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**Allowing the introduction and legitimacy of new
materials and paradigms in the luxury world to
foster paradigm shifts.**

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*Dedicated to my grandparents Luisa and Adriano to
whom I owe the best parts of who I am*

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Abstract

The fashion market is currently one of the most polluting industries globally, and it stands as one of the sectors requiring substantial efforts to reduce emissions and align with the targets set by the Intergovernmental Panel on Climate Change (IPCC). Much like this industry, numerous others are also in need of embracing novel materials and paradigms, both to enhance their sustainability and improve efficiency. Thus, the concept of leveraging the luxury market as a catalyst for change has emerged, as it possesses the unique capacity to create new desires within customers, unrestricted by the mere fulfillment of existing demands. This study delves into the realm of luxury, employing case studies to explore how new materials or paradigms can find acceptance within this market. Once this achievement is attained, the subsequent investigation, guided by existing research, examines how these innovations can permeate both the premium and mass markets.

The resultant accomplishment takes the form of a theoretical model structured in two distinct phases. The initial phase highlights methodologies geared toward introducing innovative materials and paradigms to the luxury market. These methodologies encompass various strategies, including targeting new generations, creating "uniforms," branding, employing perceived similarity, offering incentives, and adapting to *diktats* and *force majeure*. These routes can be adopted individually or combined and need to be adapted to the specific innovation seeking acceptance. Once the innovation is embraced within the luxury market, the second phase is set into motion. Capitalizing on the new desire created by the luxury market, this phase pushes the premium market, and subsequently, the mass market, to adapt to the new innovation to cater to this emerging need. Consequently, the diffusion of the innovation becomes more comprehensive and accessible. Ultimately, through the snob effect, luxury clientele will yearn for novelty and uniqueness, thus making the luxury market a fertile ground for the reception of another new innovation.

The model proposed positions the luxury market as a transformative force, assuming a central role in driving change and emerging as a significant actor when introducing innovations to the public.

Chapter 1: Setting the stage

What is the goal of this thesis?

This thesis looks for a way to leverage the luxury industry and its influence in order to foster paradigm shifts. Finding potential solutions to the legitimacy issues that brands might encounter when introducing novel materials and paradigms to the luxury market is of particular importance. These issues might be brought on by customers' preconceived notions of what belongs in the luxury world. Once the new material or paradigm has achieved luxury status, find a way to capitalize on this position to establish it as the new standard in the market.

Sustainability in the current fashion industry

Based on a conservative estimate, 4% of global emissions come from the fashion industry. To meet the need to limit global warming to 1.5°C above pre-industrial levels, as recommended by the Intergovernmental Panel on Climate Change (IPCC), it has been calculated a carbon budget equal to 128.7 Kg of CO₂ per capita.

