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**Mass customisation in the luxury industry:
An answer to consumers' needs or a risk of diluting the branding
efforts?**

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Introduction

The competition in the luxury industry is increasing as the industry itself is getting broader and broader due to the “luxurification” of the society (McMahon-Beattie & Yeoman, 2006). In this context, mass customisation can appear as a differentiating tool for luxury brands (Piller, 2004). Hence, some luxury brands have rushed in developing a mass customisation offer, with more or less success. In the academic world, although many articles concerning mass customisation have been written, very few of them tried to link mass customisation and the luxury industry. The aim of this thesis is to analyse if mass customisation appears as a promising strategy for luxury brands. To do so, the paper is divided in three main parts.

Firstly, the key concepts are defined. Since 1987, when the term mass customisation appeared for the first time, many authors have dedicated articles, and even careers, to this concept. With “a total of 1,124 articles published in 742 journals and magazines that relate to mass customisation [...] it can be concluded that mass customisation is a robust, vital, and flourishing field that has high volumes of publications and applications” (Gattoufi et al., 2008, p. 643). Along the years, with the development of manufacturing and IT systems, the definition of mass customisation evolved and several definitions exist nowadays, creating some confusion. “Today, mass customization is a buzzword. This is a major part of the problem as no clear definition and common understanding of the term have evolved” (Piller, 2004, p.314). Defining luxury is also tricky as the term is blurry in the mind of many consumers and even academics. What is concerned as luxury in one country might not be regarded as such in another country. “Even one single person might have conflicting opinions about luxury” (Gosh & Varshney, 2013, p.147). The goal of the first part of this thesis is to provide a thorough and detailed definition of the “mass customisation” and “luxury” concepts, based on several authors and their latest findings.

Once the key concepts are defined and their boundaries have been clearly stated, the aim of the second part is to tackle the main question “mass customisation in the luxury industry: snob or slob?”. In other words, can a mass customisation offer be successful in the luxury industry? To answer this question, two points of view are adopted: the consumers’ point of view and the companies’ one. The first enables to assess if luxury consumers appear likely to be attracted by a mass customisation. The latter highlights the prerequisites that a

company must fulfil to engage in a mass customisation strategy. Based on the analysis of the luxury consumers' readiness and the companies' readiness, some recommendations to improve the likelihood of success of mass customisation offers in the luxury industry are detailed in the form of 6 main key success factors.

Finally, the third part of this paper is composed of case studies that are analysed in the light of the identified key success factors. The aim of this part is to conclude if these key success factors have proved relevant for the cases studied. To do so, best-in-class examples are detailed, as well as less successful ones.

The *raison d'être* of this thesis is threefold. Firstly, it provides managerial insights for luxury brands interested in mass customisation. Secondly, the first part of this paper reviews the different scientific articles about "mass customisation" and "luxury" concepts to combine them in thorough and contemporary definitions of the concepts. Thirdly, this thesis also makes sense from an ethical point of view as it investigates mass customisation to better answer consumers' needs and to avoid wastes inherent to mass production of standardised products.

Part 1. Understanding the key concepts: mass customisation and luxury industry

1. Mass customisation

“The genus of mass customization is customer co-design.”

Frank T. Piller - Professor

1.1. Definition of mass customisation

The term mass customisation was first introduced by Stan Davis in his 1987 book *Future Perfect*. Davis recognised mass customisation as the possibility to reach “the same large number of customers as in mass markets [...] while treating them individually as in the customized markets of pre-industrial economies” (Davis, 1987, p. 169). Later, along with the development of manufacturing processes (e.g. flexible manufacturing) and information and communication technologies (e.g. computer aided programs and the internet), the concept and definition of mass customisation evolved. Authors highlighted that mass customisation enables to provide customers with more variety, while still bearing production costs close to the ones of mass production of standardised products. Tseng and Jiao stated that mass customisation corresponds to “the technologies and systems to deliver goods and services that meet individual customers’ needs with near mass production efficiency” (Jiao & Tseng, 2001). In other words, “mass customisation relates to the ability to provide customized products or services through flexible processes in high volume and at reasonably low costs” (Borenstein et al, 2001, p.1). Today, many definitions of mass customisation exist, sometimes confusing mass customisation with pure customisation or personalisation. Piller’s definition of mass customisation provides an accurate and complete description of the concept, identifying all the important aspects involved in mass customisation and encompassing definitions developed by other authors:

*“Mass customisation is a **customer co-design process** of products and services, which meet **the needs of each individual customer** with regard to certain product features. All operations are performed within a **fixed solution space**, characterized by stable but still flexible and responsive processes. As a result, the costs associated with customization allow for a price level that does not imply a switch in an upper market segment”.*

(Piller, 2004, p. 315)

With this definition, Piller agrees with what previous authors have stated about mass customisation, but adds several crucial points that are discussed in details in the following sections.

1.1.1. Mass customisation implies customer co-design to meet the needs of each individual customer

Mass customisation involves both the company and the customer in the design process. The customer will intervene in the production process by “defining, configuring, matching, or modifying” (Piller, 2004, p. 315) (part of) a standardised product or service offered by the company. Often through an interactive website, the customer is thus integrated in the design process and invited to express its preferences on several features of the concerned product or service. The aim is to “help customers to better identify or define for themselves what they want” (Rangaswamy & Wind, 2001, p. 15). The active participation of the customers during the design process means that mass customisation can be implemented without prior knowledge about customers’ preferences.

The customer integration in the design process is what differentiates mass customisation from personalisation. A personalisation strategy implies that the company uses prior information about a customer to make particular recommendations from an existing service or product range (Merle, 2010). The products or services are not altered by the customer or the company to better fit the customer’s needs. Hence, “while [mass] customisation relates to changing, assembling, or modifying product or service components according to customers’ needs and desires, personalization is about selecting or filtering objects for an individual by using information about the individual (the customer profile) and then negotiating the selection with the individual” (Piller, 2007, p. 634). The main differences between mass customisation and personalisation are summarised in [figure 1](#).

Figure 1: comparison between mass customisation and personalisation

	Mass customisation	Personalisation
Customer integration	High	Low
Need for prior data about customers	Low	High
Impact on supply chain activities	High	Low

Source: Rangaswamy, A. & Wind, J. (2001) “Customerization: the next revolution in mass customization”. *Journal of Interactive Marketing*, 15(1), p.16.

1.1.2. Mass customisation implies a fixed solution space and concerns certain product features

Even though customers are integrated in the design process, they do not design any product or service from scratch. Firstly, in most cases, the customer does not invent a new product or service but will work on standardised ones that have been selected by the company. This selection often only includes a small part of the product range of the company. The customer does not become the designer but is integrated in a co-design process. Secondly, the changes the customers can implement on the standardised product or service are not infinite and are restricted to certain features of the product or service. It is the company's job to determine the appropriate products or services to offer for customisation and to which extent, i.e. decide which features can be altered by the customers (Piller, 2004). This will determine the approach the company has towards mass customisation (cf.. Infra 1.2.). This is a crucial step in the mass customisation strategy of a company. The company must frame the choice options of customers and strike the right balance between complexity of the design process for the customer and "freedom" given to the customer (Rangaswamy & Wind, 2001).

The limited options offered to customers in a mass customisation strategy is what differentiate it from pure – or craft- customisation. In pure customisation, the customer integration in the design process is maximal and options given to customers are unlimited. Hence, a pure customizer "re-invents not only its products but also its processes for each individual customer" (Piller, 2004, p.316), leading to significantly higher costs than for standardised and mass customised products. Hence, pure customised products often target an upper market segment.

1.1.3. Mass customisation implies costs that are close to the ones of standardised products

Some authors argue that mass customisation adds complexity –and thus significant costs- to the manufacturing and distribution process (Crandall & Formby, 2015). But most authors agree that costs linked to mass customisation are similar to costs linked to mass production of standardised products. Firstly, they argue that mass customisation is a pull strategy, rather than a push strategy, which leads to reduce inventory and waste. "A push supply chain [-or make-to-stock manufacturing-] makes production and distribution decisions based on long term forecasts of customer demand. [...] A pull supply chain [-or make-to-order manufacturing-] produces and distributes in response to actual customer orders" (Rossin, 2012, p.7-8). Secondly, they highlight the existence of appropriate manufacturing

systems and techniques that enable to transform the standardised products into the customised ones. A. Merle (2010) and J. Matthews et al. (2010) identify two main tools used to produce mass customised products while keeping costs and lead time under control and reaching a wide customer base (“mass”): delayed differentiation –or postponement- and modularity. Delayed differentiation consists in postponing the differentiating activity, i.e. the moment each product acquires its own identity (Merle, 2010), as late as possible in the manufacturing process (Matthews et al., 2010). The aim is to standardise the manufacturing process as much as possible to benefit from economies of scale. “Modularity refers to the division of products into sub-assemblies and components” (Matthews et al., 2010, p. 1561). Each component can be available in several versions. Once the customer places his/her order, the different components are “mixed and matched” in the appropriate way to answer the customer’s demand. This corresponds to an assemble-to-order strategy.

1.2. Different approaches to mass customisation

As stated before, many approaches –and thus definitions- to mass customisation exist today, sometimes confusing mass customisation with pure customisation or personalisation. Crandall & Formby summarised the different approaches in their 2015 paper:

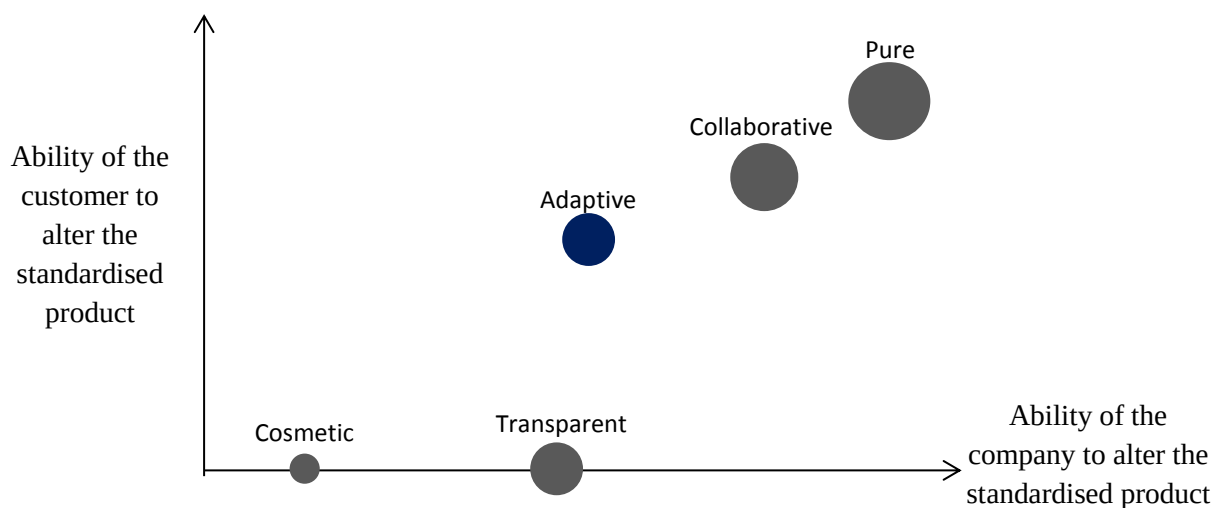
- Collaborative customizers integrate customers early in the process by getting “direct customer input to help them design and produce new products and product lines that meet that market segment’s particular desires” (Crandall & Formby, 2015, p. 28). The collaborative customisation approach implies to conduct a dialogue with each individual customer and is close to pure customisation and open innovation. Indeed, the customer plays a major role in the design process that will lead to the creation of *new products and product lines*. Here, the solution space offered to customers is very large and tools such as delayed differentiation and modularity might not be enough to satisfy the customers.
- “Adaptive customizers seek to create standard products that could be adapted or configured to meet different customers’ needs” (Crandall & Formby, 2015, p. 28). Here, existing standardised products are offered to be altered by customers themselves, based on their own personal needs.
- “Transparent customizers analyse their customers’ behaviours and needs and sell them customized products without letting the customers know their products has been customized” (Crandall & Formby, 2015, p.28). Here, the customer is not involved in the

design process. This approach is thus closer to the personalisation concept since the company uses prior information about the customer to offer a specific product.

- Cosmetic customizers offered standard products but in different configurations for each customers. The product is differently packaged for each customer by altering the size, the shape or the colour of the packaging. The product itself is not changed. For example, the name of the customer can also be added on the package. Here again, the customer is not involved in the process and this approach is closer to the personalisation concept.

The different approaches are represented in [figure 2](#). In this paper, the approach and definition chosen and previously detailed is the “adaptive customizer” one. The extensive literature reviewed allowed to identify it as the most appropriate one, clearly drawing the line between mass customisation, pure customisation and personalisation. Moreover, in this paper, we will focus on mass customisation of products, rather than services.

Figure 2: the different approaches to mass customisation



** The thickness of the dot associated to each kind of customisation represents the extent to which the standardised products can be altered considering the concerned kind of customisation*

Source: Adapted from Crandall, R. & Formby, S. (2015). Is mass customization nearing its tipping point?. *Industrial Engineer*, p.28.

2. Luxury industry

“Luxury is a necessity that begins where necessity ends.”
“Luxury is not the opposite of poverty but that of vulgarity.”

Coco Chanel

The luxury industry is a complex industry with blurred frontiers and where competition is fierce and consumers are diverse. The aim of this chapter is to provide a clear and thorough understanding of the luxury industry, by looking at the concept of luxury itself, the segments within the luxury market, the brand identity of luxury brands, the luxury consumption behaviours and the luxury consumers.

2.1. Luxury is a multi-faceted concept

The concept of luxury dates back to the Egyptian era. For centuries, luxury was reserved to the elite and was characterised by being expensive and extravagant (Aiello et al., 2013). But today, with the “luxurification” of the society (McMahon-Beattie & Yeoman, 2006), luxury is not only meant for the “happy-few” anymore and is accessible to a much broader public (Gosh & Varshney, 2013).

The luxurification of the society has two main roots, one inherent to consumers and one inherent to brands. Firstly, the number of luxury consumers is growing significantly each year. In 2014, luxury consumers were about 390 million and are expected to reach 465 million by 2021 (Achille, 2015). The reason is that, thanks to the rise in disposable income, middle class consumers from developed and emerging countries have also become actors in the luxury market as they trade up for some aspirational luxury products (McMahon-Beattie & Yeoman, 2013). Secondly, many luxury brands also contribute to the luxurification of the society by making luxury products and services more and more accessible. To attract more consumers and be more profitable, many luxury brands have compromised on their exclusive image and have become more accessible in terms of channels and/or price through numerous line/brand extensions (Kapferer et al., 2014; Radon, 2012; Kitchen et al., 2009). Moreover, an increasing number of brands claim to be luxury in order to enjoy higher margins and target consumers with higher willingness-to-pay (Heine & Phan, 2011).

The luxurification of the society has two main consequences. Firstly, the luxury industry is growing as more and more brands and consumers are entering it, broadening and blurring the frontiers of the industry. According to Bain & Company, the luxury market was worth 865€B in 2014 and is worth over 1000€B in 2015. Secondly, there is no consensus on a

thorough definition of the luxury concept as it is a fluid and evolving concept (Kapferer et al., 2014). It is also a context specific and culture bound concept. What is considered as luxury by some authors and consumers, will be considered as merely premium by others and vice versa. “Even one single person might have conflicting opinions about luxury” (Gosh & Varshney, 2013, p.147).

From a purely economic point of view, a luxury good is “a good for which demand increases more than proportionally as income rises [bandwagon effect], in contrast to a necessity good, for which demand increases less than proportionally as income rises” (Gosh & Varshney, 2013, p.149). In the marketing literature, many authors have tried to identify some common denominators across the different definitions of the luxury concept (figure 3). Although they all agree that (1) aesthetics, (2) price, (3) quality and (4) brand image are universal factors defining luxury, Gosh and Varshney disregard rarity/exclusivity as a factor contributing to a universal definition of luxury: “the traditional concept of luxury as something exclusive does not go with the phenomenon of mass-luxury [or luxurification of the society]” (Gosh & Varshney, 2013, p. 147). This disagreement regarding whether exclusivity is a trait of the contemporary universal definition of luxury has led to identify four different segments within the luxury industry.

Figure 3: the common denominators of luxury definitions

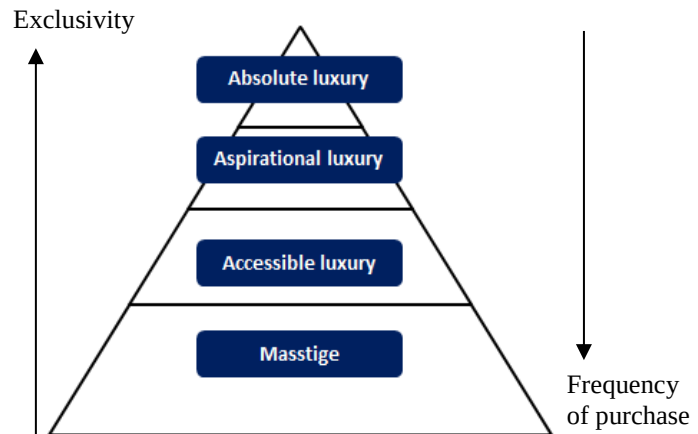
	<i>Aiello et al. (2013)</i>	<i>Heine & Phan (2011)</i>	<i>Gosh & Varshney (2013)</i>	<i>Kapferer et al. (2014)</i>
(1)	Beauty	Aesthetics	Aesthetics	Appearance
(2)	Price	Price	Expensiveness	Price that exceeds what functional values command
(3)	Quality	Quality	Premium quality	Very qualitative hedonistic experience or product made to last
(4)	Inspirational brand endorsement	Extraordinariness: “extraordinariness can also arise from the history or the manufacturing process of a product. [...] The extraordinariness of luxury products can be achieved with an extraordinary brand image” (p. 112)	History	Heritage, know-how and culture
(5)	Rarity	Rarity		Available in restricted and controlled distribution

2.2. The luxury industry is divided into four main segments

The degree of exclusivity of luxury brands is used to create the luxury pyramid that segments the luxury market into four main segments (Saviolo, 2015), as shown in figure 4:

- *The absolute - or inaccessible - luxury segment* constitutes the top of the pyramid and is composed of brands such as Hermès. This is the *most exclusive* form of luxury where customers enter waiting lists to buy unique handcrafted items made of precious material. This absolute luxury is inaccessible and the customers are selected by the brand. The

Figure 4: the luxury pyramid

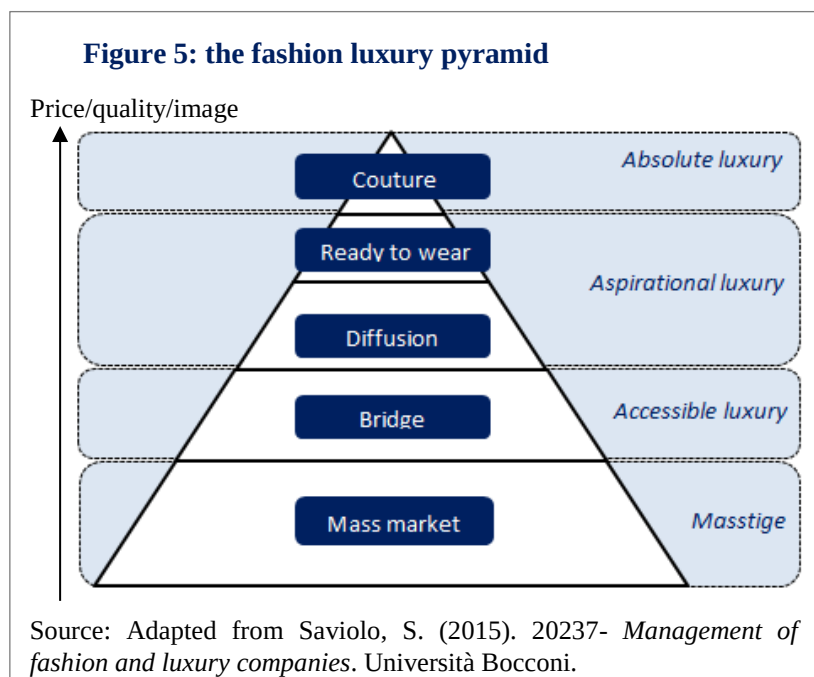


Source: Adapted from Saviolo, S. (2015). 20237- *Management of fashion and luxury companies*. Università Bocconi.

- purchase frequency for such items is low. The key success factors for this segment are a strong heritage and uniqueness of the products.
- *The aspirational luxury segment* is mainly made of “logo brands” such as Louis Vuitton that offer quality and stylish products produced in limited series. These brands are *selective* in terms of target, media and location. The key success factors for these brands are a strong reputation and being recognizable and distinctive thanks to strong symbols.
- *The accessible luxury segment* offers goods produced in mass quantities and is *more accessible* in terms of price, location and media while offering quality products and a nice shopping experience. This segments regroups brands such as Michael Kors and Coach.
- *The masstige segment* is the new segment within the luxury pyramid. Brands within this segment are “mass” in terms of distribution, as they are widely available such as non-luxury brands, and in terms of pricing as they are priced at a reasonable price premium compared to non-luxury brands. They are “prestige” in terms of communication as they use most of the codes of the luxury brands such as limited editions and celebrity endorsement (Kitchen et al. 2009). Brands in the masstige segment are often the result of line or brand extensions from luxury brands that want to appeal to the masses while still being affordable in order to be highly profitable.

Looking at the above definitions, one can understand that luxury can be found in any market, including apparel, cars, food, education and real estate. Bain & Company provides a breakdown of the main markets that compose the luxury industry ([exhibit 1](#)). Within these markets, the Personal Luxury Goods market is the second biggest contributor, after luxury cars, with 253 €B. It is a complex and competitive market that can be further broken down into several product categories: shoes, leather goods, jewellery, watches and apparel. The apparel category is the biggest contributor with 59 €B. It is a very competitive category with many well-known players that can be segmented following the fashion pyramid that can be juxtaposed to the luxury one. Competitors are segmented on the price and quality of their offer. Five main segments are identified (Saviolo, 2015), as show in [figure 5](#):

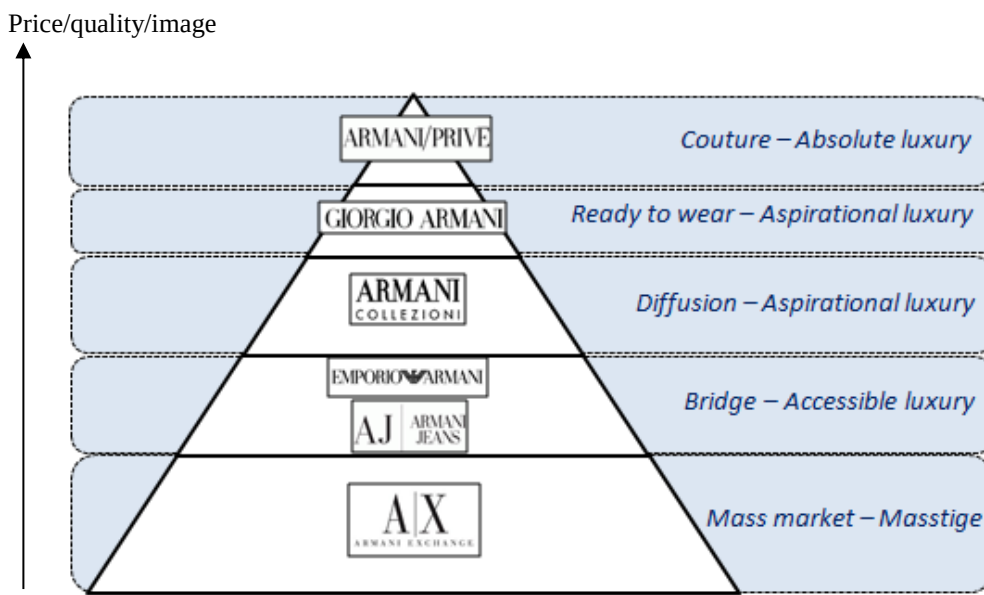
- *The couture segment* is made of historical and long lasting French and Italian “couturiers” such as Dior. The key success factors for these brands are creativity and uniqueness.
- *The ready to wear segment* corresponds to designer brands, mainly Italian, such as Giorgio Armani, Prada and Gucci. The key success factor for these brands is a strong brand image associated with glamour.



- *The diffusion segment* gathers the more accessible lines of the “ready to wear” segment, such as Armani Collezioni, as well as the most premium industrial brands such as Max Mara, and new designers. The key success factors for these brands are style and quality at a price.
- *The bridge segment* mainly regroups European and American premium industrial brands such as Tommy Hilfiger and Guess. The key success factors for these brands are fashionability and acceptable quality at a price.
- *The mass market* regroups the mass retailers that offer a wide range of products at affordable prices such as Zara and C&A. The key success factors for these brands are fashionability, accessibility and affordability.

Some players in the luxury industry cover several segments of the luxury pyramid thanks to line and brand extensions. For instance, in the jewellery category, Bulgari handcrafts unique jewels for VIP customers in the absolute luxury segment and offers a more affordable product, the B rings, for the accessible luxury segment. This is also the case of Giorgio Armani. If the brand and name Giorgio Armani belongs in the ready to wear segment in the mind of many consumers, the brand offers more affordable lines aimed at other segments (figure 6).

Figure 6: Giorgio Armani's coverage of the fashion pyramid



Source: Adapted from Saviolo, S. (2015). 20237- Management of fashion and luxury companies. Università Bocconi.

