

ABOUT IE PREMIUM AND PRESTIGE BUSINESS OBERVATORY

IE Business School was created in 1973 as an independent post-graduate business school by a group of Spanish entrepreneurs. Considered one of Europe's leading business schools by international media, they envisioned a dynamic and innovative school driven by academic excellence and an entrepreneurial mindset. IE Business School trains entrepreneurial business leaders at all stages of their careers with a truly global perspective and a focus on creating a sustainable world.



Since 1973 focused on academic excellence



More the 30 graduate programs



2,000 master students a year



4,000 executive education participants a year



90 nationalities on campus



50,000 alumni in more than 100 countries



Premium and Prestige
Business Observatory



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The Paper Pavillion at IE Business School is the location of the IE Premium & Prestige Observatory's Annual Sustainability Awards.

A WORD OF WELCOME

The IE Premium & Prestige Observatory started in 2010 with the goal of generating and sharing knowledge about the premium market and industry worldwide. With the support of MasterCard we have done research on the impact of the digital revolution in luxury client behavior and the industry pace of adaptation. We have explored the meaning of memorable experiences and its key drivers as well as key issues for the sector at IE Luxury Barometer. We have developed tools to better understand premium tourism and the key drivers of our days. The Observatory has also supported premium and luxury entrepreneurship and has given visibility to sustainable luxury entrepreneurs.

We are grateful to all of you that made this possible. Without your support we would not have achieved our outcomes of knowledge and better industry understanding. Thank you MasterCard for being a pioneer by giving impulse to this initiative, specially to Eva Ruiz who guides us everyday and David Molina who had the vision for this collaboration. Thanks to Condénast for an alliance that allowed us to do primary research. Thanks to the team of researchers at IE who have contributed to generate industry knowledge and to IE team, a key force behind this new project. Thanks you to all industry experts that contributed with your knowledge and experience. Thanks to IE communication and support team for organizing round tables, events and conferences. It has been a joy building IE Premium & Prestige Observatory with you all.



Maria Eugenia Girón
Executive Director,
IE Premium and Prestige Business
Observatory



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Business Observatory



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IE FOUNDATION

The IE Foundation is an instrument of IE that enables students, teachers and personnel to further their educational, research, and management activities. Priority is given to the training of culture outreach institutes and members that have ties with IE. Resources go to funding scholarships for students, grants for training and research for professors, and funds for updating and improving IE's educational structure.

The Foundation operates throughout Spain, and also has an international presence throughout North and South America, Southeast Asia, the Middle East, Northern Africa, and Europe. The IE Foundation is supported by the donations of both private individuals and companies. Thanks to their support IE's training, research and management activities continue to grow.

REPRESENTED IN 22 COUNTRIES



THE PREMIUM & PRESTIGE BUSINESS OBSERVATORY IS...

- A platform to integrate all activities related to the premium and prestige business industry within IE Business School.
- An observatory of trends and new sources of growth.
- A hub for conducting relevant research on this industry of specific value to the Observatory's partners and the wider business community
- A platform for organizing seminars, conferences, and other events and for promoting high value networking among industry professionals
- An incubator for new ideas and business development within this industry.

WHY ONE MORE OBSERVATORY?

- The lack of accurate industry information as well as academic research about premium and luxury business on issues such as consumer behavior, growth markets, new distribution channel development, impact of digital revolution or new value chain.
- New developments, including the impact of technology and the importance of new Asian markets have lowered the barriers of entry to this industry, making entrepreneurship more relevant.
- Many open questions regarding the development of this industry and the need to explore new sustainable business strategies.

OUR OBJECTIVES

- To generate knowledge of value for both the sponsors and the academic sector through applied research initiatives and projects.
- To be a reference of state of the art thinking for the premium and prestige industry by attracting the best experts on new developments.
- To be a platform that integrates all activities related the the industry within IE Business School, including research, diffusion and training.
- To be an incubator for new ideas and business development within this industry.
- To transfer the acquired knowledge to the sponsoring companies.
- To serve as a platform for sponsoring companies to present their body of work in this industry.

THE OBSERVATORY AT A GLANCE



Generating knowledge about the premium and luxury goods industry since 2010



A hub for premium and luxury international experts



Supporting sustainable luxury entrepreneurs and honoring leaders in luxury ecosystem since 2014



Academic cases published by Observatory team



Hosts events & presentations for industry experts every 2 months



+6000 registered industry professionals receive the bi-monthly newsletter



More than 200 features in national and international media online

AREAS OF RESEARCH

The IE Premium and Prestige Business Observatory focuses on 4 key areas of investigation



AREAS OF RESEARCH

SECTOR

While economic, social, and technological changes both affect and define opportunities in all business sectors, some have a special impact on the luxury industry. The search for an answer to the recurring question of how world issues impact the luxury industry, led us to undertake research which resulted in a measurement of the ten most important issues for the luxury and prestige sector. We have called it the IE Luxury Barometer: from experts to experts.

