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**“Independent Luxury Brands and
Conglomerates: Strategic Risk and
Perceived Value”**

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1 Introduction

The luxury industry has been always defined by exclusivity, cultural heritage and symbolic value. These attributes characterized the sector since the beginning, when it was dominated by family-owned maisons and have continued to do so also with the radical transformation that the sector has undergone. The late twentieth century was, indeed, characterized by the rising of global conglomerates such as LVMH, Kering, and Richemont. These groups have reshaped the competitive environment by integrating the main luxury maisons across fashion, jewellery, cosmetics and watchmaking in conglomerates. While this change led to the introduction of unprecedented financial power, synergies, economies of scale and global reach, it has also raised fundamental questions about the preservation of creative independence, authenticity, and long-term distinctiveness, the main elements of luxury value creation.

The central tension that emerges can be mainly identified between efficiency and authenticity: how can brands exploit the advantages of conglomerates without compromising their symbolic capital? Conversely, how do independent luxury houses, which often retain greater autonomy and cultural coherence, sustain competitiveness against groups with superior financial and organizational resources?

This dilemma frames an ongoing academic debate and represents a concrete managerial challenge, as both consumers and investors increasingly evaluate luxury, not only from a pure economic performance perspective but also based on the perceived authenticity.

This thesis addresses the academic debate through a comparative study of independent and conglomerate-owned luxury brands.

Chapter 2 provides a literature review, exploring theoretical perspectives on synergies, financial stability, global expansion, brand dilution, governance, and the evolution of both conglomerates and independent houses. It introduces the research problem and objectives: how ownership structures influence both tangible financial outcomes and intangible consumer perceptions.

In order to answer to this question, the study employs a double approach illustrated in Chapter 3. The first method is primary data collection via a consumer survey measuring brand identity, authenticity, and loyalty (NPS). This analysis finds that consumers perceive conglomerate-owned brands as less distinctive and less authentic, with lower loyalty scores

compared to independent maisons. The other approach is aimed at the analysis of secondary financial data drawn from official reports and databases, focusing on revenues, operating profit, liquidity, and investment levels. Financial findings do not confirm the expected superiority of conglomerated suggested by the literature. The results suggest that independent brands often display stronger revenues and liquidity, while groups tend to invest more aggressively in long-term assets. These results confirm the trade-offs highlighted in the literature between operational synergies and cultural distinctiveness, but they also challenge the assumption that conglomerates enjoy an unequivocal financial advantage.

The last chapter deeply analyses the findings in relation to the literature. The study contributes to the literature by integrating and connecting two different streams of literature, usually examined separately, namely, consumer perception and financial indicators, defining a new framework. Secondly, the chapter outlines managerial implications for both conglomerates-owned brands and independent ones: while the former must protect brand authenticity and avoid over-standardization, the latter should leverage their symbolic capital while pursuing selective growth and innovation.

Taken together, this study seeks to understand and illustrate how the structural power of conglomerates and the symbolic strength of independence shape both financial performance and consumer perception.

2 Literature Review

Luxury brands have been historically acknowledged for their ability to convey symbolic distinction, cultural heritage, and exclusivity. However, the industry's structure has witnessed a significant transformation in recent decades as a result of the emergence of large conglomerates like LVMH, Kering, and Richemont. A high degree of market concentration has resulted from the gradual integration of formerly independent masons that operate in the fashion, jewellery, cosmetics, and watchmaking sectors by these groups.

This trend has revolutionized the competitive landscape by providing integrated brands with access to operational efficiencies, shared capabilities, and robust financial support.

Simultaneously, it has prompted significant inquiries regarding the preservation of brand authenticity, creative independence, and long-term strategic identity. The fundamental dilemma is to ascertain the balance between the potential dilution of brand distinctiveness and the advantages of group-level synergies, particularly in a sector where identity and heritage are essential for value creation.

This chapter is a comprehensive literature review that capitalizes on existing managerial and theoretical contributions to investigate these tensions in-depth. Through the analytical lenses of resource-based theory, brand management, and strategic integration, the subsequent sections investigate the potential impact of conglomerate membership on the competitive performance and symbolic value of luxury brands. These insights serve as the conceptual foundation for the empirical comparison between independent and conglomerate-owned brands that will be developed in the subsequent analysis and discussion.

2.1.1 Operational Synergies, Scale Efficiencies, and Cost Optimization

One of the main advantages of integrating into a group is the ability to access shared resources and economies of scale that improve operational efficiency. Centralized management of certain business functions reduces costs, improves productivity, and frees up resources for innovation and brand development.

Operational synergies manifest across various functions. In logistics and distribution, luxury groups benefit from global supply chain infrastructures that allow for reduced transportation and storage costs, shorter delivery times, and greater control over inventory and quality. These groups protect their brand positioning and lower their reliance on multi-brand retailers by

managing customer experience and pricing through networks of directly controlled stores. This lowers the danger of price erosion and brand devaluation (Chevalier & Gutsatz, 2020).

Conglomerates possess substantial bargaining power in procurement, which allows them to negotiate advantageous terms with suppliers of raw materials and services. This ultimately results in a reduction in production costs without sacrificing quality (Ijaouane & Kapferer, 2012). Centralization also benefits marketing activities: luxury groups coordinate advertising campaigns, negotiate better media rates, and deploy integrated digital strategies that enhance brand visibility globally at reduced relative costs (Kapferer, 2017). Furthermore, brands are able to enhance efficiency and implement best practices by leveraging shared access to expertise in areas such as digitalization, data analytics, and omnichannel management (Kapferer & Bastien, 2012). Lastly, innovation is facilitated by shared research and development capabilities, which enhance both sustainability and performance by introducing new materials and technologies (Ijaouane & Kapferer, 2012).

The theory of Economies of Scale, which explains how unit production costs decrease as output increases, is the foundation of these advantages. This is achieved by distributing fixed costs across a larger volume of production (Porter, 1985; Williamson, 1985).

In the luxury industry this translates into operational efficiency across manufacturing, logistics, marketing, and R&D—particularly beneficial in capital-intensive sectors. Portfolio or scope economies also emerge, as conglomerates managing diverse luxury segments, such as fashion, jewellery, and cosmetics, can pool and share resources, amplifying overall cost-efficiency (Porter, 1985).

Nevertheless, economies of scale present limitations. According to Williamson (1985), diseconomies of scale can result from over centralization and excessive expansion, which are characterized by bureaucratic inefficiencies, rigidity, and delayed response times to market shifts. Innovation may be impeded, and brand distinctiveness may be diminished when central strategies and individual brand requirements are not in alignment (Hoskisson et al., 1999).

In conclusion, luxury conglomerates are significantly influenced by economies of scale, which are critical factors in their efficiency and competitiveness. When strategically managed, they offer access to superior resources, cost advantages, and market leverage. However, preserving flexibility and brand autonomy remains essential to avoid the risks linked to over-standardization and centralized decision-making.

This raises a critical point of comparison with independent luxury brands, which intentionally opt to remain outside of conglomerate structures. Although these brands may forgo the operational efficiencies and bargaining power provided by group affiliation, they frequently enjoy higher levels of creative autonomy, a more precise control over brand positioning, and a business model that is more in line with artisanal heritage and exclusivity. Independent brands may be able to preserve a more robust sense of identity and consumer intimacy due to the absence of pressure to standardize or generate short-term financial returns.

2.1.2 Access to Capital and Greater Financial Stability

Integration into a luxury group also offers considerable financial advantages. Conglomerates, which are frequently listed on the stock exchange, have a significant amount of financial resources that enable their brands to make strategic investments in digitalization, innovation, and growth without relying solely on internally generated profits. Favourable financing conditions are available to member firms, which allows them to invest in long-term strategic initiatives, develop new product lines, and expand retail networks. In times of market volatility or global crises, group affiliation also provides a form of protection by distributing risk across multiple brands and sectors, thereby increasing resilience to demand disruptions (Kapferer & Bastien, 2012).

In addition, the internal optimization of profit management is a benefit. Revenue can be strategically reinvested across brands, ensuring resource flexibility and supporting maisons with strong growth potential. Furthermore, brands' ability to finance innovation and expansion is enhanced by their access to credit facilities and financial instruments at more favourable terms (Ijaouane & Kapferer, 2012).

These financial advantages can be interpreted through the lens of the Resource-Based View (RBV), which argues that firms derive competitive advantage from access to valuable, rare, inimitable, and non-substitutable resources (Barney, 1991). In the context of luxury conglomerates, strategic resources that satisfy the VRIN criteria include capital availability, internal know-how, and access to managerial capabilities. By investing in distinctive product innovations and customer experiences, these resources enable brands to not only maintain their competitive position but also to improve it.

However, the RBV alone is insufficient to account for the evolution of resources over time. To understand how brands within conglomerates maintain financial and strategic agility, it is useful to consider the theory of Dynamic Capabilities (Teece et al., 1997). Reconfiguring

financial and organizational resources in response to market disruptions is essential for a brand's long-term success. Conglomerates offer a structured environment that promotes adaptive growth, investment prioritization, and learning—essential components that promote evolutionary resilience in a volatile global luxury market.

These benefits are further amplified by the Corporate Effect, which describes the advantage a firm gain simply by belonging to a larger, reputable group. This includes strategic governance, reputational spillovers, and access to advanced management tools that enhance investor confidence, attract top talent, and fortify partnerships with suppliers and distributors (Teece, 1982; Porter, 1985). This effect results in increased credibility and bargaining power for numerous maisons, which are intangible but essential assets in luxury markets that are founded on trust, prestige, and perception. Nevertheless, the financial and strategic advantages of group membership may be substantial, albeit at a cost. In the event that financial objectives are overly rigidly imposed or capital allocation is overly centralised, brands may forfeit the flexibility necessary for the creation of long-term value. Therefore, it is imperative to maintain a balance between strategic autonomy and financial efficiency to guarantee that conglomerates serve as enablers, rather than constraints, to the creative and cultural distinctiveness of each maison.

Conversely, independent luxury brands, which are not affiliated with a conglomerate, frequently maintain complete autonomy over their financial strategy, investments, and long-term objectives. Even though they may not possess the financial resources and structural support of a group, their autonomy enables them to circumvent the short-term performance pressures that are linked to public ownership or investor demands. This autonomy may result in a more selective growth, a more profound dedication to exclusivity and craftsmanship, and a more robust alignment between brand values and strategic decisions.

2.1.3 Expansion and Positioning in Global Markets

Integration into luxury groups offers an additional notable benefit: the chance to increase the worldwide brand presence without having to confront the difficulties of international expansion alone (Kapferer, 2017). Indeed, luxury fashion houses inside a conglomerate can benefit from instant access to a worldwide network of retail stores and boutiques given the groups' flagship stores in strategic areas supporting product distribution in important markets including the US, Europe, the Middle East and Asia (Ijaouane & Kapferer, 2012).

A further advantage is the ability to leverage the omnichannel system, the maisons can use e-commerce systems now included in the several markets, so promoting online sales and improving the consumer experience without sacrificing their luxury status (Kapferer & Bastien, 2012)

Travel retail is also included in the worldwide market expansion: organizations provide support in customizing advertising campaigns and cultural adaptation of communication methods because of their known presence in the several markets (Kapferer, 2017). One of the trends is growth into travel retail is that many organizations are spending money on airport retail and tourist sites to catch an international audience. On the other hand, this approach runs the danger of brand overexposure and maybe loss of its uniqueness (Chevalier & Gutsatz, 2020).

The theory of Mergers and Acquisitions (M&A) provides a strategic framework to interpret this international expansion. Mergers and Acquisitions (M&A) are among the most frequently employed strategic instruments by luxury groups to diversify offerings, improve productivity, expand their market presence, and consolidate competitive positions in a dynamic global environment. The effectiveness of M&A operations is contingent upon the identification and utilization of synergies that result from the combination of complementary resources, the efficient management of integration, and the evaluation of the broader economic implications. David (2021) categorizes synergies into three categories: functional synergies, which are designed to reduce costs by integrating business functions; business model synergies, which facilitate the transformation and innovation of value propositions; and strategic synergies, which promote long-term value creation by expanding organizational capabilities and market access.

However, a recurring issue in M&A processes is the so-called attentional exclusion effect. This is the tendency of managers to focus on functional synergies at the expense of strategic synergies. This happens because strategic synergies have a higher potential for long-term value creation but are more complex to evaluate and justify to investors. A strategic vision that is backed by nuanced evaluation methods that take into account both short- and long-term objectives is therefore necessary for effective M&A integration (David, 2021).

Despite their advantages, M&A operations are not without risk. Cultural misalignment between the acquiring and acquired companies can impede brand coherence and cause internal friction. Financial hazards may also arise when acquisitions are financed through high levels of debt, which can impact long-term flexibility. Integration frequently necessitates staff reductions and role overlaps, which can undermine internal stability and negatively impact

morale. Additionally, the operation's success can be significantly influenced by the general complexity of change management, which encompasses internal communication, planning, and employee engagement (Consulting Italia Group, n.d.).

