15.07.14.

4. The Hedonist

These 12% of spending come from clients who are very much into luxury goods and highly influenced by advertising. They focus on accessories and the brand and/or shopping experience that comes with it. Geographical relevancy: across nationalities

5. The Conservative

Influenced by friends and family, they prefer well-known brands. 10% of spending is most of the time in watches and jewellery, mainly in multi-brand stores. Geographical relevancy: mainly mature markets but as well China

6. The Disillusioned

This group is one of the two at the lower end of this classification with an annual spending of just EUR 800, mainly on leather goods and beauty products. They are formed by the baby boomer generation which buys their products preferably online. Geographical relevancy: Japan, USA, Europe

7. The Wannabe

These predominantly female consumers make up for 5% of the spending in our classification. They show little brand loyalty and are influenced by friends and fashion magazines. Their preferred luxury goods are entry-level beauty products and shoes. Geographical relevancy: USA, Europe

8.2. Trend analysis

This section looks into a set of main trends which move society and thus impact on all consumers while creating new business opportunities. The idea is to present a few main directions, and not just simple fashion trends, in which Lalique may have a mid- to long-term interest in developing its activities and working its potential.

8.2.1. Mobility

In its latest publication Publisuisse (Magazine “Impact”, July 2014) refers to the on-going mega trend of mobility which is divided into three main directions: the physical mobility, the social mobility and the E-mobility. Due to the nature of the world of Lalique and its products, this report highlights the physical mobility as to seek after development opportunities for Lalique. Whereas nowadays most of the physical mobility is taking place in cars according to Eurostat (October 2013), the growing importance of the following means of transport are given prominence.

The **high-speed rail (HSR) network extension** with trains running at more than 250 km/h is developing further 24 countries are expected to operate high-speed trains by end 2014 up from 14 in 2011 according to the Worldwatch Institute. The current leading countries with the longest high-speed networks are China, Japan, Spain, France, and Germany – the USA lies drastically behind this development. From the expected world total of 43'000 kilometers by 2020, China aims to have a HSR

network of 25'000 kilometers. Furthermore, while the mentioned countries continue to develop their domestic networks, China is expected to finish its first transnational link from Beijing to Singapore by end 2014 according to Forbes (August 2014). Next come even more ambitious projects as the article states plans to connect China with Europe and afterwards with the USA by 2029 offering journeys of 2-3 days.

The **air traffic is increasing** as well and is estimated to grow by approximately 5% annually according the 2023 outlook by Airbus. More specifically, Airbus expects the long-haul traffic of passengers between the 90 mega-cities¹⁴ of the world in 2023 to increase until 2.2 million per day from currently 0.8 million between 24 cities. Another trend is the explosion of domestic flight traffic within China and India which is predicted to grow at more than 10% per year until 2023.

In consequence of the trend of physical mobility, there are not only more trains and airplanes to be ordered and built but new train stations and airports with the necessary infrastructure. Laliq should therefore think about ways to offer transport companies and passenger products or environments to travel in style as it used to do in the past. The business and affluent traveller nowadays look after personalized and unique travel experiences combined with rest and relaxation.

8.2.2. Secret urbanism and pop-up experiences

This trend has its origins in the USA in the late 90ies, where stores, community gardens, art exhibitions, festivals and clubs or even hotels have popped up in its major cities for just a couple of days. Nowadays, this phenomenon has reached all modern cities across the globe from New York, Sao Paulo to Milan and Shanghai. What started with pop-up retail stores touches now the industry of gastronomy and even hospitality. It gives the organizers or the brands various benefits from creating brand awareness to testing products, locations, markets or “simply” generating sales. All types of consumers are touched.

The global luxury tourism, as reported by Credit Suisse (2014), is now made by affluent travelers who do not seek only the best restaurant in town but a truly unique experience. This is underlined by the observations of the trend blog Popucity which states the trend of “**Secret Urbanism**”. According to the blog, more and more brands and organizations as well as people have started to appreciate exclusive and occasionally even secret events as a consequence and reaction against society's obsession of excessive open source. This dynamic of “hide and seek” adds value and, referring to the reputation of (private) member clubs in the modern nightlife scenes, represents a successful tool to ensure exclusivity. The Economist (2013) reports that private member clubs across the globe are thriving and points out that in Beijing alone there are approximately 4'000 of them ranging from modest bars to clubs with sports facilities and spas.

¹⁴ “...a metropolitan area with a total population in excess of ten million people (ie. Tokyo, Delhi, Mexico City, New York, Shanghai)”, Wikipedia, <http://en.wikipedia.org/wiki/Megacity>, consulted on 14.08.14.

For Lalique as a brand willing to combine heritage and tradition with modernity and lifestyle, this trend could represent an ideal way of expression and lucrative business opportunity of the same time. Now it is up to the brand to develop the necessary products and services with the right partners. If correctly orchestrated, Lalique should be able to use various synergies between its product segments.

8.2.3. Technology and home automation

Maison & Objet Paris 2015 inspiration is “Sharing” with special expositions on “smart life”, “words” and “experiential”. The assumption is that everything is becoming an object of sharing such as music, photos, videos or just simple everyday scenarios according to the observation team of M&O. This follows definitely from the use of the current smart phone technology by the new generations. Moreover, the theme of M&O comes not with great surprise if current market reports about the **mega trend around the development of the “Internet of things”¹⁵** (IoT) are taken into account.

According to a new influence study by Appinions (2014), an increase of conversations about influential products in this category which includes home automation, software platforms, connectivity devices and home security products has been recorded over the first half year of 2014. The Wall Street Journal (April 2014) stated lately a study by the Joint Center for Housing Studies of Harvard University which predicted that over the next 10 years **home automation is going to be the number 2 trend** of renovation projects. The idea behind this trend is offering easy solutions and platforms for consumers to connect and control a variety of devices within their home from climate, lighting, security to entertainment devices.

Furthermore, Appinions’ study (2014) highlights that large technology companies such as Apple, Google, Philips, Samsung and Belkin have all been looking into the home automation segment. Currently the study reports in chart 7 listed most influential IoT companies with Apple on top. This follows the announcement of the development of “HomeKit” for home controls on which it will partner with Honeywell and Philips. Plenty of independent but smaller product developers are reported to have already well advanced in this field according to Appinions (2014).

¹⁵ “the interconnection of uniquely identifiable embedded computing like devices within the existing Internet infrastructure”, Wikipedia, http://en.wikipedia.org/wiki/Internet_of_things, consulted on 14.08.14.