Some authors argue that these line and brand extensions towards a lower end of the luxury pyramid are dangerous and might dilute the brand image. Magnoni and Roux (2012) found that the main pillars of the relationship between consumers and luxury brands (self-brand connections, brand attachment, brand trust and brand commitment) are negatively impacted by step-down line extensions. On the other hand, other authors state that the different segments of the pyramid are interdependent. According to Kapferer (2006), products in the upper segments of the pyramid are not self-sufficient to be profitable as they target a narrow consumer base. However, they contribute to create a strong brand identity that will enable to sell products in the lower segments at a premium price. Profits made thanks to the lower segments are then used to finance the costly upper segments. The latter point of view would explain why so many luxury companies have embarked on a “masstige” strategy with brand extensions such as fragrances, eyewear and make-up that enable to target the mass

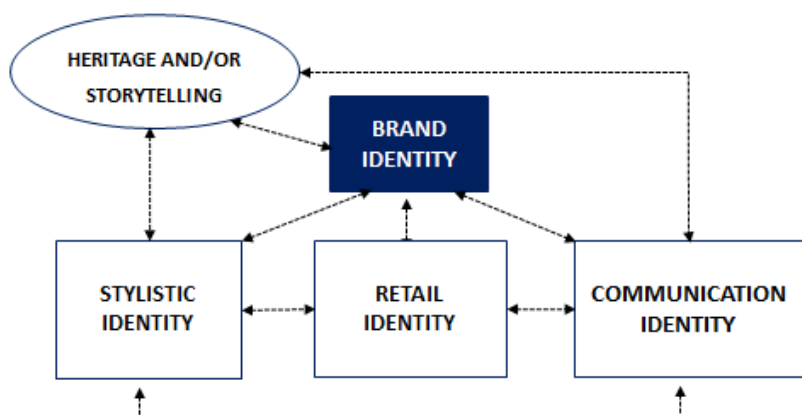
market with a premium price. Having a consistent brand identity across the different segments appears as a requirement for successful line and brand extensions. The concept of brand identity is thoroughly developed in the next section.

2.3. The luxury brand identity

The brand identity is the DNA of the brand and is composed of “the identifiable attributes and identifiable elements that make up the brand and how these are perceived and interpreted by people that come into contact with the brand” (Okonkwo, 2007, p. 110). The brand identity thus includes tangible aspects such as a name, a logo, and a colour, and intangible aspects such as brand values and associations (Bastien & Kapferer, 2009). To be successful, any luxury brand has to own a strong brand identity. Firstly, the brand identity is what will differentiate the brand from competitors. In this regard, the intangible aspects feeding the brand identity are crucial because they are difficult to copy. Secondly, the brand identity and how it is communicated will be interpreted by consumers and will shape the brand image, i.e. the subjective perceptions the consumers have about a brand (Cavender & Kincade, 2014). The goal of brand managers is that the brand image (subjective) corresponds to the brand identity (objective) (Bandaru & Nannapaneni, 2012). Indeed, a successful brand identity development will be translated into a positive and appealing brand image that will enable the brand to create/increase the value perception and charge high prices. “In luxury, you communicate in order to create the dream and to recharge the brand’s value, not in order to sell” as in the mass market (Kapferer & Bastien, 2009, p.211). Saviolo (2015) developed a brand identity model that represents how the brand identity of a luxury brand is built and how it is interconnected with the heritage, the stylistic identity, the retail identity and the communication identity of the brand (figure 7):

- *The heritage* represents the brand tradition and roots. It is inherited from people (founders, designers and celebrities), products (innovations and revolutions) and place (city of origin and

Figure 7: the brand identity model for luxury brands



Source: Saviolo, S. (2015). 20237 - *Management of fashion and luxury companies*. Università Bocconi.

flagship store location) associated with the brand. This heritage must be heavily communicated and will feed the storytelling linked to the brand. The storytelling is “the narrative about the brand” (Saviolo, 2015). For young luxury companies that do not have a heritage, the storytelling is invented, based on particular competencies or product features. The importance of the history of the brand and its heritage is highlighted by many authors as a universal pillar of the concept of luxury (figure 3).

- *The stylistic identity* is a combination of codes such as fabric, texture, colours, lines etc. that defines the brand unique and long term style. Four main styles are identified: avant-garde, bold, modern and classic-traditional. Within each of this style, competitors differentiate with their own and unique combination of codes. For example, Saint Laurent Paris belongs to the modern style and is recognised for its heavy use of plain dark colours, leather material and masculine-feminine ambiguity.
- *The retail identity* is a combination of codes related to location and interior design such as layout, windows, lighting, furniture, music and visual merchandising defining the brand unique and long term retail experience.
- *The communication identity* is a combination of communication codes such as tone of voice, message and models portrayed that defines the brand unique and long term image. For example, Saint Laurent Paris uses a provocative tone of voice, portraying young rebel models.

To build a strong brand identity and avoid diluted brand image, a brand must be consistent across its heritage, stylistic, retail and communication identity. These elements are part of a long term strategy and must not change over seasons or product categories. This consistency across product categories might be the key to successful line or brand extensions (cf. supra 2.2.) and also explains why many luxury brands opted for vertical integration to become retailers in order to keep control of their retail identity.

From what have been said so far, one can draw some hypotheses on why most luxury brands adopt a global strategy rather than adapting their offering to the different markets they are in. Firstly, keeping the same stylistic, retail and communication identity enables to have a strong and unique brand identity, avoiding the dilution of the brand image. Secondly, 50% of luxury purchases are linked to tourism - including 35% to global tourism - (D'Arpizio, 2015) and thus brands need to be recognisable across countries. For these reasons, when a luxury company wants to enter a new market by adapting its offer, the company often does so by

building a new brand for this specific market, instead of keeping the current brand and altering the brand identity. This is the case with Hermès that founded the Shang Xia brand for the Chinese market in 2007.

2.4. The dual behaviour behind luxury consumption

The aim of this section is to better understand what drives luxury consumption. There is a consensus in the literature to say that there are two different consumption behaviours behind luxury purchases: (1) socially oriented consumption, i.e. hetero-referred, and (2) personally oriented consumption, i.e. self-referred (Aiello et al., 2013). Choo et al. (2012) refer to the two different behaviours as (1) social consumption and (2) self-expressive consumption. Hudders (2012) distinguishes between (1) expressive consumption and (2) impressive consumption. Bastien and Kapferer (2012) put it simply, saying that luxury can be bought (1) for the others or (2) for one self. All these authors use different terms to describe the same phenomenon: a dual behaviour driving luxury consumption (figure 8). On the one hand, some luxury consumers have a personally oriented consumption behaviour, meaning that they are motivated by hedonistic dimensions such as pleasure and experiential values (Choo et al., 2012). On the other hand, some luxury consumers have a socially oriented consumption behaviour, also widely called conspicuous consumption behaviour, meaning that they purchase luxury goods or services to create a favourable social image and to state their social status (Aiello et al, 2013) towards a specific peer group to which they want to reinforce their membership. Even one single luxury consumer can adopt a different consumption behaviour for different needs or occasions of purchase.

Figure 8: the two different motives behind luxury consumption

Consumption behaviour	(1) Socially oriented	(2) Personally oriented
Authors		
<i>Choo et al (2012)</i>	Social values	Self-expressive values
<i>Bastien et Kapferer (2012)</i>	For the others	For oneself
<i>Aiello et al. (2013)</i>	Ostentatious consumption behaviour (“hetero-referring luxury”)	Hedonistic consumption behaviour (“self-referring luxury”)
<i>Hudders (2012)</i>	Expressive motives	Impressive motives

This links back to what was highlighted in the previous sections: the concept of luxury is extremely fluid and culture-bound. This also explains why there is no consensus on a definition of the luxury concept. “Among the different definitions of luxury there are concepts

explaining luxury as self-referred (“desire”, “dream”, “emotional”) and others that are much more hetero-referred (“expensive”, “exclusiveness”, “price”, “quality”, “extravagant”.” (Aiello , B. et al., 2013, p.231). [Exhibit 2](#) highlights how Aiello et al. (2013) pictured this duality within the different definitions of luxury.

Traditionally, luxury has been most often associated with socially oriented consumption (1), also called conspicuous consumption. The term “conspicuous consumption” was first introduced by Veblen in 1899. According to him, when wages increased, consumers were not looking for more comfort but the “attainment of esteem and envy of fellow men”. “Veblen thought that the purpose of acquisition was public consumption of esteem, status and anxiety displayed by materialism. What Veblen termed as conspicuous consumption was the display of the trophies of wealth such as slaves or property which enabled people to show off their wealth” (McMahon-Beattie & Yeoman, 2013, p. 13). However, as discussed in the previous sections, the concept of luxury is constantly evolving and personally oriented consumption (2) is taking a more important place in luxury consumption as personal development is becoming more and more important for consumers who are looking for self-fulfilment through experience (Yeoman, 2011). This is identified as the feminisation of luxury, “where luxury has moved on from its male trophies and status symbols towards experience and indulgence” (Yeoman, 2011, p. 47).

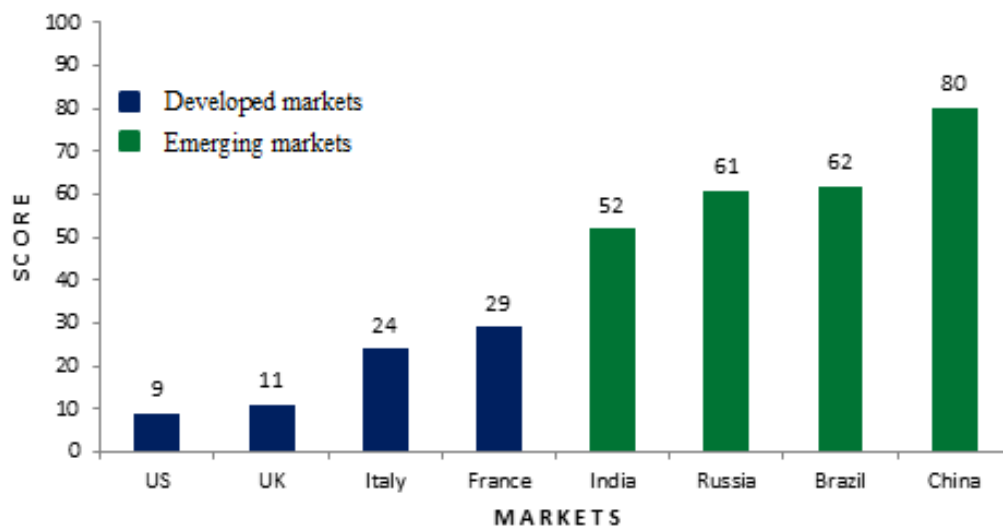
According to several authors, including Yeoman (2011) and Aiello et al. (2013), luxury consumers in developed economies mostly have a personally oriented consumption behaviour while luxury consumers in emerging economies mostly have a socially oriented consumption behaviour. This hypothesis is reinforced by analysing Geert Hofstede “national cultures” model, and especially the individualism/collectivism criterion. The individualism criterion is used to understand “the degree to which individuals are integrated into groups. On the individualist side we find societies in which the ties between individuals are loose: everyone is expected to look after her/himself and her/his immediate family. On the collectivist side, we find societies in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) which continue protecting them in exchange for unquestioning loyalty”¹. In collectivist societies, the membership to a group is thus crucial and luxury purchases are used to express this membership, hence following a socially oriented consumption behaviour. If we compare

¹ Geert Hofstede & Gert Jan Hofstede. *Dimensions of national cultures*, retrieved November 2015 at <http://geerthofstede.nl/dimensions-of-national-cultures>

developed markets versus emerging ones based on the collectivism criterion, we can indeed see that emerging markets score higher (figure 9).

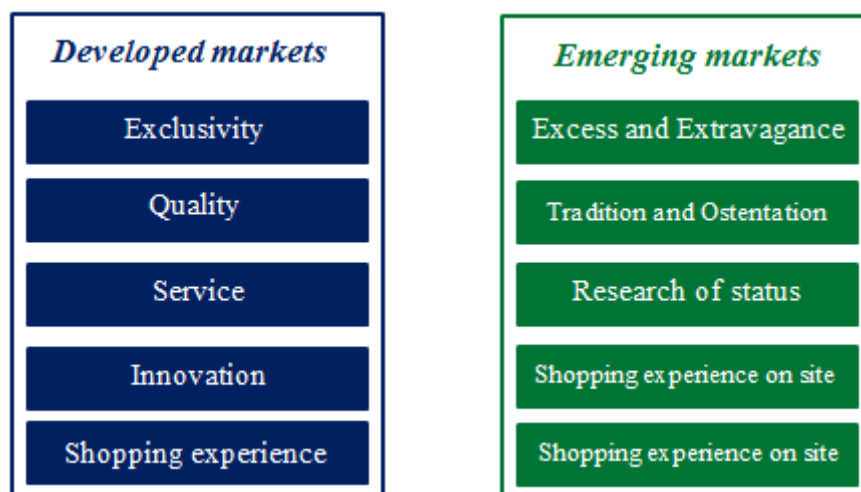
A study from PWC (2012) also highlights the differences between luxury consumption in developed markets and in emerging ones. Luxury consumers in developed markets exhibit a personally oriented consumption behaviour as they are looking for high quality of service and products and value the shopping experience. On the other hand, luxury consumers in emerging markets are looking for status symbols as they value excess, extravagance and ostentation (figure 10).

Figure 9: Comparison of developed and emerging markets based on their collectivism score from Geert Hofstede model



Source: Numbers retrieved The Hofstede Center. *National culture*. Retrieved November 2015 at <http://geert-hofstede.com/national-culture.html>

Figure 10: consumers from emerging and developed markets have different needs



Source: Adapted from PWC. (2012). *Market Vision Luxury. Challenges and opportunities in the new luxury world: winners and strategic drivers*

Going one step further, authors have identified four main benefits, either linked to a socially oriented or personally oriented consumption, that can be provided by luxury brands:

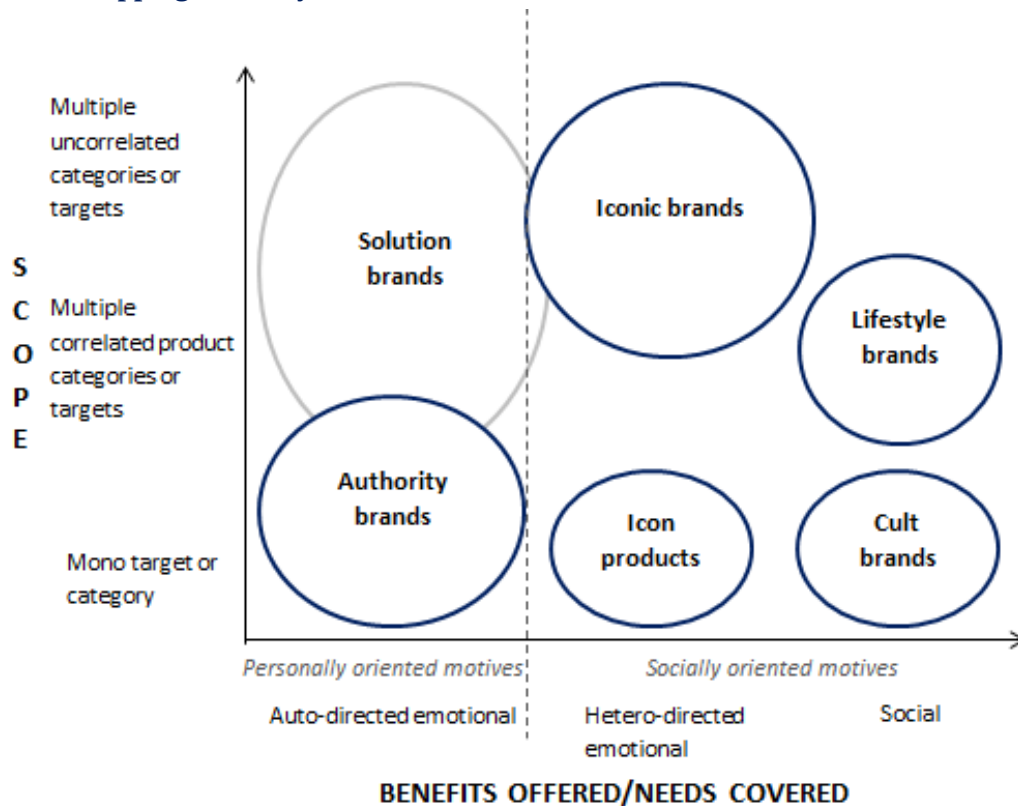
- *Functional benefits* (Saviolo, 2015) or *utilitarian benefits* (Choo et al., 2012) are linked to personally oriented consumption and represent the utility provided to the consumers by the product attributes. Such benefits answer the question “what do I obtain when I use this brand?”. They are, for example, the time-keeping function of a watch and the phone capability of a smartphone. To be successful, a brand must provide the consumers with distinctive functional benefits that matter to them and bring them value. However, a competitive advantage is difficult to build solely on functional attributes since they are easy to replicate and, in most cases, do not enable to differentiate from competitors.
- *Auto-directed emotional benefits* (Saviolo, 2015) or *hedonic benefits* (Choo et al., 2012) are linked to personally oriented consumption and gather the positive feelings experienced by consumers when using the brand products. Such benefits answer the question “what do I feel when I use this brand?” and can be, for instance, fun and pleasure. Starbucks does not only offer coffee to their customers but also a nice environment where they feel comfortable and “at home”.
- *Hetero-directed emotional benefits* (Saviolo, 2015) are linked to socially oriented consumption and answer consumers’ need for expression. Consumers buy brands to make a statement about themselves towards others. Hetero-directed emotional benefits answer the question “what do I look like when I use this brand?”. The brands providing these benefits are often aspirational and easily recognisable to strengthen the customer’s statement in terms of social status.
- *Social benefits* (Saviolo, 2015) are linked to socially oriented consumption and are provided by brands whose users get together as a community and are advocate of the brands, such as the “Hell Drivers” of Harley Davidson. They answer the consumers’ belonging needs by making them part of a group with a specific philosophy.

To be successful, luxury brands cannot only provide functional benefits and answer functional needs. Functional benefits alone are not enough to justify the price premium and to trigger brand attachment. Hence, luxury brands must provide emotional and/or social benefits to “help consumers define and accentuate the type of person they are or would like to be and also assist in communicating this definition to others” (Okonkwo, 2007, p.60). Based on the benefits they provide, Marazza and Saviolo (2012) developed a mapping of luxury brands and categorised them into 6 different brand types ([figure 11](#)):

- *Authority brands* target a narrow market segment by providing auto-directed emotional benefits. Successful luxury authority brands are often recognised as the best-in-class in their product category. Such brands use the best raw materials available and focus on a product-centric communication, highlighting their expertise and craftsmanship in their specific product category. For instance, Rene Caovilla is renowned for their handmade jewelled sandals.
- *Solution brands* often started as authority brands and also answer the auto-directed emotional needs of their consumers. But, unlike authority brands, they target a broad consumer base through several product categories. Due to this broad scope and consumer base, few luxury brands are found in this category which is dominated by well-known mass market brands such as Sony or Ikea.
- *Icon brands* answer the hetero-directed needs of their consumers. Therefore, they need to be easily recognisable, carrying timeless and famous symbols such as a colour, a logo and/or a material which, put together, embody a style and a social status. This is the category where most luxury brands are found, especially aspirational luxury brands, also called “logo brands” (figure 4). Examples of icon brands include Louis Vuitton, Coco Chanel, Hermès and Gucci.
- *Icon products* brands exhibit the same characteristics than icon brands but the difference is that icon products brands have so far focussed on one product category and target. This is the case of many designer and luxury furniture brands. Both icon products and icon brands use timeless symbols and recurrence of models to be recognisable. The challenge for such brands is thus to stay fresh and contemporary and not to be perceived as old-fashioned. This can be achieved with co-branding, as S. Pellegrino and Bulgari did, through special editions and celebrity endorsement.
- *Cult brands* do not only cover emotional needs but also social ones. They are specialised in one product category and/or one consumer segment and provide this narrow segment with a feeling of being included in a group. This result in extreme customer loyalty, the users being advocates and fans of the brand.
- Capitalising on the huge customer loyalty and attachment to the brand, cult brands often extend into new product categories and target new segments. They thus become *lifestyle brands* and associate themselves with a particular way of life. The most well-known and straightforward example is Harley Davidson which offers its Hell Drivers a range of products, from the motorcycle to the T-shirt, while promoting a rebel lifestyle.

Based on their needs, luxury consumers will turn towards the appropriate brand type, even unconsciously.

Figure 11: mapping of luxury brands



Source: Marazza, A. & Saviolo, S. (2012). "Lifestyle brands. A guide to aspirational marketing". Palgrave Macmillan

2.5. The luxury consumers are diverse and complex

Studies conducted by Bain & Company (D'Arpizio, 2015) and The Boston Consulting Group (Achille, 2015) show that the number of luxury consumers worldwide is significantly increasing each year. "A net total of 10 million additional consumers yearly enter the luxury market"². In 2014, luxury consumers were about 390 million and are expected to reach 465 million by 2021 (Achille, 2015). This increasing customer base brings diversity in the needs and tastes of luxury consumers. Gone are the days when the luxury consumer was an occidental affluent man that wore the total look from its favourite brand (Okonkwo, 2007). Today's luxury consumers are heterogeneous and come from all over the world. Within the luxury consumers, BCG and Bain & Company distinguish between *core luxury consumer* (BCG) – or "true luxury consumers" (Bain&Co) – who buy luxury products and services on a

² From Bain & Company website : D'Arpizio, C. (2015). « Luxury Goods Worldwide Market Study Winter 2014 ». Bain Study. Available at <http://www.bain.com/publications/articles/luxury-goods-worldwide-market-study-winter-2014.aspx>

regular basis and *aspirational consumers* who occasionally buy luxury goods from lower market segments of the luxury pyramid (figure 5). Within this true luxury consumers category, Bain & Company identifies 7 main segments of luxury consumers based on their attitudes. The Boston Consulting Group goes one step further and identifies 12 segments within the core luxury consumers based on attitudes, age, gender and nationality (figure 12).

Figure 12: segments of core luxury consumers

	Attitude	Demographics	Average spending	Origin	What they buy
Absolute luxurers 	- Elegant and refined connoisseurs who grew up in the lap of luxury - Compromising is not an option - Exclusivity is fundamental - Special emphasis on what is unique and customised	<i>Number:</i> 2,2 million <i>Gender:</i> 55% women <i>Age:</i> 35-45	30.000 €/head /year	Mainly European elite: - Italy (15%) - France (13%) - Germany (14%) - UK (16%)	- Leather goods - Clothing - Hard luxury - Hotels & vacations
Megacitiers 	- Live in big cities - Willing to experiment and to transform local trends into global phenomena - Always connected	<i>Number:</i> 2,5 million <i>Gender:</i> 55% women <i>Age:</i> 30-35	17.000 €/head /year	Mainly from emerging markets: - Brazil (33%) - China (20%)	- Leather goods - Clothing - Hotels & vacations
Experiencers 	- Perceive luxury as an experience - Want to share their luxury experience	<i>Number:</i> 2,8 million <i>Gender:</i> 60% men <i>Age:</i> 45-50	13.000 €/head /year	Mainly: - Japan (24%) - Italy (21%) - UK (14%) - US (12%) - Germany (11%)	- Food & Wine - Hotels & vacations
Fashionistas 	- Highly knowledgeable about luxury trends, from the famous brands to the latest discoveries - Love design, shopping and indulging themselves	<i>Number:</i> 2,8 million <i>Gender:</i> 60% women <i>Age:</i> 35-40	8.000 €/head /year	Worldwide: - China (16%) - Russia (15%) - US (13%) - South Korea (12%) - France (11%) - UK (11%) - Germany (9%)	- Leather goods - Clothing - Perfumes & cosmetics

Little Princes 	• Impulsive, connected and hungry for the “new and colourful” • Brand and design are essential elements	<i>Number:</i> 1,6 million <i>Gender:</i> 60% men <i>Age:</i> 18-25	10.000 €/head /year	Mostly from emerging markets: • Brazil (20%) • China (8%)	• Leather goods • Clothing • Perfumes & cosmetics
Social wearers 	• Strong values and principles • Responsible consumption of luxury goods • Quality, sustainability and “made in” are essential elements	<i>Number:</i> 1,8 million <i>Gender:</i> 60% women <i>Age:</i> 35-40	10.000 €/head /year	Mainly: • France (22%) • Germany (11%) • Brazil (10%) • Russia (10%)	• Leather goods • Hotels & vacations • Furniture
Status seekers 	• Live under the spotlights with their logos in full view • Do not like experimenting • Follow trends and well-known brands • Approval is everything • Shop in large flagship stores • Influenced by celebrities and ads	<i>Number:</i> 2,1 million <i>Gender:</i> 55% men <i>Age:</i> 35-40	7.000 €/head /year	Mainly Asian and Americans: • South Korea (13%) • China (9%) • US (9%)	• Leather goods • Clothing • Hard luxury
Classpirationals 	• Use affordable luxury to be accepted by their community, especially at work • Do not like experimenting • Look for good value for money • Compare prices online	<i>Number:</i> 3 million <i>Gender:</i> 55% men <i>Age:</i> 30-35	3.000 €/head /year	Mainly: • South Korea (27%) • Germany (17%) • France (16%) • Russia (14%)	• Clothing • Perfumes and cosmetics • Handbags
Timeless properers 	• “Fashion passes, style remains” is their motto • Discreet and sophisticated • Buy classic and timeless goods in a few trusted stores located in exclusive areas • Quality and “made in” are essential elements • Limited digital use	<i>Number:</i> 2,3 million <i>Gender:</i> 90% women <i>Age:</i> 40-45	9.000 €/head /year	Mainly: • US (16%) • UK (11%) • Japan (11%)	• Handbags • Shoes • Food & wine

Omnigifters 	• Embodiment the luxury gentlemen • Luxury is about making their loved ones happy • Superior quality and customer experience are essential elements • Prefer department stores where they enjoy competent staff and relaxed environment	<i>Number:</i> 2,2 million	10.000 €/head /year	Mainly mature markets: • UK (12%) • France (11%) • Italy (11%) • US (10%)	• Jewellery • Hotels & vacations • Food & wine
		<i>Gender:</i> 85% men			
		<i>Age:</i> 45-55			
Luxe immunes 	• Seem to be disillusioned by the luxury world • Craftsmanship is essential • Are not price sensitive • Buy based on advice from friends and staff	<i>Number:</i> 1, 5 million	4.000 €/head /year	Only present in • Japan (23%) • US (11%) • Europe (66%)	• Leather goods • Clothing
		<i>Gender:</i> 55% men			
		<i>Age:</i> 50-55			
Rich upstarters 	• New comers who want a place in the luxury market • Unsophisticated, do not like experimenting • Buy well-known brands • Influenced by social media, celebrities and ads	<i>Number:</i> 1,2 million	4.000 €/head /year	From emerging markets, mainly: • Russia (16%) • China (13%) • South Korea (10%) • Brazil (6%)	• Leather goods • Perfumes & cosmetics
		<i>Gender:</i> 55% men			
		<i>Age:</i> 35-40			

Source: Achille, A. (2015). "True-luxury global consumer insight". *The Boston Consulting Group*.