Papers published

- IE Luxury Barometer 2014
- IE Luxury Barometer 2015

MARKET

We have done research on the impact of the digital revolution in luxury client behavior and the industry pace of adaptation. We have explored the meaning of memorable experiences and its key drivers.

Papers published

- I Premium Market Growing in Times of Crisis. Situation in Spain 2011
- Discovering The Keys to a Memorable Experience, 2014
- Luxury Surrenders to the Internet Spain, 2013
- Luxury Surrenders to The Internet Mexico, 2014
- Luxury Surrenders to the Internet Millennials, 2016

TOURISM

Tourism represents 9% of the global GDP and all jobs worldwide, and the number of tourists worldwide is expected to almost double from 2010 to 2030. Research is warranted in this industry because change, especially in the higher ends of the travel markets, is happening at a breathtaking speed. At a time when up to 60% of luxury brand sales in European cities are to tourists, luxury executives count on it as a key source of growth.

Papers published

- City Positioning
- High Value City Tourism
- High Value City Tourism II
- Premium Travel Barometer 2016

SUSTAINABILITY

Sustainable luxury is about going back to the basics of the old days meaning of luxury, a thought over purchase, a craft manufacture, and the beauty of materials in the broadest sense and the respect for social and environmental aspects.

Papers published

- Loewe – A Special Project On Sustainability Strategy
- Sustainable Luxury and Social Entrepreneurship
- Stories from the Pioneers I
- Sustainable Luxury and Social Entrepreneurship
- Stories from the Pioneers II

IE AWARDS FOR SUSTAINABILITY IN THE PREMIUM AND LUXURY SECTOR

The IE Sustainability Awards are jointly organized by IE Business School (Madrid, Spain) and Fundación de Estudios e Investigaciones Superiores (Buenos Aires, Argentina) since 2014. The main objective of the award is to recognize the culture and business practice of sustainability in the luxury and premium sector



ABOUT THE AWARD

This award is a distinction of exclusively social and cultural nature aimed at recognizing annually

- Best business practices
- Strategies
- Innovations
- Activities of sustainability-related sectors in the luxury and premium industry

The award has four categories:

- Apparel and accessories
- Cosmetics
- Tourism, hotels and hospitality
- #SmartLuxury

It has two main goals:

- Distinguishing luxury and premium sustainability culture and practice in the private sector.
- Teaching that nowadays the idea of luxury and premium is associated with the possibility for people to express their deepest values.

HONOREES

This honor goes to the institutions and/or people that have achieved an accomplishment in the following fields:

- Lifetime Contribution to Sustainable Luxury Development
- Best Contribution in Raising Awareness
- Latin American Sustainable Luxury

Sustainable luxury and social entrepreneurship : stories from the pioneers I

Edited by Miguel Angel Gardetti and María Eugenia Girón

Sustainable luxury and social entrepreneurship : stories from the pioneers II

Edited by Miguel Angel Gardetti and María Eugenia Girón

Luxury products are now seen by a growing number of global consumers as an important and more widely available way of expressing personal aspirations and values. Most consumers of luxury products and services use them as status symbols and symbols of success. However, the definition of success — and the way it is perceived by others — is changing. Many of these successful consumers now want the brands they use to reflect their concerns and aspirations. Such luxury products usually come with a heavy social and environmental cost

The social entrepreneurs documented in this book highlight the relationship between personal values and sustainability, entrepreneurship and innovation in developing and marketing luxury products. The pioneers outline how they have developed inclusive supply chains with poor and vulnerable communities. Their stories prove that luxury need not be a destructive force; instead, they open a window on a world where entrepreneurial pioneers can change the rules of the game

From the Faroe Islands to Peru, and Fairtrade gold to salmon leather, this collection tells the stories of inspirational entrepreneurs putting humanity at the heart of luxury

SUSTAINABLE LUXURY AND SOCIAL ENTREPRENEURSHIP STORIES FROM THE PIONEERS



Edited by Miguel Angel Gardetti
and María Eugenia Girón

SUSTAINABLE LUXURY AND SOCIAL ENTREPRENEURSHIP

VOLUME II

MORE STORIES FROM THE PIONEERS



Edited by Miguel Angel Gardetti
and María Eugenia Girón

SUMMARY OF PUBLICATIONS

SECTOR

IE Luxury Barometer 2015 – by Maria Eugenia Giron & David Millan Planelles, February 2016

IE Luxury Barometer 2014 – by Maria Eugenia Giron & David Millan Planelles, February 2015

The aim of the Barometer is two-fold. First it seeks to understand the point of view of the experts in the luxury and prestige sector regarding the most important issues and industry trends, and secondly it explores the implications that these aspects may have on the development of the sector in the immediate future and in the long-run.