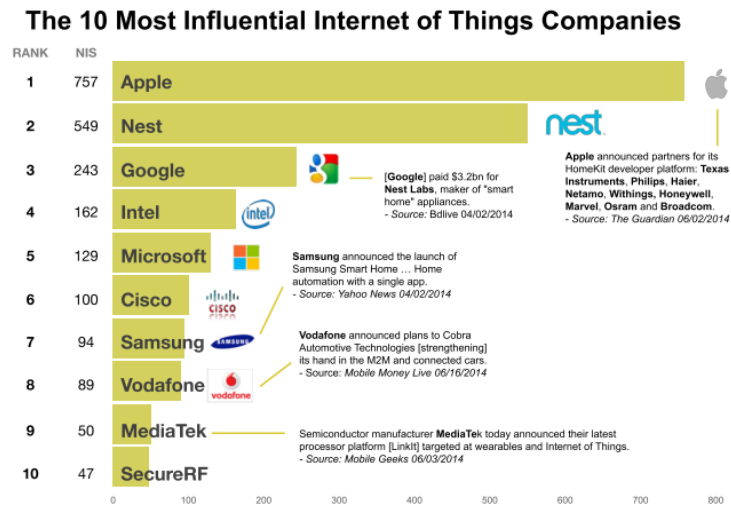


Chart 7 : The 10 most influential IoT Companies 1st semester 2014 (Appinions, 2014)

Technology companies are smart to detect tech trends and set up new systems, but to create a harmonious and aesthetically appealing product that fit into a home of consumer with an exclusive taste may not be there area of expertise. In consequence of this stated trend a huge potential in collaborations with technology companies or entertainment companies emerge.

8.3. Internal environment

This section is about the brand Lalique and analyses the whole brand environment starting with its origin until its ethical codes. The analysis is based on Lalique's website, lifestyle magazine and other publications about the brand and its founder. Moreover, each brand segment is evaluated including its financial importance.

8.3.1. Brand origin and ethics

Lalique lives of the name from its founder René Jules Lalique (1860-1945) who became one of the most influential artist, industrial designer and businessman of the 19th and 20th century in France. Jeweller by profession, he revolutionized and highly influenced the movement of "Art Nouveau"¹⁶ with his creations. His inspirations were drawn from the famous three "F" – Females, Flora and Fauna.

¹⁶ "style of art and architecture of the 1890s, characterized by swelling sinuous outlines and stylized natural forms, such as flowers and leaves", Collins Dictionary, <http://www.collinsdictionary.com/dictionary/english/art-nouveau>, consulted on 30.07.14



Figure 8 : Portrait of René Jules Lalique (1860-1945)

*“Better to strive for beauty than the ostentation of luxury...
for the spirit to impose itself over the material”*

– René Lalique (*Lalique Lifestyle Magazine*, Spring/Summer 2014, page 98)

As one of the most famous jeweller from the “Belle Epoque”¹⁷, he was not obstructed by the use of semi-precious stones and metals in order to give his creations their beauty by the pure expression of aesthetics. Through his innovative creations, he became the undisputable Master of “Art Nouveau” jewellery. Later, he left his mark in the “Art Decorative”¹⁸ movement through his glass creations. René Lalique was in constant search of new ways and methods in glass production to control the transparency, the display of light and reflections which gave him the name of “sculpteur de lumière” (sculptor of light).

When he met Francois Coty¹⁹ and created his first perfume bottle for him, René Lalique revolutionized the whole perfume industry with the idea that every fragrance should have its own designed bottle (Lefkowitz, 2010). The artistic creation of a bottle evoking the fragrance inside was extremely successful. Many creations for major perfume houses of this time such as Roger&Gallet, Molinard, Worth followed. His influence on the perfume industry lasts till this day, as his principles of “Art Nouveau” and the mix of art and industrial production are still valid.

¹⁷ “Period in French and Belgian history starting in 1871 and ending when World War I began in 1914”, Wikipedia, http://en.wikipedia.org/wiki/Belle_epoque, consulted on 30.07.14.

¹⁸ “style of interior decoration, jewellery, architecture, etc, at its height in the 1930s and characterized by geometrical shapes, stylized natural forms, and symmetrical utilitarian designs adapted to mass production”, Collins Dictionary, <http://www.collinsdictionary.com/dictionary/english/art-deco>, consulted on 30.07.14.

¹⁹ “An important French perfumer and businessman in his time (1874-1934)”, Wikipedia http://en.wikipedia.org/wiki/Francois_Coty, consulted on 30.07.14.

Lalique nowadays stands for heritage, craftsmanship and tradition. Its manufactory is located in Wingen-sur-Moder in Alsace / France which was built in 1921 and reopened after the Second World War and the occupation of Nazi troops. Its workers sometimes work there over generations and are decorated with the title of “Best Craftsmen in France”. The creations of Lalique are characterized by their satin-clear effect as well as by their round and soft shapes. The mastered techniques and methods allow the brand to create very detailed work with a poetic level of perfection. Its pieces are all unmistakably signed to guarantee the quality and authenticity. Over recent years, new co-branding activities with internationally renowned artists, architects and luxury brands have given a more contemporary twist to this fine crystal brand. In the next section, this thesis highlights the characteristics of each segment of Lalique.

8.3.2. Brand segments

Lalique calls itself a Lifestyle Brand based on 5 product categories which form the key pillars of the brand. The crystal segment contains the product categories of decorative items, interior design and art. Whereas jewellery is a segment of its own, the perfume segment includes the launched category of home fragrances which was launched in 2013. In this section, each of those product segments is analyzed.

8.3.2.1. Crystal segment: Decorative items

Ethic / origin: This segment is inspired by René Lalique phase of work when he started to create glassworks of varying size such as the famous Vase Bacchantes using innovative production techniques. After his father’s death, his son Marc refined the glass production to such an extent so as to eventually produce the quality of crystal.

Product range: Today’s range includes stemware “100 POINTS by James Suckling”, tableware, vases, sculptures, bowls, desk accessories, perfume bottles and boxes. A small and limited range of lithographs and art books featuring designs of René Lalique is sold as well. Below is the latest “midnight collection” at display.



Figure 9 : Midnight collection of Lalique (www.lalique.com, consulted on 14.08.14)

Aesthetics / stylistic identity: This segment expresses the very core aesthetics and stylistic identity of Lalique with a mix of “Art Decorative” and “Art Nouveau”. The display of a satin-clear effect is a crucial characteristic for this product segment.

Price range: According to the E-commerce site of Lalique the overall price range for decorative items is very vast and situates in between EUR 65 to EUR 39'000. At the lower end of the price range, stemware, bowls and desk accessories can be found whereas on the other end limited editions of vases and other decorative items are sold.

Threat of new entrants: When considering only other fine crystal manufacturing brands as competition, the threat of new entrants in this segment is limited.

Threat of substitute products: The style of Lalique items is unique and its signature is protected. Nevertheless consumers might choose the products of competitor brands with similar levels of craftsmanship and heritage.

Competitive edge within the industry: The unique selling proposition lies in the quality and the perfection in craftsmanship of its products with timeless designs of creations for over a century.

8.3.2.2. Crystal segment: Interior design

Ethic / origin: The first venture into interior design by René Lalique was recorded with the move to its 2nd workshop at 20 rue Thérèse in Paris. For this store and the integrated apartment, he created its own and unique interior decoration with walls covered with cavalcades of nude women. Over time, he decorated many interiors such as several cars of the Orient Express train or the dining room of the ocean liner Normandy to name just two.

Product range: Chandeliers, tables and all sorts of furniture and interior decoration, the segment also offers bespoke projects with full decoration concepts.



Figure 10 : “Lalique House” London Living Room
(www.laurabielecki.com/blog, consulted on 14.08.14).