These risks are especially critical in the luxury sector, where brand identity, craftsmanship, and exclusivity are not merely marketing tools, but strategic assets. An inadequately integrated expansion can result in the dilution of brand equity, the confusion of market positioning, and the alienation of loyal consumers. This is the point at which Brand Equity Theory becomes indispensable: Aaker (1991) and Keller (2003) assert that the capacity to expand without compromising identity is based on strong brand equity, which is established on perceived quality, cultural associations, and consumer loyalty. Through selective presence, consistent communication, and consistent customer experience, successful internationalization must preserve this brand equity.

In contrast, independent luxury brands, which opt not to participate in conglomerate structures, typically pursue international expansion strategies that are more organic, gradual, and tightly controlled. Their independence may restrict their ability to access established infrastructures and large-scale synergies, but it enables a more customized, brand-centric approach that protects authenticity and coherence. Most importantly, these identities are not subject to the organizational frictions and integration risks that are typical of M&A operations. However, they frequently exercise greater control over customer perception and cultural adaptation in new markets, despite the fact that they may scale more slowly.

Based on this premises, it is possible to hypothesize:

H1. Fashion conglomerates enjoy better financial performances, as indexed by revenue, operating profit, cash and cash equivalents, and investment levels, as compared to independent brands.

2.1.4 Loss of Identity and Risk of Brand Dilution

Among the most discussed dangers connected with incorporation into luxury groups is the prospective loss of brand autonomy and the standardisation of creative and operational practices, which can compromise the symbolic value of a brand. The concept of exclusivity, uniqueness, and emotional resonance are profoundly ingrained in the luxury business model. These qualities may be compromised by excessive standardization within conglomerates.

Key risks include the homogenisation of marketing strategies, where centralised communication may dilute a brand's personality, making it less distinctive in the eyes of consumers (Kapferer, 2017). Additionally, brands may be forced to increase production volumes in order to satisfy conglomerates' growth objectives, which can result in market inflation and a loss of perceived exclusivity (Ijaouane & Kapferer, 2012). The luxury positioning is further threatened by the trivialization of the brand image as a result of distribution overexpansion, particularly in department stores, airports, and mass-tourist retail centres (Chevalier & Gutsatz, 2020).

The standardization of production processes, which is frequently pursued to enhance efficiency, can also compromise the distinctiveness of design and craftsmanship that distinguishes numerous luxury houses (Ijaouane & Kapferer, 2012). Furthermore, creative autonomy may be jeopardized if artistic direction is more closely aligned with financial and managerial imperatives than with the brand's historic identity and cultural origins (Kapferer & Bastien, 2012).

Conglomerates are therefore faced with the challenge of balancing the necessity to maintain brand identity and prestige with operational synergies (Kapferer, 2017). At the heart of Brand Management Theory is this challenge, which underscores the significance of establishing and sustaining a robust, cohesive brand identity that transcends utilitarian value in order to forge enduring emotional connections with consumers (Kapferer, 2017). Strategic brand management encompasses not only the preservation of the intangible elements—such as symbols, stories, and heritage—that distinguish a luxury brand and support its long-term success, but also the promotion of consistency across touchpoints.

Brand Equity Theory is closely associated with this concept, as it emphasizes the value that a strong brand contributes to products and services through consumer loyalty, premium pricing capabilities, and resilience to competitive threats. Brand equity is established through consistent consumer experiences, emotional associations, awareness, and perceptions of quality, as per Aaker (1991) and Keller (2003). In the context of luxury organizations, the carefully cultivated brand equity may be compromised if synergies result in generic marketing, overexposure, or misaligned messaging.

This perspective also aligns with the Resource-Based View (RBV), which considers brand identity and creative distinctiveness as intangible strategic resources that must meet the VRIN criteria: they must be valuable, rare, inimitable, and non-substitutable (Barney, 1991). In

luxury, these resources frequently manifest as cultural patrimony, narrative capital, and artisanal expertise. The RBV suggests that the source of sustained competitive advantage is lost when these are compromised, as a result of excessive alignment or replication across brands.

Additionally, the Dynamic Capabilities framework (Teece et al., 1997) asserts that in order to preserve long-term brand value, organizations must be capable of reconfiguring and adapting their strategic assets to market fluctuations without compromising the authenticity that distinguishes them. In this context, conglomerates that place an excessive emphasis on centralization may be unable to dynamically modify brand strategies while maintaining their primary identity.

Conversely, independent luxury brands typically mitigate these hazards by exercising complete autonomy over their production, communication, and creative direction. Although they may not have access to the financial and structural benefits of conglomerates, their autonomy frequently enables them to maintain a close alignment with their founding values and ensure the authenticity that consumers associate with prestige and exclusivity. Their business model, which frequently emphasizes selective distribution and delayed growth, serves as an inherent safeguard against brand dilution.

2.1.5 Growth Pressures and Devaluation Risks

Being part of a luxury conglomerate offers significant advantages in terms of access to capital and financial stability. However, this economic security also brings constant pressure for growth and improved financial performance, especially when the group is listed on the stock exchange. Investors and shareholders want always greater returns, which drives companies to follow aggressive expansion plans even if they may clash with their nature as premium brands (Ijaouane & Kapferer, 2012).

One of the key dangers is the compelled opening of new stores, usually driven more by the group's financial needs than by deliberate strategic planning. Although increasing the brand's strength requires a broad presence, too fast expansion could result in too many stores, hence lowering the impression of exclusivity. Luxury brands depend on an atmosphere of uniqueness and desirability; non-selective expansion might make the brand too accessible, therefore losing its exclusive reputation (Kapferer & Bastien, 2012).

Dependence on mass sales is another important issue; this tendency results from luxury businesses launching more accessible (entry-level) products to draw in a larger consumer base. Known as "trading down," this trend might boost short-term income but compromise the unique brand image. For instance, several high-fashion companies have included little leather items like key rings at reduced rates to catch the market of so-called luxury excursionists, consumers who sometimes purchase luxury items without fitting the higher end of the client base. Pushed too far, this approach could cause the brand to lose its exclusive attraction for richer consumers (Kapferer, 2017).

A further risk is the negative effect of "financialization". In the attempt to meet shareholders' growth expectations, luxury groups may adopt margin optimisation policies that contrast with the philosophy of the industry. For example, they might reduce production costs through offshoring or by using less refined materials—decisions that, in the long run, may compromise the craftsmanship and perceived value of products (Kapferer & Bastien, 2012). These dynamics can be interpreted through the lens of Mergers and Acquisitions (M&A). M&A is a strategic tool for resource consolidation, access to new markets, and rapid expansion. However, the success of these operations depends on identifying and exploiting functional, business model, and strategic synergies (David, 2021). When driven by short-term goals, M&A initiatives often prioritise functional synergies—such as cost-cutting or operational consolidation—over more complex strategic synergies that are harder to evaluate but essential for sustainable growth. This imbalance, described by David (2021) as the attentional exclusion effect, can limit long-term value creation and ultimately harm the brand's distinctiveness.

Additionally, M&A-driven expansion may result in additional critical risks, including cultural misalignments between merged entities, increased operational complexity, redundancies, and staff morale issues (Consulting Italia Group, n.d.). In an industry where consistency, tradition, and heritage are essential, these internal frictions pose a further threat to the cohesion of brand identity and consumer perception if not meticulously managed.

These risks can be further contextualized by examining their impact on the symbolic value and affective resonance of the brand, which are fundamental components of what Aaker (1991) and Keller (2003) define as brand equity. When the emotional bond between a consumer and a brand is weakened by over-expansion or product diversification, associations of quality, rarity, and exclusivity may dissolve. This is especially problematic in the luxury sector, where customer loyalty and pricing power are contingent upon perceived uniqueness

and heritage. Additionally, the broader framework of brand management underscores the importance of experiential consistency and authenticity in protecting this value. In order to guarantee ongoing differentiation, brands must actively preserve a curated identity across touchpoints—including retail experience, narration, and controlled access—as recommended by Kapferer (2017) and Schmitt (1999). Even if revenue increases in the short term, a loss of symbolic capital may result if growth and financialization undermine these efforts.

These constraints can also undermine what Barney (1991) refers to as VRIN resources—those that are valuable, rare, inimitable, and non-substitutable—from a resource-based perspective. Included in this category are intangible assets such as narrative substance, cultural heritage, and craftsmanship in the luxury context. The firm is at risk of losing its unique identity if these elements are diluted or commodified to achieve aggressive growth. Additionally, the dynamic capabilities perspective (Teece et al., 1997) serves as a reminder that maintaining a competitive edge in a rapidly evolving market necessitates the capacity to modify resources while maintaining core identity, a task that may become more challenging under shareholder-driven expansion models.

In contrast, independent luxury brands are frequently better equipped to withstand such pressures, as they are not regulated by shareholder demands or quarterly targets. Their growth is typically more deliberate and gradual, with a focus on maintaining the integrity of the brand rather than pursuing immediate expansion. In addition, these brands are less susceptible to the hazards associated with aggressive M&A integration, which enables them to maintain their symbolic value and consumer trust.

2.1.6 Governance Dynamics, Strategic Alignment, and the Corporate effect

Joining a luxury conglomerate means not just the appreciation of financial stability and shared resources but also the acceptance of a more complicated management system. Brands, while retaining a certain degree of operational autonomy, must balance their own identity and strategic vision with the group's overarching objectives. This process can lead to internal tensions and limit the brand's agility in adapting to market demands (Chevalier & Gutsatz, 2020).

One of the primary challenges lies in the tension between financial objectives of the group and the strategic direction of individual brands. Operating with a logic of maximizing shareholder value, luxury conglomerates often evaluate brands based on their quarterly

financial performance rather than their alignment with the long-term visions. This could result in choices stressing the original brand strategy, such as launching more commercial collections or using more forceful pricing policies. (Kapferer, 2017).

Less flexibility in company decisions is another important factor. Businesses running under a luxury conglomerate must follow more rigorous bureaucratic policies, which could impede the execution of innovative ideas or restrict the capacity to quickly adjust to changing markets. For example, an independent fashion house might swiftly adapt its marketing approach to new trends, while an integrated brand must go through various hierarchical approvals (Chevalier & Gutsatz, 2020).

Centralised management also affects autonomy in areas such as brand positioning, market expansion, and distribution strategy. In many cases, these decisions are taken at the group level, limiting the brand's ability to respond to local market peculiarities (Chevalier & Gutsatz, 2020).

To mitigate these tensions, some conglomerates have implemented more flexible organisational structures. One example is LVMH's model of the "autonomous fashion house," where each brand maintains its own CEO and independent management team. Nevertheless, even within such structures, the group often retains considerable influence over financial decisions and expansion plans (Kapferer, 2017).

These dynamics can be better understood through the concept of the Corporate Effect, which refers to the set of advantages that brands derive from being part of a larger corporate structure. Conglomerates not only provide economies of scale and access to shared financial and operational resources, but they also confer a reputational halo that improves brand visibility and credibility in the eyes of investors, and business partners (Teece, 1982; Porter, 1985).

Furthermore, brands that are part of a group have the opportunity to access a collection of sophisticated managerial tools, strategic forecasting capabilities, and innovation networks that would be challenging to replicate independently. For example, centralised expertise in areas such as sustainability, digital transformation, or global marketing enables smaller maisons to benefit from knowledge spillovers that improve competitiveness across the portfolio. The parent company's corporate reputation may also facilitate more favourable access to international markets and improved terms in supplier negotiations. In luxury environments

that are exceedingly competitive, these advantages can substantially fortify the brand's strategic positioning and long-term resilience.

Nevertheless, this same structure can impede operational flexibility when strategic priorities diverge. Internal misalignments between group-level objectives and brand-level needs can stifle innovation and generate inefficiencies, as noted by Hoskisson et al. (1999).

These tensions also resonate with insights from the Resource-Based View (RBV), which sheds light on how brands build and maintain their competitive advantage from within. Strategic resources that are frequently uncommon, unique, and profoundly ingrained in the brand's heritage and culture are organizational routines, creative teams, and brand-specific reputational capital (Barney, 1991). The brand may lose a critical source of competitive advantage if the conditions under which these resources flourish are threatened by excessively centralized governance. This perspective is furthered by the Dynamic Capabilities framework, which posits that brands must not only possess unique resources but also adapt them in response to change. This adaptability may be compromised by excessive bureaucracy and uniformity, which could undermine the brand's long-term performance (Teece, Pisano, & Shuen, 1997).

Conversely, independent luxury houses, which are not subject to the supervision of conglomerates, may be more adept at reconciling governance with brand identity. Their decision-making is more responsive to creative risks or local market experimentation, and it is generally more fluid and rapid. Although they may not have access to group synergies and financial support, their strategic autonomy frequently facilitates more cohesive and brand-led growth.

