## **CONTENTS**

#### **Introduction: Growth issues for luxury** 1

### **PART ONE** How luxury is changing 5

### 01 Sustaining the luxury dream: challenges and insights 7

An industry like no other 7

The future(s) of luxury 12

The rise of fashion: from dream to contagion of desires 17

Facing high demand and abandoning rarity 21

How will China influence the dream? 27

The challenges of the internet 29

Against the blurning of lines: re-create the gap, transgress the codes 33

Sustainable development: the future dream of luxury 35

References 38

### 02 Abundant rarity: the key to luxury growth 41

Luxury financial dream 42

The many meanings of luxury 44

How scarcity creates value 49

From scarcity to qualitative rarity 50

Introducing virtual rarity 51

From craft to art: elitism for all 52

The new reality of Asia: egalitarian luxury 54

Is the cult of luxury religious? 55

Nurturing the symbolic power of the luxury brand 57

Short-term or long-term policy? 58

Conclusion and clues for entrepreneurs 59

References 60

#### **O3** The artification of luxury: from artisans to artists 63

The challenge of growth for luxury companies 63
The radical transformation of luxury today 65
How growth creates two major problems for luxury brands 67

Luxury growth and the rising issue of legitimization 69 Why art now? Becoming an industry 70

A short history of the relationship between art and luxury 71 What's in art for luxury? 72

Entering new countries through art 74

How artification involves all art institutions 78

Involving all artists at all levels of the value chain 79

The multiple media of artification 82

Conclusion: an ambitious vision for luxury? 82

References 83

### PART TWO

Specific issues and challenges 85

### 04 Luxury after the crisis: pro logo or no logo? 87

From absolute to relative luxury 88

Modern economics trigger status needs 90

Adapting the price and logo to different segments 91

Why conspicuousness will come back: it never left! 93

Back to luxury? 94

References 95

## Why luxury should not delocalize: a critique of a growing tendency 97

From a well-kept secret to overt announcement 98 Luxury: do not confuse the concept, the sector and the business model 99

Luxury brand building is about building incomparability 101

Do not confuse luxury, fashion and premium business models 103

The consumer opinion on delocalization 106 Sustaining 'made in' as a real brand 107 The challenges of non-delocalization 110 References 110

#### 06 Internet and luxury: under-adopted or ill-adapted? 113

The new frontier of luxury 113
Luxury and the internet: a reciprocal myopia 115
Revisiting the potentialities of the web 117
Clouds over the internet: the loss of control 122
Adapting the luxury organization to the web 125
Transforming the web to adapt to luxury 126
References 127

# O7 Does luxury have a minimum price?: an exploratory study into consumers' psychology of luxury prices 129

The elusive luxury definition 130
Price and luxury 131
The paradox and research question: how expensive is expensive? 132
Results and insights 135
Summary of the findings 143
Implications for luxury price management 144
Conclusion 145
References 147

# O8 All that glitters is not green: the challenge of sustainable luxury 149

Luxury under pressure of sustainable development 150
Luxury and SD share two deep concerns: rarity and
beauty 152
Distinguishing the luxury strategy from a fashion or

Distinguishing the luxury strategy from a fashion or premium strategy 153

Luxury is by definition durable 154

Why this present SD focus on luxury? 154

Acting as a SD model to preserve luxury reputation 157 Is SD ready for luxury standards? 157
How SD needs a luxury strategy too 160
Status redefined: from power to altruism 161
References 161
Further reading 161

## **PART THREE** The business side of luxury brands' growth 163

# 09 Not all luxuries act alike: the distinct business models of luxury brands 165

The desire for luxury 165
Behind a single term, multiple business models 167
What discriminant criteria differentiate business
models? 169
Global competition between models of luxury 182

Global competition between models of luxury 182 References 183

# 10 The LVMH-Bulgari agreement: what changes in the luxury market lead family companies to sell up? 185

Introduction 186

The Bulgari acquisition: a model for family-owned luxury brands? 187

Luxury transformation: from manufacturer of rare products to creator of retail experiences 189

Closing the gap with Cartier and Tiffany 191

China: the capital dilemma for family-owned luxury companies 193

Why the source of capital is not inconsequential 195

The price of Bulgari: too high, or an accurate measurement of the financial dream? 197

High growth assumptions: no brand equity dilution 201

Conclusion 203

References 207

## 11 Developing luxury brands within luxury groups: synergies without dilution 209

Luxury concentration in question 209
How luxury groups grow 210
Theoretical background: how groups create value 211
Research objectives and methodology 211
Findings of the transversal analysis 213
Implications for growing luxury brands within groups 220
References 221