Aesthetics / stylistic identity: High-end furniture items are adorned with crystal features and well-known Lalique motifs. The stylistic identity for this segment is identical to the one mentioned above. The current interior designers Tina Green and Pietro Mingarelli claim to focus more on Art Deco items trying to bridge classic elegance with contemporary design.

Price range: This segment is equally wide spread in its price range than the previous one with an entry price level of EUR 120 until EUR 50'000. Especially the tables and chandeliers can come with a hefty price tag – signature and quality guaranteed.

Threat of new entrants: Is quite high according to the expected development projections of Lalique category competitors as pointed out in appendix 1.

Threat of substitute products: The authentic Lalique signature cannot be copied. However, other brands might attract consumer which welcome alternative creations.

Competitive edge within the industry: Is the fine French elegance with a noble touch of crystal ornaments and creations.

8.3.2.3. Crystal segment: Art

Ethic / origin: René Lalique's work was always influenced by art and architecture. In the 1920ies, he created for example car mascots for Bentley, Rolls Royce and other major car brands. Another example is the "Marvellous Fountain", designed in 1925, for the International Exhibition of Decorative Arts in Paris.

Product range: The current assortment includes a collection of vases in collaboration with Zaha Hadid, the aerosystem with Jean-Michel Jarre and limited editions such as the sculpture "Victoire de Samontrance" (see figure 11) or the "Révélation vase Bacchantes" (see figure 12). The following product collaborations with famous brands are also classified into this segment: the writing instruments with Caran d'Ache, table clocks with Parmigiani Fleurier and limited decanters for Macallen.



Figure 11 : Victoire de Samontrace
(www.lalique.com, consulted on 14.08.14)



Figure 12 : Révélation vase Bacchante
(www.lalique.com, consulted on 14.08.14)

Aesthetics / stylistic identity: Inspired by history and ancient creations as much as contemporary styles, this segment offers enough room for creativity of the design artists or architects.

Price range: In this segment the entry price levels are around EUR 12'000 and range to EUR 150'000 and above. The “Macallan in Lalique Cire Perdue Decanter” featuring a 64 year old Macallan Whiskey was auctioned at Sothebys in 2010 and raised approximately EUR 344'000 (USD 460'000) for charity.

Threat of new entrants: There are many brands and artists that continuously work on new artistic creations. As this segment is interpreted rather as a “laboratory of ideas” and for the revival and exposition of craftsmanship for ancient production techniques, new entrants would probably not have a negative impact on sales.

Threat of substitute products: The substitution of this product range is nearly inexistent. For example when the “lost wax” method²⁰ is used as on the Macallan in Lalique decanter, every piece is considered as truly unique.

Competitive edge within the industry: The use of extraordinary craftsmanship at the outmost perfection lends the products in this segment a truly unique selling proposition.

8.3.2.4. Jewellery segment

Ethic / origin: As René Lalique was originally a jeweller, this segment is at the core origin of the brand. Even though Lalique shifted more towards decorative items, many ancient drawings remain in the archives of the company and are ready for new interpretations.

Product range: Rings, necklaces, bracelets, brooches or cufflinks in the range of haute jewellery, fantasy jewellery and bridal jewellery

²⁰ “process by which a duplicate metal sculpture is cast from an original sculpture”, Wikipedia, http://en.wikipedia.org/wiki/Lost-wax_casting, consulted on 30.07.14.



Figure 13 : Vesta Necklace from the Sacred Fire Odyssey Collection
(www.lalique.com, consulted on 14.08.14)



Figure 14 : The Serpent Ring
(www.lalique.com, consulted on 14.08.14)



Figure 15 : Petillante Ring
(www.lalique.com, consulted on 14.08.14)

Aesthetics / stylistic identity: Lalique's characteristic styles of "Art Nouveau" and "Art Deco" combined with the use of many different materials not normally associated with fine jewelry. From the incorporation of semi-precious materials to precious stones and diamonds, this segment has a wide range.

Price range: Products of the fantasy jewellery line cost from EUR 65 up to EUR 3'000. The price range for fine jewellery products continues from where the previous category ends and goes up to limited editions for approximately EUR 600'000 (i.e. Vesta Necklace from the Sacred Fire Odyssey collection see figure 13).

Threat of new entrants: Is permanent – especially on fashion jewellery. The Haute Jewellery has a higher entry barrier due to the necessary craftsmanship.

Threat of substitute products: Is constant with independent jewelers being able to create similar prestigious pieces while however not being able to promote them the same way.

Competitive edge within the industry: True heritage and founded by a revolutionizing creator of jewellery. Lalique was considered the greatest jeweller of the “Belle Epoque”.

8.3.2.5. Perfumes and home fragrances segment

Ethic / origin: This segment started with the collaboration with French perfumer and businessman Francois Coty for which René Lalique created the very first specially designed and decorated perfume bottles. Lalique’s influence extends into the modern perfume industry.

Product range: Eau de Toilette and Eau de Parfums including bodylines, candles (in collaboration with Cire Trudon²¹) and exclusive crystal flacons are offered in this segment.



Figure 16 : Lalique Satine including signed and numbered crystal edition (www.lalique.com, consulted on 14.08.14).

Aesthetics / stylistic identity: The use of high quality ingredients and the consequent premium olfactory notes of its perfumes and candles. The design of the packaging and flacon is very contemporary and appealing with strong links to ancient creations for special editions.

Price range: Is from EUR 25 up to EUR 12'000, where the highest prices are paid for limited crystal editions (ie. Fleur de Crystal – Lost Wax Edition of 12 pieces). This segment has the lowest entry price level and thus attracts the widest range of consumers.

Threat of new entrants: Is enormous since many fashion or other luxury brands venture in this segment with a relatively low entry barrier (especially if products are to be produced under license contract by a third party). In this thesis, findings on the expected development projections of Lalique category competitors are highlighted in detail as pointed out in appendix 1.

Threat of substitute products: The fragrance business has a huge influx of fake products once a perfume is a bestseller. Thus Lalique must strictly watch and protect its intellectual property. Moreover, the consumers switch easily to another brand in fragrances and candles. In consequence, the brand needs to put a lot of effort into customer loyalty.

²¹ “Notably the oldest wax-producing factory worldwide from France. It was the provider of the royal court of Louis XIV”, Wikipedia, <http://en.wikipedia.org/wiki/Trudon>, consulted on 30.07.14.

Competitive edge within the industry: Lalique's unique history and link to the very beginning of this industry. Moreover, Lalique offers niche products with its crystal editions.

