

## Summary

From Darwin's human evolution principles to technology revolutions, each aspect of life passed and will pass, directly and indirectly, through changes, smaller and bigger ones. As for anything else, also businesses and industry have followed a specific evolutionary path, some of them in a more interesting and affecting ways than others. Luxury, above all, represented the market which mutations have had a huge impact on people's lives since the beginning: traditionally consumers satisfied their desires by choosing the most appropriate and suitable offer among luxury brand's proposes; the new concept, instead, is based on the opposite relationship rules since brands shaped their offers according to consumers desires and individual requests and, now, consumers themselves are shaping the industry in accordance to their desires. But what if these desires were confusing, contradictory or belonging to other areas of pertinence? which could be the consequent framework for the evolutionary road of luxury and its real meaning?

In this sense international literature, specific studies, new fields of science and brands themselves started an explorative analysis in order to create the most clear possible framework of the variables that influenced luxury characteristics and perceptions. Due to the novelty of these issues, the material available lacked in quantity and reliability, generating an even more confusing scenario. As a consequence of the rise of symbolism influence, some researchers began to analyze luxury brands with the help of other fields regarding mostly the psychological impulses of consumers in the moment of purchasing. These features appeared in the luxury scenario to help defining the real reasons behind luxury consumption, and how urgent was the importance to find some reliable guidelines to understand the dynamics of the market and successfully anticipate future trends.

Based on this need, recent analysis putted greater emphasis on the theories associating brands with specific human traits and the coherence with consumer's own personality in order to convey the right emotions. These findings supporting the symbolism approach kick started the rise of a new area of research which importance increased year after year, in order to provide an exhaustive overview of the brand personality influences on the real luxury definition.

Our research, indeed, tried to focus especially on the main factors that made the market grow so quickly, with particular regard to: the spread of luxury purchasing attitude also from middle class; the appearance of forms of consumption able to revolutionize the traditional path, as the masstige and the mix and match phenomena; the spread of globalization consequences among most industries, as the birth of new luxury market opportunities; the high number of travels around the world which allowed a growth of intercultural exposure; the democratization of luxury; the role of counterfeit goods. In addition, the upward trend of customers' demand for personalized and for no logo products which sake to satisfy intrinsic values rather than ostentation's needs. Another important issue regarded the activities and the efforts that brands putted in following a Corporate Social Responsibility code of behavior. Ethical and environmentally friendly program were gaining relevance also among luxury companies, especially because the luxury customer began to show a higher sensibility to these topics. In this sense, among the luxury companies that devoted particular efforts to embrace a sustainability attitude, Bulgari stood up by making substantial donations by sustaining Save the Children activities; other brands financed the restoration of historical monuments in their country of origin (As Fendi and the fountains of Rome) and protected the rights of the artisans.

Moreover, the evident differences between developed and emerging countries in the luxury distribution global framework, both by sales value and by demand growth (since 2007 the overall market value has increased from 130 billion dollars to 223 billion dollars

in 2014), needed the review of many brand management actions. The constant yet increasing growth of these economies generated a high interest of luxury brands and, in particular, to the Chinese market trend which has confirmed as the top and the fastest growing among the others, despite a significant deceleration of domestic consumption. Greater attention had to be paid to the revolutionary effects that the latest crisis generate in the “typical” Luxury consumer classification, since the HNWI panorama changed drastically in favor of people from emerging countries that are driving the luxury market without doubts. Moreover, middle-class clients became more conscious during luxury consumption and the richest ones started to re focusing their demand for luxury goods able to give internal pleasure (as art, food and travels) rather than “superfluous” ones (as cars, yachts and, obviously, properties). In the developed countries (as USA, Europe and Japan) the crisis has had more violent consequences than in emerging countries (as China, Brazil and Russia) and some industries were affected with greater intensity than others, as the industrial sector (especially the automotive) over luxury sector. Historically luxury was driven by European and American citizens (that still play an important role thanks the their richest and traditional consumers), but for several years now its growth was led by the dynamic demand from BRICS (Brazil, Russia, India, China and South Africa) and other emerging countries. Moreover the recent crisis created a wider gap between developed and developing countries and in their approach towards luxury consumption, which needed a dual strategy in order to satisfy a more variegate demand.