Figure 13 summarises the main statistics regarding each segment.

Figure 13: segments of core luxury consumers - key statistics

Global segments (gender/geography balanced)									Gender specific		Country specific						
																	
Absolute Luxurer			Mega citier			Experien cer			Fashioni sta	#Little Prince	Social Wearer	Status Seeker	Classpira tional	Timeless Proper	Omni Gifter	Luxe Immune	Rich Upstarter
Segment size	(M)	2.2	2.5	2.8	2.8	1.6	1.8	2.1	3.0	2.3	2.2	1.5	1.2				
	(%)	9%	10%	11%	11%	6%	7%	8%	11%	9%	8%	6%	5%				
Avg. spend	(K€)	30	17	13	8	10	10	7	3	9	10	4	4				
	(Bn€)	67	41	35	22	17	17	14	8	21	21	6	5				
Current value	(Bn€)	67	41	35	22	17	17	14	8	21	21	6	5				
	(%)	24%	15%	13%	8%	6%	6%	5%	3%	8%	8%	2%	2%				
counting for ~50% of lux. market																	

Source: Achille, A. (2015). "True-luxury global consumer insight". *The Boston Consulting Group*.

In conclusion, both the "mass customisation" and "luxury" concepts are fluid and evolving concepts for which there is a lack of consensus in the literature. In this thesis, mass customisation is understood as "*adaptive customisation*" of products (Crandall & Formby, 2015; figure 2) i.e. implying customer co-design of products with regard to certain product features and within a fixed solution space, resulting in costs that do not imply a switch in an upper market segment (Piller, 2004). The luxury concept has been defined taking into account all its facets. In this thesis, a luxury brand is defined as being characterised by a strong heritage and/or know-how that enables the brand to offer beautiful, expensive and high quality products or services (Kapferer et al., 2014; Aiello et al., 2013; Gosh & Varshney, 2013; Heine & Phan, 2011). Going one step further, the level of exclusivity of the luxury brand leads to distinguish between 4 segments within the luxury industry: absolute luxury, aspirational luxury, accessible luxury and masstige (Saviolo, 2015).

Now that the key concepts have been thoroughly analysed and clearly defined, the aim of the next part is to identify if mass customisation, as defined above, seems to be a promising strategy for luxury brands – if yes, following which key success factors.

Part 2. Mass customisation in the luxury industry: snob or slob?

The aim of this part is to understand if mass customisation and the luxury industry are a good fit. To do so, both the academic and the business worlds were considered.

1. Learnings from the academic world

1.1. The luxury industry exhibits promising characteristics for a successful mass customisation offer

Papers dedicated to mass customisation in the luxury industry are very rare and there is no consensus regarding whether or not mass customisation and luxury industry are a good fit. However, several authors found that the luxury industry exhibits interesting characteristics to successfully engage in mass customisation.

In their 2002 paper, Broekhuizen and Alsem identify internal and external factors that influence the likelihood of success of a mass customisation offer. Amongst the external factors, they identify a positive correlation between the level of luxury of the product and the chances of success of a mass customisation offer. They also argue that mass customisation offers are more suited for markets with a high variety and competition. As explained in Part 1, the luxury industry is divided in many markets ([exhibit 1](#)) and competition is high, especially in Personal Luxury Goods.

Merle (2010) found that brands that have both a functional *and* symbolic value are better suited for mass customisation than brands offering only functional benefits. As explained in Part 1, luxury brands do not only cover functional benefits but also emotional and social ones, offering a symbolic value to consumers.

Authors also identify two prerequisites linked to the likelihood of success of a mass customisation offer: consumers' readiness (Bardakci & Whitelock, 2002) and companies' readiness.

1.2. The luxury consumers' readiness

1.2.1. The consumer era

Along the decades, the requirements for success in the luxury industry have evolved and multiplied (Achille, 2015). Until the 80's, design alone was the key success factor for luxury companies that targeted elites looking for a distinctive style. In the 90's, the designer statement evolved into a broader brand statement in order to create more value and attract

more consumers. In the beginning of the 21st century, retail started to be a central part of the brand experience. Many luxury companies started a process of vertical integration and became retailers of their own brands. Today, the consumer is the engine of growth for luxury companies (Achille, 2015). Being well-designed and expensive is not enough anymore to be a successful luxury brand (Okonkwo, 2007). “The days are long gone when luxury consumers exhibited the characteristics of sheep through unbending single-brand loyalty. Consumers used to be pleased to make purchases from their favourite brands without seeking alternatives [...] Today’s luxury consumers are different, they have to be surprised, tantalized, captivated, courted, pampered and constantly pleased without end” (Okonkwo, 2007, p.60-61). More than ever, the luxury consumer is king. Therefore, mass customisation in luxury industry is likely to be a success only if luxury consumers are on boards and willing to engage in mass customisation programmes.

1.2.2. Mass customisation as an answer to luxury consumers’ needs

In the previous part, the luxury consumption behaviours as well as the benefits brought by luxury brands were analysed. This section is dedicated to explain why luxury consumers would value mass customised products.

Several authors have acknowledged that consumers are looking for mass customisation offers. “It used to be that consumers wanted something state-of-the art. Now, they want something tailored to them”³. “Brand Keys, a research firm that studies customer loyalty, found that customization is 30% of what draws a person to a brand today as opposed to only 6% in 1997” (Gattoufi et al., 2008, p. 643). Piller (2004) stated that a proof of consumers’ willingness to participate in mass customisation is the fact that they are already modifying themselves existent products that they bought. Also, as they experience wide variety and mass customisation in other markets such as sportswear (e.g. with NikeiD) and food (e.g. my m&m’s), consumers are expecting the same opportunities in the luxury market (Okonkwo, 2007).

But what drags luxury consumers towards mass customisation? There are two main sources of value in a mass customisation offer: the co-design experience and the outcome of the process, i.e. the customised product itself. Firstly, the co-design experience can be highly valued by luxury consumers who have a personally oriented consumption behaviour towards luxury and who are looking for hedonistic experience (Aiello et al., 2013). Indeed, if the co-

³Citation from Wharton professor of marketing Barbara Khan

design process is well designed, it will bring enjoyment and pleasure and will enable luxury consumers to use their knowledge and creativity. Piller (2004) also identifies a “proud-of-authorship” effect resulting from the co-design experience. Secondly, the customised product brings value to the luxury consumers through three main axes (Merle, 2010):

- Customised products bring *utility value* as they enable the consumer to have a product in line with his/her preferences and needs in terms of functionality.
- Customised products bring a *differentiation value*, enabling the consumer to express its individuality towards his/her peer group.
- Customised products bring *self-expression value* as they enable the consumer to own a product that resembles him/her in terms of personality.

In other words, mass customised products enable to better answer functional, auto-directed and hetero-directed emotional needs of luxury consumers. In particular, mass customised products are the best way to express difference and individuality within a group (differentiation value). Therefore, they are more suited for consumers from developed markets. Firstly, consumers from emerging markets with high collectivism scores are willing to highlight their membership to a peer group, not their difference (cf. supra 2.4). Secondly, as mentioned before, consumers from developed markets have a more personally oriented consumption behaviour (Yeoman, 2011; Aiello et al., 2013) and are more likely to enjoy the co-design process as part of the luxury experience. These consumers have been exposed to luxury brands for a longer time and are no longer looking for extravagance and a social status statement, but for exclusivity and tailored services (figure 10).

1.2.3. Costs of mass customisation for consumers

As detailed above, mass customisation offers advantages to the luxury consumers, mainly in the form of a better fit to their needs and a nice co-design experience. However, mass customisation also represents costs that must be borne by the luxury consumers.

1.2.3.1. Higher price

As discussed in Part 1 section 1.1.3., technologies and manufacturing methods such as modularity and late differentiation enable to decrease production costs of mass customised products. However, in most cases, consumers will have to pay more for mass customised products than for the equivalent standardised products, because mass customised ones require additional work to be tailored to the consumers' specifications. Some consumers are not

willing to pay this price premium and would rather opt for the cheaper standardised alternative. However, according to empirical research, some consumers are “willing to pay up to 150 percent more for the increment of utility they get from a product that fits better to their needs than the second best solution available” (Piller, 2004, p. 323).

1.2.3.2. Cognitive cost

The cognitive cost is associated to the co-design experience. If this experience is not well-designed, instead of bringing value by being fun and enabling creativity, it becomes a burden that is complex and time consuming for consumers (Merle, 2010). In this scenario, the consumer would prefer the easier standardised alternative. Indeed, if consumers value mass customised products that better answer their needs, they also value convenience and tend to try minimizing their time and effort (Piller, 2004).

1.2.3.3. Social cost

With mass customisation offers, consumers are given great power over the design of their own product as many combinations are possible. Some unconfident consumers can be unsure about their choices and how the customised product will be perceived by the peer group. These consumers might then prefer the safer standardised alternative (Merle, 2010).

1.2.3.4. Trust issues

In most cases, at the end of the co-design process, the consumer will be asked to pay for the customised product, without seeing it first (Piller, 2004). Consumers might be reluctant to do so and prefer the safer and cheaper standardised alternatives.

1.2.3.5. Long lead time

Even though modularity and late differentiation enable to limit this cost, mass customised products require a longer lead time than their standardised counterparts. Indeed, since the consumer is included in the design process, the product, or at least components of the product, is only launched *after* the order is placed (pull strategy). Moreover, complex and time-consuming adaptations might be necessary to match the consumer's specifications, depending on the number of product features that can be altered. For these reasons, the time between the order is placed and the mass customised product is delivered might be perceived as too long and not worth it for consumers who prefer instant satisfaction (Bardakci & Whitelock, 2005).

1.3. The luxury companies' readiness

To develop appropriate mass customisation offers, some requirements need to be met by luxury companies. They must have the necessary capabilities, including supply chain readiness, appropriate manufacturing and IT systems and the right organisational approach.

1.3.1. Supply chain readiness

“Supply chain management concerns the co-ordination of resources and the optimization of activities across the value chain to obtain competitive advantages” (Borenstein et al., 2001, p.6). To tailor mass customised products to consumers' specifications while keeping lead time and costs under control, it is necessary for the supply chain to be integrated and reactive. Hence, Borenstein et al. highlight the need for an “interconnected network involving a selected group of trained suppliers” (Borenstein et al., 2001, p.6). To enable this, the company must have the appropriate communication and information technologies.

1.3.2. Communication and information technologies readiness

As mentioned above, communication and information technologies are required to ensure reactivity and short lead times in the interaction between the suppliers and the company. However, appropriate communication and information technologies are also necessary to ensure interaction between consumers and the company in the co-design process. “Mass customization is only possible if supported by adequate systems for customer co-design. These systems are known as configurators, choice boards, design systems, toolkits, or co-design-platforms. They are responsible for guiding the user through the configuration process” (Piller, 2004, p.318). As analysed in the previous section, these interaction systems must be well-designed and user-friendly to limit cognitive costs and bring value to the consumers. Such systems can be available in-store, through a tablet or computer, and supported by the staff. However, in practice, most companies offer them on their websites.

1.3.3. Online readiness

Providing the co-design toolkit on the company's website enables the company to decrease costs linked to the mass customisation offer as no staff is involved. Moreover, this online approach can also be valued by consumers who perceive it as more convenient and time-saving. A study from the Boston Consulting Group shows that luxury consumers heavily use online content, and this trend is increasing (figure 14).

Figure 14: luxury consumers increase their use of the online channel

1.3.4. Manufacturing systems readiness

Once the consumer places his/her order thanks to co-design toolkits, appropriate manufacturing systems need to take into account the consumer's specifications to produce the mass customised products. To do so while maintaining acceptable lead times, a company must rely on agile manufacturing which can be viewed as "the ability to quickly respond to market and customer demands for new products and product features. That requires re-programmable, re-configurable and continuously changeable production systems able to operate economically with very small lot sizes" (Borenstein et al., 2001, p.5). Concretely, agile manufacturing is supported by technologies such as computer numeric control (CNC), computer-aided design (CAD) and computer-aided manufacturing (CAM). (Borenstein et al., 2001).

Lately, 3D laser scan for virtual design and/or fit testing and 3D printing technologies received a lot of attention in the literature due to the potential they represent to improve the co-design experience and facilitate the production of products customised to consumers' specifications. Such technologies might shape the future of mass customisation. "The rapid advance of affordable 3-D printers in consumer markets may be a signal that we are on the verge of even greater changes in consumer involvement in design and production of goods." (Crandall and Formby, 2015, p.30).

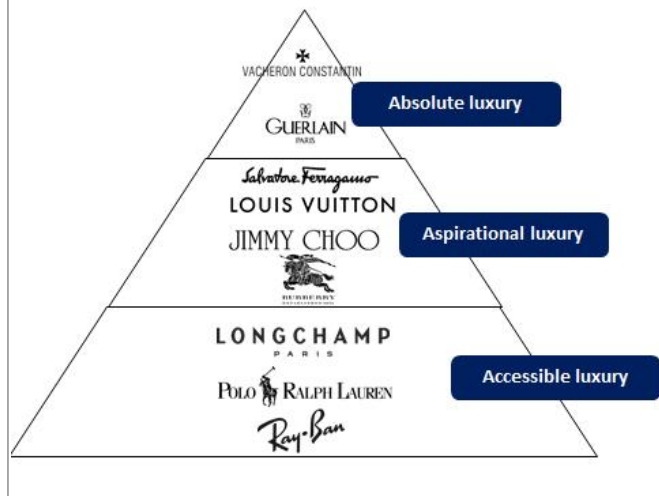
1.3.5. Organisational readiness

The above mentioned technologies and systems can only be put in place if the company has the right culture. Indeed, “to successfully implement these types of technologies, the entire company might have to be reorganized [...] as part of a customer-driven, integrated global supply chain, which in turn is linked to the firms CRM (Customer Relationship Management) System” (Wind and Rangaswamy, 2001, p.27). In many cases, mass customisation offers will not replace the standardised products but will rather come as an alternative to complete the product portfolio. The challenge for companies is thus to make both cohabit, as they imply different processes. (Wind and Rangaswamy, 2001). The danger is for a firm to consider mass customisation only as an ad-hoc offer, without implementing the required technologies and systems mentioned above. This would undoubtedly lead to a failure of the mass customisation strategy and a waste of the brand’s efforts.

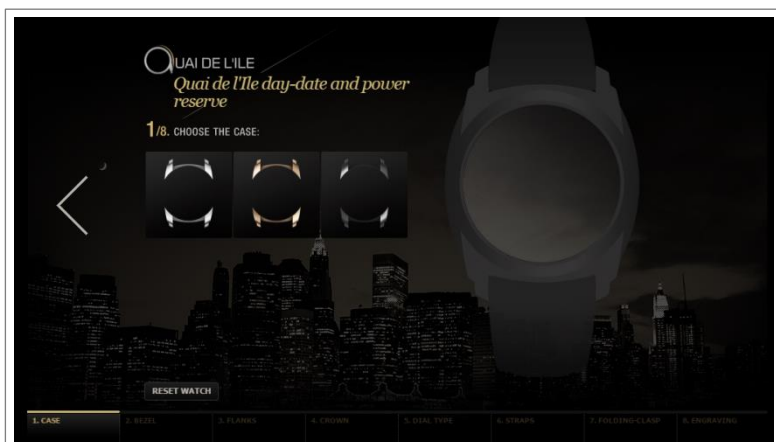
2. Learnings from the business world

Many luxury brands, from all segments of the luxury pyramid, offer a mass customisation program to consumers. However, many luxury brands only offer consumers the possibility to engrave or embroider their initials on the standardised products, resulting in an almost inexistent co-design process. Brands presented below (figure 15) are luxury brands that offer a mass customisation offer in line with the definition developed in Part 1, i.e. implying a true co-design process.

Figure 15: overview of luxury brands offering a mass customisation programme



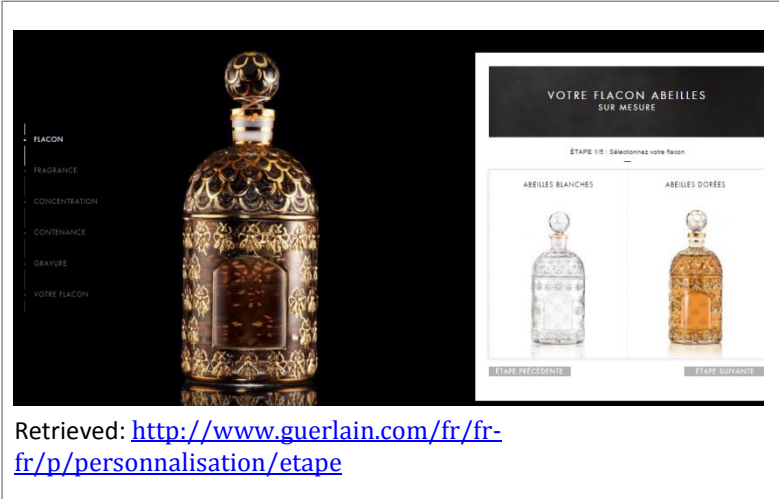
- The luxury watchmaker Vacheron Constantin enables consumers to customise its iconic *Quai de l'île* watch. Through 8 steps, the consumer is thoroughly



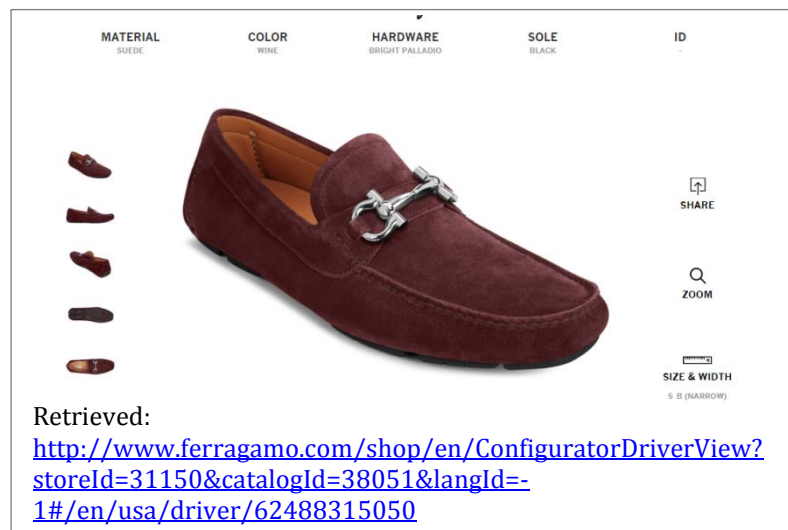
Retrieved: <http://www.vacheron-constantin.com/en/personalized-watches.html>

involved in the co-design experience and can alter most of the design components of the watch. Consumers can co-design and preview designs online but will have to go in store to purchase as it is not possible through the website.

- Through its French website, the French perfumer Guerlain enables consumers to customise its iconic *flacon abeilles* and to choose which Guerlain fragrance to put in there. The customer is involved in the co-design process through 6 steps that will result in a customised bottle for 900 euros.



- The Italian shoemaker Salvatore Ferragamo offers a mass customisation programme with which male consumers can co-design the famous driver shoes through 5 steps on the website. Prices range from 750 USD to 2400 USD, depending on the chosen material.



- The English shoe brand Jimmy Choo also offers a mass customisation programme on its website, called Made-to-Order and targeting female consumers.

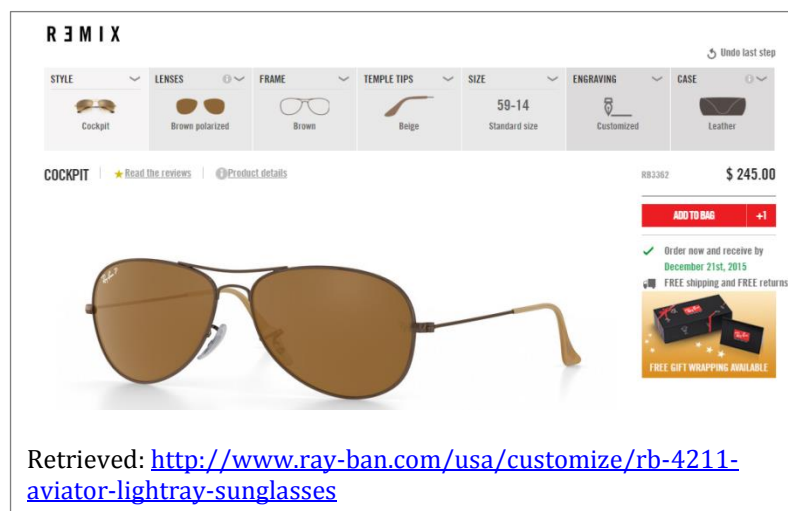


The consumer starts by choosing from 5 iconic models, then move on to choosing the heel height, the material and colour and can finally add his/her initials. Prices range from 695 euros to 3395 euros, depending on the model and the material chosen.

- On its French website, the accessible luxury brand Longchamps offers a mass customisation programme called “le pliage personnalisé” through which consumers can either customise leather bags or nylon bags, prices ranging from 35 euros to 570 euros based on the chosen model.



- The popular eyewear brand Ray-Ban also offers a mass customisation offer through its website, called Ray-Ban remix. The co-design process includes 8 steps, from choosing the model of the glasses to choosing the case. Prices range from 175 euros to 245 euros.



- The examples of Louis Vuitton, Burberry and Ralph Lauren are further detailed as case studies in the third part of this thesis.

3. Advantages and KSFs of mass customisation offers in the luxury industry

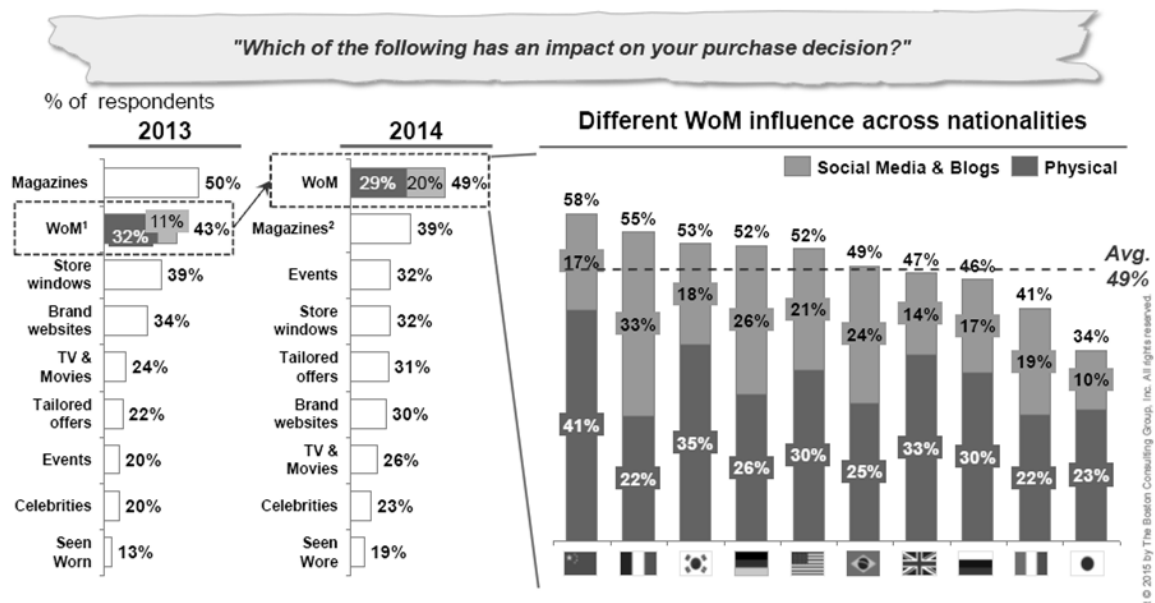
If both luxury consumers and companies are ready, then the brand will be able to benefit from the advantages linked to a mass customisation offer, providing that some key success factors (KSFs) are respected.

3.1. Advantages

Advantages linked to a well-designed mass customisation offer are numerous. The main ones are listed and explained in the table below (figure 16).