Based on this premises, it is possible to hypothesize:

H2. Fashion conglomerates are evaluated as less distinctive in terms of brand identity (a) and authenticity (b) as compared to independent brands.

2.1.7 Reflections and Research Hypothesis

The literature reviewed in this chapter has investigated the multidimensional implications of conglomerate membership in the luxury industry, emphasizing both the strategic benefits and the structural risks it entails. On the one hand, conglomerates offer access to operational

synergies, financial stability, and centralized managerial capabilities that can improve a brand's efficiency and economic performance. Conversely, they may induce tensions associated with strategic homogenization, cultural misalignment, and governance rigidity, which could potentially undermine the long-term distinctiveness, creativity, and authenticity of the brand.

This study endeavours to determine whether the competitiveness of a brand is measurable, particularly in terms of financial performance, and whether it compromises the authenticity and identity that are the foundation of luxury branding, based on these theoretical insights. The underlying hypothesis is that the structural advantages provided by conglomerates (such as scale and capital access) may indeed boost short-term performance. However, this may come at the expense of reducing the perceived uniqueness that underpins brand equity, restricting creative autonomy, or diluting brand meaning.

A comparative analysis of selected case studies will be conducted to investigate these hypotheses. The subsequent section delineates the primary brands that are the focal point of this comparison, distinguishing between those that are integrated into conglomerates and those that operate as independent entities.

2.2 The evolution of luxury conglomerates

Dating back to the 1980s, the rise of luxury conglomerates revolutionized the sector and drastically changed the luxury industry. Luxury firms were independent, family-owned and handcrafted enterprises until then. The reasons for this radical change are mainly to be found in the increasing globalization and the consequent need to expand into international markets. These demands have driven the creation of major groups able to combine several brands under one corporate structure (Donzé & Fujioka, 2022).

The stock market listing of numerous sector companies has helped to hasten this trend even further (Donzé & Fujioka, 2022). Many businesses have done this, especially via mergers and acquisitions (M&A), to acquire enough funds to carry out ambitious expansion plans. Implemented by conglomerates, such policies have been shown to be successful in attaining economies of scale, enhancing financial management, and raising international market bargaining strength. In this regard, M&A is the tactic luxury corporations most often utilize to create conglomerates that have gradually included brands with strong artisanal legacy and high positioning (Barba & Quacquarelli, 2023).

One of the central aspects of the evolution of luxury conglomerates is the adoption of an ‘ambidextrous’ approach that allows them to achieve economic benefits while maintaining a high perceived value for consumers over time. The evolution of a management model in which the commercial and marketing functions are closely integrated to maximize synergies, but the creative and production sectors keep a great degree of autonomy to preserve the authenticity and uniqueness of the brand exemplifies this approach (Barba & Quacquarelli, 2023).

The expansion of these brands on a global scale has affected many aspects, including the distribution network. To minimize reliance on multi-brand retailers and enhance control over the positioning of the group's brands, the conglomerates had to create a direct distribution network utilizing flagship shops and digital platforms (Donzé & Fujioka, 2022). Direct distribution management has become progressively increasingly relevant, becoming an essential lever for competitive advantage in terms of consistency of the brand message and optimization of pricing and customer experience (Barba & Quacquarelli, 2023).

The evolution of luxury conglomerates has finally required a business model in which strategic managerial capacity and access to finance are the main concern, influencing the structure of the industry (Donzé & Fujioka, 2022). Despite it has benefited from the growth and internationalization of the sector, this approach has also created new challenges for independent brands competing with more resource-rich and operationally powerful companies (Barba & Quacquarelli, 2023).

2.2.1 LVMH

LVMH Moët Hennessy Louis Vuitton is a leading multinational luxury conglomerate with a portfolio of over 75 maisons active in six different sectors: fashion and leather goods, fragrances and cosmetics, watches and jewellery, wines and spirits, selective distribution and other enterprises. Founded in 1987 by the merging of Louis Vuitton and Moët Hennessy, the firm swiftly asserted its worldwide leadership by means of a strategy emphasizing several acquisitions and a business model oriented toward quality and creativity.

Founded in 1854, Louis Vuitton was already a legend in the luxury leather goods industry; Moët Hennessy, the product of the 1971 merger of Moët & Chandon and Hennessy, ruled the premium spirits business. The merger of the two companies produced a large organization capable of global competition, hence improving French savoir-faire and the uniqueness of its products (Donzé & Fujioka, 2022).

Driven by Bernard Arnault's entrepreneurial vision, who took leadership of the business in 1989 and turned it into a luxury empire, LVMH has risen. Arnault invested in historic maisons and consolidated the group's entry in new market sectors, following an aggressive expansion plan. Among the most important purchases were Givenchy in 1988, Kenzo in 1993, Berluti and Guerlain in 1994. LVMH has increased its presence in the jewellery industry over the years by buying TAG Heuer in 1999 and Bulgari in 2011; in 2021 it completed one of its most important deals ever by acquiring Tiffany & Co. for \$16.2 billion (LVMH, n.d.-a).

LVMH has divided its activities into six key divisions, each of which stands for a pillar of the company's plan. Flagship brands in the fashion and leather goods industry are Louis Vuitton, Christian Dior, Fendi, Givenchy and Loro Piana, all of which are noted for their close relationship to creativity and workmanship. The firm owns classic maisons like Parfums Christian Dior, Guerlain, and Givenchy as well as creative companies like Benefit Cosmetics and Make Up Forever in the fragrances and cosmetics industry. With brands like TAG Heuer, Hublot, Zenith and Bulgari, LVMH is also a significant force in the watch and jewellery industries. The group in the wines and spirits industry includes renowned maisons like Moët & Chandon, Veuve Clicquot, Krug and Hennessy, icons of French oenology. Sephora, a benchmark in the cosmetics industry, and DFS, a leader in luxury duty-free, dominate the selective distribution market. Further activities of the group include the hospitality industry, with the purchase of Belmond in 2019, and the publishing industry, with the ownership of Les Echos (LVMH, n.d.-b; LVMH, n.d.-c).

Three fundamental values guide LVMH's success: excellence, entrepreneurship and responsibility. Excellence, in the sense of superior product quality and meticulous attention to detail, is the result of craftsmanship handed down over time. Encouraged by a dynamic organizational structure, entrepreneurship allows every Maison to create and react quickly to changes in the market. A key component of the group's strategy, which is dedicated to guaranteeing a good influence on the environment and society, is responsibility.

LVMH has acted to lower the environmental effect along the value chain since it believes luxury must be sustainable as well. The business established a department focused on sustainability as early as 1992; in 2002 it launched the Bilan Carbone approach to track its CO₂ emissions. In recent years, LVMH has intensified its environmental commitment, promoted circular economy initiatives and encouraged the use of sustainable materials. Launched in 2018 in collaboration with Kering, a model welfare charter emphasized an increasingly pertinent ethics in the fashion sector (LVMH, n.d.-c).

Financially, LVMH still shows good development. The group generated 86.2 billion euros in turnover in 2023, increasing 8.8% from the prior year. Operating in 170 regions, the group's sales network of more than 5,664 stores runs mostly in Asia, which accounts for 30% of sales, followed by the United States with 27.2% and Europe with 16.1%. LVMH reported a net profit of €12.6 billion in 2024, operating margin of 23.1%, exceeding pre-pandemic levels despite an unpredictable economic climate. The group's success may be ascribed to the strength of its brand portfolio and the consistent expansion of important sectors (MarketLine, 2024; LVMH, 2024).

The company has demonstrated a remarkable capacity for innovation, investing in advanced technologies to enhance the customer experience. One notable instance of this creativity is the collaboration with Epic Games to create virtual experiences in the metaverse, including digital fitting rooms and immersive fashion displays. This approach provides fresh methods of interacting with items by integrating artificial intelligence capabilities and augmented reality into the shopping experience (LVMH, 2024).

Considering possibilities, LVMH is in a good position to benefit from the expansion of the worldwide luxury industry, projected to reach \$363.5 billion by 2025. Particularly the luxury spirits industry is poised for notable growth, with an estimated worth above \$955 billion, driven by rising demand in Asia and the United States. The group does, however, have certain difficulties as well: rising rivalry from Kering and Richemont, the threat of cyberattacks and organized crime in the retail industry, as well as currency fluctuations and geopolitical tensions that could influence demand for luxury items in certain areas. Notwithstanding these challenges, LVMH's financial strength, portfolio diversification and ability to innovate help to consolidate its leadership in the luxury industry, therefore enabling it to keep set worldwide standards in this sector (MarketLine, 2024).

2.2.2 Kering

Kering, one of the leading players in the luxury sector, has demonstrated over time a remarkable capacity for transformation through a clear strategic vision, targeted acquisitions and a strong commitment to sustainability. The company's history is rooted in the past, but its growth and affirmation in the global luxury market is the result of a progressive evolution that has redefined the company's positioning.

Kering's beginnings are in 1962, when François Pinault established Établissements Pinault, a firm first focused on the timber and building materials sector. Through time, the organization

grew its distribution sector position by buying critical businesses and becoming public in 1988. Though, in the late 1990s, a major shift took place when Pinault-Printemps-Redoute (PPR) chose to enter the luxury market by buying 40% of Gucci in 1999, a deal that was finished in 2001. This action signalled the start of a new chapter during which the group concentrated all its efforts on high-end fashion, accessories, and lifestyle (Donzé & Fujioka, 2022).

Kering kept growing in the 2000s by buying companies that strengthened its luxury sector standing. World-renowned companies like Yves Saint Laurent, Bottega Veneta, Balenciaga and Alexander McQueen joined the group's portfolio, so helping to consolidate its reputation and broaden its range. When the business formally changed its name to Kering in 2013, the transformation became definitive and well showed. It shed its former identity connected to large-scale retail and founded itself as one of the worldwide luxury giants (Donzé & Fujioka, 2022).

Kering now runs and owns several of the most renowned maisons worldwide. Starting from Gucci, founded in 1921, that perfectly balances legacy and creativity, hence capturing the core of Italian luxury. Founded in 1961, Saint Laurent still shapes fashion with its strong and elegant look. Known for its unique complex weave, Bottega Veneta is a brand of sophisticated craftsmanship and ageless style. Balenciaga, founded in 1917 is a symbol of avant-garde and innovation; Alexander McQueen is known for a creative vision that blends tailoring with theatricality. With its rich history in men's tailoring, Brioni represents elegance and exceptional craftsmanship. Apart from fashion, the group has branched out into related industries including accessories and jewellery featuring renowned companies like Boucheron and Pomellato (Kering, n.d.-a).

Kering's business approach guarantees each maison its own identity and artistic independence while benefiting from the group's support in terms of resources, technological innovation and market strategy by balancing creative autonomy with centralized strategic management. While enhancing the coherence of the whole portfolio (Kering, n.d.-b), this mix maximizes the value of the separate brands.

One of Kering's defining features is the dedication to sustainability; this is shown by its use of environmental impact measuring methods such the Environmental Profit & Loss account, which evaluates CO₂ emissions, natural resource use, and the general consequences of manufacturing operations. Kering has created an even more ambitious sustainability plan throughout the years by using creative supply chain techniques and supporting low environmental impact commodities. The group's dedication goes beyond the fashion sector to

include biodiversity and social responsibility; its projects assist the restoration of ecosystems and the safeguarding of workers' rights in manufacturing chains (Kering, n.d.-b).

Sustainability is emphasized along with a particularly successful marketing and communication plan. Kering has worked hard on digitization and e-commerce growth, creating tailored experiences for customers and enhancing the online presence of its maisons. Desire for the group's brands has been boosted by the purposeful use of social media and partnerships with celebrities and influencers. Saint Laurent's partnership with Korean actress Rose is one such case, it had a major influence on brand perception and sales in the Asian market (Zhang, 2023).

Though the group also confronts major issues, including a strong reliance on Gucci, which still makes up a considerable amount of sales, and growing competition from other luxury behemoths like LVMH and Richemont, Kering's expansion is supported by sound financial management and a careful approach to market dynamics. Further sources of unpredictability are volatile world markets, geopolitical conflicts, and currency changes, but Kering's varied approach and capacity to adjust to changing luxury trends help it to stay in front (MarketLine, 2018).

While certain brands performed well, such Bottega Veneta, which grew by 4%, the group saw a 12% decline in sales in 2024, with Gucci down 23%. The group kept carrying out strategic initiatives, such development of its Eyewear and Beauté businesses and investments in renowned property acquisitions in New York and Milan. In the same year Kering won the top AAA grade from the Carbon Disclosure Project, which helped to underline Kering's dedication to environmental protection even further (Kering, 2024).

Kering wants to increase its leadership in the luxury industry going forward by means of a plan centered on innovation, exclusivity and sustainable development. The firm keeps setting the standards of the worldwide luxury business with over 47,000 workers and a vision that blends heritage and contemporary. The strategic balance between creativity, sustainability and financial success seems to be the enabling force guiding Kering in the years to come, hence cementing its position as a leading player in an always changing sector (Kering, 2024).