TRAVEL

Key Drivers Behind High Value City Travel II - by Jörn Gieschen, September 2016

The second edition of this study seeks to further knowledge of how to design better experiences learn how to achieve better experience design, achieve greater efficiency in communications and marketing, and to explore the relevance of experiences in terms of destination selection and willingness to spend.

IE Premium Travel Barometer 2016 – by Jörn Gieschen, May 2016

It is based on the insight of experts from the ecosystem of Premium travel. Learnings taken from industry experts in various field of travel industry ranging from hospitality to public institutions, operators, shopping, travel retail, culture or services.

Key Drivers Behind High Value City Travel - by Jörn Gieschen, November 2015

This study looks at the most relevant travel industry trends for the premium sector: general global tourism trends, affluent travel trends, and city travel trends. This research focuses on European capital city destinations for high value Non-Euro market segments, and is based on 1700 interviews in the selected markets, secondary research, and the opinions of a panel of experts.

Urban Explorers and Destination Positioning - by Gildo Seisdedos and Olga Kolotouchkina, June 2014

This study explores tastes and preferences of the travelers, analyzing the motivations to choose a destination and the valuation of Madrid under those parameters. The study investigates both national and international travelers to further explore the profile of those people visiting Madrid.

MARKET

Luxury Surrenders to The Internet, Millennials – by Maria Eugenia Giron & David Millan Planelles, October 2016

This study seeks to develop a better understanding of the impact the digital evolution has on the client-company relationship, with a particular focus on the millennial or digital natives. It looks at the process of decision making, how various "touch points" impact the "customer journey", and how the use of devices impacts brand awareness and purchase decision.

Importance of the Internet for Consumers of Premium and Luxury Products in Mexico - by Maria Eugenia Girón and José Luis Ibáñez , August 2013

This report focuses on people who have incorporated new technologies into their lifestyle and who show an interest in luxury and premium products. These are people who devote a portion of their free time to informing themselves about trends and new developments, and are therefore current or potential consumers of luxury and premium products.

Discovering the keys to a Memorable Experience - by Maria Eugenia Girón and José Luis Ibáñez, July 2013

This study attempts to find out what a positive experience means for the consumer in four different industries – luxury goods stores, financial institutions, travel, and healthcare – and to identify the key factors that reinforce the customer-brand or customer-company relationship. It endeavors to assess how predisposed consumers are to communicate their experiences to the people around them and to what reasons they attribute their best experiences in each of these four sectors.

The Importance of the Internet for Consumers of Premium and Luxury Products - by Maria Eugenia Girón and José Luis Ibáñez, October 2012

This report focuses on people who have incorporated new technologies into their lifestyle and who show an interest in luxury and premium products. These are people who devote a portion of their free time to informing themselves about trends and new developments, and are therefore current or potential consumers of luxury and premium products.

Premium Market Growing in Times of Crisis. Situation in Spain 2011 – by Maria Eugenia Girón and José Luis Ibáñez, February 2012

Thorough review which considers both the academic aspects as well as field knowledge of the Luxury Goods Market, its evolution and of the profiles of the consumers who participate in it. Secondly, and in view of the fact that there is very little data about the Spanish market, it attempts to quantify not only the Personal Luxury Market in Spain, but also its potential for development and the size of each of the consumer segments of which it is comprised.

To view the full reports please visit: observatoriodelmercadopremium.ie.edu/informes/

SUMMARY OF ACADEMIC CASES

Loewe: A Special Project On Sustainability Strategy - by Joaquín Garralda

The case study describes the process of integrating the concept of sustainability into the operations of LOEWE. The leadership of the new CEO is a key part of the process, as is a highly structured plan to measure and determine whether the process is moving forward. One remarkable aspect of the case is the Leather Crafts College initiative, a training center open to people interested in developing this skill and who have passed a selection process coordinated by Getafe Council.