Figure 16: advantages linked to a mass customisation offer

Advantage	Explanation
Competitive advantage	Mass customisation enables to differentiate from competitors (Piller, 2004) and represents a protection against the commoditization of the company's products (Wind & Rangaswamy, 2001).
Higher margin	As explained in the previous chapter, luxury consumers are willing to pay a price premium for products that are better tailored to their needs and tastes (Piller, 2004).
Price discrimination	"Product customisation allows firms to capture individual differences in the willingness-to-pay between different customers: instead of discriminating prices on the level of fully developed products, firms can differentiate their price on the level of a specific customer design." (Piller, 2004, p.323)
Less risk	With customised products, the products are not pushed in the market. Instead, consumers explicitly state what they want and the product is "pre-sold" before it is delivered (pull supply chain/make-to-order manufacturing)
Better forecasting	For the sake of acquiring a product that better fits their needs, consumers choosing the mass customisation offer accept to give precious information about their preferences to the company. By aggregating the information received from all the consumers that participate in the mass customisation offer, the company can acquire knowledge about its luxury consumers. The company can then use this knowledge for its standardised products by developing products that correspond more to the identified consumers' needs. "For the portion of business that is (still) manufactured on stock, the custom segment provides important market research information, which can be used to improve variant development and forecasting accuracy of products made-to-stock." (Piller, 2004, p. 327)
Innovation incentives	As mentioned in the previous chapter, mass customisation pushes companies to use cutting-edge technologies and systems.
Brand attachment	Mass customised products are the outcome of a co-design process where the brand and consumers interact and build a relationship. As they pay a price premium, consumers are more demanding. If their high expectations are met, consumers will be highly satisfied, resulting in increased trust and brand attachment.
Brand awareness	By encouraging consumers to share and exchange on their co-design experience and customised products, luxury brands can improve brand awareness and visibility. This is particularly relevant as word of mouth, including through blogs and social media, has been identified by The Boston Consulting Group as the first influencer of luxury purchases (figure 17).

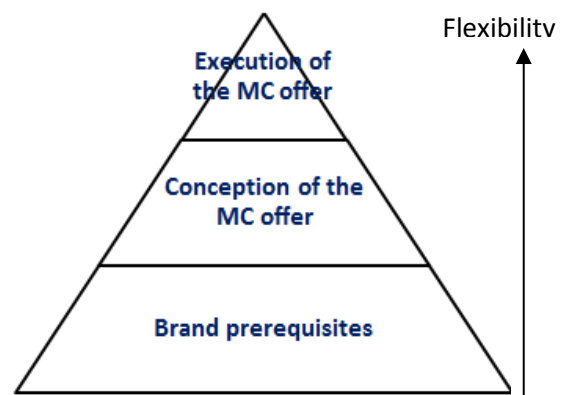
Figure 17: word of mouth is the first influencer of luxury purchases

Source: Achille. (2015). "True-luxury global consumer insight". *The Boston Consulting Group*.

To seize the advantages linked to a mass customisation offer, a brand must take into account all the elements that were identified in Part 1 and 2 and must mitigate the costs borne by consumers under a mass customisation offer. Based on the literature review, some recommendations are detailed in the form of six main key success factors.

3.2. Key Success Factors

The KSFs were identified in the literature and are classified in three main stages, based on where they appear in the process of creating the mass customisation offer (figure 18): brand prerequisites, conception of the mass customisation offer and execution of the mass customisation offer. Each stage is further detailed in the next sections. Although each stage is important in the elaboration of a mass customisation offer, the pyramid framework enables to highlight the fact that the KSFs linked to the brand itself are a necessary base to further build the mass customisation offer. It is also crucial to highlight that the upper part of the pyramid

Figure 18: The pillars for building a mass customisation offer

is more easily managed and altered to improve the mass customisation offer. On the other hand, if a brand lacks some of the prerequisites, it is impossible to build them from scratch for the sole purpose of the mass customisation offer as these prerequisites are linked to the core of the brand and the long term strategy.

3.2.1. Brand prerequisites

3.2.1.1. Be a well-known aspirational or accessible luxury brand

Firstly, being a well-known and reputed brand will enable the consumer to engage in the mass customisation process with less fears regarding how the outcome product will look like and how his/her data will be used by the company. It will thus decrease the trust issues identified in the previous chapter (Piller, 2004).

Secondly, Alsem and Broekhuizen (2004) highlighted the positive correlation between purchasing frequency and probability of success of a mass customisation offer. In other words, products with higher level of purchasing frequency are more fitted for a mass customisation offer. Hence, brands or lines belonging in the aspirational and accessible luxury segments are more likely to be successful with a mass customisation program than brands or lines within the absolute luxury segment, as purchase frequency is low for the latter (Saviolo, 2015). Also, the motto of absolute luxury brands is uniqueness and exclusivity through high quality services. This is thus hardly compatible with *mass* customisation through an online platform.

3.2.1.2. Have a strong and consistent brand identity

In Part 1, the importance of having a strong and consistent brand identity was highlighted when studying the brand identity model (figure 7). A consistent brand identity will enable to control brand associations and avoid diluting the brand image (Saviolo, 2015).

3.2.1.3 Have a strong symbolic value

Merle (2010) found that brands that have both a functional *and* symbolic value are better suited for mass customisation than brands offering only functional benefits. Hence, the mass customised product must answer functional and emotional needs to justify the price premium.

3.2.2. Conception of the mass customisation offer

In the conception phase, it is crucial that the brand designs its mass customisation offer in such a way that it is integrated in the overall strategy. The mass customisation offer cannot be a disconnected activity. The mass customisation offer must be coherent with the overall brand identity (Saviolo, 2015) to be understood and valued by the consumer who uses the it to make a strong statement about his tastes/personality (Merle, 2010). Integrating the mass customisation offer in the overall strategy is also crucial to ensure the company's readiness (Borenstein et al., 2001; Piller, 2004; Wind and Rangaswamy, 2001) as it will push the company to develop and acquire the necessary tools, technologies and culture.

3.2.2.1. Ensure the right positioning and operational mix of the mass customisation offer

3.2.2.1.1. Positioning

In terms of positioning, it is important that the mass customisation offer fits with the overall positioning of the brand. A brand from the accessible luxury segment is unlikely to be successful if it offers a mass customisation offer that falls under the absolute luxury segment. Consumers are unlikely to be willing to pay a significant price premium for a brand that is not associated with exclusiveness and craftsmanship, two main characteristics of the absolute luxury segment. On the other hand, a brand from the absolute luxury segments risks damaging its brand image if offering an accessible mass customisation offer.

3.2.2.1.2. Product

Alsem and Broekhuizen (2004) identified that “product visibility positively affects the probability of success” (p.321). Hence, a mass customisation offer is most likely to be a success if the product offered to customise is an *iconic* and highly recognisable one. From its product portfolio, a luxury brand should focus its customisation offer on its icon products that are well-known and recognised everywhere thanks to timeless symbols.

In terms of the product features affected by the mass customisation offer, it is important to strike the right balance between a fixed solution space and freedom given to consumers. The mass customisation must only concern some features of selected standardised products (Piller, 2004) in order not to turn into “mass confusion”. This will enable to limit complexity both for the consumer (in the co-design process), decreasing cognitive costs (Merle, 2010), and for the company (in the production phase), decreasing production costs

and lead times. On the other hand, the consumer must be given enough choices to make him/her feel a creative co-designer developing a product tailored to his/her tastes/personality (Piller, 2004).

3.2.2.1.3. Price

Mass customisation implies adaptation of the products to better fit the consumers' requirements. Even though existing techniques and technologies explained in Part 1 enable to decrease the costs of such adaptation, mass customisation products are priced higher than their standardised counterparts. According to Piller (2004), some consumers are "willing to pay up to 150 percent more for the increment of utility they get from a product that fits better to their needs than the second best solution available" (Piller, 2004, p. 323). However, as explained above, the pricing strategy of the mass customisation offer must be such that the positioning of the mass customisation offer still fits with the overall positioning of the brand.

3.2.2.1.4. Promotion

Most luxury brands analysed in "learnings from the business world" (Part 2 chapter 2) do not heavily communicate about their mass customisation offer. As a consequence, many consumers are not aware that such an offer is available. Besides creating awareness, promotion for a mass customisation offer must also be appealing to the targeted luxury segments. Even though it is a "mass" customisation offer, it is not destined to the mass market and the luxury aspect of the brand must be reflected in the promotion. There must be a sense of exclusivity – at least selectivity. Hence, the general codes of luxury promotion and communication must be respected: highlighting icons and heritage, using celebrity endorsement, focussing on visual content and limited written information (Carroll, 2009; Saviolo, 2015). More specifically, the promotion part of the operational mix must also fit the codes of the specific brand. Indeed, the communication identity is part of the brand identity model developed in Part 1 (figure 7). The communication used for the mass customisation offer must be in line with the overall brand identity with the appropriate tone of voice, colours, model and location.

3.2.2.1.5. Place

As explained in previous chapters, developed markets seem more promising than emerging ones in terms of likelihood of engaging in and being attracted by a mass customisation offer (Part 2 section 1.2.2.).

The co-design process, whether it takes place online or in store, must convey the brand identity and the luxury feel of the brand.

3.2.2.2. *Target the right segments*

A luxury brand can use a mass customisation offer as an opportunity to increase purchases of existing consumers. Alternatively, a luxury brand can seize the opportunity to reach segments it does not target with its standardised products. In both cases, one must take into account that some segments of luxury consumers seem more promising than others as targets of a mass customisation offer. Indeed, from the 12 segments identified in the previous chapter (figure 12), we can draw some hypotheses on which ones are more likely to engage in mass customisation programmes.

Based on their attitudes towards luxury (figure 12), one can assume that some luxury consumers are not ideal targets for mass customisation offers. *Rich upstarters*, *classpirationals* and *status seekers* do not like experimenting (Achille, 2015). Hence, these segments will not value the co-design experience and the social costs related to mass customisation will outbalance the advantages. *Littles princes* are impulsive (Achille, 2015). Hence, they will most likely not commit time to the co-design process and will not be willing to wait the longer lead time associated to mass customised products (Bardakci & Whitelock, 2005). *Experiencers* are interested in product categories that can be shared such as food & wine and hotels & vacations. These product categories are hardly compatible with mass customisation programmes as defined in this thesis. *Luxe immunes* are “over” luxury, they appear as disillusioned by it and only buy rarely, based on friends’ advice (Achille, 2015). Generally speaking, *luxe immunes* are a tough target for luxury products and services. *Timeless propers* buy classic and timeless goods that they will most likely not be willing to alter through a co-design process (Achille, 2015). Also, their very limited digital usage makes them hard to target for mass customisation programmes that mainly take place through an online platform. *Omnigifters* buy luxury goods as gifts for others. Hence, co-designing a luxury good that is meant to express someone else’s individual tastes and personality requires to be highly knowledgeable about this person and might lead *omnigifters* to opt for the safer option of standardised products. *Social wearers* have strong values and principles regarding their luxury consumption. Hence, they require extra efforts such as targeted marketing around sustainability and quality.

On the other hand, based on their attitudes towards luxury, some segments seem to be promising as targets for a mass customisation offer. The consumers in the *megacitier segment* like experimenting (Achille, 2015). One can thus draw the hypothesis that they would value the mass customisation co-design process through which they can be creative and develop goods matching their tastes and personalities. The *absolute luxurers* are the ones spending the most on luxury goods and are considered to be the first contributors to long term growth of the luxury market. *Absolute luxurers* identify customisation as the third most important purchase incentives, behind craftsmanship and exclusivity (Achille, 2015). These consumers will thus be most attracted to absolute and aspirational brands rather than accessible luxury ones. To attract this segment with a mass customised offer, it is thus paramount to develop a nice co-design experience that reflects the prestige and exclusivity of the brand (see KSF6), while minimising the “mass aspect” of the offer. The consumers in the *fashionista segment* are likely to value mass customisation because it would enable them to be creative by participating in the design process and to create products that fit their personal style and that will enable them to “indulge themselves”.

Megacitier, absolute luxurer and fashionista segments are also promising because the costs linked to mass customisation identified earlier are mitigated for them. Absolute luxurers, megacitiers and fashionistas are amongst the top 4 luxury consumer segments in terms of spending (figure 12). Higher costs of mass customised products are thus unlikely to be a barrier for them, in opposition to the *classspirational segment*. On the contrary, they can perceive these higher costs as adding exclusivity. *Absolute luxurers* are “born in the lap of luxury” while *fashionistas* know everything about luxury and *megacitiers* love experimenting. Hence, the three segments are highly knowledgeable and experienced in luxury shopping. They are thus less likely to suffer from cognitive costs and the “burden of choice” (Piller, 2004). This knowledge and experience also result in confidence that counterbalances the social costs. Indeed, they do not adopt a total look from one single brand but “mix and match”. “They know who they are, what they want and how they prefer to interpret their personal style. [...] They are becoming their own individual stylists.” (Okonkwo, 2007). They are willing to experiment and take part in a co-design process, in opposition to segments such as *status seekers*, *classspirational*s and *rich upstarters*. As far as the longer lead time is concerned, this can be perceived as adding value for these segments that are looking for exclusivity and are not looking for instant gratifications, in opposition to the *little princes segment*.

Based on the findings from Part 2 section 1.2.2. and the above analysis of the attitudes of the different consumer segments, we can draw the hypothesis that *absolute luxurers, megacitiers and fashionistas from developed markets* are the most appropriate targets for a mass customisation offer.

3.2.3. Execution of the mass customisation offer: ensure a hedonic and luxury co-design experience

In most cases, the co-design process will take place through an online platform on the website of the brand. This adds an additional challenge for luxury brands. It is not enough to have a website, the luxury brand must develop a website that conveys its brand identity and a luxury feel. “It is about creating an exceptional online experience for every person visiting and revisiting the website. It is about appealing to the senses and arousing a profound desire to be associated with the brand through enveloping every website visitor in an immersive environment that makes up the brand’s universe online.” (Okonkwo, 2010, p.111). Luxury consumers are not looking for information when they browse a luxury brand website, they are looking for an experience where they enjoy the brand universe. To help luxury brands developing their website, Okonkwo (2010) developed “the 7-Cs of luxury website creation” (figure 19).

Figure 19: the 7-Cs of luxury website creation

Criteria	Explanation and implication
Concept	The concept of a website encompasses the design and aesthetic elements of the website that gives it its overall feel: visuals (images, shapes and colours), sounds, movements and text. Providing strong visuals is particularly important for the mass customisation offer. Since the consumer participates in the design process, he/she will not see the outcome before ordering and paying it which might leads to trust issues identified by A. Merle (2010). To increase trust and convert trials on the co-design platform into purchases, the brand must provide strong visuals of what the outcome product will look like. <i>Golden rule:</i> “keep it simple but rich. There is no theory that stipulates that when it comes to creating luxury websites, the more complicated, the more luxurious.” (Okonkwo, 2010, p.160).
Competence	The competence of a website encompasses the usability elements of the website: navigation (menus and sub-menus) and functionality (speed, security and softwares). <i>Golden rule:</i> optimize both the home page and the welcome page for their functional and symbolic value.
Content	The content of the website translates into its richness, relevance and interest.

	<i>Golden rule:</i> be authentic. “The brand must present itself in its true and pure form and must demonstrate that its originality is derived from its unique heritage or story” (Okonkwo, 2010, p.171).
(e-)Commerce	“As luxury markets expand to include an international clientele from both established and emerging luxury markets, it has become crucial to enable this wider client base to not only interact with the products and services online, but also to be able to purchase them” (Okonkwo, 2010, p.173). <i>Golden rule:</i> retain the luxury experience; do not create e-boutiques that scream “buy now” all over.
Customisation	Online consumers attach importance to “personalisation and customisation of everything online from web pages and images to products and services” (Okonkwo, 2010, p.175). <i>Golden rule:</i> the personalised or customised aspects must be integrated in a way that they respect the brand identity.
Community	The community aspect highlights the needs to trigger online consumers’ interaction on the brand website to “discuss, share and exchange experiences linked to the brand” (Okonkwo, 2010, p.179). Merle (2010) highlights that both cognitive and social costs can be decreased through community marketing by encouraging consumers to share the outcome of their co-design process and to exchange with other consumers of the community. This exchange will provide social benefits and add value to the co-design process, hence decreasing the cognitive costs. By seeing examples of designs by other users, consumers can use them as a reference and get inspired to create their own customised products with more confidence, hence reducing the social costs. Community marketing will also trigger word of mouth, which is the first influencer of luxury purchase (Achille, 2015). <i>Golden rule:</i> the brand must ensure it has the appropriate consumer base to develop self-generated content.
Computing	All the above mentions C’s must be supported by the appropriate technology, programs, systems and applications.

A luxury brand must respect the golden rules highlighted in [figure 27](#), or at least most of them, when designing its website and the mass customisation platform. The co-design platform must be user-friendly, aesthetic, fun and reflect the company’s brand identity to be valued by consumers and not be perceived as a burden. This will enable to decrease cognitive costs (Merle, 2010). Also, this will enable to answer the needs of luxury consumers having a personally oriented consumption behaviour and who are looking for hedonic values such as enjoyment, fun, pleasure and beauty (Aiello et al., 2013).

All the KSFs identified are summarised in [figure 20](#).

Figure 20: KSFs for a mass customisation offer in the luxury industry

<i>Brand prerequisites</i>	KSF1	Be a well-known aspirational or accessible luxury brand
	KSF2	Have a strong and consistent brand identity
	KSF3	Have a strong symbolic value
<i>Conception of the MC offer</i>	KSF4	Ensure the right positioning and operational mix of the mass customisation offer
	KSF5	Target the right segments
<i>Execution of the MC offer</i>	KSF6	Ensure a hedonic and luxury experience

In conclusion, mass customisation seems to be a promising strategy for a luxury brand. If well-designed, a mass customisation offer can answer consumers' needs, especially the ones of consumers having a personally oriented consumption behaviour, by bringing utility, differentiation and self-expression values. However, consumers also bear costs while engaging in a mass customisation offer: high prices, social costs, cognitive costs, trust issues and longer lead times. To mitigate these costs and enjoy the advantages linked to a mass customisation offer, a luxury brand must respect several key success factors ([figure 20](#)), linked to the brand itself, the conception of the mass customisation offer and the execution of the mass customisation offer. In light of these key success factors and main findings of Part 1 and 2, mass customisation offers of several luxury brands are analysed in the next part of this thesis.

Part 3. Case studies

1. Methodology

To check the relevance of the KSFs previously identified, a qualitative method is used in which three mass customisation offers are analysed: Louis Vuitton *mon monogram and mon damier graphite*, Burberry *Bespoke* and Ralph Lauren *Create Your Own*.

The qualitative method was chosen for several reasons. Firstly, the qualitative approach enables better and easier data collection and analysis compared to the quantitative approach. A quantitative approach implies collecting data about luxury companies and consumers through a great number of questionnaires. However, neither luxury companies nor luxury consumers are easily accessible. Secondly, a qualitative approach enables to thoroughly analyse the case studies in light of each KSF identified by using frameworks and concepts developed in Part 1 and 2 (figure 21).

Figure 21: KSFs and frameworks used to analyse them

KSFs			Frameworks/tools used to assess performance on the KSF
<i>Brand prerequisites</i>	KSF1	Be a well-known aspirational or accessible luxury brand	- Scores on “ Best Global brand 2015”, “top 100 most powerful brands 2015”, “UK most valuable brands”; - Fashion/luxury pyramids (figures 4 and 5).
	KSF2	Have a strong and consistent brand identity	Brand identity model (figure 7).
	KSF3	Have a strong symbolic value	Brand map (figure 11).
<i>Conception of the MC offer</i>	KSF4	Ensure the right positioning and operational mix of the mass customisation offer	- Fashion/luxury pyramids figures 5 and 7); 4Ps.
	KSF5	Target the right segments	Luxury consumers segments (figure 12).
<i>Execution of the MC offer</i>	KSF6	Ensure a hedonic and luxury experience	- The 7-Cs of luxury website creation (figure 19); - Digital IQ score.

Thirdly, as show in Part 2 “Learnings from the business world”, several well-known luxury brands offer a mass customisation programme, providing much material for case studies. Amongst the existing luxury mass customisation offers, Louis Vuitton, Burberry and Ralph

Lauren were chosen for three main reasons. Firstly, they offer mass customisation programmes that fit the definition provided in this thesis. Whereas many luxury brands claim to offer mass customisation but only settle for initials engraving, Burberry, Louis Vuitton and Ralph Lauren actually developed mass customisation programmes that imply a real co-design process with the consumers. Secondly, each one has a different approach to mass customisation, performing very differently on each KSF. Put together, they enable to have an overview of the different mass customisation strategies that are used within the luxury industry and to check the relevance of the KSFs. Thirdly, these three brands are all very well-known luxury brands which eased the data collection process. Data were collected through the brands websites, press releases, journal reviews, social media and previous case studies.

In this empirical analysis, the success of the brand is measured by press mention from bloggers and journalists and by social media coverage and positive feedbacks from consumers (self-generated content). This measurement was chosen for two reasons. First, financial data about these mass customisation strategies are not available, making it impossible to measure success on the profitability of these strategies. Moreover, even if financial data were easily accessible, costs and earnings of a mass customisation offer are not easily trackable. Indeed, as highlighted in Part 2 “advantages”, if a mass customisation offer is well-designed, it will improve the brand awareness, triggering sales for other lines or product categories of the brand. However, these sales are not trackable and cannot be directly linked to the mass customisation offer. Hence, a successful mass customisation offer can appear as not profitable if only profits directly generated by the offer itself are taken into account. Secondly, press return and social media coverage are indeed good indicators of the success of a luxury initiative. Press return and social media coverage are triggers of “word of mouth”, which is the first influencer of luxury purchases (Achille, 2015; [figure 17](#)). The key role of press return and social media coverage in marketing is highlighted by Okonkwo in her 2010 book dedicated to online luxury. “The arrival of the social media and the blogosphere has put the phrase “the consumer is king” permanently in e-marketing vocabulary. In this world, the consumer is in total control of not just receiving and interpreting messages from luxury companies, but also of deciding their legitimacy, endorsing them (or not), spreading this endorsement (or worse still, condemning the brand) and generating debates about the brand while influencing millions around the world in a matter of minutes. This phenomenon shows that the Internet is rapidly becoming the most important and critical marketing medium.” (Okonkwo, 2010, p.25). Also, as shown in [figure 22](#), press return is indeed a measurement of

success used by luxury companies, as opposed to mass brands that only consider GRP and sales (Saviolo, 2015). Press return is a relevant measure for luxury brands as it will build the aspiration that will then translate into sales.

Figure 22: differences between luxury brands and mass brands regarding their communication strategies

	Luxury brands	Mass brands
Objective	Brand image	Brand awareness
Major target	Trade and opinion leaders	Final Consumers
Planning	Seasonal	Yearly
Focus	Intangibles, visuals	Attributes and benefits
Tools	PR (editorials and word of mouth)	Promotions (trade discounts)
Advertising media	Printed magazines	Classic media (TV, radio...) and interactive media
Events	Catwalk	Sponsorships
Celebrities	Endorsement	Testimonials and product placement
Store	Prestigious location The flagship (the temple of the brand)	High traffic location Open doors and accessibility
Measurements	Press return	GRP and sales

Source: Saviolo, S. (2015). 20237 - *Management of fashion and luxury companies*. Università Bocconi.

2. Case studies

2.1. Louis Vuitton with *mon monogram* and *mon damier graphite*

2.1.1 Key Success Factors analysis

Through a co-design platform available online or in store, Louis Vuitton enables consumers to customise products made of the famous monogram canvas or the damier canvas. The mass customised products are hand crafted in France and are delivered within 8 weeks. Each of the KSF identified in Part 2 is analysed.

2.1.1.1. KSF 1: *be a well-known aspirational or accessible luxury brand*

The Louis Vuitton brand is **recognised worldwide** (figure 23). In 2015, Louis Vuitton is ranked 32 in *Millward Brown Top 100 Most Valuable Brands* that ranks most trusted brands. Louis Vuitton is also ranked 20 in *Interbrand Best Global Brands 2015* ranking which measures, among others, brand strength⁴.

⁴ Information retrieved December 2015 from *Brand rankings* website. Available at : <http://www.rankingthebrands.com/The-Brand-Rankings.aspx>

Figure 23: Louis Vuitton recognised as a luxury brand worldwide

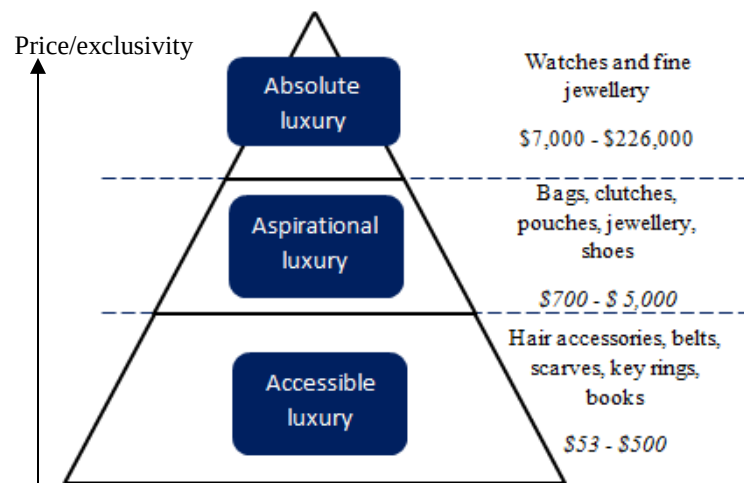
When you hear the word luxury, what are the first 3 brands that come to your mind?