2.2.3 Richemont

Compagnie Financière Richemont SA, generally known as Richemont, is a firm that has significantly changed the modern history of the luxury sector. Its foundation in 1988 was the result of a meeting between the South African entrepreneur Anton Rupert and a group of

French businessmen who had acquired the historic maison Cartier, a brand in difficulty after more than a century of family administration. Rupert's Rembrandt Group, established in the 1940s, possessed luxury, tobacco and mining sector assets like Cartier, which would turn out to be the impetus for the Richemont project (Donzé & Fujioka, 2022).

Since its foundation in the Swiss canton of Zug, Richemont has presented itself as a holding company structured to manage the Rupert family's international assets. Despite being listed on the Zurich Stock Exchange, control remains firmly in the hands of the family through preferred shares with enhanced voting rights (MarketLine, 2024).

The group already began with a significant portfolio: Cartier and Dunhill, which were soon joined by renowned companies including Montblanc, Piaget and Baume & Mercier.

Richemont intensified its growth strategy in the 1990s by buying famous companies including James Purdey & Sons (1994), Vacheron Constantin (1996), Panerai and Lancel (1997). Often family enterprises looking for capital to grow, these companies were gathered in 1993 under the Vendôme Luxury Group, a division established to focus and maximize luxury-related activities (Donzé & Fujioka, 2022). Parallel to its expansion in the luxury sector, the group began a gradual disengagement from non-core businesses. Marking a point of no return toward exclusive specialization in the luxury sector, between 2000 and 2008, Richemont left the television industry, liquidated brands like Hackett and moved tobacco-related operations to the new financial holding Reinet Investments. (Richemont, n.d.-a).

Corporate strategy changed significantly in 2006 as the headquarters was moved to Bellevue, near Geneva, in the core of the historic Swiss watchmaking region. From that moment, the group's structure was divided into three primary divisions: Other Businesses, Specialist Watchmakers and Jewellery Maisons. This restructuring supports the centralization of services and synergies among the group's several entities (MarketLine, 2024).

The Richemont approach is built on honouring each Maison's legacy and improving its evolution, hence strengthening its individual identity. The corporate concept is to create goodwill, not to "buy" it. Under the group's direction, brands such Van Cleef & Arpels, Panerai and Peter Millar have seen notable growth. Newer maisons like Buccellati, Delvaux, and Gianvito Rossi bought in 2019, 2021, and 2023 are now also being treated using this method (Richemont, n.d.-a).

In 2010, Richemont strengthened its presence in the digital world through the acquisition of NET-A-PORTER, a leading luxury e-commerce platform, subsequently merged with YOOX in 2015. The groups took exclusive control of YNAP, a new digital behemoth, in 2018.

Richemont, though, sold YNAP to Mytheresa in 2024, changing its digital strategy but still dedicated to innovation and digitization of the Maisons (Richemont, n.d.-a).

Currently, Richemont occupies a leading position globally in the luxury sector, with sales exceeding €20 billion in 2024, an increase of 3% year-on-year, and a workforce of more than 37,000 employees distributed internationally (MarketLine, 2024). Supported by own digital platforms and specialist online distributors, the group runs 29 Maisons and over 2,400 mono-brand boutiques (Richemont, n.d.-b).

The Jewellery Maisons segment (Cartier, Buccellati and Van Cleef & Arpels) has an operating margin of 33.1, it produces more than 69% of worldwide sales, reaching €14 billion in 2024. The Haute Horlogerie Maisons, comprising Jaeger-LeCoultre, IWC Schaffhausen, Piaget, A. Lange & Söhne, Vacheron Constantin, Panerai and Roger Dubuis, contribute roughly 18% of revenues, displaying a resilient performance despite the strength of the Swiss franc (Donzé & Fujioka, 2022).

Fashion, leather goods, writing instruments and accessory brands such Montblanc, Chloé, Alaïa, Dunhill, Serapien, Purdey, Peter Millar and Gianvito Rossi are included in the third sector, Other Businesses. Though it only accounts for 12% of income, this area indicated growth especially because of Alaïa and Delvaux's success as well as Chloé and Dunhill's new collections (Richemont, n.d.-b).

Geographically, Richemont's global presence is well balanced. The main markets are the United States (18.8% of revenue), followed by mainland China (18.1%), Japan, Europe, the Middle East and South Korea. Reflecting a more consumer-oriented approach, direct retail channel makes up 69% of sales (MarketLine, 2024).

One unique quality of Richemont is the combination of social responsibility with economic development. Beginning in 2006, with the release of the first Sustainability Report, the group has notably stepped up its ESG activities. Its dedication to inclusiveness, gender equality and lowering its environmental effect was confirmed by global EQUAL-SALARY certification and an 'A' rating from the Carbon Disclosure Project in 2023 (MarketLine, 2024).

The group's founding values, which include freedom, collegiality, loyalty and solidarity, are reflected in the conduct promoted within the group, such as curiosity, courage, empathy, humility and integrity. The company aims for sustainable performance, supported by strict financial discipline and sound governance (Richemont, n.d.-c).

Nicolas Bos, former CEO of Van Cleef & Arpels, was named Chief Executive Officer of Richemont in 2024. His appointment was greatly aided by his experience blending inventiveness, industrial knowledge and entrepreneurial drive. Bos's hiring started the next

strategic phase aimed at a more integrated, retail-driven and jewellery-centric approach (MarketLine, 2024).

In conclusion, Richemont now combines craftsmanship, entrepreneurial vision, technical innovation and social commitment to represent a paradigm of success in the luxury business. From diverse holding firm to luxury conglomerate of excellence, Richemont continues to establish standards and trends on the global arena, while keeping an identity steeped in past but projected into the future.

2.3 Independent luxury houses

The independent luxury houses, such as Hermès, Chanel, Prada, Brunello Cucinelli, and Rolex, represent a distinct category within the luxury sector. These brands have chosen to remain independent, resisting the growing trend of consolidation within luxury conglomerates like LVMH, Kering, and Richemont. Their strategic decisions to maintain independence are deeply rooted in a desire to preserve brand identity, craftsmanship, and control over their creative direction (Kapferer, 2017).

Hermès, founded in 1837, is a prime example of an independent luxury house that prioritizes in-house production and exclusivity. The brand's vertical integration ensures full control over its supply chain, from the sourcing of raw materials to the final product. This commitment to craftsmanship and quality, alongside its selective growth strategy, has allowed Hermès to maintain its rarefied status (Chevalier & Mazzalovo, 2012). Hermès' decision not to expand aggressively into new markets or products, maintaining a tight focus on its core competencies, is in direct contrast to the strategies of conglomerate-controlled brands that are often pushed to scale rapidly (Kapferer, 2017).

Chanel, similarly, has successfully managed to preserve its independence under the control of the Wertheimer family. Despite its global success, the brand has avoided public listing, which has allowed it to make long-term decisions without the pressures of stock market demands (Business of Fashion, 2018). Chanel's focus on maintaining its artisanal heritage, combined with investments in traditional crafts through its Métiers d'Art division, strengthens its positioning as a guardian of luxury craftsmanship (Business of Fashion, 2021). The brand's selective approach to digitalization and e-commerce further exemplifies its cautious approach to expansion, ensuring that its exclusivity remains intact (Chanel, 2022a).

Prada, on the other hand, although listed on the Hong Kong Stock Exchange, remains largely under family control through Prada Holding S.p.A. The company has managed to balance creative freedom with financial performance, pursuing a strategy of vertical integration and in-house production, largely in Italy. This enables the brand to maintain quality and control over its image while still innovating and expanding into new product lines, such as the Re-Nylon project (Prada Group, 2022b). Like Hermès and Chanel, Prada focuses on selective growth, emphasizing the preservation of brand exclusivity and cultural integrity over rapid market expansion (Kapferer & Bastien, 2012).

Brunello Cucinelli offers another intriguing model of independence, founded on the principles of ethical capitalism and slow, sustainable growth. The brand's founder, Brunello Cucinelli, advocates for the 'humanization of enterprise,' focusing not only on quality craftsmanship but also on the well-being of workers and local communities (Brunello Cucinelli, 2023). This socially responsible approach is central to Cucinelli's identity and has been key in differentiating the brand in an industry that often prioritizes profit over people. The company's decision to limit its expansion and focus on maintaining its artisanal roots, while simultaneously investing in new product categories, further aligns with the slow-fashion movement gaining traction in the luxury sector (Business of Fashion, 2021).

Finally, Rolex, as one of the most iconic watchmakers in the world, epitomizes the success of an independent luxury brand. Unlike many competitors that have joined luxury conglomerates, Rolex has maintained full control over its production and distribution processes, emphasizing craftsmanship and innovation in equal measure. Its status as a private foundation allows for long-term strategic thinking without external pressures, enabling Rolex to focus on producing limited editions and maintaining its brand's exclusivity (Bloomberg, 2024). The brand's marketing strategy is heavily focused on its association with prestige, sponsoring high-profile events in sports, arts, and exploration, which enhances its appeal to the wealthy elite without overexposing the brand (Reuters, 2023).

2.3.1 Hermès

Founded in 1837 in Paris by Thierry Hermès as a horse harness workshop, Hermès has progressively developed into one of the world's most exclusive luxury houses, while maintaining strong ties to its artisan roots. A very integrated business approach that supports in-house manufacturing and direct supply chain control sets the brand apart. Unlike many

other luxury brands, Hermès has decided to preserve the manufacturing quality and uniqueness of the company by investing in the establishment of artisanal workshops in France rather than moving production (Hermès International, 2023). The distribution reflects this strategy as well: all stores are company-owned, no franchising policies are in place which contributes to strengthening the exclusive positioning of the brand (Bloomberg, 2024). Hermès takes a subtle and countercultural approach from a marketing perspective, steering clear of forceful advertising campaigns and reducing its social media presence. Like in the famous instance of the Birkin and Kelly bags, defined by extensive waiting lists and handcrafted personalization, the company builds its image on scarcity and product quality (Business of Fashion, 2022).

Growth also happens selectively and sustainably: Hermès has invested in responsible innovation and new categories including home and cosmetics, using Sylvania vegetable leather among other materials (Chevalier & Mazzalovo, 2012).

From a financial perspective, the maison is an intriguing case study for the analysis of the luxury business. Driven mostly by Asian and American demand, Hermès has seen consistent development in recent years, with operating margins over 40% and a market capitalisation among the highest in the sector (Reuters, 2023). Strategically, the choice to stay independent under the founding family's management via the holding company H51 has let the organization take a long-term view unconditioned by the usual logic of big public conglomerates (Thomas, 2007).

In this regard, Hermès stands out as a good exception in the luxury sector since it shows its capacity to mix tradition, creativity and sustainable development.

2.3.2 Chanel

Founded in 1910 by Gabrielle "Coco" Chanel, the Chanel fashion house has developed into a defining and powerful icon of French luxury in the realm of fashion. Originally intended as a modest hat store in Paris, this company transformed women's apparel by means of a simple, practical and radically modern look for the day. Its style is defined by a novel idea: to free women from stiff and uncomfortable clothing, suggesting more basic lines, comfortable fabrics and reinterpreted male cuts (Thomas, 2007). This vision was translated into icons that are still central to the brand's identity today: the tweed suit, the little black jacket, the 2.55 quilted bag and the Chanel N°5 perfume, considered one of the best-selling and most recognisable products in the history of luxury (Mazzeo, 2010).

Currently, Chanel is owned by the Wertheimer family, descendants of Pierre Wertheimer, who had collaborated with Coco Chanel since the 1920s to produce and distribute the Chanel N°5 perfume (Financial Times, 2018). Unlike many rival houses, Chanel is a private and unlisted firm, which affords it a great degree of strategic autonomy, notable independence from stock market pressures and significant confidentiality about its financial data (Bloomberg, 2023). Aiming to be more open and competitive, the maison started releasing its financial reports yearly only in 2018, hoping to draw investors and talent as well (Business of Fashion, 2018). From an operational point of view, Chanel has made significant investments in the verticalization of its production chain, particularly through its Métiers d'Art division, which brings together and enhances the traditional crafts of French luxury (such as embroidery, pleating, shoemaking or feather creation) (Business of Fashion, 2021). While guaranteeing the preservation and innovation of craft skills, the firm has also combined its knowledge by means of calculated purchases of specialised brands as Lesage, Lemarié, Massaro and Goossens. This strategy has strengthened Chanel's role as the protector of unique savoir-faire and helped the brand to be different in an ever more globalized and standardised market (Business of Fashion, 2021).