Simultaneously to the changes that were happening in the traditional luxury industry, new possible markets aroused and threatened every certainty that existed moving the attention of researchers to find the best solutions applicable for a successful luxury brand management. The “old” concept dealt with high-quality, exclusive goods represented mostly by jewelry, watches and prestigious means of transportation (cars, yachts, airplanes), that were capable of conveying gratifications not only in a personal way, but

also by reflecting a certain status within a group of belonging. The “new” luxury thinking, instead, looked for an inner satisfaction, made by emotions and lifestyle experiences conveyed by brand’s services. In fact, the new direction wasn’t made on a non-product way to intend luxury but was based on the personal perception of certain features, chosen in accordance to subjective preferences, from which consumer could directly withdraw their individual gratifications. Indeed the core of recent studies dealt with the required ability of brands on conveying their values through symbolic features instead of specific product characteristics. Many brands belonging to other categories could possess the right product characteristics but still be excluded from the luxury zone because of the lack of emotions that consumers perceived.

The gap between “old” and “new” concepts of luxury, was even more heightened by other studies dealing specific dichotomies born during the years: some concepts were clear about the old luxury, which referred to well-known brands relating to particularly wealthy consumers, and new luxury which provided goods at lower prices and high quality able to satisfy middle-classes desire for prestige status through a constant dialogue between brand and consumers.

Later on another issue gain relevance and was defined by some authors as externalized and internalized behaviors. The former dealt with the research of a status symbol while the latter focused on a more individual and personal level.

Studies on the evolution of luxury had also to face the important transition occurred from conspicuous consumption behavior, to the increased conscious consumption attitude towards luxury products, mainly driven by the lower economic availability together with the rise of alternative and new forms of luxury.

The rise of new phenomena world-wide who directly or indirectly could have influenced the relationship between the brand and consumers, generated the urge to provide additional and updated data to be able to understand the meaning of what the real

luxury was becoming. The most important trends happened as a consequence of the democratization process which putted apart the traditional beliefs, thus generating the need to produce a real definition for the luxury industry by understanding the triggers of this evolutionary process, which was chosen to be the core of our research. Above the primary causes, the higher accessibility of mass consumers to the luxury world, revolutionized the traditional concept that had been behind this concept since the beginning, the exclusivity feature. However, to avoid a the risk of a “vulgarization” of the meaning the brand could implement specific strategies and could widen its offer without falling in the trap.

Additionally other changes happened in a worldwide level, as the increased spending power of emerging countries and the consequences of globalization processes, as the leveling of social classes due to new ways of mixing up with cultures and religions worldwide, were just some of the reason behind the complexity of luxury nowadays. The masstige trend gained ground faster than imagined and consisted in offering prestigious products/services at prices that could meet the economic differences between social classes that wanted to embrace luxury in their lives.

The variety seeking spirit coupled with the need to cope with a devastating crisis that reduced the budget available for “not-necessary” goods. The Mix & Match dealt with the research by consumers for an individual style that mixed different items, brands and even fashion trends. The typical example included the combination by customers of luxury accessories and fast fashion apparel in daily occasions and special events to have an overall luxurious aspect. With the rise of democratization processes, however, new type of products that still could include exclusivity features were demanded by consumers who wanted to stand out of the masses phenomena. Since the most recognizable element of a product was its logo, its prominence was able to clearly demonstrate the prestige of the item purchased and, so, a redefinition process was needed to be able to satisfy each consumers orientation.

The certainly known changes came from the re-direction of the main focus on more quality related values as, craftsmanship, design, heritage and experiential features and, to meet such expectations, luxury brands needed to concentrate the attention on consumers' behavior studies and the evolution of their approach towards this industry generating a consumer-oriented framework

Despite the still unknown area in which consumers behavior developed, provoking contrasts among scholars in the succession of the years, most researches have agree in the existence of a basic distinction among consumers, which allowed a categorization following two different directions: A social orientation or an individual approach. The first one was mostly searched by those who need to assert their status within the society or within a group of belonging or aspire to belong. This approach was also chosen by countries that, after centuries of poverty and deprivation, took purchasing decisions based on conspicuity and materialism values, in order to increase the quantity of luxury goods possessed to reach a higher degree of success. Opposed to these category of consumers, researches focused on those that searched for other characteristics to be satisfied by luxury brands and reflected a more conscious way of buying, motivated by personal satisfaction through self-directed and hedonic pleasure to find internal fulfillment. The heterogeneity of consumers worldwide has been the driving motive behind the main classifications that segmented them according to multiple factors interacting in multiple ways: wealth and status needed. All of these phenomena made even more difficult to understand the real essence of this market, making it necessary to constant update it through testimonies on how it could be managed and integrated properly by a world-renowned luxury brand.