FRANCE	ITALY	JAPAN
1) Dior (48%)	1) Ferrari (37%)	1) Chanel (41%)
2) Chanel (47%)	2) Cartier (23%)	2) Vuitton (39%)
3) Vuitton (35%)	3) Valentino (20%)	3) Hermès (39%)
4) Ferrari (17%)	4) Armani (19%)	4) Gucci (22%)
5) Cartier (16%)	5) Rolex (18%)	5) Rolex (20%)
6) Hermès (12%)	6) Bulgari (16%)	6) Mercedes (18%)
7) Rolls Royce (8%)	7) Gucci (13%)	7) Cartier (10%)
8) LVMH (7%)	8) Prada (13%)	8) Bulgari (9%)
9) Mercedes (6%)	9) Vuitton (10%)	9) Prada (8%)
10) Hilton (6%)	10) Dior (10%)	10) Ferrari (6%)

Source: Ipsos insights

The French brand Louis Vuitton was launched in 1854 in Paris by Louis Vuitton, a trunk-master. Today, the brand is owned by the LVMH luxury group and is distributed in 50 countries and extended into product categories such as clothing, watches, jewels and shoes⁵. With these brand extensions, the **aspirational**

Figure 24: Louis Vuitton covers several segments of the luxury pyramid



Source: adapted from Saviolo, S. (2015). 20237 - *Management of fashion and luxury companies*. Università Bocconi.

luxury brand also spread into the absolute and accessible luxury segments (Saviolo, 2015; figure 24).

2.1.1.2. KSF 2: have a strong and consistent brand identity

The aim of the founder Louis Vuitton was to manufacture flat-bottom trunks that were light and easy to stack for traveling. Today, the brand identity is still centred on the “**spirit of travel**” but as evolved along the years. “The brand identity of Louis Vuitton, who experienced declining profits and sales in the 1990s, was overhauled by Yves Carcelle [...] who capitalized on the brand’s indisputable reputation for craftsmanship to exploit the company’s potential. By creating artificial scarcity through limited production and release of

⁵ Information retrieved November 2015 from the Louis Vuitton website. Available at : <http://uk.louisvuitton.com/eng-gb/la-maison/a-legendary-history>

products and diversifying product offerings to include innovative design style and new materials, market ubiquity was remedied and exclusivity restored”(Cavender & Kincade, 2014, 239). This brand identity is supported by a strong heritage, stylistic identity, retail identity and communication identity ([exhibit 3](#)), as shown in the analysis of the brand identity model (Saviolo, 2015; [figure 10](#)):

- *Heritage.* Louis Vuitton’s heritage is made of famous places (Asnières, Champs Elysées), famous people (the founder and celebrities such as Catherine Deneuve) and famous products (the canvas trunk, the *Speedy* bag and the *Neverfull* bag for instance).
- *Stylistic identity.* Louis Vuitton’s style has evolved from classic-traditional to bold, especially in its apparel category. The preferred fabric is leather. Lines are soft and shapes are round.
- *Retail identity.* Louis Vuitton’s stores are located in selective locations and are recognisable by their huge and lively windows. “Any passerby has seen them: the windows of Louis Vuitton’s storefronts are magnetic. They draw crowds of adults and children alike, eyes wide in wonder at such spectacles as a colossal roller coaster, gleaming golden dinosaur, panoply of brightly colored hot-air balloons, or a universe of polka dots⁶”. The stores follow a loop layout, giving the impression of a large open space, reinforced by the heavy use of soft lights.
- *Communication identity.* Louis Vuitton’s advertisements used to be very product-centric. Today, most of Louis Vuitton’s campaigns portray elegant models, often celebrities, in a travelling context, with the product still highly visible. “Most consumers would immediately recognize advertisements featuring brown canvas handbags with “LV” monograms, as Louis Vuitton. [...] Luxury marketers can leverage the high awareness of their brands to market to consumers in a more abstract and avant-garde way. Instead of ads showing product, the more abstract advertisements, such as those in Louis Vuitton’s “Core Values” campaign, exude the brand’s essence and reflect the symbolic nature of the brand. By appealing to consumers’ senses and transporting them to another world, however briefly, luxury brands like Louis Vuitton are able to create much stronger, deeper associations in the minds of existing and potential consumers, than the product-related associations created by brands in less aspirational goods categories” (Cavender & Kincade, 2014, 240).

⁶ Friedman, V. (2015). *Louis Vuitton Windows*. Assouline.

This brand identity and its four pillars are consistently carried across products categories and countries. The brand reinforced its “spirit of travel” brand identity with the launch of the book product category that offers city guides and travel books to consumers.

2.1.1.3. KSF 3: have a strong symbolic value

Louis Vuitton is an **icon brand**, with famous symbols such as the monogram, the damier, the quatrefoils, the flowers and the brown and beige leather. Being an icon brand, Louis Vuitton answers the emotional needs of its consumers (Marazza & Saviolo, 2012; [figure 11](#)), hence being perceived as having a functional value but also a symbolic one (Choo et al., 2012). Louis Vuitton’s strong brand identity and worldwide presence make it highly aspirational for many consumers all over the world, reinforcing the symbolic value of the brand. This strong aspirational aspect has caused Louis Vuitton to be one of the most counterfeited brands in the world, risking the dilution of its brand image.

2.1.1.4. KSF 4: Ensure the right positioning and operational mix of the mass customisation offer

2.1.1.4.1. Positioning

It is crucial for luxury brands to integrate mass customisation in their overall strategy and positioning. In the 2000’s, Louis Vuitton revitalized its brand by offering colourful canvas, attracting new and younger consumers, such as the fashionistas segment, who are looking for more interactions with the brand. To attract these consumers, Louis Vuitton also developed initiatives such as *Louis Vuitton Soundwalk* in 2008, an audio guide that enables to visit China “in style” with Chinese actresses that guide the tourist around Hong Kong, Shanghai and Beijing by sharing their favourite places and childhood memories ([exhibit 4](#)). In the same vain, the mass customisation offer *mon monogram* and *mon damier graphite* was launched in 2010. Among other things, the offer enables the consumer to add bright stripes on the bags, breaking from the traditional beige and brown colours, soft lines and round shapes.

As shown by the following analysis of the operational mix, Louis Vuitton positions its *mon monogram* and *mon damier graphite* offer in the **upper part of the aspirational luxury segment**.

2.1.1.4.2. Product

a. High visibility

Generally speaking, Louis Vuitton's products have a high visibility as they carry the icon brand's recognisable symbols (Cavander & Kincade, 2014). For the mass customisation offer, Louis Vuitton uses this high visibility and maximises it. Firstly, the products offered for mass customisation belong to the core product categories: handbags and small leather goods. Secondly, they are **icon products** such as the *Speedy* and the *Neverfull* bags. Thirdly, the products are made in the monogram or the damier canvas, highly recognisable everywhere.

b. Right balance between a fixed solution space and freedom given to consumers

The consumer is not allowed to customise all of Louis Vuitton's products. Instead, the brand selected its most iconic products to be available for mass customisation. In the women section of its website, Louis Vuitton offers a choice of 26 standardised products to customise. The products are all made of the monogram canvas. In the men section of its website, Louis Vuitton also offers the consumers a choice of 26 standardised products to customise. 16 are made of the monogram canvas (as part of the *mon monogram* offer) and 10 are made of the black and grey damier canvas (as part of the *mon damier graphite* offer) ([exhibit 5](#)).

The consumer cannot alter all the product features. The different steps of the design and the choices offered to consumers are detailed in [exhibit 6](#). It is impossible to change the canvas colour. Instead, the consumer is allowed to add 2 colourful stripes on the bag. Many stripe types and stripe colours are available, enabling the consumers to create millions of different combinations and develop a truly unique bag. The uniqueness and exclusivity are reinforced by the possibility to add the consumer's initials. The stripes and initials being painted on the standardised product by an artisan, Louis Vuitton's mass customisation strategy uses **late differentiation**.

2.1.1.4.3. Price

For its customised products, Louis Vuitton charges between **20% and 55% more** than for the standardised alternatives, resulting in prices ranging from 335€ to 4000€, depending on the model and the product features selected by the consumer. It is a reasonable price premium if we refer to Piller who stated that consumers were "willing to pay up to 150

percent more for the increment of utility they get from a product that fits better to their needs than the second best solution available” (Piller, 2004, p. 323).

2.1.1.4.4. Promotion

Louis Vuitton invested in its mass customisation offer, with marketing campaigns that respect luxury brands communication principles (Carroll, 2009; Part 2 section 3.2.2.), making *mon monogram* and *mon damier graphite* a must-have (figure 25). The ads are **highly visual**, with minimum text and they convey the **brand identity** of Louis Vuitton. The “private jet traveller” ad highlights the “spirit of travel” which is the essence of Louis Vuitton’s brand identity. “The History of Mon Monogram Services” video highlights the craftsmanship and expertise behind the customised products. Louis Vuitton also uses **celebrity endorsement** to enhance the aspirational aspect of its offer.

Figure 25: promotion around Louis Vuitton *mon monogram* and *mon damier graphite* mass customisation offer



The spirit of travel with the private jet traveller ad



Celebrity endorsement with Zinedine Zidane



Heritage and craftsmanship with “the History of Mon Monogram” video

Source: Pinterest <https://fr.pinterest.com/search/pins/?q=louis%20vuitton%20mon%20monogram>

Source: Youtube <https://www.youtube.com/watch?v=QpqvI6UiLQ>

2.1.1.4.5. Place

Louis Vuitton *mon monogram* and *mon damier graphite* is available through an online platform, either on **the brand website or in store**. In store, the consumer receives staff support and samples are available to help him/her visualize the final outcome (figure 26). The *mon monogram* and *mon damier graphite* offer is available in many markets through the French, German, Spanish, Italian, English, Russian, American, Brazilian, Canadian, Australian, Chinese, Taiwanese, Japanese and Korean websites

Figure 26: Louis Vuitton's co-design experience in store



Source: <http://www.jewanda-magazine.com/2010/11/mon-monogram-by-louis-vuitton/>
Pinterest <https://fr.pinterest.com/search/pins/?q=louis%20vuitton%20mon%20monogram>

2.1.1.5. KSF 5: target the right segments

Louis Vuitton being a worldwide brand, covering all the segments of the luxury pyramid (figure 24), its current consumer base ranges from the little princes to the absolute luxurers (figure 12). For the mass customised products, Louis Vuitton charges between 20% and 55% more than for the standardised alternatives. With this price premium and its communication strategy, Louis Vuitton is mainly targeting four segments with its mass customisation offer:

- **The absolute luxurers.** As mentioned before, absolute luxurers are appropriate targets for a mass customisation offer since they are looking for exclusivity and value customisation and are ready to pay more for it (Achille, 2015). Louis Vuitton is targeting this segment with its “mon monogram for private jet traveller” advertisement (figure 25). As they expect a high level of service, this segment is likely to prefer the in-store co-design experience.

- **The fashionistas.** As mentioned before, fashionistas value mass customisation offer for the co-design experience that enables them to use their knowledge about fashion and luxury to indulge themselves. (Achille, 2015) By enabling to add the consumer's initials and bright stripes, breaking with the classic-traditional style of monogram canvas bags, Louis Vuitton attracts the fashionistas segment. Celebrity endorsement and bloggers' mention are also important influencers for the fashionistas (Achille, 2015).
- **The omnigifters.** Since this segment buys luxury as a gift, they might be reluctant to take risk by making design decisions for someone else. However, Louis Vuitton targets this segment by suggesting *mon monogram* products in its "gift ideas" section. Louis Vuitton also made an advertisement that pictures the Louis Vuitton *mon monogram* bag as the perfect gift. The in-store experience with samples is particularly suited for this segment that wants staff support and expertise (Achille, 2015).
- **The megacitiers.** With its urban and modern introduction video for *mon damier graphite*, Louis Vuitton is targeting megacitiers who are typically younger and always connected (Achille, 2015) and are likely to enjoy the co-design experience online as they like experimenting.

Louis Vuitton targets these segments on a global scale since the offer is available through the French, German, Spanish, Italian, English, Russian, American, Brazilian, Canadian, Australian, Chinese, Taiwanese, Japanese and Korean websites. Only the website dedicated to the Middle East region does not offer the mass customisation program. For all the above mentioned countries, Louis Vuitton does not adapt the mass customisation offer. The product range offered for customisation is the same, the co-design platform presents the same features and the name stays *mon monogram* and *mon damier graphite*. Only the price varies from regions, the most expensive one being Asia, then the Americas, followed by Australia and then Europe as the least expensive one. These price trends follow the ones applied to standardised products.

Other segments identified in Part 2 will not value Louis Vuitton's mass customisation offer because they are not willing to wait and pay a price premium (little princes) or they are not willing to experiment (rich upstarters, status seekers, classspirational) or they do not want to break Louis Vuitton's classic-traditional style and take part in an online process (timeless propers) (Achille, 2015).

2.1.1.6. Ensure a hedonic and luxury experience

2.1.1.6.1. The Website

Louis Vuitton's digital competence is rated in the 2015 ranking "Fashion Brands Ranked by Digital IQ score" where Louis Vuitton is ranked 4th out of 73, with a digital IQ of 137⁷. To better understand this high score, the Louis Vuitton website is analysed in light of "The 7-Cs of luxury website creation" (Okonkwo, 2010; figure 19).

Figure 27: The 7-Cs of Louis Vuitton's website

Criteria	Score	Explanation
Concept	●	<i>Travel diary.</i>
Competence	●	Easy and fluid navigation.
Content	●	Mainly centred on the brand and the heritage with "LV NOW" and "La Maison" menus.
(e-)Commerce	●	Highly developed with most of the existing models available.
Customisation	●	Mass customisation offer of products. Further detailed below.
Community	●	Many feedbacks of satisfied bloggers telling their positive experience about Louis Vuitton <i>mon monogram</i> or <i>mon damier graphite</i> are available on YouTube or Instagram. This self-generated consumer content triggers positive word of mouth, a powerful influencer for luxury consumers (Achille, 2015). However, the brand itself did not take actions to develop community marketing on its website.
Computing		Not a visible feature when analysing the website

* ● = the brand does great ● = the brand could improve ● = the brand performs badly

2.1.1.6.2. The co-design process

On Louis Vuitton's website, the *mon monogram* mass customisation offer is available in the "personalisation" menu and is presented in a video that connects the brand identity with the mass customisation offer⁸. The video is developed around three main axes. Firstly, the heritage of the brand is recalled by showing the iconic trunk and Louis Vuitton's first advertisement. Then, the second part of the video highlights the craftsmanship behind Louis Vuitton's products and shows how the *mon monogram* customisation process is handmade by artisans painting stripes and initials on the standardised leather goods. Thirdly, the video becomes more dynamic and colourful while displaying the different combinations offer to

⁷ Information retrieved December 2015 from *Brand rankings* website. Available at : <http://www.rankingthebrands.com/The-Brand-Rankings.aspx>

⁸ The video is available at <http://uk.louisvuitton.com/eng-gb/stories/personalization-mon-monogram>

consumers through *mon monogram*. The video successfully conveys the **brand identity**, giving the consumer a **luxury and exclusive feeling**, even online. For the promotional video of the additional mass customisation offer available for men, *mon damier graphite*, the brand adopts a more modern and urban approach to attract new segments⁹.

After viewing the introduction video, the user is invited to browse the standardised products offered for mass customisation. To help the consumer choosing which product to customise, the different standardised products are presented together, with details provided for each model (name, dimensions and price). At this stage, the focus is on the product. Once the consumer decided which standardised product he/she wanted to customise, he/she is redirected to the co-design toolkit/platform. As highlighted in Part. 2, it is crucial for the brand to provide a user-friendly interface while still providing a luxury and exclusive feeling (Merle, 2010; Piller, 2004). Louis Vuitton manages to do so with a well-organised platform that uses Louis Vuitton's iconic colours brown and beige and a sober white background that enables to better showcase the product itself. Providing strong visuals is crucial to decrease cognitive costs (Merle, 2010; Piller, 2004). The consumer has the possibility to check the product from different angles (back, front and inside). Details regarding the co-design platform and process are provided in [exhibits 5 and 6](#).

2.1.2. Learnings and recommendations

The main findings of the KSFs analysis are represented in [figure 39](#). Louis Vuitton performs well on the brand prerequisites, being a highly valued and symbolic icon brand around the world, and on the conception phase, with an appropriate operational mix respecting the KSFs identified in Part 2. The brand also performs well on the execution phase but there is room for improvement. The online content on blogs and social media is mainly generated by consumers, and not by the brand that stays passive. A recommendation for Louis Vuitton would be to create dedicated accounts and pages for its mass customisation offer in order to achieve higher visibility and benefit even more from word of mouth. To decrease the consumers trust issues and social costs, the brand should also provide an online gallery of previous designs created by consumers.

⁹ The video is available at <http://uk.louisvuitton.com/eng-gb/stories/mon-damier-graphite>

Figure 28: Louis Vuitton's performance on the different KSFs

Key success factors		Score
Brand prerequisites	1. Be a well-known accessible or aspirational luxury brand	●
	2. Have a strong and consistent brand identity	●
	3. Have a strong symbolic value	●
Conception of the MC offer	4. Ensure the right positioning and operational mix of the mass customisation offer	●
	5. Target the right segments	●
Execution of the MC offer	6. Ensure a hedonic and luxury experience	●

* ● = the brand does great on this KSF

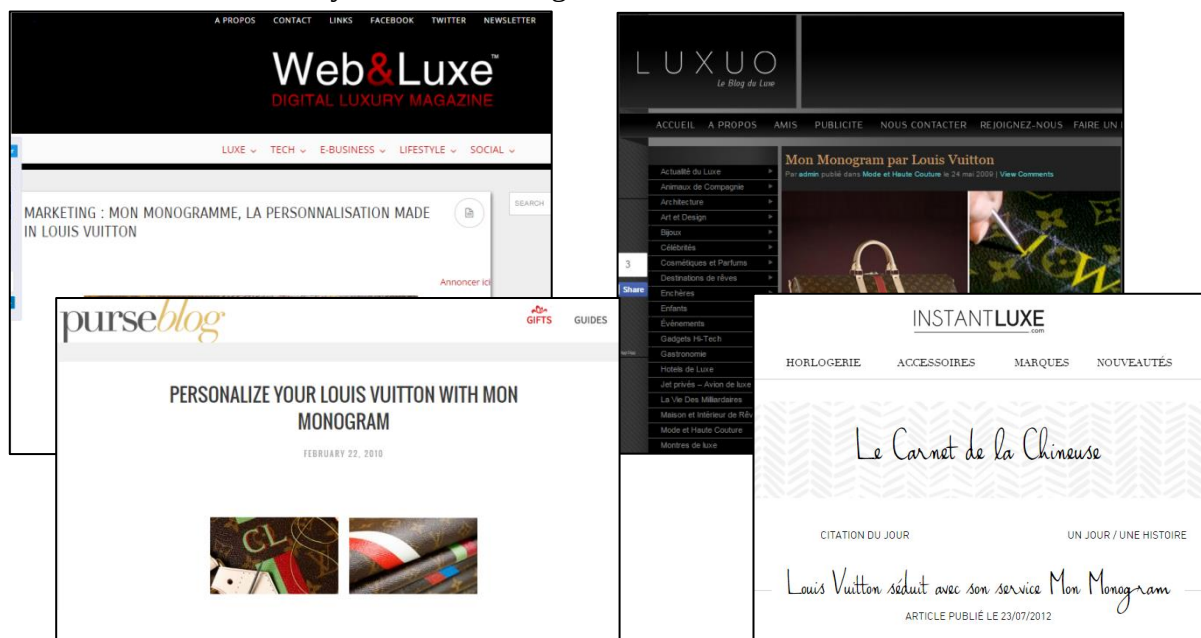
● = the brand could improve on this KSF

● = the brand bad performance on this KSF negatively impacts the value of the mass customisation

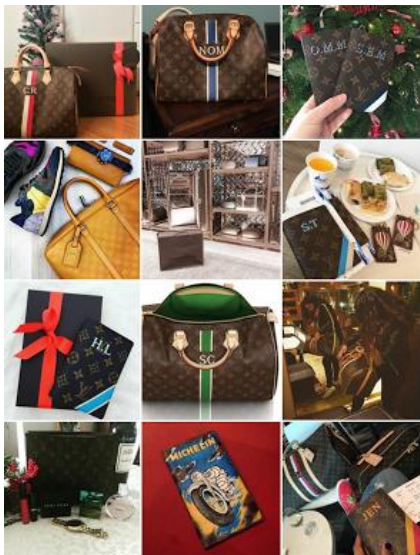
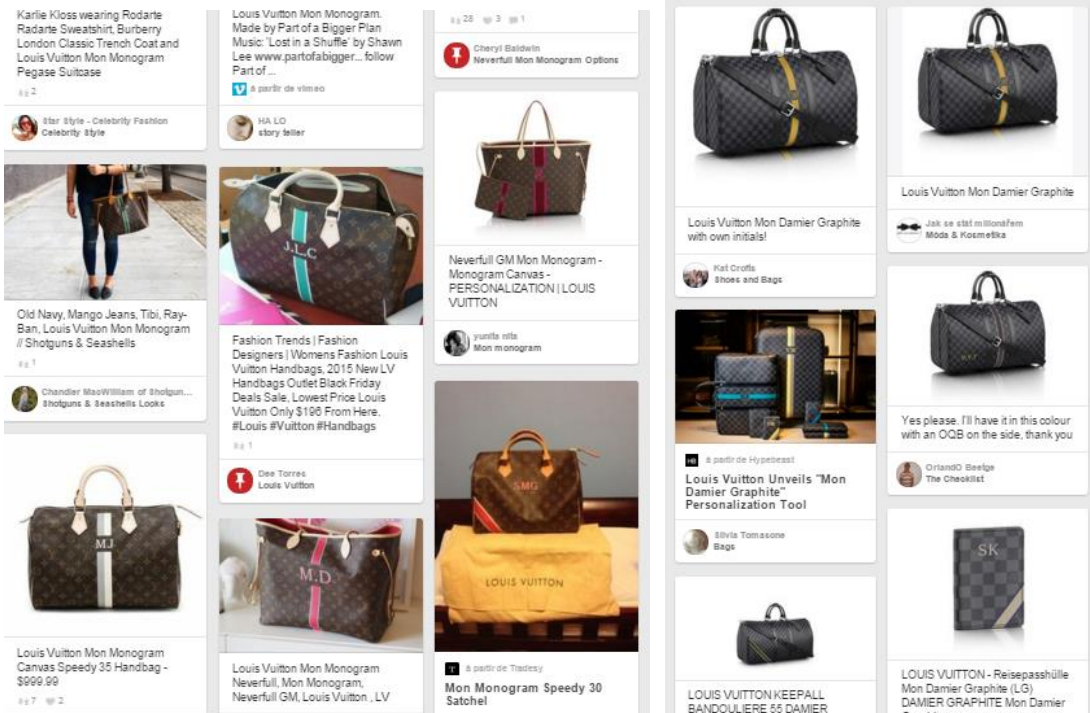
Mon monogram and *mon damier graphite* mass customisation offer is successful as it achieves high mention on blogs and social media and is adopted by the targets (figure 29). Fashionistas are buying and sharing their experience online through their blogs and YouTube pages, with up to 20 000 views per video and positive comments from their readers/followers. Authors of blogs dedicated to luxury and/or handbags, such as www.purseblog.com, www.bagaholicboy.com, www.webandlux.com, www.instantlux.com and www.luxuo.fr, expressed their enthusiasm about the mass customisation offer. Also, absolute luxurers, including many celebrities, were spotted wearing a customised Louis Vuitton leather good.

Figure 29: Louis Vuitton *mon monogram* and *mon damier graphite* is a success in terms of press mention and social media coverage

- Mention on luxury and fashion blogs:



- Fashionistas sharing their experience on Pinterest, Instagram and Youtube:



Filtres ▾

3 400 résultats env



Louis Vuitton "Special Order" Unboxing Mon Monogram GM Neverfull

de handbaglv

il y a 1 an • 18 932 vues

I hope you enjoy watching my mon monogram new model bag with the mon monogram pochette that now comes with it.



Louis Vuitton Mon Monogram Unboxing

de Minks4All

il y a 10 mois • 9 548 vues

OPEN ME..... SHE'S HERE!! SHE'S HERE!! I can't believe I was able to keep secret this long!! Finally, my long ...



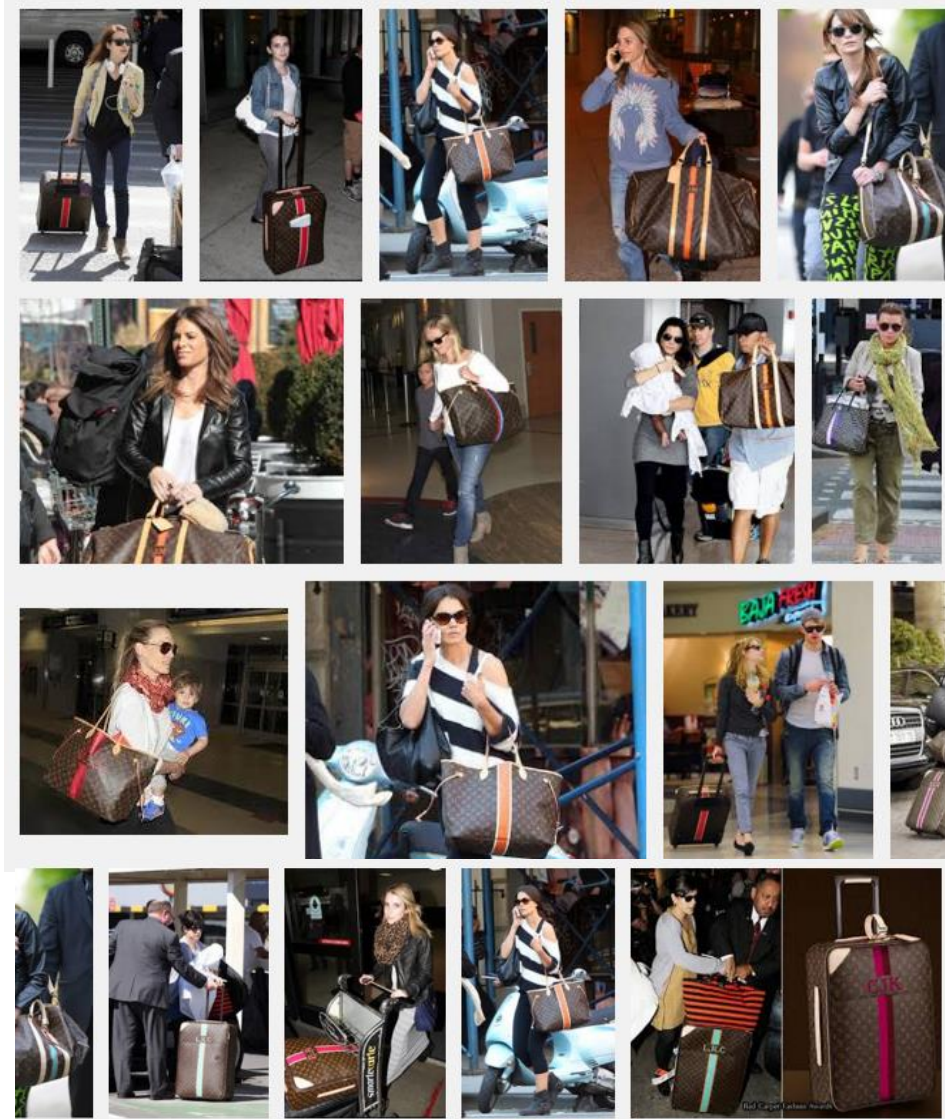
Speedy B 25 Mon Monogram Louis Vuitton unboxing video

de AngeliqueLaFrancaise

il y a 9 mois • 12 473 vues

Hi everyone, This is my first video on Youtube, so if you have some advices please comment! Here is my SpeedyB 25 mon ...