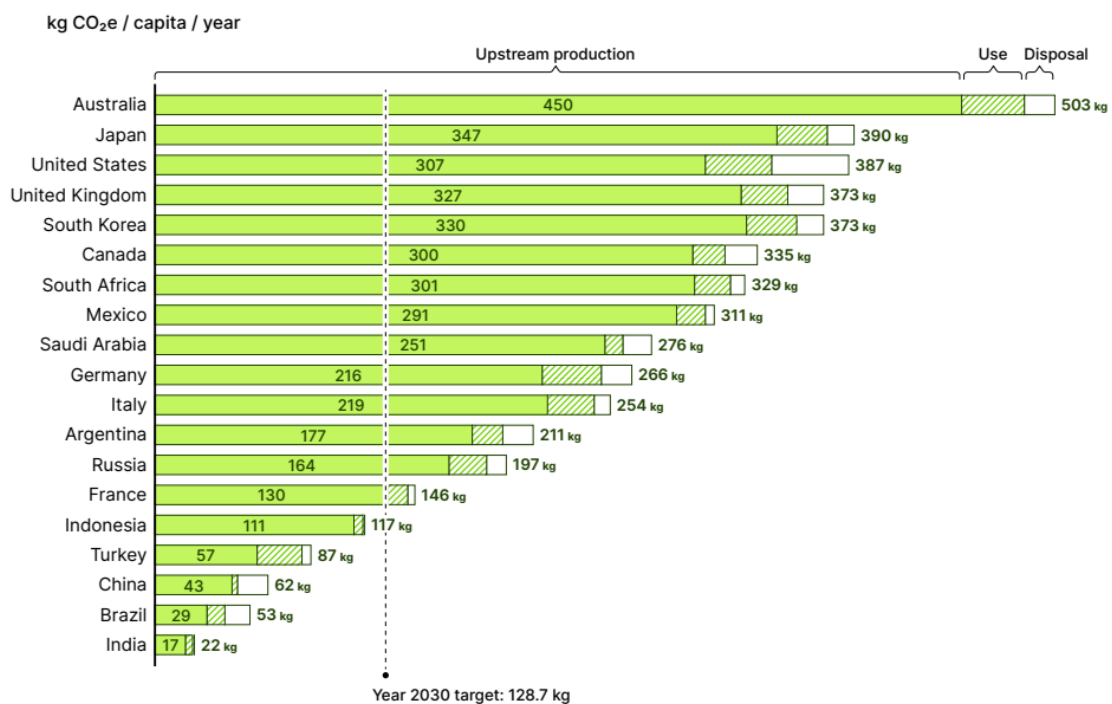


Figure 1: Carbon footprint from fashion consumption in the G20, and equity-based 1.5-degree target for 2030 (Source: Hot or cool institute)

When the G20 nations were analyzed (Coscieme et al., 2022), only five of them had greenhouse gas emissions within budget at present. The study also found that about 84 percent of GHG emission comes from upstream production, from fiber cultivation to tailoring and finishing. The introduction of innovative and sustainable materials can have a particular impact on upstream production since those materials that can be considered fully recyclable, therefore cutting some of the emissions coming from fiber production; but also, an impact on the disposal

phase, for example, thanks to compostable fabric that can reduce the need to incinerate clothes or stock them in landfills.

In addition, GHG emissions were also analyzed on the basis of income. For France, Germany, Italy, Turkey, and the United Kingdom, fashion expenditure data were available by income quintiles; while for Brazil, China, India, Indonesia, Mexico, the Russian Federation, and South Africa, data were available according to 4 specific income groups: lowest (less than \$2.97 per day per capita), low (between \$2.97 and \$8.44 per day per capita), medium (between \$8.44 and \$23.03 per day per capita), and high (above \$23.03 per day per capita).

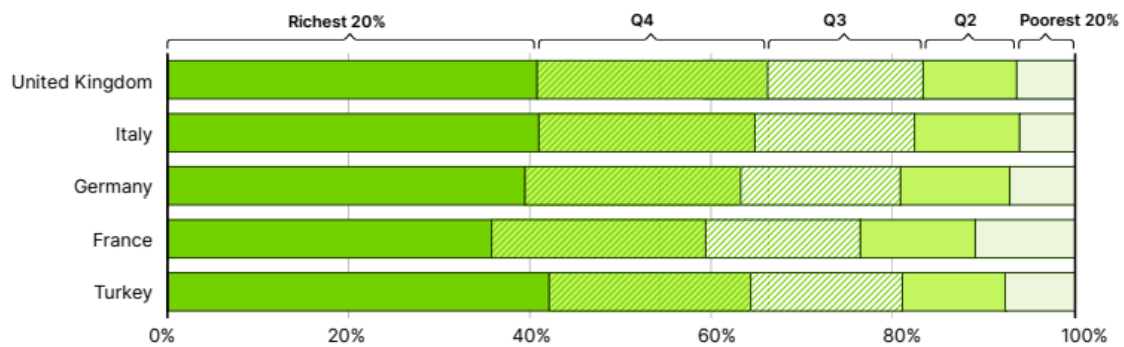


Figure 2: Share of fashion consumption carbon footprint from income quintiles in selected G20 countries (Source: Hot or cool institute)