8.3.3. Financial performance by segment

In its 2013 summary report Art&Fragrance indicates an increase of 7% in total operating revenue to CHF 118.7 million for the last financial year. This growth is consistent with the average increase in global luxury market (see above section of external analysis). As illustrated in chart 8, the brand Lalique is the greatest asset of A&F in terms of revenue generation, since it is responsible for CHF 83.1 million of revenue of the Group up from CHF 73.5 million in 2012. With 13% of revenue growth, Lalique is currently performing clearly over the industry average and could compensate losses in other segments of the Group.

| Segments | 2012 in Mio CHF | 2013 in Mio CHF | Variation |
|--------------------------------|--------------------|--------------------|------------|
| Lalique Crystal | 52.3 | 53.4 | 2% |
| Lalique Jewellery | 4.5 | 5.9 | 33% |
| Lalique Parfums | 16.7 | 23.7 | 42% |
| Total Lalique | 73.5 | 83.1 | 13% |
| Other fragrance brands | 31.2 | 27.3 | -12% |
| Cosmetics | 6.7 | 8.3 | 24% |
| Total Art&Fragrance | 111.3 | 118.7 | 7% |

Chart 8 : Revenue by segment of Art&Fragrance (A&F summary report 2013 / 2012)

Key drivers of growth within the brand were the fragrances with 42% increase as well as jewellery showing an increase of 33%. The core crystal segment performed with a revenue growth rate of 2%.

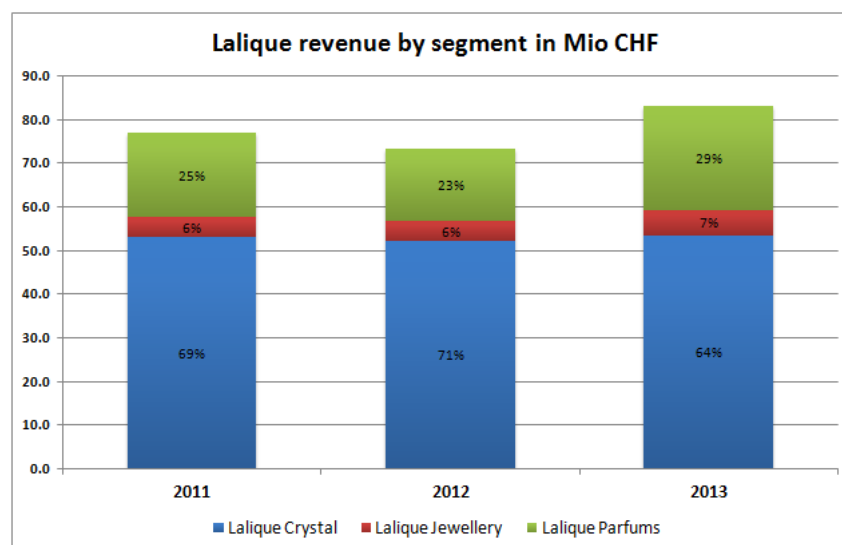


Chart 9 : Lalique revenue by segment (A&F summary reports 2011, 2012, 2013)

Despite the slow performance, the crystal segment still represents undoubtedly the biggest revenue share of the brand. However, chart 9 illustrates that the share in revenue has contracted slightly from 69% to 64% over the last three years, whereas the other segments have increased their share. In 2013, the rather young jewellery segment was responsible for 7% of revenues while the fragrances represented 29%, up from 25% three years ago.

8.3.4. Distribution

The A&F summary report of 2013 indicates that the crystal and jewellery segment is distributed in approximately 700 point of sales and showrooms across the globe. This very exclusive distribution network includes shop-in-shops at major department stores and retailers such as Harrods in London, Macy's in New York or Lane Crawford in Hong-Kong to name only a few. Furthermore, Lalique presents and sells its product in 36 own point of sales and franchising boutiques. Since the beginning of 2013 new flagship stores opened in Bal Harbour/Miami, Casablanca, Las Vegas, Manila, Muscat, Shanghai and Zurich.



Figure 17 : New Lalique flagship store in Zurich / Switzerland
(www.konstrukta.eu, consulted on 14.08.14)

All major boutiques cover the complete product segments of the Lalique universe. In July 2014, the first Lalique Jewellery Boutique has opened in Paris on Rue de la Paix (see figure 18). It represented a major step in A&F's objective to expand its jewellery segment, leading the way for future distribution expansions in this category.



Figure 18 : New Lalique Jewellery Boutique at Rue de la Paix in Paris / France
(www.aboutjewels.com, consulted on 14.08.14)

According to the A&F summary report 2013, the fragrance segment on the other hand is distributed in approximately 12'800 point of sales across the globe. Due to a more affordable price range for a wide consumer basis in this category, products are distributed on a broader scale. In addition to the selective point of sales at department stores and international or national perfumery chains, Lalique is more and more venturing into the booming travel retail channel. The brand impressively showed this direction in July / August 2014 with a new pop-up store concept (see figure 19) in collaboration with World Duty Free Group at London Heathrow Airport. Lalique promoted its new perfume and presented a limited range of fashion jewellery alongside crystal editions from its fragrance portfolio.



Figure 19 : Pop-up store at London Heathrow Airport Terminal 5 / United Kingdom
(www.facebook.com/WorldDutyFree, consulted on 05.08.14)

Last but not least, Lalique is selling all the product categories over its own E-shop on its Website "www.lalique.com". According to internal sources, there is a launch of a new E-commerce platform foreseen at the end of this year which will complete the distribution network in more remote places of the globe.

8.4. Compendium of interviews

In this section all replies from the 11 interviews are analyzed and put together. The interviews have been conducted either face-to-face or via Skype from the end of May until the end of July (one interviewee answered in written form). All complete interviews can be found as audio files on the attached DVD. First of all, the interviews were transcribed, grammatically corrected and filled into the questionnaire form (see appendices 3 until 14). As a next step, the main findings were filled into the compendium table (appendix 2). Finally common opinions, recommendations and perceived values were outlined. Those are explained here below.

8.4.1. Key values

From an ethical perspective, there is a unanimous opinion that the great fine crystal manufacturers from Europe share the value of traditional craftsmanship and heritage. Many of these brands have endured over generations and have shown themselves to be very innovative over the decades in order to survive and excel in their sectors. A certain aura of prestige, which stems from special appointments from kings and high nobility from all around the world over the last decades, is associated with the brand. Therefore, a luxurious aspect sticks to the brand and its creations. On the other hand when asked about brand aesthetics and the distinction of Lalique from other fine crystal manufacturers, the picture is the complete opposite:

*“I see much more emotion in Lalique, than I see in Baccarat”,
remarks Jean-François de Saussure (interview on 27.06.14, appendix 12).*

Each brand has its own characteristics through their forms and facets, as well as the products themselves which give the brand its own style and perception. The different artistic epochs in which the brands have been founded had a huge influence on their designs which is still apparent.

Lalique, with its French origin in the “Art Nouveau” and “Art Deco” period, produces its creations and designs which are recognizable at first sight as several interviewees point out. Furthermore, the majority agrees that a main aesthetical characteristic is the satin-polish or matt-clear effects combined with the very in detailed motives on its crystal pieces. The creations and innovations represent a true level of audacity linked to its founder who was a pioneer in the fields he ventured into (i.e. being the first to give “every” fragrance its unique bottle or applying the lost-wax technique in high scale production).

8.4.2. Market trends

The interviewee’s opinions diverge significantly in terms of market trend observation. Nevertheless, there is a common ground regarding the increased focus on customer experience on-line (i.e. discover the brand / shop on-line, etc.) and the consequent investment into digital media. On the other hand, nobody clearly indicates a real “new” category in which today’s luxury brands are extending.