Since updated and complete researches were hard to find in literature, our main goal was to give an overview of the already existing luxury definition evolution, and included it into a practical framework, through case studies analysis and interviews with luxury brand managers. These studies will cover different areas of this industry: the hard luxury, the

strongest and more traditional one; the food and restaurant sector, which is revolutionizing the concept of luxury experience; the hospitality and traveling sector, and its growing importance within consumers' needs and desires.

Thus the main contribution provided by these cases will be a unique insight on the complexity of the luxury market in all its facets, bringing together into a clear framework the different visions and approaches, related to both customers' behavior and brand management, and refocus on the real motivations. The three different brands chosen to enrich the explorative research belonged to extremely different markets, which dealt with the overall luxury industry's concept.

The first case will concern with a well-established luxury brand that has developed and lived in this industry since the beginning of its activity, representing the perfect example of the traditional part of the luxury market, as it has always been intended.

The second one, instead, will focus on how a well-established company in the textile world, Sermoneta, has had the courage and readiness to figure out which way to go and which other areas of the luxury would have been more and more popular over the time. This step is due to the change occurred regarding the ways consumers were searching to satisfy new desires often by putting primary emphasis on living a prestigious experience rather than relying on buying luxurious goods. In this sense, also the third analysis deals with the willingness of people to enrich their emotional side by making luxury choices in more lifestyle related areas, as traveling. The rapid growth of this trend brought many entrepreneurs to start rethinking their investments in more profitable projects that could not be too much affected by the economic difficulties experienced in other industries, as the real estate. Entering the hospitality world for the first time could be very difficult to manage, many threats and difficulties could be encountered on the way before getting to the success and to obtain a relevant position in the market.

Even if we contributed by developing three different cases dealing with the major trends in luxury: traditional and well-established brand (Bulgari); from traditional to new luxury market (Sermoneta – Tartufi&Friends); new and unknown growing sector (Hotel Torre Salinas Mare&Natura), a limitation of the research is represented by the specificity of the studies analyzed and the subjectivity of the results obtained. However, the subjective perception remained a shared obstacle for an updated luxury definition, since the widening of the industry to so many different cultures and tradition, could not allowed an empirical solution suitable for each case. Brands would surely need to embrace a customer orientation as a determinant for all the strategies, including it first of all as a brand's culture value permeating all the departments and not only the marketing one.

From a luxury brand perspective, the literature analyzed through our research underlined a general tendency of returning to the core values as a safe anchor. New strategies to maintain a prestigious level and quality of the products without losing profits or consumers were required. Country of origin enhancement played a key role especially after globalization processes. Craftsmanship uniqueness was an efficient way to engage customers and the marketing department, by communicating experiences and not only products features, became “experiential” and “relationship” based. In this sense the contribution of the three cases, revealed the general need to implement a new thinking scheme capable to create a bridge linking the past with the future through present actions.

From consumers' management point of view, interpretation and subjectivity were the keywords of the studies related to luxury behaviors. Emotional drivers grew faster than functionalities ones and new sciences, as psychology and sociology, were needed to shed some light on the inner focus of the industry. The general agreement on the difficulties in finding objectivity features in specifically subjective fields led to new researchers strongly oriented in including in most brands' strategies consumers personal contributions as much as possible in order to understand better the target market. Adaptability skills were required



to build an offer appealing both developed and emerging countries. The development of this kind of explorative research unlighted how the luxury trends generated nowadays have come mainly from a bottom-up direction which gave a boost on social stratification transformation. Globalization and democratization were two phenomena which consequences remained still ambiguous since their influences have not stopped yet, but still are evolving in ever-changing trends centered on customers purchasing orientations. Successful businesses were created directly from unskilled consumers which, indeed, were able to correctly interpret society's changes and needs through social interactions, in both online and offline channels (as social networks and social events).