In recent years, Chanel has shown amazing ability to change in recent years without losing its historical character. While keeping a strict e-commerce selection, the company has boosted investment in the expansion of its retail network beyond 250 single-brand locations worldwide and reinforced its digital transformation. It also strengthened its dedication to environmental and social sustainability by declaring particular goals on material traceability and decarbonization (Chanel, 2022a). Chanel set a historic year in 2022. Growing demand in Asia and North America drove revenues over \$17 billion and strong operating margins (Chanel, 2022b). In a context where many companies are part of big conglomerates like LVMH or Kering, Chanel remains a big maison nonetheless private and autonomous able to mix heritage, creativity and strategic control with a long-term vision.

2.3.3 Prada

Prada is one of the most prestigious Italian fashion houses in the luxury fashion scene. brothers Mario and Martino Prada, the fashion business has become a leader in the luxury market. Miuccia Prada, granddaughter of the founder, drove the brand's ascent to worldwide luxury icon by 1978, when she presented a dramatic change in the brand's look. Miuccia

turned the fashion brand into a standard of minimalist luxury with a profoundly unconventional vision of fashion, famous for its capacity to mix technical materials, aesthetic experimentation and cultural content (Hoskins, 2014).

Currently on the Hong Kong Stock Exchange, the Prada Group is mostly run by the holding company Prada Holding S.p.A., owned by Miuccia Prada and her husband Patrizio Bertelli, who has been CEO for many years (Prada Group, 2022a). With the family control always maintaining the consistency of the creative and management vision, this system gives the fashion company significant strategic independence (Prada Group, 2022a). In addition, the primary brand, the group runs the famous Marchesi 1824 pastry store, Miu Miu, Church's, Car Shoe bought as part of a plan to broaden the brand experience (Business of Fashion, 2021). The business model is based on a high degree of vertical integration, with production taking place mainly in-house, through a network of factories located mainly in Italy. A worldwide network of single-brand boutiques handles distribution directly (Reuters, 2023). Prada has increased its digital transition and started major environmental sustainability and circularity investments in recent years, including the creation of the Re-Nylon project, a product line made from nylon regenerated from industrial and oceanic plastic debris (Prada Group, 2022b). At the same time, the organization unified its cultural dedication via the Fondazione Prada, which has been running since 1993 and is unique in the industry for the range and depth of the artistic and social events it supports (Fondazione Prada, n.d.).

The group reported EUR 4.2 billion in income in 2022, with notable increases in Asia and North America (Bloomberg, 2023). The progressive insertion of son Lorenzo Bertelli into roles of rising strategic significance was made official in the same year, attesting to the group's desire to maintain its family identity also in the future (Financial Times, 2022). Prada is one of the few autonomous companies on a worldwide, able to mix creative vision, industrial strength and cultural dedication.

2.3.4 Brunello Cucinelli

Founded in 1978 by Brunello Cucinelli in Solomeo, a small village located in Umbria, the brand has gone through a process of evolution that has led it to become a global benchmark in the luxury sector. From the very beginning, Cucinelli has shown from the start a definite vision of combining the idea of high fashion with the value of social sustainability. Unlike other luxury firms, which often aim fast expansion and large-scale growth, Brunello Cucinelli has taken a different approach focused on human values and slower, more respectful

expansion of both the workers and the land. His business theory, which he calls the "humanisation of enterprise," centres on people's well-being, the dignity of labour, and environmental respect (Brunello Cucinelli, 2023).

The business model adopted by Brunello Cucinelli is characterised by vertical integration. Mainly on cashmere and other premium materials, production occurs more than 80% in Italy, ensuring full control over quality and workmanship. The company has made considerable investments in training and improving local artisan skills, with special focus on production ethics and environmental sustainability. Its strategy to distribution also reflects this philosophy: all of the brand's boutiques are owned and it avoids the franchising structure, which lets it maintain a high degree of control and consistency in the consumer experience (Business of Fashion, 2021).

Besides production, Brunello Cucinelli has decided not to give in to the temptations of rapid expansion, opting for selective growth. The company has a network of around 130 single-brand shops globally, with a focus on strategic markets such as the United States, Asia and Europe, where the brand is experiencing significant growth. The growth has been carried out with the brand's usual exclusivity and refinement intact. This strategy has helped the group to expand its portfolio by adding new product lines including leather goods, cosmetics, and home accessories and has also verified its capacity to move with the times without sacrificing its luxury identity (Reuters, 2023).

Financially speaking, Brunello Cucinelli has demonstrated consistent growth in past years. With an EBITDA margin at over 20%, the company sold more than EUR 800 million in 2022, therefore verifying the economic power of the brand. The maison performed well despite the difficult economic climate because of ongoing demand for its products and strong client loyalty (Bloomberg, 2024). Asian markets showed especially strong demand as the brand could draw a young, cosmopolitan crowd keen to possess luxury goods that mix quality, aesthetics and social and environmental responsibility.

Brunello Cucinelli's dedication to social and environmental sustainability is a unique feature distinguishing it from other luxury sector firms. The firm has made business ethics one of its key strengths and has implemented a policy of employing ecological materials, hence vowing to lower the environmental effect of its manufacturing operations. Moreover, the business has started initiatives to enhance working conditions inside its factories and workshops in order to foster an inclusive corporate culture honouring people and the land (Brunello Cucinelli, 2023).

Brunello Cucinelli, then, is a success narrative in conclusion that shows how a premium brand can preserve its ethical ideals while integrating tradition and innovation, social sustainability and economic sustainability. Combining elegance, quality, and responsibility in a brand that still reflects the perfection of 'Made in Italy' at an international level, the company has carved a distinctive place in the worldwide luxury market.

2.3.5 Rolex

Founded in London in 1905 by Hans Wilsdorf and Alfred Davis, Rolex is today recognised as one of the most prestigious and renowned brands in the field of fine watchmaking. Since its beginnings, Rolex has sought invention and perfection, launching several technical breakthroughs that have shaped watchmaking history. Rolex invented the waterproof "Oyster" watch in 1926 and then transformed watchmaking in 1931 with the perpetual-winding automatic movement. Rolex's vision has always been founded on impeccable quality, continuous innovation and the art of fine watchmaking (Rolex, 2023).

It is noteworthy that Rolex is one of the rare luxury houses to retain its nature as a private foundation, managed by the Hans Wilsdorf Foundation, founded by the founder himself in 1945. Key to Rolex's continuing success is this ownership model, which lets the company run without stock market constraints and with long-term vision, therefore granting it great strategic independence. Not listing the business on the stock market has helped the Wilsdorf family to maintain control and discretion over every activity (Bloomberg, 2024).

Vertical integration of manufacturing defines Rolex's business model. Rolex has total control over every stage of the manufacturing process from design to the creation of the final product. Almost all of the watch manufacturing is done in-house, hence rigorous control over the whole production process guarantees an unmatched degree of quality (Reuters, 2023). Moreover, Rolex controls all of its stores directly, so avoiding the franchising model and reducing the number of stores to maintain the exclusivity and respect of the brand (Reuters, 2023).

Rolex's success is also attributable to a discreet but highly effective marketing strategy. The company has built its image around the concepts of exclusivity and prestige. Rolex to succeed. The firm has shaped its image on ideas of exclusiveness and prestige. The corporation has chosen to link the brand with high-profile events like the Wimbledon Tournament and the Formula 1 World Championship using an unusual communication

approach. Moreover, Rolex is one of the most prestigious sponsors in events related to sport, art and exploration, emphasising its association with excellence and innovation (Bloomberg, 2024).

From a financial standpoint, Rolex is among the most solid and lucrative businesses in the luxury industry. Though there are no precise public income statistics, Rolex is thought to sell more than \$10 billion year with operating margins that show the great worth of its products and its unique market position. Its watch demand keeps rising, especially in the Asia-Pacific and North American areas where the expanding middle class and need for luxury items help to drive the brand (Reuters, 2023).

From a strategic point of view, the choice to maintain independence and direct control by the Hans Wilsdorf Foundation has given Rolex unparalleled leeway compared to other players in the luxury sector. This has allowed the maison to continue investing in research and development, continuously improving the quality and reliability of its watches, and to maintain strict control over design and production (Bloomberg, 2024). This organisational model is a paradigm of excellence in the watch industry, based on a balanced integration of tradition, innovation and strategic independence.

3 Empirical Analysis: Methodology and Results

The empirical analysis conducted in this chapter is presented in response to the research hypotheses that were formulated in the previous chapter. The research examines whether fashion conglomerates are perceived as less distinctive in terms of brand identity and authenticity than independent brands and whether they exhibit superior financial performance over independent brands, as measured by revenue, operating profit, cash and cash equivalents, and investment levels.

To investigate these hypotheses, two complementary datasets were examined. Primary data were collected through a structured consumer survey to capture the perceptions of brand identity, authenticity, and loyalty (NPS) for a selection of luxury brands. For the same brands, objective performance indicators are evaluated using secondary data that is obtained from publicly available financial reports and databases.

The chapter is structured in two sections. The first one defines the methodology, which encompasses the description of the measurement scales, sample characteristics, financial data overview, and statistical techniques that were employed to analyse both primary and secondary data. The following section presents the results, which are a clear and exhaustive evaluation of whether the evidence supports or challenges the initial hypotheses. It combines descriptive statistics, regression outputs, and graphical representations. In the luxury sector, the analysis provides a comprehension of the relationship between brand ownership structure and both intangible and tangible outcomes by combining consumer perception measures with financial performance indicators.

3.1 Methodology

3.1.1 Sample description and measurement scale

The primary data for this study were collected through a survey designed and administered via the Qualtrics platform, which was distributed to participants by means of direct contact (e.g., WhatsApp).

The questionnaire's framework started with a series of general demographic questions, including the presence of children, gender, age, family status, and the highest level of education attained.

Following this part, each participant was requested to assess three distinct luxury brands. Respondents were presented with the name of a brand and asked whether they were familiar with it prior to the evaluation. If the respondent answered negatively, an alternative brand was suggested to guarantee that all subsequent evaluations were founded on brands known by the respondent. Participants responded to inquiries regarding three critical constructs: Brand Identity, Brand Authenticity, and Net Promoter Score (NPS) for each brand.

Each brand evaluation was treated as a separate observation in the dataset, even though the same individual could provide up to three evaluations. This design enabled the collection of a more comprehensive dataset, as it captured multiple brand assessments per respondent while preserving the analytical independence of each evaluation.

The final dataset is comprehensive of 570 responses. Participants' gender distribution is 73.02% female, while 26.10% identify as male and 0.88% prefer not to disclose their gender. No respondents identified as non-binary or third gender. The sample has an average age of 41.4 years, which suggests that the audience is mature and apt to be familiar with luxury consumption.

In terms of family status, most respondents (37.57%) reported being married, followed by those who are in a relationship or cohabiting (29.10%), unmarried (27.16%), and separated or divorced (6.17%).

The sample is exclusively composed of individuals with advanced education: 60.49% of respondents have a bachelor's degree, and 39.51% have a master's degree.

In terms of income, nearly half of the respondents (49.91%) reported an annual income between €50,000 and €100,000. Additionally, 23.28% reported an income between €25,000 and €35,000, and 15.17% between €35,000 and €50,000. Furthermore, a mere fraction of the sample reported incomes below €25,000, while 10.05% earn more than €100,000 annually.

The subsequent step involved the measurement of the primary constructs of interest using established and validated instruments that were capable of capturing consumers' perceptions and behavioural intentions toward luxury brands, considering the demographic and socio-economic profile. The investigation focused on three critical dimensions: Brand Identity, Brand Authenticity, and Net Promoter Score (NPS).

Brand identity is a critical factor in determining how a brand is perceived by consumers and how it communicates its distinctive essence.

In this investigation, the Brand Identity Prism, a theoretical model developed by Jean-Noël Kapferer (1996), was implemented to quantify it. This model identifies six fundamental dimensions that influence the identity of a brand. The initial dimension, Physique, refers to the tangible and visual elements of the brand, such as its logo, packaging, and product design. Personality captures the brand's character, expressed through its tone of voice, communication style, and overall image. The brand's values and beliefs are reflected in culture, while the type of bond the brand establishes with its consumers is described by relationship. The following dimension is reflection, which defines how the brand reflects its target audience, while self-image pertains to the image consumers have of themselves when they utilize the brand.

Respondents were presented with statements that corresponded to each of the six dimensions in order to express this construct in the survey. They were asked to rate their level of agreement on a seven-point Likert scale, with 1 representing "strongly disagree" and 7 representing "strongly agree." Example items were as follows: "This brand has a distinctive and recognizable visual identity" (Physique); "If this brand were a person, it would have a strong and unique personality" (Personality); "This brand embodies authentic values and beliefs" (Culture); "This brand creates a meaningful bond with its customers" (Relationship); "This brand perfectly represents its target audience" (Reflection); and "Using this brand makes me feel aligned with the image I have of myself" (Self-image). The responses collected facilitate the calculation of an average score for each dimension and the development of an aggregate measure of the perceived brand identity for each brand.

While Brand Identity is the representation of a brand and its position in the eyes of consumers, Brand Authenticity is the assessment of the authenticity of that representation.