On a broader sense, the trend for personalized product offerings can be observed - the so called “bespoke luxury”. The brands creating something truly unique for an individual need to join the companies that invest in niche segments for very wealthy customers – this is especially true for fine crystal brands. Furthermore, many interviewees mention to have observed an increase in co-branding activities and collaborations of luxury brands with the art sector. Last but not least, the participants of this interview series detect the efforts by many brands to become a lifestyle brand and hence be around the consumer with their product 24/7. Then again, asked concretely about which potential brand extension would best fit Lalique, the opinions diverge with one sole consensus: the importance to “do it right”.

“Does Lalique have a potential for watches? Absolutely. Have they tried it in the past? Yes. Did it work? I don’t think so. Would I do it again? Yeah, I would. But it has to be led by someone, who knows the industry, who understands the heritage and the brand values of Lalique” points out Marcos Alió-Eberli (interview on 04.06.14, appendix 5).

In the point of view of approximately half of the interviewees, Lalique should for now stick to its five pillars strategy and foster its position in the current segments first. Various participants mention in-depth investments within the categories for the time being rather than invest into new fields. On the other hand, two main directions can be highlighted: “around the person” with roots in jewellery and perfumes and “around home or office environments” joining the axes of decorative items and interior design. From the first direction, the idea of a revival of the venture into watches or hand bags as well as the development of a broader accessories assortment with for example scarves with Lalique motives and crystal elements are possible options. The second direction foresees investments into all sorts of development options within home or office interior and around tableware. There would be a true coherence and completion of the already existing offer of stemware and decorative items.

8.4.3. Communication

Many brands nowadays claim to be a lifestyle brand, Lalique does so too via the publication of a glossy “Lalique Lifestyle Magazine”. When asked about the signification of a lifestyle brand as such, three main understandings from the answers given during the interviews are deducted. The first is the description of a brand that is diversified into various sectors. This wide product offer enables a full experience of the brand by its consumers, living the brand on 360 degrees 24/7. The second main axe is a brand built on emotional values that portray strong identity and make the consumer dream. The third understanding is the one of a brand that reads the trend within society and is always “ahead of the game”.

“Lalique is a lifestyle brand – a wide brand with a very rich heritage, that allows us to cover a lot of domains”, according to Amandine Cresp (interview on 04.06.14, appendix 6).

When it comes to communication tools, the answers are unanimous. According to the interviewees, the current most important tool in our fast moving and globalized society is digital media with all its facets (company website, social media, blogs, etc.).

The point of sales and the own boutiques are cited as a crucial tool to enable customers to experience the brand environment with all their senses. With a more and more travelling customer base, pop-up stores in travel retail or expositions represent a welcoming addition. Furthermore the participants consider ambassadors as important – is it an officially appointed celebrity or an unofficial fan that shares its thoughts and emotions on a blog. Advertising in TV or glossy magazines have been sighted as well but go along with budget concerns. Interesting remarks of a few participants say that a contemporary image is created through the innovation and creation in products.

“How did René Lalique manage to be so audacious? What was the motivation of that man, being so audacious at that time? If he would still be alive, what would he do?”
– reflections by Marie-Laure Joly (interview on 28.05.14, appendix 4).

According to the opinion of the majority of interviewees, Lalique should invest strongly in digital media to increase the awareness among young and future customers. As “dot on the i”, a brand movie similar to “L’Odyssée de Cartier” would be a fantastic opportunity to show the brand environment and present itself as contemporary. Other nice examples for digital brand campaigns can be seen for fine jewellery by Dior and Chanel.

There is a consensus that further openings of new boutiques in strategic favorably locations and the general extension of a selective distribution is needed. One interviewee recommends an investment into the communication on the category with the widest distribution and in consequence the biggest audience. The brand as a whole should benefit from this increased awareness. Other participants point out that taking more risks and being more audacious would pay out and should provide courage to innovate and venture into new fields.

8.5. SWOT analysis

The main findings of the external and internal environment to the brand are summarized in the SWOT analysis. Below, a more detailed description of the mentioned points is found. This section should only give an overview.

| Internal | |
|---|--|
| Strengths | Weaknesses |
| <ul style="list-style-type: none"> • Authentic origins and “right to exist” in all existing segments • Mastery of ancient techniques and production methods with manufactory • Huge archive of original drawings • Wide price range to cover various consumer groups | <ul style="list-style-type: none"> • Still relatively “weak” position in jewellery, fragrances, interior design • Low level of global visibility of the brand <ul style="list-style-type: none"> • Weak performing website (importance of digital media) • No “living” real brand ambassador |
| External | |
| Opportunities | Threats |
| <ul style="list-style-type: none"> • Growth projections for personal luxury goods and gastronomy <ul style="list-style-type: none"> • New markets due to growing “consumer” and “middle” class in developing markets (i.e. Asia) • Category of bespoke luxury projects • New trends (see analysis in chapter 7 – interior design, gastronomy, hospitality) | <ul style="list-style-type: none"> • Access to craftsmanship <ul style="list-style-type: none"> • Regulatory action and competition policies • Trade barriers and luxury taxes (i.e. Brasil, Russia, China) • Overtaking in innovation by other market participants (i.e. Baccarat, Waterford, Meissen, etc.) |

Figure 20 : SWOT analysis

8.6. Brand Identity

This section answers the first research question of this thesis with the identity prism as described in chapter 6 about model selection. Lalique has many aspects but there are some key attributes the brand is associated with and form its brand identity. These aspects have been observed and described in the internal analysis as well as in the compendium of the conducted interviews of this thesis. The facets of personality, culture and self-image come from an internal source whereas the physical facets, relationship and reflection come from an external perception.

“Brand identity is the capacity of a brand to be recognized as unique, over time, without confusion, thanks to the elements that individualize it”(Chevalier and Mazzalovo, 2012, page 158).

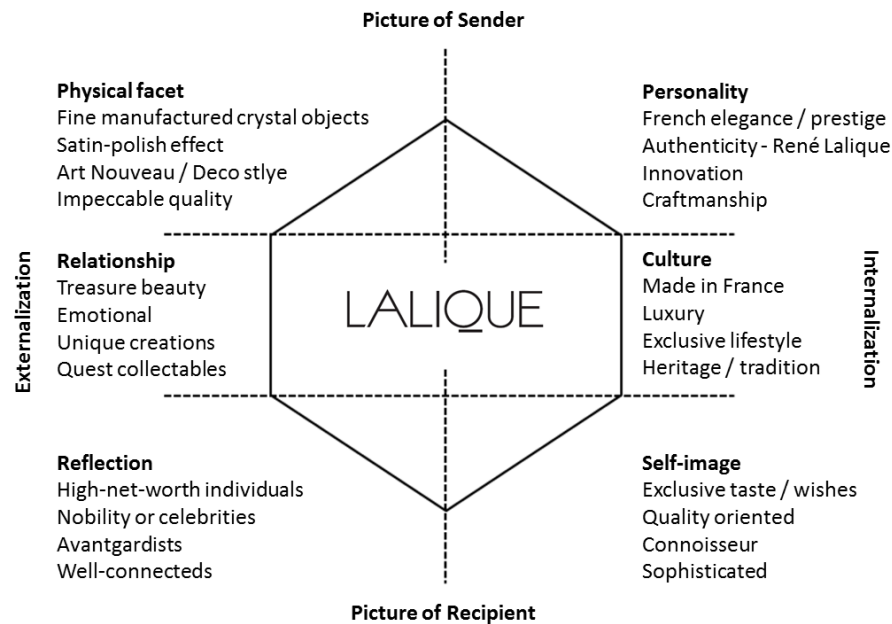


Figure 21 : Lalique identity prism

The sender is represented by our brand in question Lalique which intends to communicate and highlight certain sides. The recipient of the message of Lalique is the existing or future client as well as the admirers of the brand. Under the following sections, the mental brand identity which takes its origin from the internal aspects as well as the visual brand identity which focuses on the external aspects will be further outlined.