- Absolute luxurers spotted with a Louis Vuitton customised product:



2.2. Burberry with *Burberry Bespoke*

From 2011 to 2015, Burberry featured *Burberry Bespoke* on its website, a co-design platform that enabled the consumer to create his/her customised trench coat. This offer was a mass customisation one, although the term *bespoke* might be misleading. The consumer was not able to design the product from scratch and special measurements were not being taken, as in a true bespoke offer, but the choices given to consumers were numerous, resulting in over 12 million possible designs.

2.2.1. Key Success Factors analysis

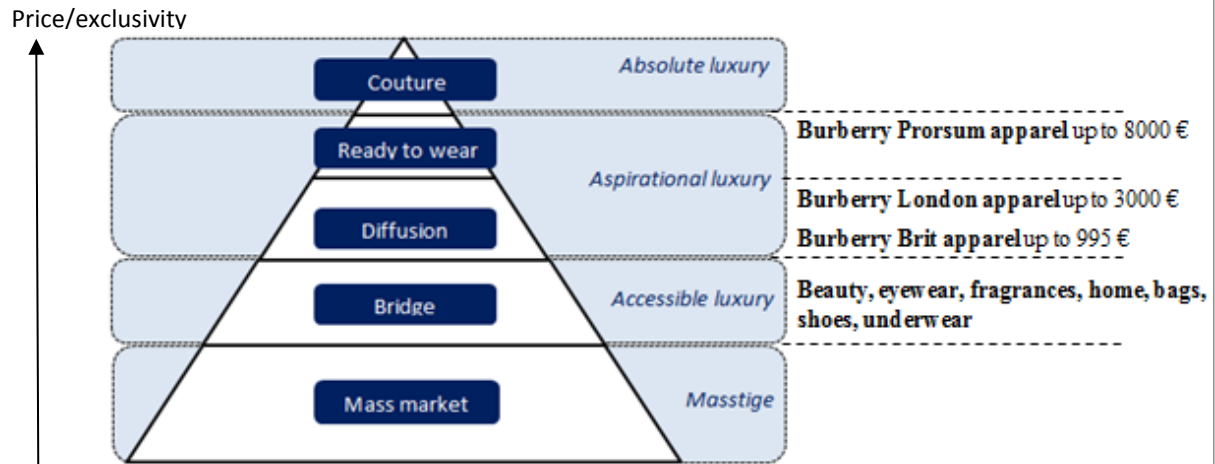
2.2.1.1 KSF 1: *be a well-known aspirational or accessible luxury brand*

Thomas Burberry opened its first store in 1856 in Hampshire, England. In the early years, the brand focused on designing outdoor apparel and became famous for inventing the gabardine, a high quality, resistant and waterproof fabric. Thanks to its expertise, Burberry became the designer for the British officers' uniforms and the reference for explorers and aviators. In the beginning of the 20th century, Burberry created its famous equestrian knight logo and its red, black and beige check. The iconic trench coat was developed, inspired by officers' uniforms. Burberry was then established as an **aspirational luxury brand**. In the mid-20th century, thanks to product placement in movies such as *Breakfast at Tiffany's* and *Casablanca*, Burberry became an icon brand embodying the authentic British elegance worldwide.

Capitalising on this success, Burberry later embarked on a massive line and brand extension strategy, including the launch of many accessories carrying the famous check. Hence, the brand started to be a player in the accessible luxury segment. Along with being one of the most counterfeited brands, these uncontrolled line and brand extensions towards lower segments of the fashion luxury pyramid resulted in a dilution of the brand image. Half of the consumers considered Burberry as an old-fashioned brand suited for the old British aristocracy. The other half regarded it as a brand now worn by football fans in pubs and by "chavs" (Narayan-Lakkavally & Saviolo, 2015). To remedy this situation, a new management team was appointed at the end of the 20th century with the aim of repositioning the brand and fixing the brand identity. One of their actions was to launch new lines in upper segments of the fashion luxury pyramid in order to regain their luxury image. As a result, still today, the

Burberry brand covers several segments of the luxury pyramid through several sub brands and product categories (figure 30).

Figure 30: Burberry covers several segments of the fashion pyramid through different apparel lines and product categories



Source: adapted from Saviolo, S. (2015). 20237 - *Management of fashion and luxury companies*. Università Bocconi.

Today, Burberry is a **worldwide well-known brand**, ranking 73rd out of 100 in *Interbrand Best Global Brands 2015* ranking which measures, among others, brand strength. The brand also ranked 34th out of 50 in *UK most valuable Brands 2015* ranking¹⁰.

2.2.1.2. KSF 2: have a strong and consistent brand identity

Since the rebranding at the end of the 20th century, Burberry's brand identity is centred on embodying the **trendy Brit chic**. This brand identity is supported by a strong heritage, new stylistic identity, retail identity and communication identity (Saviolo, 2015; [exhibit 7](#)):

- *Heritage*. Burberry's heritage is formed by important places such as London and the Hampshire, its connection to the British royal family and its icon products (the trench coat) and fabrics (gabardine).
- *Retail identity*. Burberry's stores are located in selective and touristic locations. The interior design is made of wood and marble-like floors and walls, giving at the same time a luxurious and warm/cosy feeling. Burberry's flagship store on Regent Street in London

¹⁰ Information retrieved December 2015 from *Brand rankings* website. Available at : <http://www.rankingthebrands.com/The-Brand-Rankings.aspx>

includes interactive digital content. For instance, products wear tags that enable the client to scan the product in front of a screen to discover how it was made¹¹.

- *Stylistic identity.* For the repositioning of the brand, icon products were reinvented to target a younger and trendier consumer. Cuts are less conservative, fabrics are lighter and more colourful and silhouettes are more feminine (figure 31). With its repositioning, Burberry is moving from a classic-traditional style to a modern one.

- *Communication identity.* To support its trendy Brit chic identity, Burberry uses young English models such Emma Watson and Cara Delevigne or

Figure 31: evolution in the stylistic identity of Burberry after the rebranding

Old Style		New Style
- Strong masculine colors representative British - Monochromatic neutrals: black, brown, gray, white	Colors	- Inclusive of softer, brighter feminine colors representative of a diverse "one world" character - Wide use of colors depends on seasons
- Waterproof, durable materials- gabardine - Cashmere, wool, tweed	Fabric	- Silk, raffia, line, linen - Leather, suede, wool - Canvas, denim, cotton, washed and gabardine
Massive use of check	Patterns	- Different colors and usage of check - Stripes, plaid, tweed blanket stitch
- Military and sports-inspired designs - Conservative cuts	Forms	- Contemporary and fashionable design - Ruched chiffon

Source: Saviolo, S. (2015). 20237 - *Management of fashion and luxury companies*. Università Bocconi.

icon British models such as Kate Moss. Old advertising campaigns used to picture a middle-aged aristocratic man or woman in the English countryside. Today, the campaigns follow a group of young people in outdoor London (figure 32).

Figure 32: evolution of Burberry's communication identity and advertising campaigns



Burberry's advertisement in 1950



Burberry's advertisement in 1998



Burberry's advertisement in 2014

Source: Burberry Website <https://be.burberry.com/our-history/#/heritage/heritage-1930-5>

¹¹ See more at *The Economist*. (2012). « Burberry goes digital »

2.2.1.3. KSF 3: have a high symbolic value

If the Burberry brand used to have a product-centric approach, highlighting the products' performances and functional benefits, the brand is now regarded as an **icon luxury brand** that is the incarnation of the Brit chic (Narayan-Lakkavally & Saviolo, 2015). Burberry has many recognisable symbols such as the check and the equestrian knight and, being an icon brand, carries a strong symbolic value for its consumers as it answers their functional and emotional needs (Marazza & Saviolo, 2012; figure 11). With its exclusive Prorsum line and its communication strategy portraying young upper class models, the brand also became highly aspirational for consumers around the world.

2.2.1.4. KSF 4: Ensure the right positioning and operational mix of the mass customisation offer

2.2.1.4.1. Positioning

Burberry Bespoke fitted in the overall digital strategy of Burberry. Since 2010, Burberry has invested heavily in digital content to offer a 360° consumer experience and target younger consumers who are characterised by always being connected and being used to interact with brands through social media. Initiatives such as Burberry Acoustic, Burberry Kisses and the Digital Nail Bar were launched¹². In this context, Burberry launched *Burberry Bespoke* on its website, strengthening its digital content and enabling consumers to create their perfect trench coat and to share it on social media.

As shown by the following analysis of the operational mix, Burberry positioned its *Bespoke* offer in the **upper part of the aspirational luxury segment**.

2.2.1.4.2. Product

a. High visibility

Being an icon brand, Burberry's products are easily recognisable thanks to their cuts, fabrics, colours and the famous check. For its mass customisation offer, Burberry enabled consumers to customise its most **iconic and recognisable product**: the trench coat.

¹² More information about such initiatives available at <http://www.forbes.com/sites/scottdavis/2014/03/27/burberrys-blurred-lines-the-integrated-customer-experience/>

b. Right balance between a fixed solution space and freedom given to the consumers

Consumers were not allowed to create the design from scratch but were offered a wide range of standardised products to customise and they could alter many of the product features. The co-design process was organised in steps to help the consumer navigates through the 12 million possible combinations ([exhibit 8](#)):

1. *Style and length.* For the women section, Burberry offered 6 standardised trench coats available for customisation whereas the men section counted 7 standardised trench coats. For each of the trench coat, between 1 and 3 length options were available.
2. *Fabric and colour.* Based on the style and length chosen, 2 to 5 different fabrics were available. For each fabric, several colours could be chosen. Colours available were classic, from the Burberry beige to a deep blue-green.
3. *Sleeves.* Consumers were given options to customise their sleeves, from a total leather or studded sleeve to a regular sleeve with leather cuffs.
4. *Lining.* Consumers could choose between different colours of the famous check for the inside of their customised trench coat. They could also add a detachable cashmere warmer in several colours. The colours available for the inside were filtered based on what has been chosen for the outside in order to avoid unflattering or unfashionable combinations.
5. *Collar.* From a plain beige to a black fur collar, consumers were given many options to customise every detail of the trench coat.
6. *Buttons and hardware.* Consumers could choose between a simple button and a Burberry authentic military style button.
7. *Belts.* Consumers could keep the traditional belt or opt for two more options, including studded belts and leather belts if it fitted with the total look of the trench coat.
8. *Monogram.* Consumer could add their initials and choose among 4 stitching styles. The initials were sewed in the inside of the trench coat, keeping it discreet and chic.

Depending on the selection done by the consumers in the early steps, choices in the later steps were filtered to avoid unfashionable combinations. In total, close to 12 million combinations

were available. Due to the numerous product features available for customisation and the numerous choices for each of them, the co-design process was **time-consuming and social and cognitive costs were high** (Merle 2010; Piller, 2004).

2.2.1.4.3. Price

Burberry Bespoke was at the **high-end price range of the brand**, with prices going from 1800 € to 8800 €, depending on the design. These high prices had two roots. Firstly, due to the numerous choices given to the consumer (cf. *infra*), the manufacturing of the mass customised trench coats required using **modularity**, which implies more complexity and costs than late differentiation. Secondly, *Burberry Bespoke*'s aim was to be positioned in the upper part of the aspirational luxury segment.

2.2.1.4.4. Promotion

The *Burberry Bespoke* initiative generated many articles in prestigious magazines such as *Forbes* and *Vogue*. However, the promotional efforts coming directly from the brands were very limited, with no dedicated advertising campaign.

2.2.1.4.5. Place

Burberry Bespoke was available **online** through Burberry's website.

2.2.1.5. Target the right segments

Since its rebranding and increased use of digital content, Burberry focussed on attracting new segments: young **fashionistas** and **megacitiers** (figure 12). This targeting strategy is highly reflected in their communication with product placement in TV shows such as *Sex and the City* and *Gossip Girl*. However, *Burberry Bespoke* was at the high-end price range of the brand, with prices going from 1800 € to 8800 €, depending on the design. These high prices are a barrier to attract the fashionista segment whose average spending on luxury per year is 8.000 € (Achille, 2015). For some particular occasions, Burberry also targeted omnigifters with advertisements promoting *Burberry Bespoke* as the ultimate gift for someone special. However, this segment is seeking staff support and customer service and might be reluctant to take part in a co-design process online (Achille, 2015). There is thus a **misalignment between the target and the operational mix developed to attract this target**.

2.2.1.6. KSF 6: Ensure a hedonic and luxury experience

2.2.1.6.1. The Website

Burberry's digital competence is rated in the 2015 ranking "Fashion Brands Ranked by Digital IQ score" where Burberry is ranked 1st out of 73, with a digital IQ of 141¹³. To better understand this high score, the Louis Vuitton website is analysed in the light of "The 7-Cs of luxury website creation" (Okonkwo, 2010).

Figure 33: The 7-Cs of Burberry's website

Criteria	Score	Explanation
Concept	●	Artistic <i>photo gallery</i> .
Competence	●	Easy and fluid navigation
Content	●	Highly visual, containing many pictures and videos (<i>exhibit 9</i>). Mainly product oriented, rather than experience oriented as recommended (Okonkwo, 2010).
(e-)Commerce	●	Highly developed with many models available online.
Customisation	●	Mass customisation offer of products. Further detailed below.
Community	●	On the co-design platform, consumers are invited to share their design on Tumblr and Facebook. But Burberry goes one step further and developed its own photo gallery dedicated to the trench coat, the "art of the trench" that gathers pictures of people wearing Burberry trench coats from the entire world (<i>exhibit 10</i>). Online users can choose to see the whole gallery or can check pictures by regions with "art of the trench Seoul", "art of the trench Chicago", "art of the trench Eastern Europe" and so on. If the online user likes the trench on the picture, he can find it online by clicking the "shop button". Burberry triggers consumers' self-generated content by encouraging consumers to share their own pictures.
Computing		Not a visible feature when analysing the website

* ● = the brand does great ● = the brand could improve ● = the brand performs badly

2.2.1.6.2. The co-design process

The co-design platform and the co-design process are detailed in *exhibit 8*. The co-design platform was available on the brand's website under the tab dedicated to trench coats. The co-design platform for Burberry Bespoke was sober and user friendly and provided strong visuals to reduce trust issues (Merle, 2010). The grey background enabled to better showcase the trench coat. The trench coat was worn by a model, enabling to better visualise the outcome. The model wore a simple black trouser to keep the attention on the trench coat. Consumers could admire their customised trench coat through 3 different views (front, side

¹³ Information retrieved December 2015 from *Brand rankings* website. Available at : <http://www.rankingthebrands.com/The-Brand-Rankings.aspx>

and back). They could visualise it opened or closed and with the collar up or down. A zoom tool enabled the consumers to take a closer look at all the details of the trench coat. Different tabs were available for each possible feature to customise, one tab appearing after another once the user clicked, enabling the consumer to focus on one feature at a time.

2.2.2. Learnings and recommendation

The takeaways of the KSFs analysis are represented in figure 34.

Figure 34: Burberry's performance on the different KSFs

Key success factors		Score
Brand prerequisites	1. Be a well-known accessible or aspirational luxury brand	●
	2. Have a strong and consistent brand identity	●
	3. Have a strong symbolic value	●
Conception of the MC offer	4. Ensure the right positioning and operational mix of the mass customisation offer	●
	5. Target the right segments	●
Execution of the MC offer	6. Ensure a hedonic and luxury experience	●

* ● = the brand does great on this KSF ● = the brand could improve on this KSF ● = the brand bad performance on this KSF negatively impacts the value of the mass customisation

Burberry performs well on the brand prerequisites, being a highly valued and symbolic icon brand around the world, and on the execution phase, with initiatives such as the “Art of the Trench”. However, some issues in the conception of the mass customisation offer were highlighted. First, the amount of possible combinations is too high, to high cognitive costs with the risk of being overwhelming and time consuming for the consumers. Secondly, there is a misalignment between the segments targeted and the operational mix developed to attract these segments. The high prices of *Burberry Bespoke* were justified by Burberry explaining that “*Bespoke* was not designed to make money, rather it was created to engage the consumer and spread awareness¹⁴.” “Burberry Bespoke program could function as a hyper-luxury “halo brand,” unattainable by most shoppers but still influential. While such products do not usually sell in great numbers, they do aim to influence overall perception of the brand and serve as an aspiration for many customers¹⁵.” However, *Burberry Bespoke* was not supported by enough

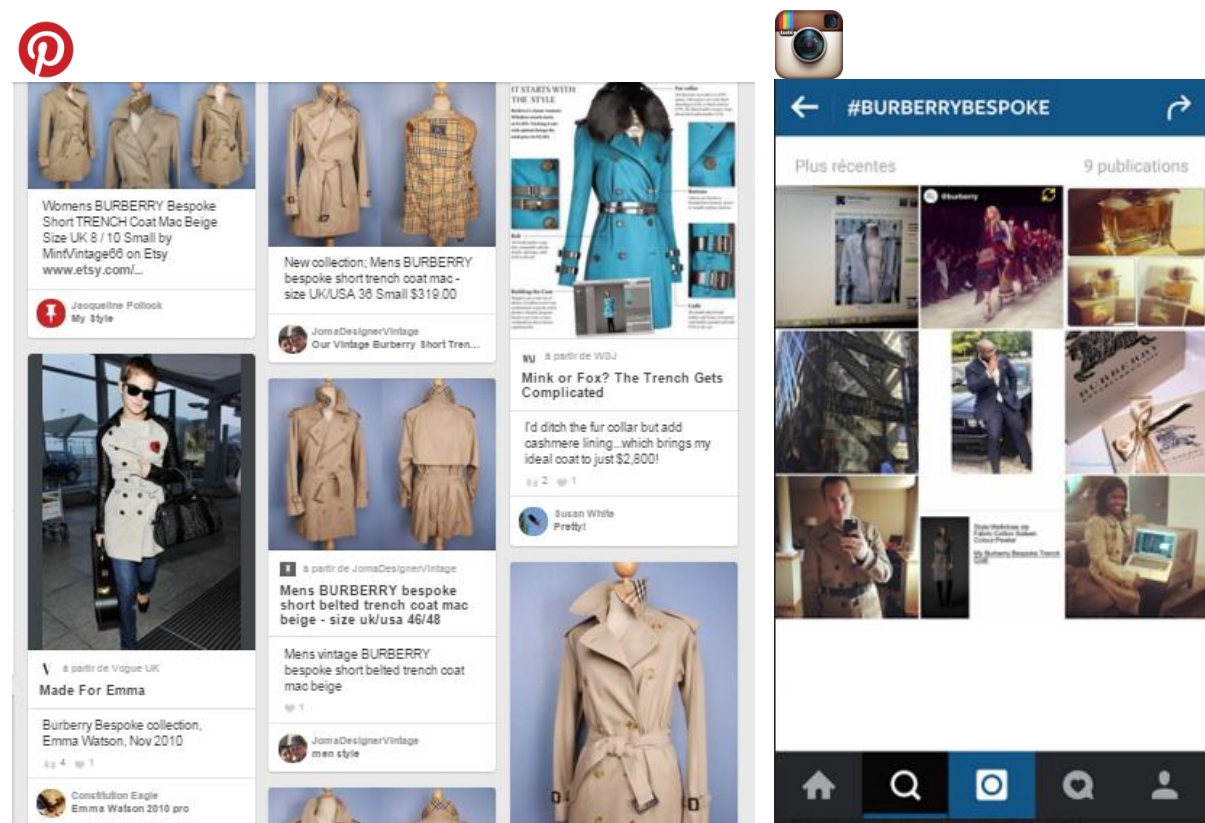
¹⁴ From academia.edu : Joseph, S. (2014). « Burberry salutes ‘targeted marketing’ for 12% sales hike »

¹⁵ From Sonne, P. (2011). « Mink or Fox? The Trench Gets Complicated --- Burberry Tries to Sell Luxury Shoppers On Designing Their Own Coats; 12 Million Ways ». New York : Wall street Journal

promotional effort to make it highly aspirational. As a result, *Burberry Bespoke* was much talked about and praised by journalists (for instance in prestigious magazines such as *Vogue*¹⁶ and *Forbes*¹⁷) but the hype was not picked up by online consumers and bloggers. Very few bloggers or online consumers talked about *Burberry Bespoke* and shared their experience of the co-design process, resulting in a lack of self-generated content on social media (figure 35), although it is a crucial component of today's marketing campaigns (Okonkwo, 2010) and was the main goal of the *Burberry Bespoke* initiative.

Figure 35: Inexistence of Burberry Bespoke on social media

Pinterest, Instagram and YouTube contain very limited content about Burberry Bespoke and often redirect to other initiatives from Burberry:



¹⁶ Alexander, E. (2010). Burberry Bespoke. Available at : <http://www.vogue.co.uk/news/2010/11/10/burberry-launches-bespoke-service> . Retrieved August 2015.

¹⁷ Davis, S. (2014). Burberry's blurred lines : the integrated customer experience. Available at : <http://www.forbes.com/sites/scottdavis/2014/03/27/burberrys-blurred-lines-the-integrated-customer-experience/> . Retrieved August 2015.

YouTube

Burberry bespoke

Burberry bespoke custom studded trench coat at Regent Street, London
de Michael Bach
il y a 2 ans • 953 vues
I was in the regent street Burberry Store in London this June and filmed this beauty on the top floor of 121 Regent Street. This is a ...

The Eight Most Innovative Digital Programs in Prestige: #1 Burberry
de L2LuxuryLab
il y a 4 ans • 3 561 vues
L2, authors of the Digital IQ Index®, count down 2011's most innovative programs from prestige brands across all digital ...

The Craftsmanship Behind Burberry 121 Regent Street, London
de Burberry
il y a 3 ans • 47 505 vues
View the craftsmanship behind Burberry 121 Regent Street, the new Burberry World Live Flagship. In restoring the space, ...

ROMEO BECKHAM IS THE NEW FACE OF BURBERRY 2013!
de beckhamboys
il y a 3 ans • 10 551 vues
ROMEO BECKHAM has made his modelling debut in the new Burberry campaign. The 10-year-old son of David and Victoria ...

Romeo Beckham Modelling Debut The New Face Of Burberry
de asapviralz
il y a 3 ans • 4 250 vues

This lack of consumers' enthusiasm led Burberry to close its *Burberry Bespoke* platform in August 2015. However, the brand has not given up on customisation yet. Today, Burberry offers the consumers to add their initials on the ponchos and scarves. This enables to use late differentiation, reducing costs and price to reach a broader public. However, Burberry has taken it to the other extreme and the co-design process is now almost inexistent. Hence, the new offers from Burberry do not fit with the mass customisation definition provided in this thesis.

2.3. Ralph Lauren *Create Your Own*

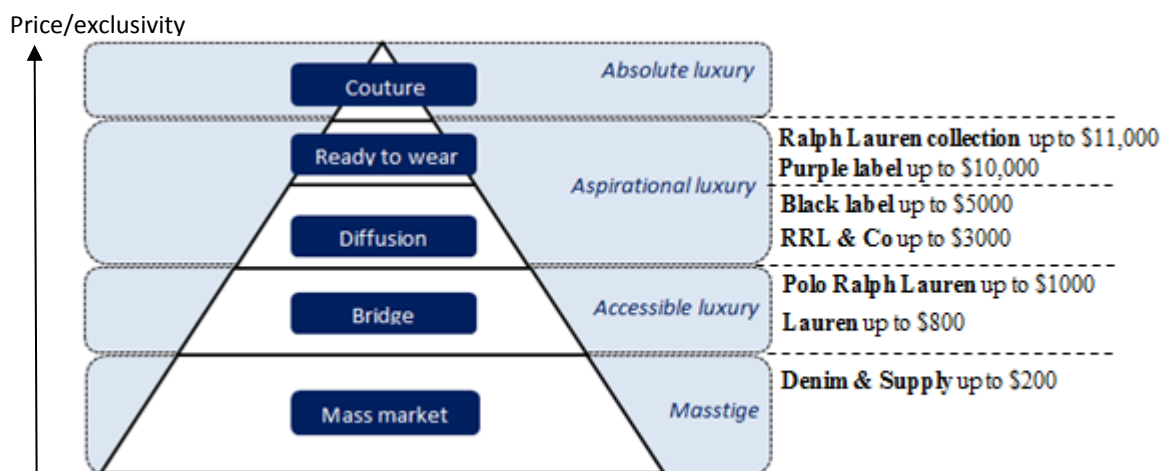
2.3.1. Key Success Factors analysis

On its website, Ralph Lauren enables the consumers to customise several product categories, from baby clothes to polo shirts, bathrobes and pet clothes, with the *Create Your Own* mass customisation offer.