To measure the Authenticity, it was employed the scale devised by Morhart et al. (2015). Authenticity is conceptualized as a multidimensional construct in this framework, which encompasses four critical dimensions. The first one is Brand credibility, which is the brand's reputation for honesty, reliability, and the fulfilment of its commitments. Then, Integrity is the brand's dedication to authentic values that surpass ordinary profit and its moral accountability. The symbolism of the brand is indicative of its ability to facilitate the expression of personal identity and values. Finally, continuity refers to the extent to which the brand is perceived as consistent over time, maintaining its heritage and origins.

As was the case with Brand Identity, respondents were presented with dimension-specific statements and were asked to assess their level of agreement on a seven-point Likert scale. The following are the examples of statements they found: "This brand has consistently delivered on its promises" (Credibility); "This brand acts in accordance with authentic values, not solely for profit" (Integrity); "This brand reflects my personal values and identity" (Symbolism); and "This brand has remained true to its history and tradition over time" (Continuity). Subsequently, the responses were averaged to generate both dimension-level and aggregate authenticity scores.

Lastly, the study implemented the Net Promoter Score (NPS), a widely employed metric for assessing customer loyalty and forecasting business expansion, to augment these perception-based metrics with an indicator of behavioural intention. The NPS was initially introduced by Fred Reichheld in his influential article published in the Harvard Business Review (2003). It is predicated on a single, uncomplicated question: "How likely are you to recommend this brand to a friend or colleague?"

This study assessed the NPS at the single person level. It was requested to the participants to specify, on a scale from 0 (Not at all likely) to 10 (Extremely likely), their propensity to suggest a brand to a friend or colleague. The ratings were then directly treated in the study as continuous values, facilitating the evaluation and understanding of disparities in loyalty intentions towards independent and conglomerate owned brands.

3.1.2 Statistical analysis of Primary Data

The primary data analysis started with the export of all survey responses, which provided individual-level ratings for each brand across the three constructs of interest: Brand Identity, Brand Authenticity, and Net Promoter Score.

A reliability analysis was implemented to evaluate the internal reliability of each scale using Cronbach's alpha. This phase was needed to guarantee that the items within each construct constituted a coherent measure that accurately represented the same underlying dimension.

In a second step, the ratings associated with the items of a specific scale were added to compute composite scores for each respondent–brand combination. This process generated three distinct sets of scores: one for Brand Identity, one for Brand Authenticity, and one for NPS. These scores were standardized using Z-scores, which account for variations in

magnitude and dispersion, to guarantee that the results were explicitly comparable across the three constructs.

The analysis was founded on three distinct multiple linear regression models, one for each construct. The standardized score of the relevant construct (NPS, Brand Identity, or Brand Authenticity) was the dependent variable in each model.

The primary independent variable of interest was the brand ownership structure, which was dichotomized to differentiate between brands that are part of a prestige conglomerate and those that operate independently.

A set of covariates was incorporated into all models to account for other factors that could potentially influence consumer perceptions. These variables encompassed both demographic characteristics, including gender, education level, and income classification, as well as behavioural variables, including the frequency of luxury purchases and the product category purchased. By including these variables, it was feasible to isolate the association between the constructs under study and the brand ownership structure, thereby reducing the risk of confounding effects.

Multiple linear regression was selected as the analytical method due to its capacity to estimate the net effect of each predictor variable while accounting for the influence of others. This method is particularly well-suited to the study's objectives, as it enables a nuanced comprehension of the relationship between brand ownership structure and consumer perceptions, considering both individual characteristics and purchasing behaviour. Additionally, the models enable the direct comparison of effect sizes across the three constructs by employing standardised scores as the dependent variables.

The study could investigate whether the perception of brands in terms of identity, authenticity, and customer loyalty, as measured by NPS, is systematically associated with belonging to a luxury conglomerate.

3.1.3 Financial data overview

In order to evaluate the performance of luxury brands, four critical financial indicators were chosen for secondary data analysis: Cash & Cash Equivalents, Revenue from Business Activities – Total, Operating Profit before Non-Recurring Income/Expense, and Investments – Total. These metrics were selected due to their capacity to capture complementary aspects of financial health and performance. The brand's liquidity position and its capacity to meet

short-term obligations are measured by Cash & Cash Equivalents. Revenue from Business Activities – Total reflects the total sales generated from the primary operations of the brand. Operating Profit before Non-Recurring Income/Expense indicates the profitability of regular business activities, excluding extraordinary items that could distort operational performance. Investments – Total represents the quantity of capital allocated to long-term assets, signalling strategic commitment to future growth.

The analysis was limited to these four measures due to their availability for over 80% of the brands in the sample, which ensured adequate comparability across observations.

Nevertheless, the acquisition of brand-level financial data was constrained by substantial structural constraints. Luxury conglomerates, including Kering, Richemont, and LVMH, do not disclose comprehensive financial statements for their individual brands. They issue annual reports that consolidate results at the group level or, at most, for clusters of brands according to the sector instead of disaggregating figures for each brand. This lack of transparency led to the impossibility to obtain all the detailed financial data required for a detailed comprehensive analysis.

In order to compensate for this limitation, the Refinitiv platform was utilized to retrieve brand-specific figures, with an emphasis on the most recent available data for the French and Italian legal entities associated with each brand. This decision is explained by the availability of this data among the majority of brands.

To construct the dataset, the average values for each measure were calculated across the two countries, following the initial averaging of the figures for 2021 and 2022 within each country. A more representative and consistent assessment of each brand's performance was guaranteed by this approach.

However, a small number of brands lacked data for either one of the years or one of the countries. Although this resulted in a decrease in the number of complete data points for specific cases, the methodology employed ensured that the analysis could still be conducted on a dataset that was sufficiently representative and robust. The concluding chapter will detail the implications of these data constraints, which are a result of the structural opacity of conglomerate reporting. These constraints are pertinent to the interpretation of the results.

3.1.4 Statistical analysis of Secondary Data

The secondary data analysis focused on evaluating the impact of the ownership structure of luxury brands—specifically, whether they are part of a conglomerate or operate independently—on specific financial performance indicators. For this objective, four critical metrics were chosen: Cash & Cash Equivalents, Revenue from Business Activities – Total, Operating Profit before Non-Recurring Income/Expense, and Investments – Total. In an effort to capture the precise relationship between the brand ownership structure and each measure, each was independently analysed.

A series of basic linear regression models was implemented in accordance with the research objective and the nature of the data. The dependent variable in each model was one of the four financial indicators, as expressed in their original monetary values. A binary indicator was used to code whether the brand was a part of a luxury conglomerate (1) or an independent entity (0). This indicator was the independent variable.

The analysis was intended to isolate the bivariate association between financial performance and ownership structure, and as a result, no additional covariates were incorporated into these models. No supplementary covariates were included in this model due to missing data on a brand level. The restricted availability of financial disclosures precluded the incorporation on objective and consistent covariates across all, or at least most, of the brands examined. This method guaranteed that the estimated coefficient for the ownership variable accurately represented the financial indicator's average difference between independent and conglomerate-owned brands.

The study endeavoured to offer a direct and clear assessment of the correlation between conglomerate affiliation and critical financial performance indicators in the luxury sector by organizing the analysis in this manner. These findings, which are detailed in the subsequent section, provide an understanding of whether the benefits frequently associated with conglomerate membership, including increased financial resources, operational synergies, and investment capacity, are translated into quantifiable variations in fundamental financial outcomes.

3.2 Results

3.2.1 Results from Primary Data Analysis

The primary data was analysed using three distinct multiple linear regression models, one for each dependent variable: Brand Identity, Brand Authenticity, and Net Promoter Score (NPS). The brand's ownership structure was the primary independent variable in all models (0 = independent brand, 1 = part of a conglomerate). The covariates included gender, education level, income bracket, purchase category, and purchase frequency. This method enabled the examination of differences in customer loyalty and the testing of the core research hypothesis that fashion conglomerates are perceived as less distinctive in terms of brand identity and authenticity compared to independent brands.

The model conducted on the dependent variable Brand Identity was overall statistically significant ($R^2 = 0.05$; $F[9,549] = 3.17$, $p < 0.001$). The results demonstrated a significant and negative impact of conglomerate membership ($\beta = -0.33$, $p < 0.001$), indicating that brands belonging to conglomerates were perceived as having lower identity than independent brands (Figure 1). Gender ($\beta = 0.154$, $p < 0.1$) and purchase frequency ($\beta = 0.116$, $p < 0.05$) were marginally or statistically significant among the covariates. Female respondents exhibited higher scores and made more frequent luxury purchases.

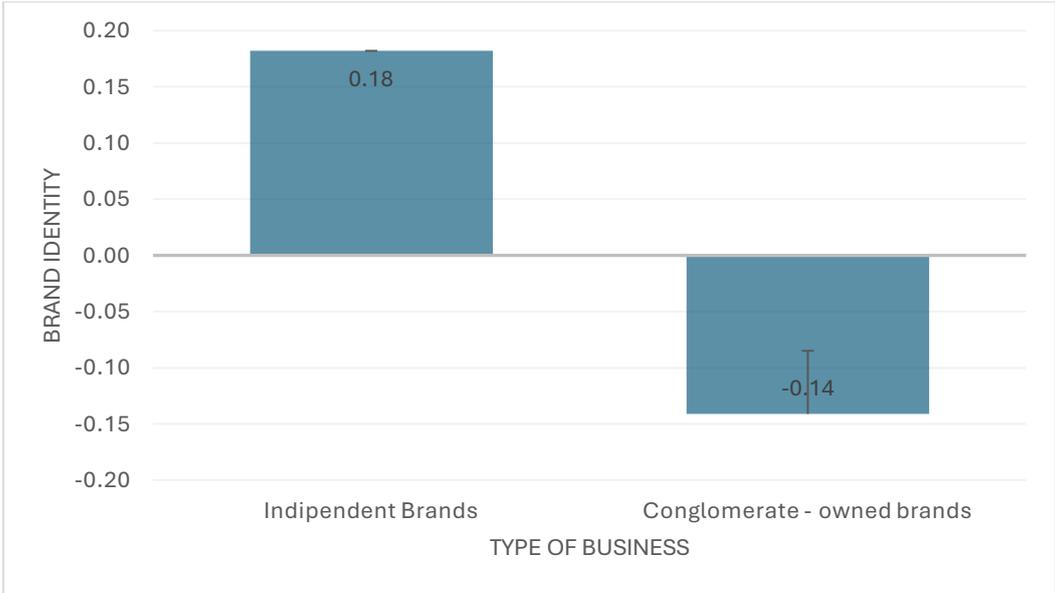


Figure 1: Mean score for Brand Identity, comparing independent brands and conglomerate - owned brand.

For Brand Authenticity, the model was overall only marginally significant ($R^2 = 0.04$; $F[9,549] = 2.47$, $p < 0.1$). The negative and statistically significant effect of conglomerate membership ($\beta = -0.27$, $p < 0.001$) once more suggests that these brands were perceived as less authentic than their independent counterparts (Figure 2). The only covariate that approached significance was purchase frequency ($\beta = 0.110$, $p < 0.1$), which indicates that more frequent purchasers are inclined to assign higher authenticity scores.

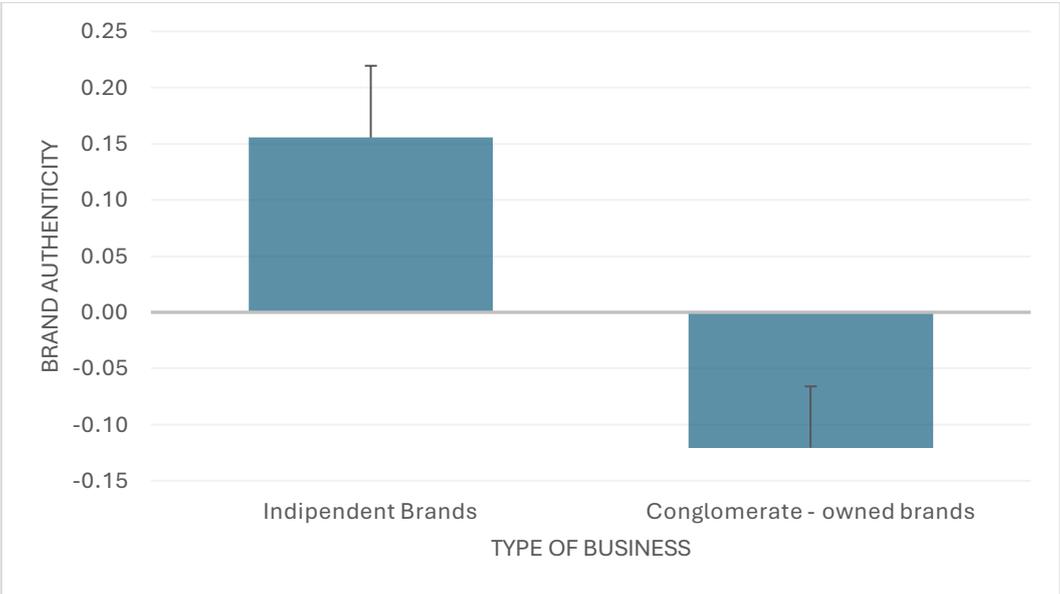


Figure 2: Mean score for Brand Authenticity, comparing independent brands and conglomerate - owned brands.