8.6.1. Mental brand identity

The mental brand identity is formed with the personality, culture and self-image of the brand in question. On a personality perspective, Lalique is observed as communicating on: true French elegance and prestige, authenticity with its founder René Lalique as ambassador as well as innovation and craftsmanship with various new or ancient production techniques. The cultural values of Lalique are the strongly anchored "Made in France", a true sense of luxury and exclusive lifestyle in addition to the valuation of heritage and the tradition of craftsmanship. It is assumed that only Lalique can meet the aim of exclusive tastes and wishes. The brand sees itself as being targeted towards connoisseur, sophisticated and very quality oriented people. This identity is the true DNA of Lalique and represents all its values, its personality and its promise. This analysis can serve as the basis to form the vision and mission statement of the brand.

8.6.2. Visual brand identity

When defining the visual brand identity, this analysis focuses on physical facets, the relationship with and the reflection of Lalique. It can define the senses of sight, touch, hearing, taste, smell as well as the language and persons around Lalique. With the physical facets of the products the brands wants to stress the fact that the products are manufactured with fine crystal, the famous satin-polish effect on its creations, designs from Art Nouveau / Deco period and its impeccable quality. The relationship with Lalique is evaluated to be based on the treasure of beauty, the attraction to unique creations and the quest for collectable items. The brand reflects of having customers which are avantgardists and well-connecteds. Others are high-net-worth individuals and from the cast of the nobility or celebrities.

8.7. Brand Equity

While working on the same sources as for the brand identity, in this section the brand equity of Lalique is evaluated with the two following models which point out the intangible values and associations with the brand. Recommendations for the main axes of improvements will be highlighted at the end of each section. The aim of these improvements is an increase of Lalique's brand equity on the mid- and long-term.

8.7.1. Brand equity model

Availability: The products and the brand Lalique are only available in very exclusive and selected distribution channels. Except through E-Commerce which gives the brand a worldwide coverage, the number of point of sales is still very limited compared with the competitors such as Swarovski with 2'350 retail outlets (including 1'250 own boutiques) in 2012 according to its website.

Preference: Is the key word when clients look for impeccable manufactured fine crystal products. Lalique stands for heritage and quality as well as for products in Art Nouveau and Art Deco shapes reinvented in a contemporary style.

Loyalty: Enthusiasts cherish craftsmanship, with the seal of "Meilleur Ouvrier de France" (best craftsmen in France). They are loyal to crystal "Made in France" with its huge legacy and would not change the brand on this sacrifice.

Awareness: For now, the brand has been known only to collectors, connoisseurs and avantgardists. The latest increase in the number of point of sales works towards growing awareness, but there remain a lot of effort to be undertaken.

Familiarity: Today, only the products of the crystal segment of the brand Lalique are familiar to people whereas the products of the others segments such as Art, Interior Design and Perfumes are not recognized by the public despite its legitimacy.

Image & personality: Lalique has a very authentic personality of French elegance and prestige. Its image not only stands for high quality products but also for an exclusive lifestyle of rich and famous customers.

Associations: The associations of the brand with Art Nouveau and Art Deco go back to its founder, René Lalique, underlining its aesthetics and style aspects. Furthermore, Lalique has been related with innovation and audacity. These aspects need to be constantly worked on.

In conclusion the brand preference, loyalty and image and personality can be qualified as very strong. The general brand association is present but still weak when it comes to a wider public. As to increase Lalique's brand equity, it is recommended to focus first on reinforcing the level of availability with new retail partners and own boutiques. Furthermore, the familiarity as well as the general awareness of Lalique should be strengthened by an eventual collaboration with a particular brand ambassador or new co-branding activities along with other communication tools, especially digital media.

8.7.2. Multi step approach

Firstly, the analysis of the fieldwork shows that the majority of the interviewees stressed the very recognizable aesthetic of the satin-polish effect as well as the detailed worked motives on its products. Furthermore, the creations have their origin in two art époques as already developed in this report for which Lalique receives its recognition. In terms of recall ratio however, the people might forget the other product categories besides the crystal segment for decorative items. On the other hand, the interviewees pointed to the recall of shared values of traditional craftsmanship and heritage of the great fine crystal manufacturers in Europe. While this might be true for a limited number of connoisseurs and avantgardists, Lalique is still missing a wide awareness due to a low level of distribution and the still weak use of digital media.

Secondly, the associations of Lalique with its founder are very present, as he is recognized as a pioneer of numerous creations and innovations during the Belle Époque. The loyalty to true French elegance with its exclusive and unique designs and creations as well as the preference for products with strong values (i.e. impeccable quality, craftsmanship, "made in France", etc.) build the image of Lalique.

The brand knowledge as well as the recognition of Lalique's unique selling proposition seems to be present but on still a low level. It constitutes the fundament of the current brand equity which has still substantial potential of growth. As pointed out by an interviewee, an investment into the communication on the category with the widest distribution level (Lalique's perfume segment) and in consequence the biggest audience could help improving this scenario. The analysis of the brand equity through the multi step approach model joins the general findings of the brand equity model from the previous section, whereas the different values and associations are less categorized and thus areas of improvements less clearly spotted.

8.8. Encountered difficulties during fieldwork

In theory, everything looks logic and simple. In practice however numerous obstacles and difficulties may occur during fieldwork when gathering data. This was the case as well for this report.

The absence of access to customer data due to privacy guidelines as well as the reluctance in allowing the contact with customers constrained this report with valuable input regarding the brand identity and brand equity. Furthermore, interesting data could have been gained as well in regards of the buying decision making process. In another field, this report had difficulties gathering in-depth information on its competitor analysis due to the fact that many are privately hold, typically for the luxury goods industry, and in consequence do not divulge any figures or comments regarding their performance or strategy.

9. Development proposition

Founded on the analysis from the previous chapter, the reader will find the answers to the second and third research question of this report over the following paragraphs. The development propositions include the directions of potential brand extensions as well as the referring target customer segments.

9.1. Brand extension directions

Lalique's DNA as evaluated in the brand identity and brand equity analysis of the previous chapter has been taken into account for new development propositions. Following the trend analysis, three main development directions are proposed and described below.