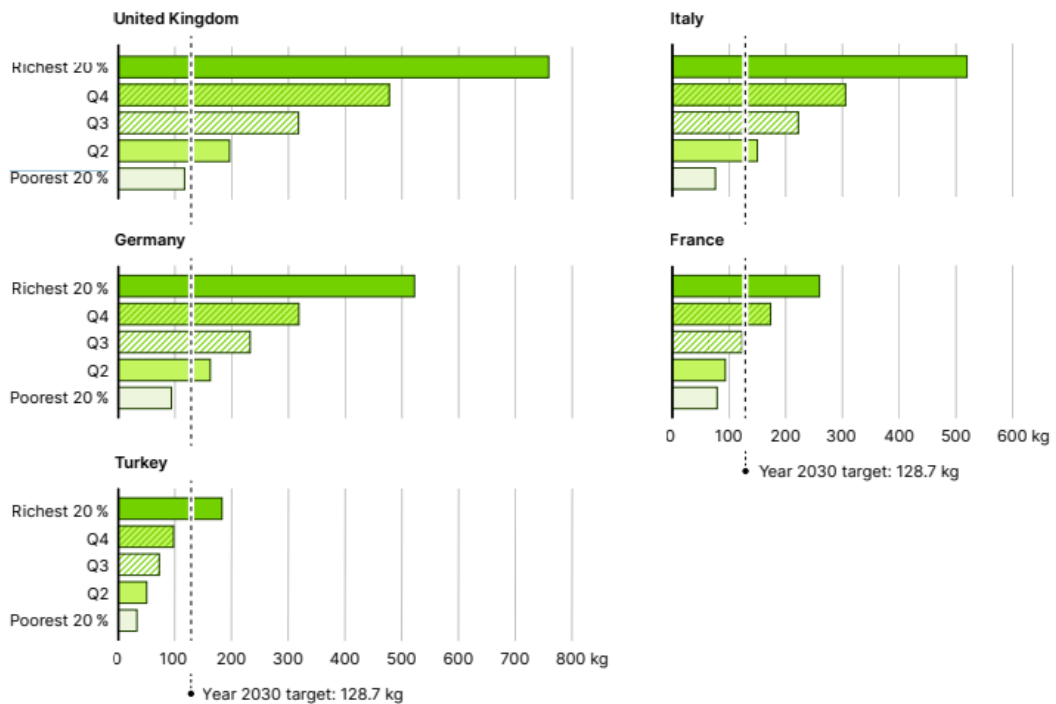


Figure 3: Total carbon footprint from income quintiles, kg CO₂e/capita/year and equity-based 1.5-degree target for 2030 (Source: Hot or cool institute)

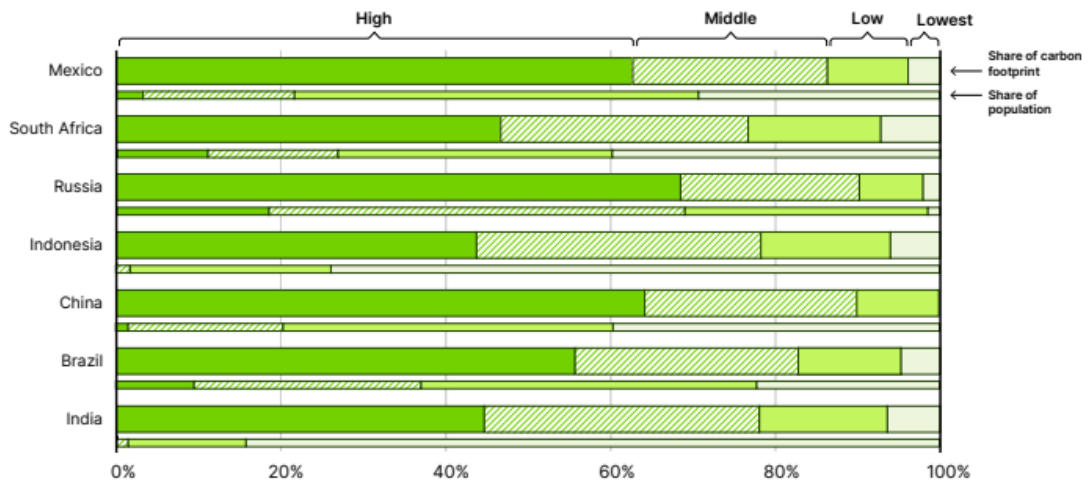


Figure 4: Share of fashion consumption carbon footprint from different income groups in selected G20 countries (Source: Hot or cool institute)