The model was statistically significant for NPS ($R^2 = 0.055$; $F[9,534] = 3.423$, $p < 0.001$). Conglomerate membership had a negative and significant impact ($\beta = -0.268$, $p < 0.001$), which confirms that brands within conglomerates have lower loyalty scores (Figure 3). Gender ($\beta = -0.188$, $p < 0.05$), purchase frequency ($\beta = 0.135$, $p < 0.05$), and purchase category ($\beta = 0.092$, $p < 0.05$) were all significant covariates. These findings indicate that loyalty patterns varied among male respondents, frequent purchasers, and those who purchased specific categories (e.g., apparel, leather products).

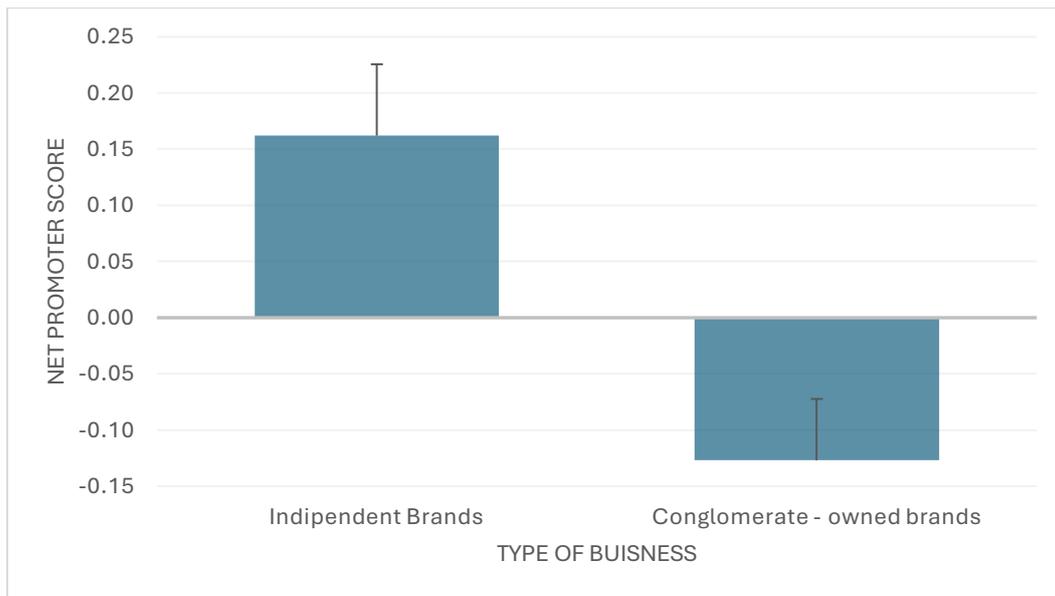


Figure 3: Mean score for NPS, comparing independent brands and conglomerate - owned brands.

Collectively, these findings corroborate the hypothesis that conglomerate-owned brands are perceived as less authentic and distinctive than independent brands ($\beta_{\text{authenticity}} = -0.27$, $p < 0.001$; $\beta_{\text{identity}} = -0.33$, $p < 0.001$). The consistently negative effect also extends to brand advocacy (NPS; $\beta = -0.268$, $0.001 < p < 0.005$), suggesting that conglomerate affiliation is associated with a lower propensity to recommend, even after controlling for demographics and purchase behaviour.

Overall, the regression results consistently support the initial research hypothesis, demonstrating that individuals perceive independent brands as having a more authentic and robust brand identity, as well as a greater number of loyal consumers, than those owned by conglomerates. Despite the inclusion of demographic and behavioural variables, these effects remain substantial. The descriptive statistics also indicate that independent brands have higher mean scores across all three dimensions, which exacerbates the effects. The comparative bar charts further elucidate these distinctions, demonstrating that there is still a discrepancy in the perceptions of the two types of ownership.

3.2.2 Results from Secondary Data Analysis

The secondary data analysis was designed to evaluate the hypothesis that fashion conglomerates exhibit superior financial performance compared to independent brands.

The analysis was based on four financial indicators: Revenue from Business Activities, Operating Profit before Non-Recurring Income/Expense, Cash & Cash Equivalents, and Investments.

The sole independent variable was the brand ownership type (0 = independent brand, 1 = part of a conglomerate), which was used to analyse each indicator using a simple linear regression.

For the total revenue from business activities, the model accounted for approximately 9.8% of the variance ($R^2 = 0.098$; $F [1,27] = 2.939$, $p < 0.1$). The type of brand ownership was marginally significant ($\beta = -206.810$, $p < 0.1$), suggesting that independent brands outperformed conglomerate brands in terms of revenue on average. This conclusion is corroborated by the descriptive statistics: independent brands reported an average revenue of €381.72 million (SD = €320.80), while conglomerate brands reported an average revenue of €174.91 million (SD = €215.21). The high standard deviations, notably among independents, indicate substantial variation within each group, despite the significant difference (Figure 4).

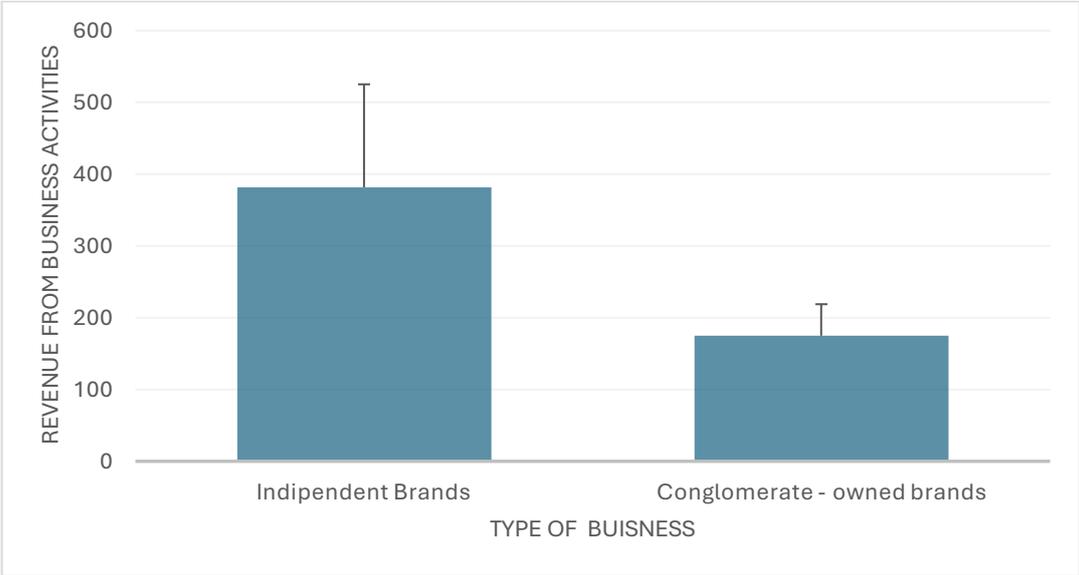


Figure 4: Mean score for Revenues from Business Activities, comparing independent brands and conglomerate - owned brands.

The model's explanatory power was restricted for Operating Profit before Non-Recurring Income/Expense ($R^2 = 0.03$; $F [1,25] = 0.776$, $p = 0.785$), and brand ownership type was not a significant predictor ($\beta = -9.501$, $p = 0.785$). The comparison between independent and conglomerate brands was weakened by the wide dispersion among conglomerates, despite the fact that independent brands exhibited a higher average operating profit (€28.61 million, $SD = €30.49$) than conglomerate brands (€19.11 million, $SD = €66.77$).

The four indicators' strongest relationship was disclosed by the analysis of Cash & Cash Equivalents. The brand ownership type was a statistically significant predictor ($\beta = -17.060$, $p < 0.01$), and the model accounted for 28.7% of the variance ($R^2 = 0.287$; $F [1,27] = 9.675$, $p < 0.01$). In this instance, independent brands reported significantly higher cash reserves (€18.16 million, $SD = €28.29$) than conglomerate brands (€1.10 million, $SD = €1.44$), suggesting a potential stronger liquidity position outside of conglomerate structures (Figure 5).

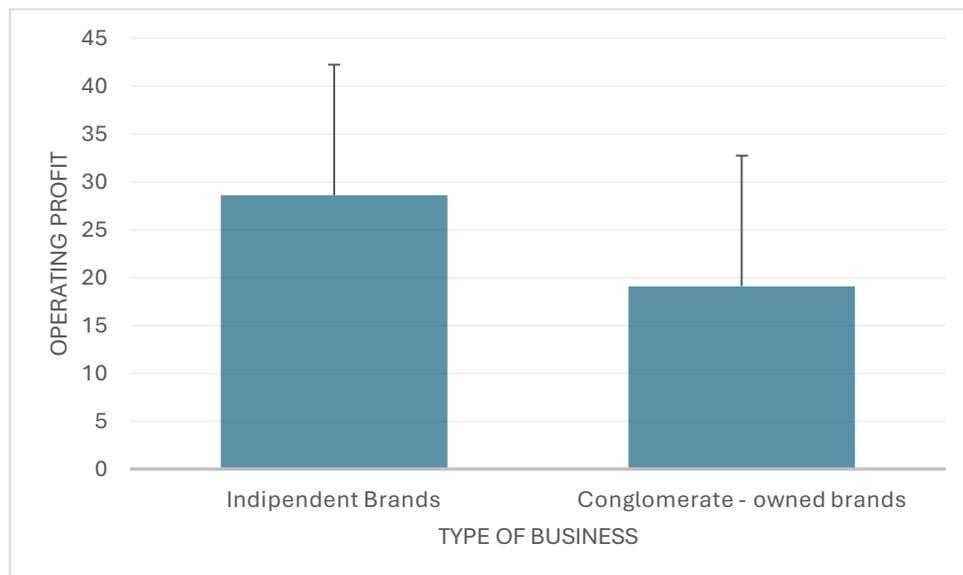


Figure 5: Mean score for Operating Profit before non-recurring income/expenses, comparing independent brands and conglomerate - owned brand.

Finally, the model did not demonstrate statistical significance for Investments – Total ($R^2 = 0.014$; $F [1,25] = 0.367$, $p = 0.550$), and the ownership type was unrelated to investment levels ($\beta = 6.017$, $p = 0.550$). Surprisingly, the descriptive statistics indicate that conglomerate brands invested more on average (€13.28 million, $SD = €18.97$) than autonomous brands (€7.26 million, $SD = €5.78$), although this gap was not statistically significant (Figure 6).

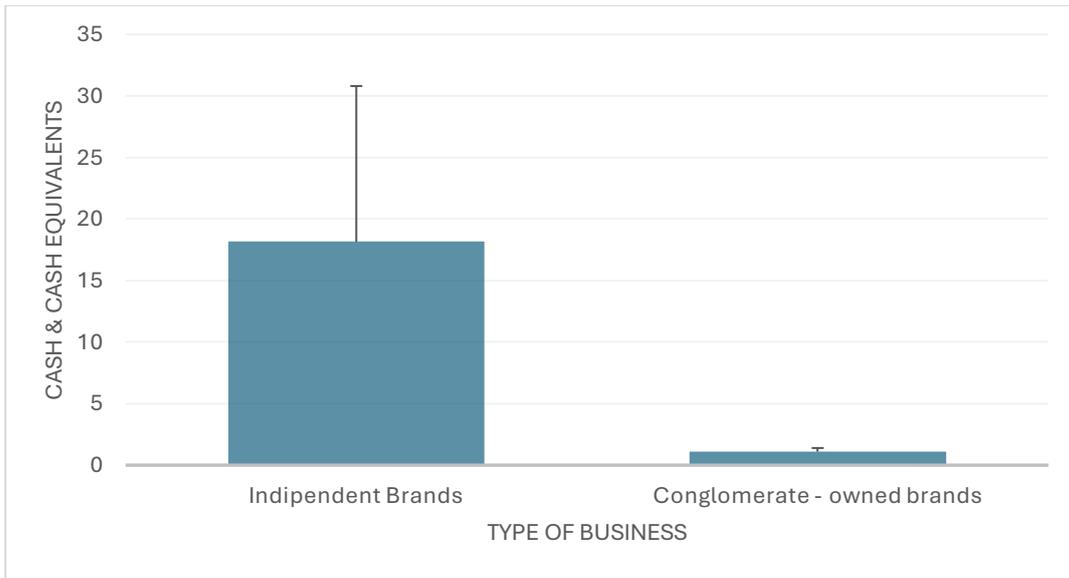


Figure 6: Mean score for Cash and Cash equivalents, comparing independent brands and conglomerate - owned brand.