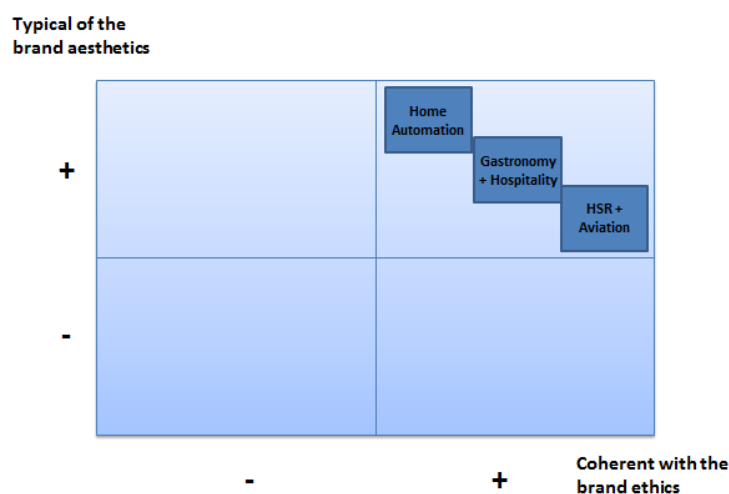


Figure 22 : Brand extension applied on EST-ET© diagram (Chevalier and Mazzalovo, 2012)

Figure 22 shows the positioning of these propositions in terms of respect of Lalique's brand ethics and brand aesthetics. It provides a visual validation of the proposed segments which are described below.

9.1.1. Mobility: high-speed rail and aviation

Objective and goal of new segment / product: The offer shall include complete interior design concepts with chairs, tables, window decorations and lighting aspects of business lounges at airports and train stations and first class compartments in high-speed trains which connect the continents. It would seem reasonable for Lalique to venture with the current top transportation companies for this Business-to-Business (B2B) approach. For the Business-to-Consumer (B2C) offer, Lalique's wine and whiskey co-branding operation could round up the offer. The revival of the brand's past creations and proximity with the affluent travelers would found an authentic justification for future brand extensions around travelling accessories. Travelling in an exclusive environment with style shall enhance the brand preference of consumers while feeling as comfortable as at home. Furthermore, the brand equity would be positively influenced through the proximity of the brand and an association with this century travel means.

Target customer: With the focus on the affluent but as well the middle class, the "Hedonist" consumer shall be at the center of attention. This, since the main aspect of this possible extension turns around brand experience and environment.

Style and link to the brand identity: It is reported that René Lalique travelled incessantly to take care of the presentation of his work around the world. Referring to the creations of Lalique for interior designs in the Orient Express train or the Normandie cruise liner, the brand justifies its link with mobility. Without compromising on its brand identity aspects (see chapter 7.6), the style for the product offer in this segment will depend on the companies the brand would work for. When applied to the EST-ET diagram shown in figure 22, aviation and transport is classified as coherent with the brand ethics and aesthetics on nearly the same height but to a slightly less extent regarding aesthetics for the above mentioned reason.

Marketing mix:

- The **product** shall have first of all a B2B component with the offer of whole concepts. The unique selling proposition is the offer of Lalique's authentic French luxury aura and heritage with transport companies. Secondly, the B2C component should include a gastronomy aspect for the travelers with exclusive tastes and wishes. The range shall cover all interior design aspects of the brand as well as its products from co-branding activities (i.e. Macallen, Chateaux Faugeres).
- The **price** tags would have to be studied in detail and is hard to set at this stage. It is logic that the cost is highly dependent on the available space and the extent of the decoration.
- **Promotion** would be done indirectly through the transport companies. This would save Lalique not only expenses but through the presence on highly frequented places and the demonstration of the use and beauty of the products, the brand is expected to increase its awareness.

- The **place** includes the airports, train stations and high-speed trains across the continents, focusing on the first class segment.

Opportunities and threats: This segment would allow increasing the visibility and general awareness of the brand for millions of people in a very cost-effective way. The physical mobility is expected to continue increasing drastically over the next decades and thus the brand could take advantage of an ever growing exposure. Furthermore, Lalique could also use this chance to promote the feeling of “home” and bond on a very intimate level with its consumers. Threats of might be represented by external factors with negative consequences on the travel habits such as terror attacks, virus spreads or similar unpredictable events.

9.1.2. Secret urbanism: gastronomy + hospitality segment

Objective and goal of new segment / product: This segment is focusing on the very unique “art de vivre” for connoisseurs with the creation of a franchising concepts for private member clubs with destinations such as New York, Moscow, Shanghai. Optimally, a flagship club may be operated directly with a partner from the luxury hospitality industry (i.e. Shangri-La, Fairmont or other hotel brands with a link to Lalique). With the idea of creating a proper Lalique universe, this segment is intended to cross promote all product ranges of the brand and offer the Lalique lifestyle. A special focus shall be given to the gastronomy aspects as main driver of revenue including a wine and whiskey bar with its limited crystal editions and 100 Points Collection. It would seem reasonable to use the location for organizing punctuated events and exclusive parties. The offer may include as well serviced apartments for short or long-term stays under the Lalique brand which will be linked with access to the member club. By doing this, Lalique would emphasize its elegant and luxury lifestyle image while building a closer personality for customer. Furthermore, while holding back supply by limiting the entry to only selected person, these clubs shall become a very exclusive and discrete address. This should reinforce the associations with the brand and in turn increase the overall brand equity.

Style and link to the brand identity: The appearance of the clubs and serviced apartments shall become synonymous for exclusive lifestyle. Depending on the local tastes and preferences, the style used may be focused rather on Art Deco or Art Nouveau motives. To guarantee the DNA of Lalique, the whole interior shall have links to fine manufactured crystal objects. With the Lalique Boutique hotel opening next to the manufacture in Wingen-sur-Monster Alsace / France, Lalique will have already made its first step into hospitality and gastronomy and legitimize further this extension. On the EST-ET diagram in figure 22, this segment has probably the best equilibrium with the core of Lalique’s aesthetical and ethical values.

Target customer: Based on the offer, the target customer should be the local or international nobility and celebrities together with other affluent customers. During special events, the “Hedonist” with its focus on the experience aspects may represent an interesting additional customer segment together with the “Wannabe” which would definitely be interested following eventual reports in fashion magazines.

Marketing mix:

- The **product** consists in a high luxury lounge and bar environment all Lalique style. Not only the style and products at display are part of the attraction of this segment to the clients, but the exclusive members circle and thus connection possibilities as well.
- The **price** for a membership shall be around EUR 3'000 – 6'000 per year with entry only on invitation during special events. This fee may be offered if a certain level of yearly purchase in the local Lalique flagship store is reached.
- **Promotion** in fashion and luxury goods magazines may be best for creating the awareness. The CRM system from Lalique and its hospitality partner will form the most powerful tool of promotion for newsletters and special invitations.
- The **place** should only be situated in trendy mega cities as to guarantee a big pool of clients and the welcoming exposure and appeal to the outside.

Opportunities and threats: Probably the biggest threat is a member club's risk of becoming out of fashion. Thus the brand needs to generate and activate constantly the interest of its customer target. While using the synergies Lalique presents with all its facets from the different product categories, the brand's level of familiarity and in consequence the brand equity would be boosted. Partnering up with luxury hospitality partners would give access and visibility to huge customer base while receiving from Lalique as partner a touch of authentic French elegance and prestige.