2.3.1.1. KSF 1: *be a well-known aspirational or accessible luxury brand*

In 1967, the designer Ralph Lauren opened a tie store where he sold his own ties under the label “polo”. Since then, Ralph Lauren has extended dramatically into new lines and product categories. Today, Ralph Lauren **covers most of the segments of the fashion luxury pyramid** (figure 36), even the mass market one, with different labels, each one regrouping several product categories, from apparel to accessories. Each label has a different price point, style and is aimed at different targets.

Figure 36: Ralph Lauren covers most of the segments of the fashion pyramid



Source: adapted from Saviolo, S. (2015). 20237 - *Management of fashion and luxury companies*. Università Bocconi.

Ralph Lauren is a **worldwide well-known brand**, ranking 59th in the *100-top Most Powerful Brands 2015* ranking, that determines the most powerful brands based on high awareness and positive brand perceptions. Ralph Lauren is also ranked 91st in *Interbrand Best Global Brands 2015* ranking¹⁸.

¹⁸ Information retrieved December 2015 from *Brand rankings* website. Available at : <http://www.rankingthebrands.com/The-Brand-Rankings.aspx>

2.3.1.2. KSF 2: *have a strong and consistent brand identity*

The numerous labels can confuse the consumers and lead to brand dilution. To remedy this issue, Ralph Lauren tries to have a strong brand identity across all the labels and product categories. This brand identity is centred on “the **U.S. east coast preppy lifestyle**” and ranges from denim chic for younger targets to the elite chic for Hamptons regulars. If the brand is successful in having a strong and consistent heritage, stylistic identity and communication identity, the retail identity is more fragmented (Saviolo, 2015; [exhibit 11](#)):

- *Heritage.* The brand’s heritage is mainly formed by its designer, Ralph Lauren, its place of origin, the U.S. and especially the east coast, and its worldwide famous pony logo. In 1974, Ralph Lauren was the official designer for “The Great Gatsby” movie, which enabled him to gain recognition and to associate his brand to the true American elite lifestyle.
- *Stylistic identity.* Across all the labels, Ralph Lauren has a classic-traditional style characterized by plain and sober colours and high quality materials such as leather and suede. If all the labels have a classic style, they differ within this category. For instance RRL is classic vintage whereas Purple Label is classic formal.
- *Retail identity.* Ralph Lauren stores formats range from the outlet store to the exclusive flagship store on Madison Avenue. The brand is also available in department stores where the ability to control the retail identity is reduced (Saviolo, 2015). To avoid brand dilution and cannibalisation, the brand has several store types where mixes between lower segment labels and higher ones are avoided:
 - “Ralph Lauren” stores feature labels from *Polo Ralph Lauren* to *Purple Label* and *Ralph Lauren Collection*. The exact labels mix depends on each store.
 - “RRL” stores only feature the RRL label.
 - “Polo Ralph Lauren” stores features labels from *Polo Ralph Lauren* to *Black Label*.
 - “Polo Ralph Lauren factory” stores correspond to retail outlet and feature labels from *Lauren* to *Purple Label*. The exact labels mix depends on each store.
 - “Denim & Supply” stores only feature the Denim & Supply label.

These multiple store formats and types result in confusion in the consumers’ minds, so much that Ralph Lauren has to detail which labels are available at each location on its

website. Each store type has its own retail identity, preventing to have consistency across all labels and at the brand level (exhibit 11).

- *Communication identity*: Ralph Lauren heavily uses lifestyle advertising, each label portraying a different American lifestyle, from the ranch lifestyle with RRL to the Hamptons lifestyle with Purple Label.

2.3.1.3. KSF 3: have a strong symbolic value

Being a **lifestyle brand**, Ralph Lauren provides functional, emotional and even social needs (Marazza & Saviolo, 2012; figure 11) as it enables consumers to identify themselves as being part of the U.S. east coast chic lifestyle. The symbolic value of Ralph Lauren is thus strong, although the one for upper segments might be diluted due to the fact that Ralph Lauren is also available for the mass market segment with Supply & Denim (Magnoni & Roux, 2012).

2.3.1.4. KSF 4: Ensure the right positioning and operational mix of the mass customisation offer

2.3.1.4.1. Positioning

Offering mass customisation and enabling the consumer to participate in the design process is in line with Ralph Lauren's willingness to make consumers actively participate in building their American lifestyle:

*"What began 40 years ago with a collection of ties has grown into an entire world, redefining American style. Ralph Lauren has always stood for providing quality products, creating worlds and inviting people to take part in our dream. We were the innovators of lifestyle advertisements that tell a story and the first to create stores that encourage customers to participate in that lifestyle."*¹⁹

As shown by the following analysis of the operational mix, Ralph Lauren positions its *Create Your Own* offer in the **lower part of the accessible luxury segment**.

¹⁹ Ralph Lauren quote on Ralph Lauren website http://global.ralphlauren.com/en-us/about/Pages/default.aspx?ab=footer_about

2.3.4.4.2. Product

a. High visibility

Being a lifestyle brand, Ralph Lauren does not have such strong and recognisable symbols like icon brands have (Marazza & Saviolo, 2012; [figure 11](#)). Its recognised symbols are the logos used for each label, the most famous ones being the crests and the pony of the Polo Ralph Lauren label. In terms of icon products, the ones of the Polo Ralph Lauren label are the most recognisable ones, especially Ralph Lauren's polo shirts, cable-knit sweaters and navy blazers ([exhibit 12](#)). For its *Create Your Own* program, Ralph Lauren offers the iconic polo shirts for customisation (for women, men and children). But the brand also offers baby clothes, pyjamas, caps, shoes, trousers, jackets, backpacks, perfumes and bathrobes which are **not highly visible nor exclusive or aspirational**.

b. Right balance between a fixed solution space and freedom given to consumers

Depending on the product selected, the options of customisation are different. The most common *Create Your Own* mass customisation offer is composed of 3 steps ([exhibit 13](#)). Firstly, the consumer can choose between two logos: the traditional pony or a 3-initials monogram. Secondly, the consumer chooses the colour of the polo shirt. The colours available correspond to the ones available for standardised products. Thirdly, the consumer chooses the colour of the logo. If the consumer opted for the monogram logo, then he/she also has to enter his/her initials and choose a font. The product features that the consumers can alter can all be embroidered on standardised products. Ralph Laurent thus uses **late differentiation** for its mass customisation offer.

The features that the consumers are allowed to alter are not enough to differentiate from the standardised products that are already available in numerous colours (Piller, 2004). The monogram feature is too discreet to be a differentiating factor.

2.3.4.4.3. Price

Across all the product categories available for mass customisation, prices range from \$20 to \$200, corresponding to **mass market prices**. Prices are confusing. For what appears to be the same classic-fit polo, the standardised one is priced at \$89.5, whereas two prices are available for the customised one: \$98 and \$85, without noticeable differences between the two offers ([exhibit 14](#)).

2.3.4.4.4. *Promotion*

Outside its own website, the brand did not promote its *Create Your Own* mass customisation offer.

2.3.4.4.5. *Place*

Create Your Own platform is available globally on Ralph Lauren's website.

2.3.1.5. *KSF 5: Target the right segments*

With the *Create Your Own* offer, Ralph Lauren targets the **rich upstarters** and little **princes segments**, but not the promising segments of absolute luxurers, fashionistas and megacitiers. Firstly, the *Create Your Own* range is priced at maximum \$200. This low price is the entry ticket of the rich upstarters in the luxury market (Achille, 2015) but will deter absolute luxurers, fashionistas and megacitiers from participating in the process due to a lack of exclusive feel. Secondly, the co-design process includes few product features to alter (cf. infra) and does not able absolute luxurers, fashionistas and megacitiers to use their creativity and knowledge about luxury.

However, as mentioned earlier in Part 2 section 3.2.2., rich upstarters and little princes are not ideal targets for mass customisation. The first are not willing to experiment and bear the social risk of mass customisation. The latter are looking for instant gratification and are not willing to wait to receive a mass customised product (Achille, 2015).

2.3.1.6. *KSF 6: Ensure a hedonic and luxury experience*

Ralph Lauren's digital competence is rated in the 2015 ranking "Fashion Brands Ranked by Digital IQ score" where Ralph Lauren is ranked 3rd out of 73, with a digital IQ of 138²⁰.

2.3.1.6.1. *The Website*

The digital IQ score rates the overall digital competence of Ralph Lauren. If we look at Okonkwo's "7-Cs of luxury website creation", it seems that this high digital IQ score does not translate into a well-developed luxury website.

²⁰ Information retrieved December 2015 from *Brand rankings* website. Available at : <http://www.rankingthebrands.com/The-Brand-Rankings.aspx>

Figure 37: The 7-Cs of ralph Lauren's website

Criteria	Score	Explanation
Concept	●	Lifestyle Magazine.
Competence	●	Overwhelming amount of menus and sub menus
Content	●	Highly visual. Conveys the American lifestyle experience
(e-)Commerce	●	Many models available online. Cheap catalogue: lack of luxury – or at least premium- feel.
Customisation	●	Mass customisation of products. Developed below.
Community	●	Community marketing is not encouraged on Ralph Lauren's website. For some products available on the <i>Create Your Own</i> offer, consumers are not allowed to share their design on social media. For others, the number of design already shared by previous consumers is visible. This number being very low as the mass customisation offer is not successful, consumers willing to share their design might be deterred to do so.
Computing		Not a visible feature when analysing the website

* ● = the brand does great ● = the brand could improve ● = the brand performs badly

2.3.1.6.2. The co-design process

The co-design experience is confusing. Firstly, apart on the US website where a special menu is dedicated to it, the mass customisation offer is hard to find. Secondly, as several product categories are concerned, it is not straightforward for the consumer to find what he/she is looking for. Moreover, when clicking on the *Create Your Own* tab in the women section, unrelated results such as offers for engraving trays appear. This confusion makes the co-design process time consuming and frustrating with high cognitive costs (Merle, 2010; Piller, 2004).

The co-design experience is **not in line with the brand identity**. To access the *Create Your Own* co-design platform, the consumers goes through to the “custom boutique” page which conveys the brand identity of Ralph Lauren (figure 38). However, once the consumer proceeds to the further step with the dedicated *Create Your Own* page, the website page design is minimalistic and does not convey Ralph Lauren' brand identity and rather looks like a cheap catalogue (Okonkwo, 2010). This simplicity is not compensated by clarity since the mix between all product categories brings complexity and confusion (figure 39).

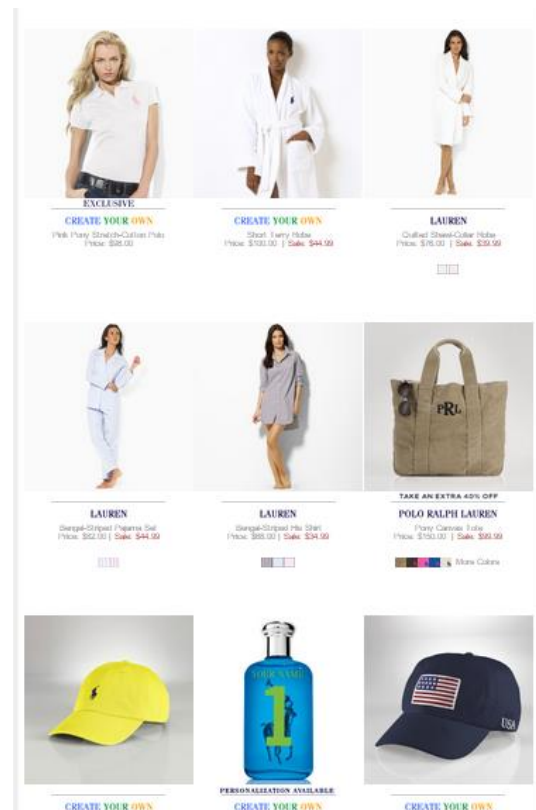
Figure 38: Ralph Lauren "custom boutique" page



Source: Ralph Lauren website

<http://www.ralphlauren.com/shop/index.jsp?categoryId=12297825>

Figure 39: Ralph Lauren Create Your Own page



Source: Ralph Lauren website

http://www.ralphlauren.com/family/index.jsp?categoryId=17193236&cp=1760782&ab=011013_CUSTOM_BOUTIQUE_WOMENS

2.3.2. Learnings and recommendations

Figure 40: Ralph Lauren's performance on the different KSFs

Key success factors		Score
Brand prerequisites	1. Be a well-known accessible or aspirational luxury brand	●
	2. Have a strong and consistent brand identity	●
	3. Have a strong symbolic value	●
Conception of the MC offer	4. Ensure the right positioning and operational mix of the mass customisation offer	●
	5. Target the right segments	●
Execution of the MC offer	6. Ensure a hedonic and luxury experience	●



= the brand does great on this KSF



= the brand could improve on this KSF



= the brand bad performance on this KSF negatively impacts the value of the mass customisation

Ralph Lauren performs quite well on the KSFs linked to brand prerequisites as it is a well-known lifestyle brand. However, some confusion may arise regarding the several labels that all have their own stylistic, retail and communication identities. Strong issues appear in both the conception and the execution of the mass customisation offer, with the impression that *Create Your Own* was not fully integrated in the overall strategy and was regarded as an ad hoc activity. The result is the development of a poor operational marketing and the lack of luxury feel in the co-design experience.

An online research regarding *Create your Own* did not return any interesting findings in terms of press mention and self-generated content from consumers on social media. This lack of findings is a finding itself: *Create Your Own* was disregarded by journalists, bloggers and consumers and did not trigger press mention or social media coverage. The mass customisation offer of Ralph Lauren as it is now is diluting the brand's effort as it requires investments but does not deliver increased visibility and brand awareness, hence not contributing to the profitability. Some recommendations to improve *Create Your Own* are detailed in the next paragraphs. They are developed in light of the KSFs and learnings from Burberry and Louis Vuitton.

Firstly, to decrease confusion and stop diluting the brand effort, the mass customisation offer should concern one product type - as Burberry does - : the Polo Ralph Lauren blazers. As the polo shirts, they are highly recognisable worldwide but they are priced around \$500. This higher price point would enable to target the fashionista segment. Moreover, the brand could capitalize on the success of its blazers that are worn by celebrities such as Kate Middleton.

Secondly, to attract the fashionista segment, the brand must enable the consumer to alter more product features than the current *Create Your Own* offer does. Indeed, for fashionistas to value the co-design process, they need to be allowed to be creative and to create a customised product that would be highly differentiated from the standardised ones. An example of appropriate co-design process is detailed in [figure 41](#). Many standardised models of Polo Ralph Lauren blazers already exist, enabling the brand to offer many possible combinations for its mass customisation offer without significantly increasing complexity and costs. Based on the learnings from *Burberry Bespoke*, it is important not to offer too many product features to alter and to favour late differentiation over modularity, as Louis Vuitton does.

Eventually, to achieve high press return and social media coverage, the brand must encourage community marketing by allowing consumers to share their designs on social media (Merle, 2010). A special page on the online RL magazine featured on Ralph Lauren website could showcase the best customised products to encourage online readers to enter the co-design process.

Figure 41: suggested co-design process for a mass customised Polo Ralph Lauren blazer

1. *Choose your style and colour*: the consumer could choose between standardised blazers with varying cuts, colours and fabric.
2. *Choose your elbow patch*: the consumer can choose elbow patches' fabric and pattern.
3. *Choose your crest*: amongst the existing wide range of Polo Ralph Lauren crests, the consumer can chose its preferred one.
4. *Add your monogram*: under the selected crest, the consumer can add its initials.
5. *Choose your matching scarf or tie*: depending on the colours selected by the consumer, the brand can suggested matching scarves or ties that would match the customised blazer. The consumer could acquire the item at a preferential price with his/her customised blazer.

3. Conclusion

The performance of each brand on each KSF is summarised in figure 42.

Figure 42: performance of Louis Vuitton (LV), Burberry (B) and Ralph Lauren (RL) on each KSF

Key success factors		Score		
		LV	B	RL
Brand prerequisites	1. Be a well-known accessible or aspirational luxury brand	●	●	●
	2. Have a strong and consistent brand identity	●	●	●
	3. Have a strong symbolic value	●	●	●
Conception of the MC offer	4. Ensure the right positioning and operational mix of the mass customisation offer	●	●	●
	5. Target the right segments	●	●	●
Execution of the MC offer	6. Ensure a hedonic and luxury experience	●	●	●

*● = the brand does great on this KSF

● = the brand could improve on this KSF

● = the brand bad performance on this KSF negatively impacts the value of the mass customisation

A correlation between the respect of the KSFs and the success of the mass customisation offer was highlighted in the case studies.

Louis Vuitton and its *mon monogram and mon damier graphite* offer performs well on all the KSFs, with room for improvement on the execution of the mass customisation offer where Louis Vuitton should encourage community marketing and be more proactive on social media. From the three cases studied, *mon monogram and mon damier graphite* is the offer that generates the highest press mention and social media coverage thanks to the enthusiasm of journalists, bloggers and consumers (figure 29).

Burberry and its *Burberry Bespoke* offer performed well on the KSFs linked to brand prerequisites and execution of the mass customisation offer. However, crucial KSFs linked to the conception of the mass customisation offer were not fully respected with a misalignment between the operational mix developed and the luxury consumers targeted. This resulted in *Burberry Bespoke* enjoying limited press mention and social media coverage as consumers were not attracted by the mass customisation offer and did not buy and share their experience online (figure 35). The flaws in the conception of *Burberry Bespoke* led Burberry to give up this mass customisation offer and to elaborate a new one – the Burberry Scarf bar - with less product features available for customisation and lower price points in order to target the promising megacities and fashionista segments.

The conception and execution of Ralph Lauren *Create Your Own* do not respect the KSFs identified in Part 2. They do not convey a luxury feel and do not correspond to Ralph Lauren's brand identity. This results in inexistent press mention and social media coverage as journalists, bloggers and consumers disregard *Create Your Own*.

Discussion

1. Conclusions

To answer the research question “mass customisation in the luxury industry: an answer to consumers’ needs or a risk of diluting the branding efforts?”, this thesis was divided into 3 main parts.

The first part was dedicated to an extensive literature review to provide thorough definitions of the key concepts “mass customisation” and “luxury”. Many different approaches to mass customisation exist, leading to several definitions of the concept (Crandall & Formby, 2015). In this thesis, mass customisation was understood as “adaptive customisation” (Crandall & Formby, 2015; [figure 2](#)) and was defined as a co-design process involving the consumer and through which certain product features are altered within a fixed solution space, resulting in costs that do not imply a switch in an upper market segment (Piller, 2004). Involving the consumer in the design of the mass customised product is what differentiates mass customisation from personalisation. The fact that mass customisation only concerns certain features of an existing standardised product is what differentiates mass customisation from pure customisation. The luxury concept is a multi-faceted one as it is culture bound and its definition uses subjective elements: luxury is characterised by being beautiful, expensive, high quality and by being endorsed by a brand with a strong heritage and/or know-how (Kapferer et al., 2014; Aiello et al., 2013; Gosh & Varshney, 2013; Heine & Phan, 2011; [figure 3](#)) that is translated into a strong brand identity (Saviolo, 2015). What is considered as beautiful, expensive and high quality in one country might be considered as merely premium in another one and vice versa. Going one step further, the level of exclusivity of luxury brands leads to distinguish between 4 segments within the luxury industry: absolute luxury, aspirational luxury, accessible luxury and masstige (Saviolo, 2015; [figure 4](#)). The luxury consumers are also complex and very heterogeneous. The Boston Consulting Group identified 12 main segments of core luxury consumers, based on their attitudes, age, gender and nationality (Achille, 2015; [figure 12](#)). This heterogeneity in the luxury consumers is explained by the fact that luxury purchases can be motivated by two different consumption behaviours (Aiello et al., 2013; Bastien & Kapferer, 2013; Choo et al., 2013; Hudders, 2013; [figure 8](#)): a personally oriented consumption behaviour, where the luxury brand is bought mainly for its hedonic values, and a socially oriented consumption behaviour, where the

luxury brand is bought to showcase one's social status to the peer group. Brands can be categorised based on the consumers' needs (functional, emotional and/or social) and the consumption behaviour they answer to (Marazza & Saviolo, 2012; [figure 11](#)): authority brands, solution brands, icon brands, icon product brands, cult brands and lifestyle brands.

After each concept was thoroughly defined in Part 1, Part 2 was aimed at understanding if mass customisation was a promising strategy for luxury brands. From the consumers' perspective, mass customisation enables to better fulfil the needs of luxury consumers, especially for those having a personally oriented consumption behaviour. The co-design process, if well-designed, can translate into a hedonic experience. The mass customised product itself brings utility, differentiation and self-expression values (Merle, 2010) and a "proud-of-authorship" effect (Piller, 2004). However, mass customisation is also synonym of costs for luxury consumers: higher prices (Piller, 2004), cognitive costs (Merle, 2010; Piller, 2004), social costs (Merle, 2010), trust issues (Piller, 2004) and longer lead times (Bardakci & Whitelock, 2005). From the luxury companies' perspective, mass customisation represents several advantages (Piller, 2004; Wind & Rangaswamy, 2001): competitive advantage, possibility to apply price discrimination and to achieve higher margins, better forecasting and less risk, improved brand attachment and brand awareness. But mass customisation also requires investments from the luxury company in terms of supply chain, manufacturing systems and communication and IT systems (Borenstein et al., 2001; Piller, 2004). Based on the learnings from the literature review, 6 main recommendations were detailed in order to maximise the advantages and value linked to a mass customisation offer, while minimising the costs ([figure 20](#)):

<i>Brand prerequisites</i>	KSF1	Be a well-known aspirational or accessible luxury brand (Alsem & Broekhuizen, 2004; Piller, 2004, Saviolo, 2015)
	KSF2	Have a strong and consistent brand identity (Saviolo, 2015)
	KSF3	Have a strong symbolic value (Merle, 2010)
<i>Conception of the MC offer</i>	KSF4	Ensure the right positioning and operational mix of the mass customisation offer (Borenstein et al., 2001; Merle, 2010; Piller, 2004; Saviolo, 2015; Wind & Rangaswamy, 2001)
	KSF5	Target the right segments (Achille, 2015)
<i>Execution of the MC offer</i>	KSF6	Ensure a hedonic and luxury experience (Okonkwo, 2010)

The third part of this thesis was destined to check the relevance of the KSFs found in the literature review through several case studies: Louis Vuitton *mon monogram and mon damier graphite*, Burberry *Bespoke* and Ralph Lauren *Create Your Own*. The qualitative approach enabled to analyse each KSF by using frameworks and tools developed in Part 1 and 2 (figure 21). The three above mentioned mass customisation offers were given a score for each KSF (figure 42) and their success was assessed by the press mention and social media coverage they generate. These case studies confirm the relevance of the KSFs as they highlight a correlation between the respect of the KSFs and the success of the mass customisation offer.

In a nutshell, providing that the above mentioned key success factors are respected, mass customisation can be an answer to luxury consumers' needs and can bring advantages to a luxury company while not diluting the branding efforts

2. Limitations

Both “mass customisation” and “luxury” concepts are complex and there is a lack of consensus, and even sometimes conflicting opinions, regarding their definitions in the literature. Hence, defining these concepts for the purpose of this thesis implied taking a stand and favouring some authors over others. This limitation was mitigated by an extensive literature research and review that enabled to formulate definitions based on the latest findings.

As explained in the methodology, success of a mass customisation offer is hard to measure. In this paper, the proxy's used to assess this success are press mention and social media coverage. However, high press mention and social media coverage do not guarantee the profitability of the mass customisation offer.