In general, the regression results partially contradict the initial hypothesis. While independent brands generally outperformed conglomerate brands in terms of revenue and liquidity, with the latter difference being statistically significant, no distinct advantage was observed for conglomerates in terms of operating profit or investment levels. These results, which are supported by the descriptive statistics, indicate that the alleged superior financial performance of conglomerate-owned brands is not consistently evident across all financial metrics. Additionally, the descriptive data were employed to produce comparative bar charts for each financial measure, which visually represented the performance disparities between the two ownership categories.

4 Discussion

4.1 Main findings

This chapter proceeds by examining the principal findings of the empirical investigation in relation to the theoretical frameworks presented in the first chapter. The gathered research elucidates how the ownership structure of luxury brands, whether independent or part of conglomerates, impacts consumer perceptions and financial performance, thereby validating certain recognized insights while also suggesting new perspectives.

Findings related to primary data indicate that brands that are part of conglomerates are judged by consumers as less distinctive in brand identity and less authentic than independent brands. The adverse effect of group membership is also evident for loyalty and positive word-of-mouth, thereby confirming hypothesis H2. The findings align entirely with the assertions of Kapferer (2017) and Chevalier & Gutsatz (2020), who contend that excessive centralization and financial strain within organizations can result in a gradual homogenization of strategies, thereby compromising brands' capacity to preserve a unique and culturally rooted identity. Likewise, the risk of brand dilution, extensively examined in literature (Ijaouane & Kapferer, 2012), is empirically confirmed by consumers' ratings. Aspects such as identity coherence and value integrity for companies incorporated within conglomerates received lower ratings.

The results substantiate the relevance of Brand Equity Theory (Aaker, 1991; Keller, 2003) from the customer viewpoint. The diminished originality and uniqueness associated with conglomerate-owned brands suggest a potential decline in the symbolic and value connections that underpin customers' readiness to pay a premium price. In accordance with theory, this affirms that brand equity is not merely contingent upon financial strength or worldwide recognition, but rather on the capacity to maintain identity coherence, narrative consistency, and cultural continuity.

The secondary data, inherent to the financial perspective, presents a more complex narrative than the first proposed hypothesis (H1). Contrary to the Resource-Based View (Barney, 1991), which posits that access to capital, economies of scale, and shared competencies should lead to a significant competitive advantage, the findings indicate that independent brands, on average, report larger sales and cash reserves. The observed statistical significance for cash and cash equivalents indicates that independent brands may adopt more conservative financial policies, enabling them to maintain stability and autonomy even in a dynamic

environment. This research, additionally, partially refutes the Corporate Effect (Teece, 1982; Porter, 1985), which affirms that affiliation with a group should enhance stability and guarantee a higher appeal to investors and partners.

In contrast, findings on investment expenditure reveal an opposing trend: conglomerates, despite possessing lower average revenues and liquidity, dedicate a greater proportion to strategic investments. This discovery corresponds with the notion of Dynamic Capabilities (Teece et al., 1997): financial resources must be viewed not merely in static terms but also in their capacity to be reconfigured to facilitate new growth prospects, digitization, and sustainability. The inclination of organizations to reinvest in long-term assets seems to align with a rationale of dynamic adaptability, while potentially sacrificing instant flexibility and short-term stability.

Further insights can be defined from the literature on Mergers and Acquisitions (M&A). David (2021) observed that integration processes can produce functional and business model synergies yet may jeopardize long-term strategic synergies for the sake of immediate financial goals. The findings indicate that, despite the firepower of conglomerates, these advantages do not manifest as distinct dominance in key performance indices. This can be understood through the lens of the attentional exclusion effect, which refers to the inclination to favour easily quantifiable synergies, such as cost reduction and centralization, over more intricate yet essential factors for sustainable value creation, including identity preservation and cultural innovation.

The findings also evoke the governance and strategy alignment challenges articulated by Hoskisson et al. (1999). The data reveal tensions between short-term financial goals mandated at the group level and the necessity for long-term strategies aligned with the history and positioning of individual maisons, indicating that consumer perceptions favour more autonomous, flexible models that are less susceptible to standardization pressures.

The findings underscore a systemic contradiction between economic-financial performance and brand perceptions. Conglomerates possess advantages in investment capability and strategic consolidation, whereas independent entities maintain symbolic and relational capital that enhances identity, authenticity, and loyalty. It is crucial to emphasize that these findings should be understood considering methodological limitations and the scarcity of disaggregated data, which will be elaborated upon in the section addressing the study's limitations.

The study employs a comparative and integrated perspective, proposing an analysis that interlaces subjective perceptions (identity, authenticity, loyalty) with quantitative data derived from financial statements and performance indicators, rather than solely testing established theoretical assumptions.

The approach followed offers multiple innovative contributions from both scientific and practical perspectives. Initially, it signifies a departure from current literature by examining the distinctions between independent and conglomerate-owned companies through both consumer perceptions and concurrent structural and objective financial metrics. This method enables us to examine how the theoretical trade-offs between efficiency and identity and between growth and authenticity manifest in customer perceptions and the operational frameworks of companies. This dual perspective facilitates the integration of the symbolic and material aspects of competitiveness, addressing a deficiency in research that predominantly emphasizes one of the two dimensions.

Ultimately, unforeseen outcomes arise. Specifically, whereas the literature posits that conglomerates should possess a distinct economic advantage regarding performance and stability due to resources and synergies, the results indicate that independent entities frequently report superior revenues and liquidity in various instances. This result presents fresh opportunities for contemplation about both theory and managerial practice, indicating that a group's financial power does not inherently confer a clear advantage at the individual brand level.

4.2 Managerial Implications

This study's findings demonstrate the impact that the ownership structure has on both financial and operational results as well as on the intangible aspects that define the brand equity. This leads to the knowledge that the long-term sustainability of luxury brands needs that efficiency-oriented politics are harmonized with the maintenance of brand identity and authenticity.

Managers of conglomerate-owned brands should translate, on a practical level, the findings presented in the last paragraph into the definition of a governance system that integrates centralized structure with brand-specific autonomy. Strategic long-term goals would, in this way, complement but not replace the legacy and uniqueness of individual maisons. Moreover,

investment decisions should not be only growth-focused, such as shop expansion or entry into basic categories, but rather prioritize projects that enhance history and craftsmanship. This encompasses endorsing artisanal expertise, investing in targeted distribution techniques, and enhancing symbolic narratives, all of which contribute to long-term brand equity (Aaker, 1991; Keller, 2003).

Managerial implications for independent brands are based on the data, which suggest that independent companies get their relative strength from consumer perceptions of authenticity, identity, and exclusivity. Symbolic capital should be leveraged as a distinguishing element, particularly in marketplaces where financial and operational resources may be constrained relative to conglomerates.

Strategic focus must be directed towards regulated and sustainable growth, guaranteeing that expansion does not undermine perceived scarcity or handcrafted authenticity. Simultaneously, independent brands must mitigate the risk of "excessive conservatism," meaning that financial prudence and liquidity confer an advantage, but to maintain competitiveness, targeted investments in digital transformation, sustainability, and internationalization are needed. For instance, investments in omnichannel retailing and digital storytelling can augment visibility and consumer interaction while preserving exclusivity. Likewise, implementing sustainability-focused processes not only fulfils increasing customer demands but also enhances the authenticity aspect that consumers already link with independent brands. Several of the implications that emerged can be applied to both types of ownership structures. Managers should start to embrace a more cohesive strategy for performance evaluation. Financial measures, including revenues, operational margins, and cash reserves, are crucial; nevertheless, they must be systematically augmented with consumer-oriented metrics such as Net Promoter Score, authenticity indices, and identity perception scales. This alignment allows decision-makers to oversee both concrete and intangible aspects of brand performance, mitigating the danger of strategies that favour short-term financial benefits over long-term symbolic capital.

Secondly, the necessity of integrating sustainability and responsible innovation into brand identity and strategic positioning emerged. As also the literature highlights (Kapferer & Bastien, 2012; Chevalier & Gutsatz, 2020), luxury brands must increasingly address consumer demands for exclusivity that corresponds with ethical, environmental, and social principles. This indicates that sustainability must be regarded not as a mere compliance obligation or operational supplement, but as an integral element of the brand's narrative and

character.

Ultimately, managers must acknowledge and proactively navigate the trade-offs identified in this study: efficiency versus exclusivity, expansion versus authenticity, and short-term profitability versus long-term brand value. Conglomerates must exercise caution to avoid compromising symbolic resources in pursuit of investor-driven financial objectives, whereas autonomous entities should avoid complacency by utilizing their authenticity to strategically grow and innovate. By clearly recognizing these conflicts and integrating them into strategic decision-making, managers may more effectively match operational frameworks and brand narratives with the dual essence of luxury: rooted in both economic performance and symbolic, cultural worth.

4.3 Research Limitations and Future Research Opportunities

The contributes of the study's finding have been deeply explained in the previous chapters but, it is also crucial to recognize the constraints of the analysis that have influenced the interpretation of the results.

The major problem faced concerns the availability of secondary data since the three conglomerates analysed, Kering, Richemont, and LVMH, publish the financial data at the group level or for categories such as jewellery, clothes, leather goods, fragrances and cosmetics, and watches, rather than offering detailed data for each individual brand. The absence of complete reports made unfeasible to get the requisite granularity for an exhaustive financial study of each brand.

To partially overcome this blocker, the Refinitiv platform was utilized as the source for financial data. The platform's availability of financial reports was still not complete, which led to the necessity to choose data of French and Italian legal entities of the brands relative to 2021 and 2022. This choice is explained but the fact that the platform offers, for most of the brands analysed, data for both countries and years. In addition, these two nations were chosen as a shared reference point due to their significant comparability in luxury goods consumption and their pivotal roles in the global luxury economy, both as producers and consumers. Their consumption habits exhibit significant parallels that justify the methodological aggregation of their data for this investigation.

It is essential to note that although the data from France and Italy was consolidated, this does not imply that the findings can be extrapolated to the broader European or worldwide luxury market.

This limit regards conglomerate-owned brands, as independent brands publish their own report year over year. Nevertheless, being the research a comparative study, the same logic and approach has been applied also to independent brands.

The investigation lacked the depth of insight that could have been attained with comprehensive brand-level data for all enterprises. While averaging the data from France and Italy provided a more consistent dataset, these findings must be approached with care.

Although these limitations restrict the applicability of the present study, they simultaneously present significant prospects for subsequent research endeavours.

Researchers having access to extensive datasets may enhance this study by incorporating additional markets, making this research feasible on a larger geographic scale.

Additionally, the study might be expanded geographically by shifting the focus from individual brands to broader categories, such as jewellery, clothing, leather goods, fragrances, cosmetics, and watches, for which data is accessible.

4.4 Conclusions

This thesis addresses the primary research topic of whether a brand's competitiveness can be quantified by financial success while preserving the authenticity and identity inherent in premium branding, yielding a nuanced conclusion in the provided data.

The study verifies that conglomerates provide substantial structural benefits, including operational synergy, financial stability, and centralized management, which can enhance economic performance in the short run. Nonetheless, these benefits appear to incur a significant expense regarding perceived distinctiveness, creative independence, and brand significance. Conversely, independent brands, although possessing limited resources and capital relative to conglomerates, seem to be more adept at preserving their uniqueness and articulating an authentic and original perception of themselves.

Access to economic resources and cash may enhance short-term competitiveness, but it may compromise the brand's uniqueness by constraining its capacity to convey the innovation and authenticity vital for its standing in the premium market in the long term.

This thesis contributes to the current research with a comparative analysis of brands within conglomerates vs independent brands, emphasizing both financial implications and the cultural and strategic effects of such affiliations. The study emphasizes that a centralized management strategy, however effective, can constrain a brand's adaptability in preserving a robust and unique character. This study offers insights into how conglomerates might need to change their approach regarding efficiency with the requirement to maintain each brand's authenticity, a critical factor in the luxury sector, where perceived value is intricately connected to exclusivity and inventiveness.

The comparison with independent companies indicates that greater autonomy in management often leads to the ability and capacity to maintain essential values such as creativity, tradition, and originality.

This thesis provides valuable insights for strategic decision-making in conglomerates, indicating that sustainable competitiveness needs methods for integrating operational synergies while preserving the creative independence of the brands within their portfolio. Conversely, independent brands may gain advantages from access to resources and cash while preserving their strategic and creative autonomy.

The significance of this study resides in its capacity to propose fresh contemplation on the future of the luxury sector, urging marketing and business management experts to evaluate the intricate equilibrium between financial success and brand authenticity.

In an industry where perceived value is as significant as quantitative metrics, it is essential for conglomerates to achieve equilibrium between centralized governance and the appreciation of the distinctiveness and innovation that render a brand genuinely special and appealing from the consumer's sight.

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