Porsche AG. Beyond The Limits of Luxury? - by David Millan Planelles, June 2014

The case describes Porsche's success over the first decade of the 21st century in the luxury car market and touches on Porsche's acquisition by the Volkswagen Group (VW). The case is focused on the two new models Porsche introduced in the late 2013, which became the most expensive (918) and the most affordable (Macan) Porsche to date. This is a new strategic challenge for Porsche; growing their business in two new spaces, high end and low end of the market, represent a good growth opportunity but also a major strategic challenge. (IE Publishing, DE1-204)

LVMH & Bulgari, Luxury Time – by David Millan Planelles January 2013

This case covers LVMH's acquisition of Bulgari. The study evaluates the high-end timepiece industry and discusses the challenge LVMH faces in expanding its operations within this type of industry. (IE Publishing, DE1-189A and DE1-189B , 2013)

The entrepreneurial Journey of a Manager- by Cristina Cruz and Maria Eugenia Girón, June 2016

This multimedia case describes the entrepreneurial venture of doing a Management Buy in MBI of Carrera y Carrera Jewelry company by Maria Eugenia Girón. Case explores new ways of entrepreneurship as well as challenges faced.

OUR TEAM

MARÍA EUGENIA GIRÓN, OBSERVATORY EXECUTIVE DIRECTOR

Maria Eugenia is the promoter and Executive Director of the IE Business School Premium and Prestige Business Observatory. She teaches "Premium & Luxury Entrepreneurship" for IMBA students at IE Business School. She is a mentor in the IE International Mentoring program and member of the IE University board.

ANDREA DOPAZO, IE APPLIED RESEARCH DIRECTOR (2010-2016)

Andrea was a key force behind this new project. Her guidance was important to ensure academic quality and relevance of all research and work.

DAVID MILLÁN PLANELLES, IE PROFESSOR

David is a professor of Strategy and Luxury Strategy at IE Business School, teaching both International and Executive MBA classes. As an author, he has published several awarded case studies and articles. He has held such position as the Marketing and Sales Director of DOMA Yachts. Currently he is an independent Senior Management Advisor and a management speaker.

GILDO SEISDEDOS, IE PROFESSOR

Cities are Gildo Seisedodos's passion. As a marketing professor at IE Business School, he combines teaching, research and consulting activities in the fields of urban planning, local policies and city marketing.

JOAQUÍN GARRALDA, IE PROFESSOR & DEAN OF ACADEMICS AFFAIRS

Joaquín is the Dean of Academic Affairs, and a professor of strategy at IE Business School. He is a Member of State Council on CSR, a body created by the government to promote CSR in Spain. He has been Secretary of the The UN Global Compact's Spanish Association (UN Global Compact) since its initiation in 2004, until July 2012. He is Chairman of the Ethics Commission in MicroBank's Ethical Fund (CaixaBank Group).

JOSÉ LUIS IBÁÑEZ, IE PROFESSOR

José is both a Doctor in Physics, Autonomous University of Madrid, and Marketing Professor at IE Business School. He has held such positions as Product Manager at Procter & Gamble, Marketing Director at American Express, and Chief Marketing Executive in Schweppes.

JÖRN GIESCHEN, CONSULTANT

Jörn is an experienced freelance tourism consultant, speaker and IE collaborator. He has been helping cities, countries, and companies around the world with their tourism strategies, marketing plans, innovation approaches, and branding projects.

OLGA KOLOTOUCHKINA, RESEARCHER

Olga Kolotouchkina is a branding, strategic planning and corporate communications expert. As a PhD candidate Olga is a city-marketing and city-branding researcher, and professor of Branding and Strategic Planning.

YOLANDA REGODON, IE COMUNICATION

Yolanda is in charge of promoting awareness and knowledge of the Observatory. She has worked to promote the area of premium and luxury goods and services within IE.

PARTNERS

MasterCard supports IE's Premium and Prestige Business Observatory project to offer the best payment solutions to the Premium consumer segment of the Spanish market. As an Observatory partner, MasterCard will study in-depth this important and growing market sector in our country and improve their knowledge of the tastes, habits and needs of Premium customers to finally take their offer a step further and be able to provide products and services that suit better the needs of these consumers.



COLLABORATORS

Círculo Fortuny is a non-profit organization with the aim of bringing together the Spanish cultural and creative brands in a common forum to collectively promote and defend their shared values.



CondéNast Publishing collaborates in the research on Premium and Prestige Business consumer behavior.



CONTIBUTORS

Luca Solca, Head Global Luxury Good EXANEPARIBAS

"Luxury is about selling a promise of exclusivity"

Claudia D'Arpizzio, Partner Bain Milan, author annual Altagamma research

"The client of luxury is an heterogeneous group of 330M consumers with distinctive attitude and behaviors becoming ever more challenging. From local to global consumers, 24/7 connected, knowledgeable, asking for a unique, entertaining and custom-made luxury experience"

STUDENT INVOLVEMENT

The Observatory partners with the **IE Business School Luxury Club** and the **IE Business School Retail Club** to host industry events for students.



Members of the Observatory team also act as faculty advisors on students IMBA impact projects.

IE Business School – Premium and Prestige Business Observatory

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