9.1.3. Home automation: entertainment, security and lighting systems

Objective and goal of new segment / product: Referring to the trend analysis on technology (chapter 7.2.3), it seems reasonable to invest together with a strong high class entertainment brand such Loewe or Bang & Olufsen into the development of luxurious entertainment systems which would work in the context of home automation. It is recommended to create a complete entertainment offer with interconnected TV, sound devices and necessary additional equipment for every room in the house. Furthermore, it is important to intelligently link an appropriate lightning offer and even think of security cameras which would be perfectly fitting into the exclusive interior design. Thus an additional partner for specialized security solutions should be considered. All these products would be controlled by a central device, any smart phone with preference, as given by the trend of the HomeKit app from Apple or Logitech's Harmony remote control based on WiFi technology. Following this very high-end offer, the brand Lalique will become automatically more contemporary and foster its position as lifestyle brand adapted to the today's interconnected life. Furthermore, the brand equity will increase by an augmented availability due to new retail partners. Additionally, the level of familiarity with the access to a new customer base, in consequence of the co-branding strategy, will contribute to the brand equity.

Style and link to the brand identity: Combining crystal heritage with technological innovation, it seems reasonable to feature the products with crystal pieces as adornments. Furthermore complete crystal casing, if appropriate, shall be provided to the technical gadgets while maintaining or even enhancing the functionality of the original purpose (i.e. providing perfect sound for a loudspeaker).

As to be coherent with the brand identity, it is recommended to maintain the elegant French touch with famous motifs in Art Deco style which would fit into a contemporary context of a modern entertainment system. In the EST-ET diagram shown in figure 22, Home automation is evaluated to reply more on aesthetical brand attributes than on ethical level. However, one could argue that the venture and combination with technology aspects represents a regained audacity and innovation of the brand that refers to its origin.

Target customer: This segment should target quality oriented and sophisticated high-net-worth individuals from the affluent class for big projects. On the other hand, Lalique should give the opportunity for middle class consumers to buy into this segment with some accessible entry products. From the consumer classification at chapter 7.1.4, one could suggest that the “Opinionated” from USA, Europe and China would fit perfectly as target customer. This group, composed by consumers from the generation X and Y, has grown up with computer and smart phones. They strive for more automation and interconnectivity in their environments.

Marketing mix:

- The **product** should be functional and aesthetically unparalleled, expressing not only affection with technology but taste of a truly luxury lifestyle. Bespoke projects should be considered for customer striving for the ultimate installations including lighting aspects until well camouflaged and in crystal decorations integrated security cameras.
- As **price** range, it is suggested to be in between EUR 300 for single entry level products until EUR 55'000 for complete home cinema installations combined with lighting solutions.
- **Promotion** should be focused on digital media as well through points of sales showcases.
- The **place** of availability should be concentrated on a well-developed E-Commerce channel as well as own boutiques and luxury home interior department stores around the world.

Opportunities and threats: Developing the whole interior equipment with an added value on a technical level around the house seems as a perfect fit to the already existing products. Especially when considering that a part of the current assortment may be a bit outdated, the link with technology could revive the audacious behavior from the brands founder at his time and accentuate the preference towards Lalique. As threat, technological products with their different exigencies would potentially present a new challenge for the craftsmen at the manufactory. Furthermore, the assessment of the right partner is crucial as to avoid a surpassing by possible rivals.

10. Conclusion

Referring to the three main research questions of this report, this chapter presents the conclusion as a brief abstract of the discussed problematic in chapter 7 and 8. Moreover, the reader can find recommendations for further research to round up the analysis about the brand in question.

Referring to the first research question of this thesis, it has been defined what Lalique as a brand represents in the current mind of managers from the luxury goods sector. Without any doubt, the brand has made a good job in communicating on its heritage and traditional craftsmanship. Furthermore, the exclusive products and point of sales well characterize the prestige image of French luxury lifestyle which is recognized. In consequence, Lalique has the necessary components to position itself as a lifestyle brand with a consequent product offer. On the other hand, the brand still has a deficit in visibility for a wider public. Thus, it is recommended to put efforts in raising awareness of the brand through an increased availability, visibility and familiarity as to grow Lalique's brand equity. With this as key role, this report proposed development directions with brand extensions.

With reference to the second research question, three main trends in society have been detected and discussed: mobility, secret urbanism and home automation. The consequent development propositions have been well selected as to reply to the highest level of coherence with Lalique's DNA as well as representing growing market categories with interesting business perspectives. First, the potential collaborations with high class transportation companies around high-speed trains would make Lalique visible to millions of new potential customer and indirectly support the whole brand. Moreover, an increased familiarity of Lalique will as well nurture the increase in brand equity. Secondly, the recommendation of a venture into franchising concepts for private member clubs and eventual serviced apartments is expected to increase the association of Lalique with a luxurious and exclusive lifestyle. Finally, the extension and co-branding with a high end entertainment company shall open the way for Lalique to offer a complete product range in home entertainment, security and lighting based on the most recent technologies. This project would underline Lalique's ambition of being a contemporary lifestyle brand while staying true to its core values. In all three cases, it is important to choose strong partners with a top reputation and large customer base, be it in transportation, luxury hospitality or technology as to ensure the maximization of output on Lalique's investments.

The third research question has been answered in two steps. The identification of the affluent consumer class and high net-worth individuals as showing the highest growth rate and the raising importance of middle class households gave the necessary macro vision. Especially the potential development with the middle class consumer in emerging economies should be given its importance. With for them affordable entry products, Lalique could widen its customer base and work on its familiarity and visibility at the same time. As second step, the need for new cross-national or ethnical target consumer segmentation has been highlighted. Combining this with the integral aim to seek for

brand extensions which would drive in new consumers, the proposed development directions present opportunities to especially target the “Opinionated”, “Hedonist” and “Wannabe”. These consumer segments have their individually outlined characteristics and demands. While having to assure the right way to target these consumers, Lalique will automatically have to work on key pillars of its brand equity which will in turn make it grow.

With a strong brand identity and the courage for ventures into new development directions, Lalique has a huge potential to increase its business and on the same time its brand equity. The trend analysis of this report and the brand extension proposals aimed to give have given the necessary input in getting Lalique on the pulse of the consumer of today and tomorrow.

10.1. Recommendations for further research

Based on the encountered difficulties in fieldwork, it is recommended to proceed to a full scale customer survey in selected key markets of Lalique, in order to define the buying behavior and decision making process. This should help directing the communication appropriately and leverage on its brand equity with already existing clients. Furthermore, it seems reasonable to analyze the potential of the geographical key markets further in detail, as to direct the necessary investments for the proposed brand extensions most efficiently.

In order to guarantee a coherent communication on Lalique’s brand identity and development of products in its various segments, it is moreover suggested to work out strict guidelines which will have to be summarized into a brand bible for all product and brand managers across the company. This would streamline all developments across segments and making it easier for the company’s management to steer Lalique’s image.

11. Sources and appendices

This chapter gives the reader the list of data sources including bibliography, articles, reports, websites and appendices which have contributed to this thesis.

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11.5. Appendices

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