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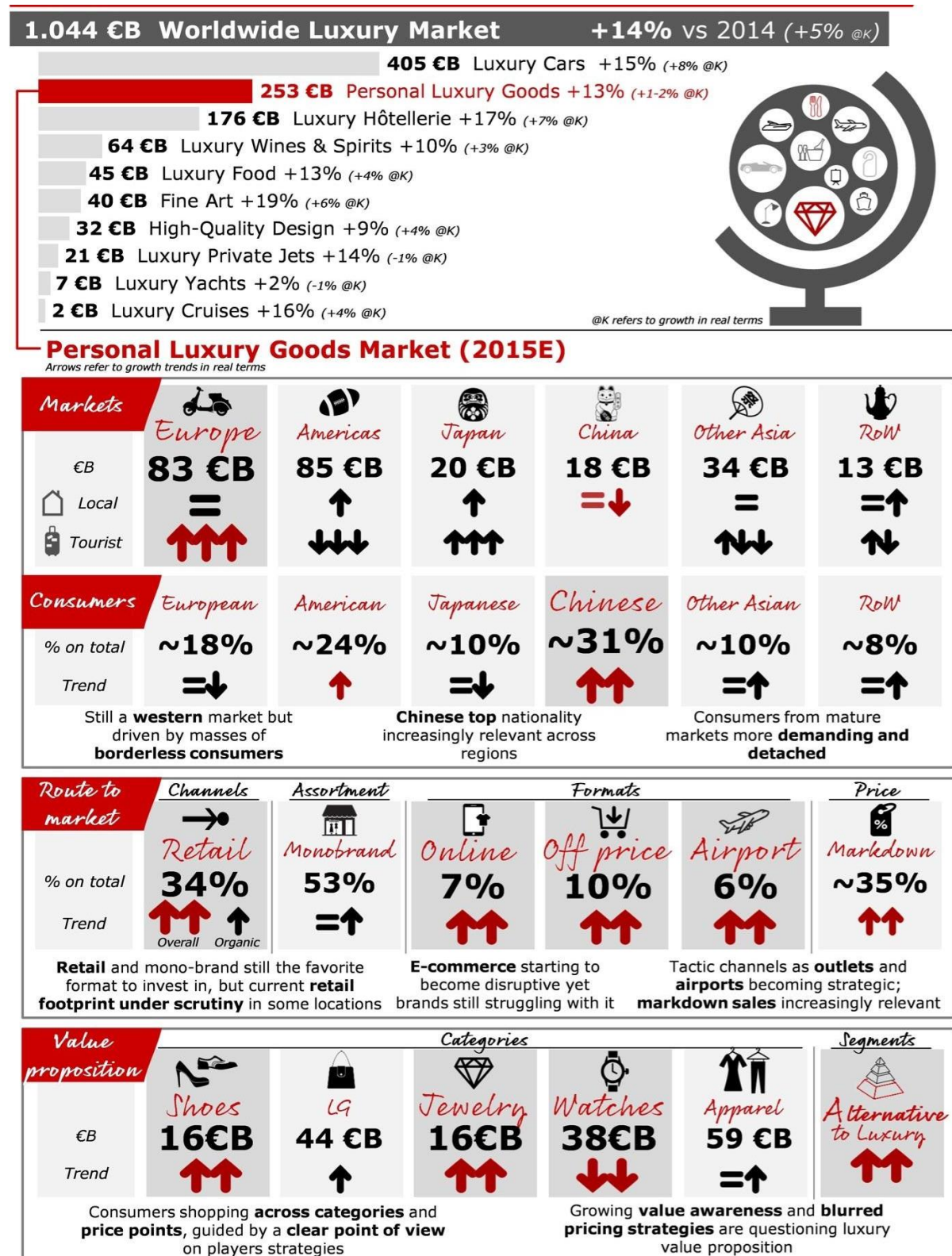
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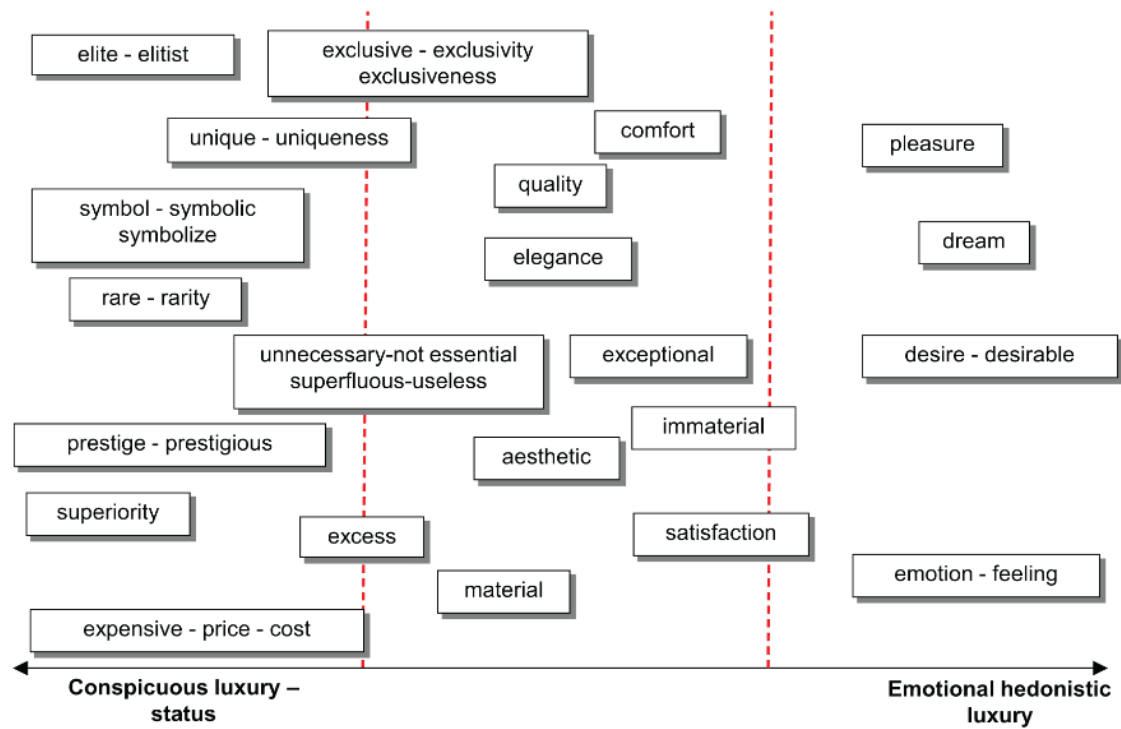
Appendix

Exhibit 1: luxury market overview



Source: D'Arpizio, C. (2015). Altgamma 2015 worldwide markets monitor. Bain & Company.

Exhibit 2: different definitions of the luxury concepts due to different luxury consumption behaviours



Source: Aiello, G., Donvito, R., Godey, B., Hennings, N., Pederzoli, D. & Wiedmann K-P. (2013). A cross-cultural exploratory content analysis of the perception of luxury from six countries. *Journal of Product & Brand Management*, 22(3), 232.

Exhibit 3: the 4 pillars of Louis Vuitton's brand identity

Heritage:



Retail identity:



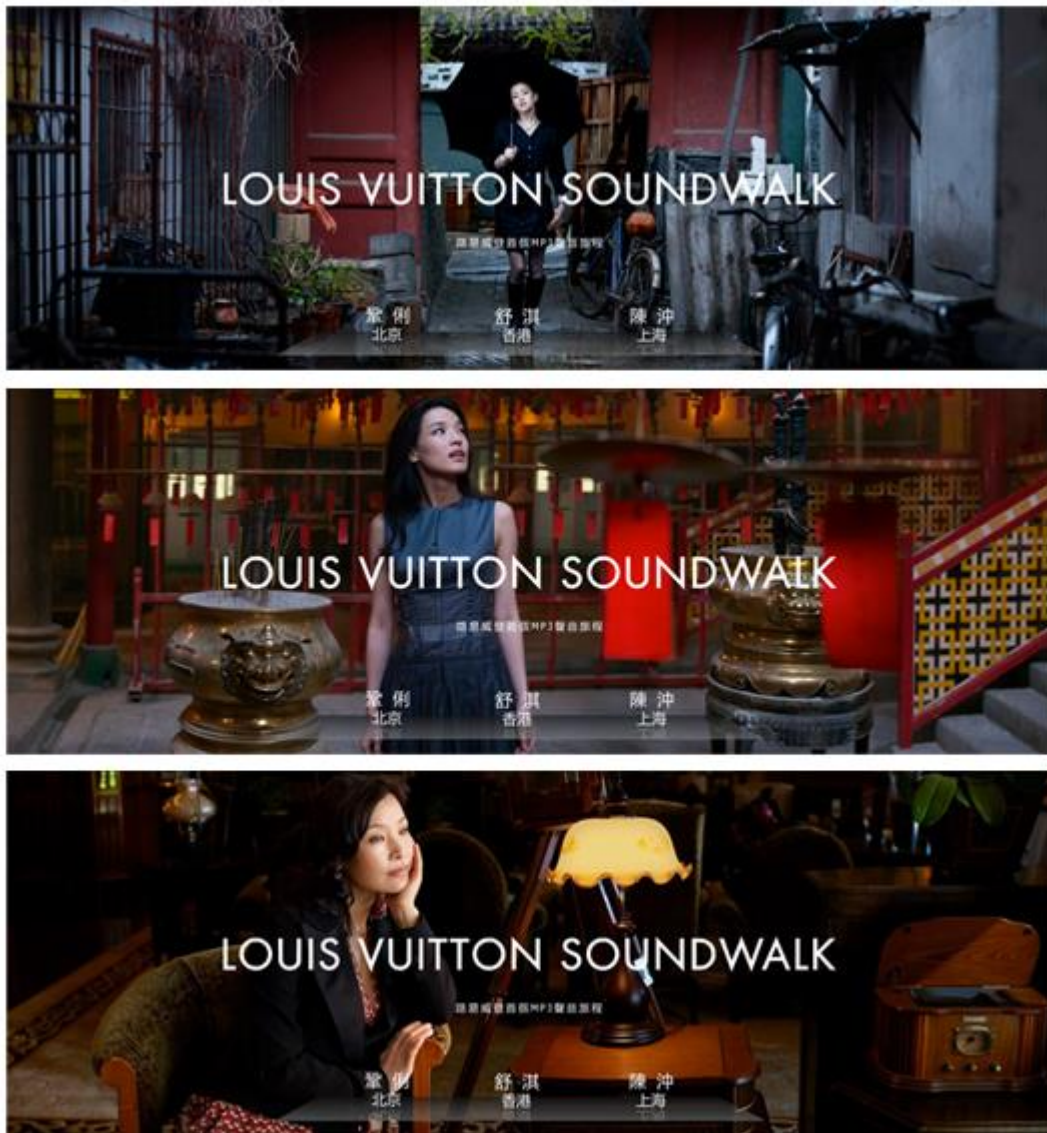
Stylistic identity:



Communication identity:



Exhibit 4: Louis Vuitton Soundwalk offer



LOUIS VUITTON SOUNDWALK

聽著威登的MP3聲音旅程

鞏俐 舒淇 陳沖
北京 香港 上海

LOUIS VUITTON SOUNDWALK

聽著威登的MP3聲音旅程

鞏俐 舒淇 陳沖
北京 香港 上海

LOUIS VUITTON SOUNDWALK

聽著威登的MP3聲音旅程

鞏俐 舒淇 陳沖
北京 香港 上海

LOUIS VUITTON SOUNDWALK

The first MP3 audio guide by Louis Vuitton

MEMORIES OF A FALLEN LOVE

At the Central Academy of Drama, in a Beijing long since past, a young girl and her classmate perform "Love in a Fallen City," a tragic tale about a couple whose fate is linked by war.

Now a grown woman and a successful actress, Gong Li returns to tell us of a time steeped in history, when she and her young companion were unable to separate their character's destinies from their own.

Through a nostalgic journey that blurs the line between fact and fiction, the winding lanes of an ancient city become a stage for her story to play out on.

Characters from Beijing's past return to tell stories somewhere in between the real and the imagined.



Source: <http://www.superfiction.net/blog/index.php?2008/11/06/331-louis-vuitton-soundwalk-une-nouvelle-approche-sonore-du-voyage>

Exhibit 5: standardised products available for mass customisation in the *mon monogram* and *mon damier graphite* offer

In the women section of its website, Louis Vuitton offers its customers a choice of 26 *standardised products* to customise as part of the “mon monogram” programme:

 The <i>Neverfull</i> bag (available in 3 sizes)	 The <i>Speedy</i> bag (available in 8 sizes)	 The <i>Keepall</i> bag (available in 8 sizes)
 The <i>Zephyr</i> suitcase (available in 2 sizes)	 Three models of wallets	 One agenda cover One passport cover

In the men section of its website, Louis Vuitton offers its customers a choice of 26 *standardised products to customise*. 16 are part of the “mon monogram” program and 10 are part of the “mon damier graphite” program:

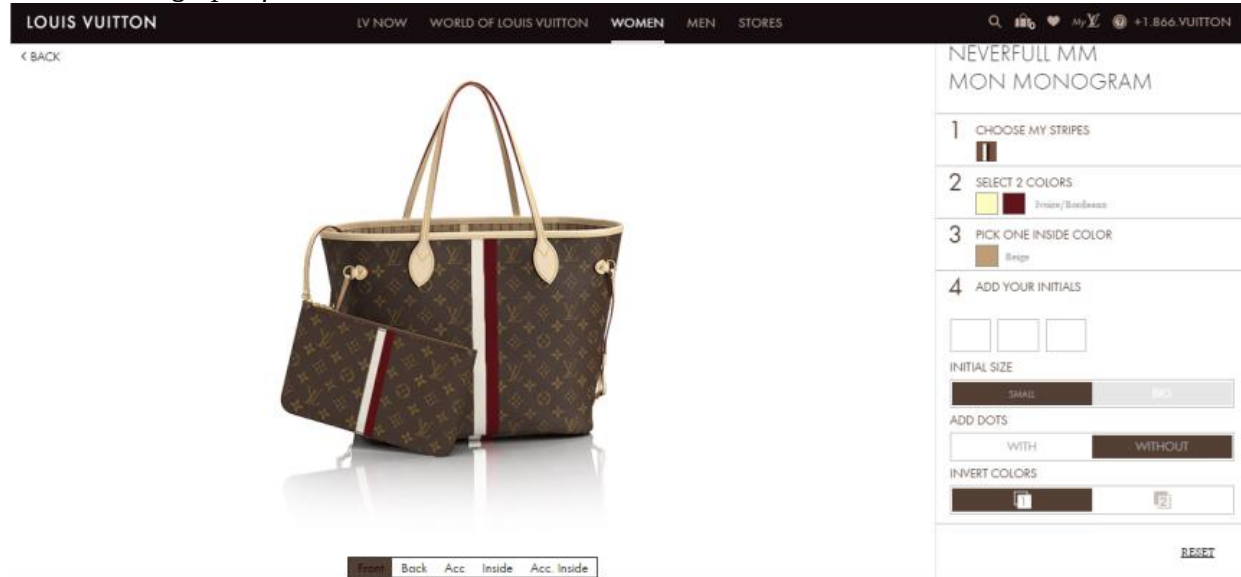
 The monogram <i>Keepall</i> bag (available in 8 sizes)	 The monogram <i>Zephyr</i> suitcase (available in 2 sizes)	 One monogram agenda cover One monogram passport cover
 Four models of monogram wallet		
 The damier <i>Keepall</i> bag (available in 2 sizes)	 The damier <i>Zephyr</i> suitcase (available in 2 sizes)	 One damier briefcase
 Four models of damier wallet		 One passport cover

Source: Louis Vuitton website <http://fr.louisvuitton.com/fra-fr/femme/mon-monogram>

Exhibit 6: Louis Vuitton *mon monogram et mon damier graphite* co-design process

For both sections (men and women), the customers are then allowed to customise each product on the co-design platform:

The co-design platform:



The co-design process:

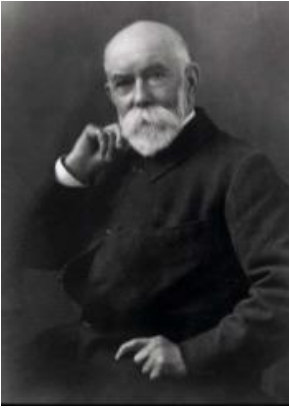
Choosing a stripe type	1 CHOOSE MY STRIPES 	
Choosing the strip colours (17 choices)	2 SELECT 2 COLOURS COLOUR 1 COLOUR 2	
Choosing an inside colour (3 choices: brown and the 2 colours selected for the stripe)	3 PICK ONE INSIDE COLOUR 	

Adding his/her initials	4 ADD YOUR INITIALS L S M INITIAL SIZE ☒ SMALL ☐ BIG ADD DOTS ☐ WITH ☒ WITHOUT INVERT COLOURS ☐ ☒ 2	
----------------------------------	--	---

Source: Louis Vuitton website <http://fr.louisvuitton.com/fra-fr/produits/speedy-bandouliere-35-mon-monogram-monogram-008945>

Exhibit 7: the 4 pillars of Burberry's brand identity

Heritage:



Stylistic identity:



Retail identity:



Communication identity:



Source: Burberry Website <https://be.burberry.com/our-history/#/heritage/heritage-1930-5>,
<https://be.burberry.com/london-collections-men/spring-summer/#/all-looks>,
<https://be.burberry.com/shows-events/live-at-121-regent-street/#/flagship/3>

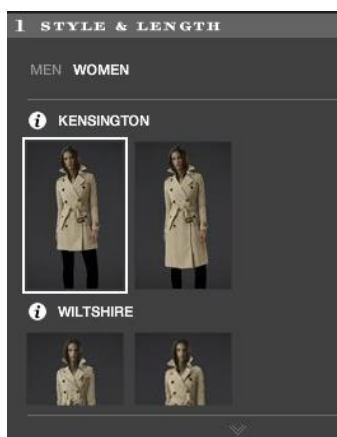
Exhibit 8: Burberry Bespoke co-design process

The co-design platform:



The co-design process:

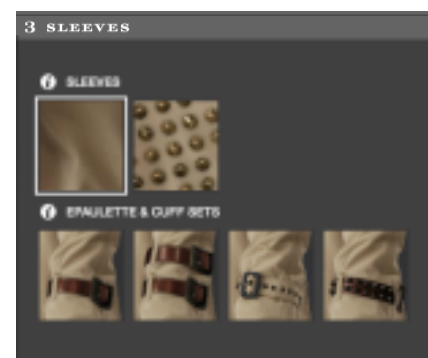
1. Style & length



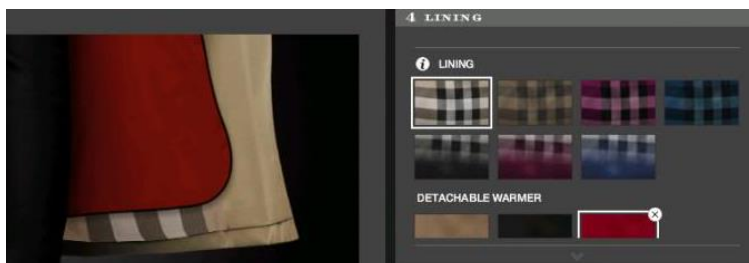
2. Fabric & colour



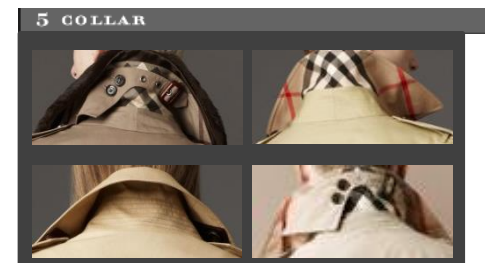
3. Sleeves



4. Lining



5. Collar



6. Buttons & hardware



7. Belts

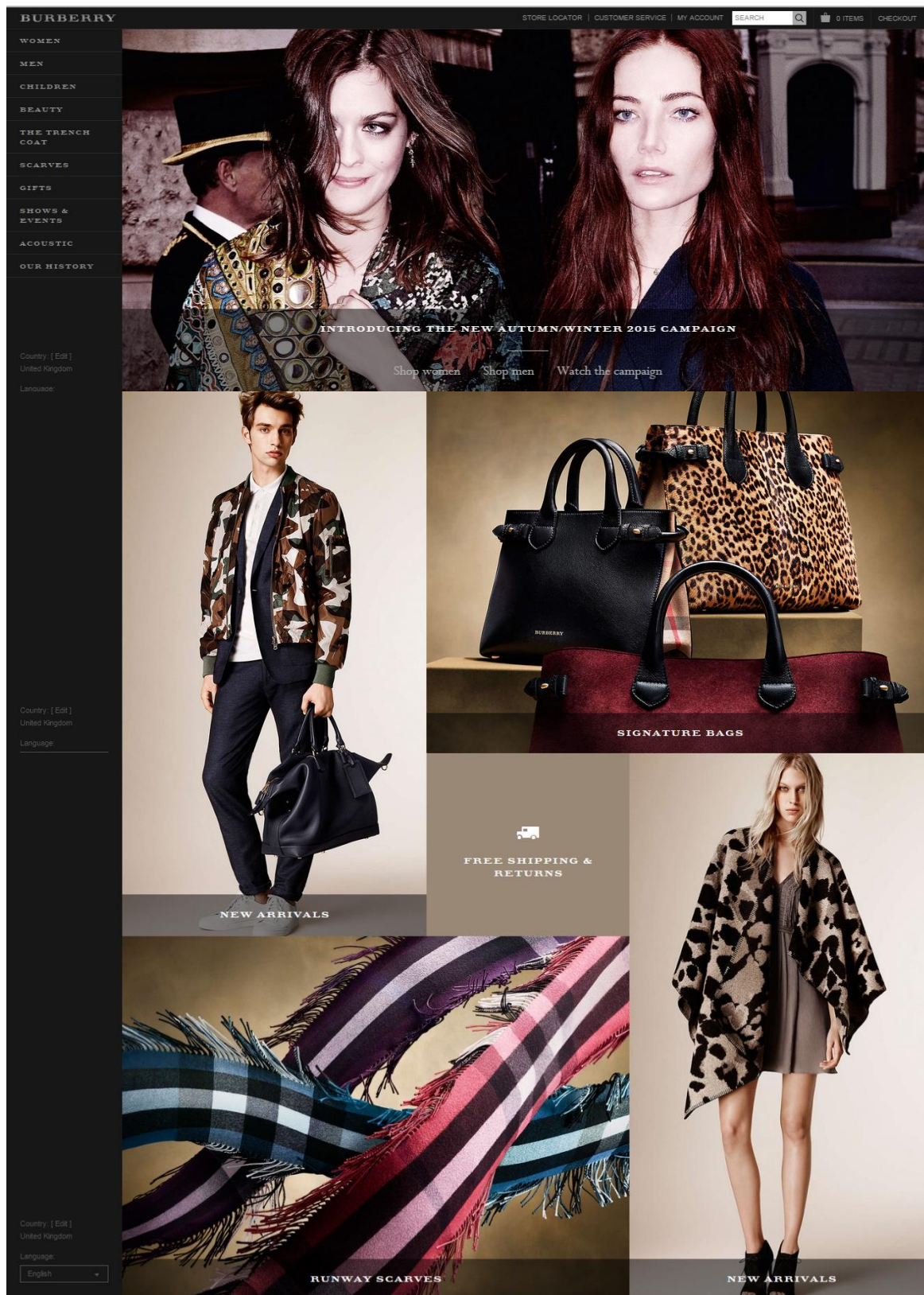


8. Monogram



Source: Burberry website <https://be.burberry.com/>

Exhibit 9: Burberry's website offers a highly visual experience through pictures and videos



Source: Burberry website <https://be.burberry.com/>

Exhibit 10: Burberry "the art of the trench" community marketing strategy

COLLECTIONS
GALLERY
UPLOAD

The latest photos featuring men and women in any colour, any style trench coats: shot in all weather.

EMMA REEVES

Shot in Los Angeles, United States

By Nicholas Haggard

Emma Reeves wears a Seasonal trench coat.

Discover our women's Seasonal trench coats

SHOP

Art of the Trench is a celebration of the trench coat and the people who wear it.

Add your trench

Source: Burberry website <http://artofthetrench.burberry.com/>

Exhibit 11: the 4 pillars of Ralph Lauren's brand identity

Heritage:



Stylistic identity:



Communication identity:





101.

Retail identity:



Purple Label store



Black Label store



Polo Ralph Lauren store



RRL & Co store



Denim & Supply store

Source: Ralph Lauren website http://www.ralphlauren.com/home/index.jsp?ab=global_logo and Pinterest www.pinterest.com

Exhibit 12: Ralph Lauren symbols and icon products



Denim &
Supply logo



Polo Ralph
Lauren logo



RRL & Co
logo



Ralph Lauren crests, mainly used on the Polo Ralph Lauren famous blazers



Polo Ralph Lauren iconic
cable-knit colourful sweaters



Polo Ralph Lauren
iconic polo shirts



Polo Ralph Lauren
iconic crested blazers

Source: Pinterest <https://fr.pinterest.com/search/pins/?q=ralph%20lauren>

Exhibit 13: Ralph Lauren *Create Your Own* co-design platform and process

CREATE YOUR OWN
Add your personal touch to signature Ralph Lauren styles

STEP 1 MAKE IT YOUR OWN

CREATE YOUR MONOGRAM (OR) PICK YOUR PONY COLOR

 **SELECT**

 **SELECT**

STEP 2 SELECT YOUR SIZE

SIZE 

+ SIZE GUIDE

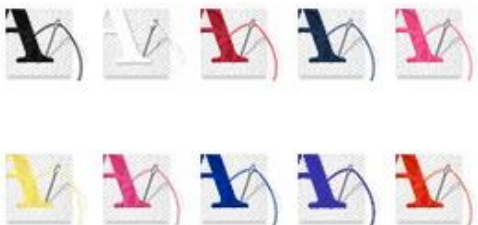
STEP 3 SELECT YOUR COLOR

COLOR 



STEP 4 CHOOSE YOUR EMBROIDERY COLOR

COLOR 



STEP 5 SELECT YOUR INITIALS & FONT

FIRST  MIDDLE  LAST 

Optional Optional Optional

Monogram Tradition ⓘ

			
CLASSIC	DECO	YORK	SCRIPT
			
CLASSIC 2	DECO 2	YORK 2	SCRIPT 2
			
VINTAGE 2	CLASSIC 3	YORK 3	VINTAGE 3

Source: Ralph Lauren website

http://www.ralphlauren.com/product/index.jsp?productId=42445576&cp=1760782.17193236&ab=tn_women_features_createyourown&parentPage=family

Exhibit 14: Ralph Lauren confusing price points



CREATE YOUR OWN

Classic-Fit Polo Shirt
Price: \$98.00



Create Your Own
Classic-Fit Polo shirt
at \$98



CREATE YOUR OWN

Classic-Fit Polo Shirt
Price: \$85.00



Create Your Own
Classic-Fit Polo shirt
at \$85



POLO RALPH LAUREN

Classic-Fit Polo Shirt
Price: \$89.50



Standardised Polo
Ralph Lauren Classic-
Fit Polo shirt at \$89.5

Source: Ralph Lauren website

http://www.ralphlauren.com/family/index.jsp?categoryId=41710536&cp=41783776&ab=ln_women_cs_poloshirts

