

LUXURY NOW AND INTO THE FUTURE

“Haute Horlogerie” – Technology and Timelessness – The new ways of dreaming

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A world of divergent strategies

The universe of connected watches revolves around the Apple Watch, since it has defined its codes, created by Apple. The Apple Watch not only disrupted the industry but created a brand-new value chain, together with aspirational, experiential and design cues. And it simply and boldly defined itself as its pivotal axis. In response, premium brands have adopted diverging strategies ...

“What is a watch?”

A new world that questions the very notion of the “watch”. The connected watch is probably only an extension of the smartphone, replicating the system from which it derives, its very value and *raison d’être*. Perhaps there might come a day when the interdependence between both devices will turn into metamorphosis: of the two, one could disappear, fully morphing into the other one, if not as an object, at least as a symbol. From a consumer’s standpoint, the “watch” could cease to be a self-sustaining object, turning it into nothing other than an entry point to an informational ecosystem.

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buy TH connected watch because TH is a watch making brand, so you can feel the premiumness in the details, which is different from Apple watch – Male, China, 41 y.o.

But the need is there!

Connectivity, as part of a broader technology dynamic, is fully embedded into the behaviors of youngest – and not so young – generation, who, ultimately, are or will become the core of the luxury industry customers. This applies to the watch, so the need for conciliation is absolutely key, not only to create a new segment, but to embed fully luxury brand strategies into the evolving behaviors of their current and future customers. The quote above illustrates this need: addressing the right aspirations should drive the future of luxury watches.

Today is the time of diverging strategies

Premium and luxury watch brands have so far had limited strategies at hand to define their playground within this world:

- “Indifference”: ignoring Apple and building from their core DNA. The path pursued by Tag Heuer and upscaled Garmin Marq, leveraging their sportiness territory
- “Prudence”: where luxury becomes an accessory to personalization. Hermès remains at a “safe” orbital distance and shares icons, but preserves its know-how
- “Offensive”: identifying a functional weakness of Apple Watch (limited autonomy) and proposing a competitive edge. A strategy that allows Tissot to move up its proposal
- “Hybridization”: straddling between both worlds, mechanical and digital, “hiding” connected functionalities within a classical design (Montblanc Summit 2) while experimenting new design directions with no clear reference to premiumness or luxury (Montblanc Summit Lite)
- “Maverick”: claiming a fully proprietary system, both functional, visual, and experiential, in line with a brand’s imagery and ostentatious cues: LV Tambour

Noticeably, of all these strategies, none really originated from what makes luxury such a specific aspiration. Regardless of commercial success, some of them will probably have to be reconsidered down the road, in order to define a next gen of connected watches truly entrenched in luxury.

What could be alternative strategies for luxury brands to redefine the rules of the game?

The impossible paradigm?

The different strategies underline the challenge of combining two opposite dimensions: on one hand, luxury codes are mostly non-functional, and on the other, technology brands have a high functionality level – How should watch brands bring technology into the codes of luxury?

The challenge of conciliation

Across categories, and particularly for watches, the luxury industry is playing on two key dimensions: aspirations and exclusivity. Ultimately, the goal is to generate dreams across owners and non-owners, playing mostly on timelessness, heritage and long term transmission. Technology, on the other hand, is playing on high level functionalities, fast moving renewal and evolution, hence playing on totally diverging expectations, driven by brands playing outside of the luxury category

In this context, the key challenge for the luxury watches industry sits on the conciliation of these two paradigms: How to convey luxury codes and the timelessness dimensions together with a sector which intrinsically plays on fast moving evolution and obsolescence?



“Unlike other industries, luxury cannot be defined by its functionality if you simply want to be able to tell the time, you do not spend 5,000 euros on a watch”



Bringing the luxury codes: aspirations

One of the key factors for defining luxury relates to aspirations: a luxury brand is not about functional needs, but about addressing the top of Maslow's pyramid of self-actualization.

In this context, it will be key to understand how these aspirations should be translated in a luxury watch context.

Most luxury watch brands, with their own distinctive strategy, are playing mostly on heritage, craftsmanship, quality of materials, under traditional

and visual design. In addition, the brands are playing on different emotional territory connected to corporate visibility, through communication, sponsorship, etc. When buying a luxury watch, customers project themselves into a specific occasion-based needs and the very emotional lifestyles connected to this.

Bringing technology into the equation requires defining what aspirations mean for connectivity. What could customers want to move from a connectivity into a luxury context? Brands should explore addressing the long-lasting dimensions of the technology (e.g., update or replacement of systems with upgraded versions as part of maintenance?), but also in terms of services proposed by the connectivity.

Should it only be a reflection of the smartphone? Probably not, it should also include some specific services, applications to contribute to the dream.

Exclusivity and connectivity: what could it mean?

This is ultimately the key challenge: to embed technology into luxury, technology needs to create what exclusivity means.

In our views, it can be related first to, beyond quality, the level of service associated. We could think about a maintenance system allowing a regular update – if not change – of the embarked technology ... The luxury being the provision of technology, without the planned obsolescence. Technology defying time, so to speak. Just like the monolith from Kubrick's 2001 A Space Odyssey still resonates with futuristic imagery 60 years after its appearance on our screens.

Another angle, fundamental in our views, is related to the level of accessible services. Exclusivity certainly means having access to applications which are distinctive from the mass applications you could find on smartphones – e.g. exclusive services, concierge service, VIP clubs, etc.

Luxury, Connectivity and timelessness – the way forward?

Our point of view...

1

Define and build a **luxury strategy for connected watches**, avoiding the same drivers as technological brands which draw away from the **timelessness** of luxury codes ... Build the game **using technology in service of the brands, while still being true to luxury values**.

2

Neither a product-centric nor a customer-centric strategy, the divergent paradigms **require an “omni-centric” strategy**, highlighting and reflecting aspirations, and defying time through technology

3

Develop product combining the two worlds but **primarily inspired by luxury watch codes**. Embed technology into a luxury watch, bringing luxury assets into a technological product.

4

Bring the technology into the luxury codes: this should not only be integrating technology into product, but also **identifying what a luxury connected service means in terms of aspirations and exclusivity**: not only should the product be exclusive, but the proposed services should be too. These services should be different from those of smartphones (e.g. *exclusive services and apps, etc.*)

About Ipsos Luxury

This point of view has been developed by Ipsos Switzerland local experts of the Luxury industry – Jean Pierre Carnevale , leading the qualitative department of Ipsos, and Stephane Paoli, leading the Experience based expertise

This has been developed combining different knowledge from our long lasting relationship with the industry, together with a Semiotic analysis of a large scope of publications, articles, web content related to the trends of connectivity and watch industry

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