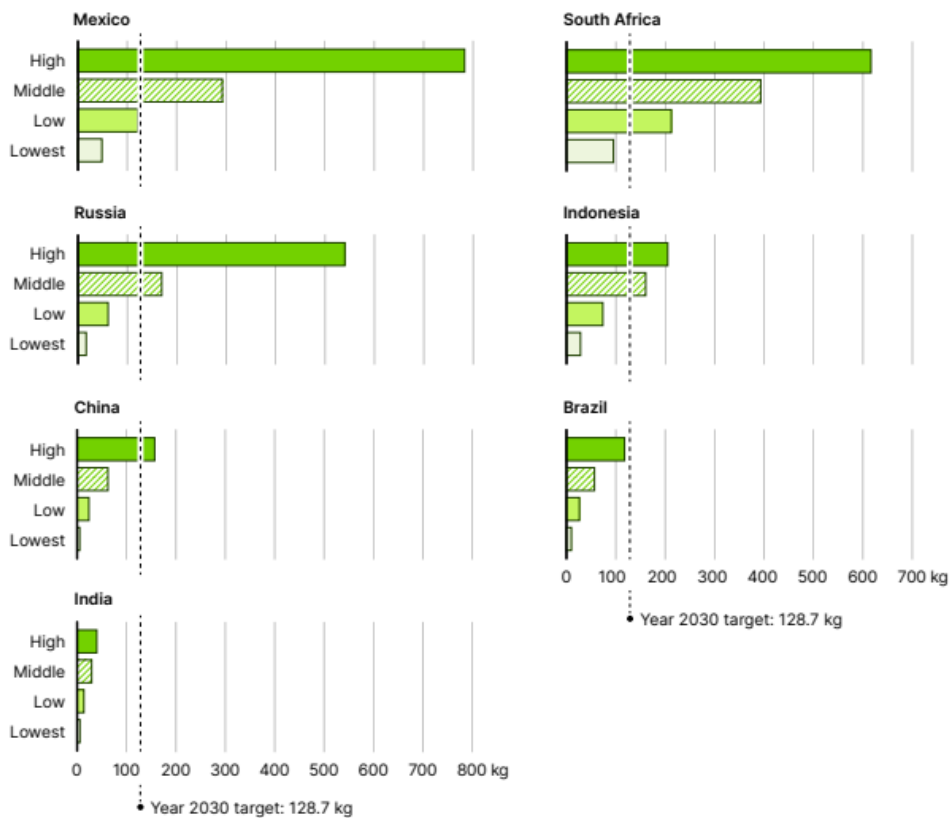


Figure 5: Total carbon footprint from income quintiles, kg CO₂e / capita / year and equity-based 1.5-degree target for 2033 (Source: Hot or cool institute)

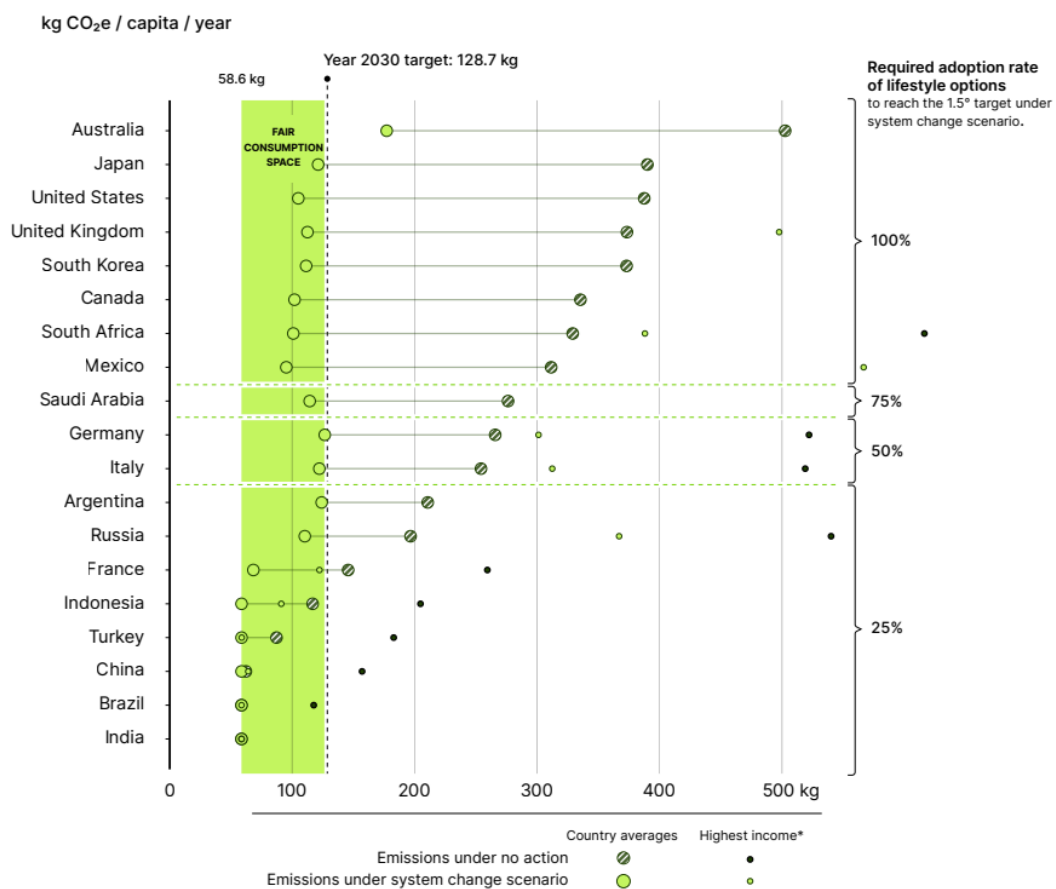
From this data, it can be seen that in every state, except for France, the richest segment produces more than 40 percent of GHGs. The luxury market has these people as customers, so

introducing innovative and sustainable materials would reduce the large impact that the habits of these individuals have on the rest of society.

The report also proposes a solution to align all G20 member states (except Australia), it is based on:

- Absolute reduction in high-impact consumption (i.e. reducing the number of clothes purchased)
- Modal shift towards more sustainable options (i.e. buy second-hand garments)
- Efficiency improvements (i.e. switching to less carbon-intensive fibers)

However, to be effective these proposals must be accepted by more than 50% of the population in eleven out of nineteen states, and in 8 of those states, nearly 100% adoption is required.



*) Highest income is the footprint of the high income group for Mexico, South Africa, Russia, Indonesia, China; of the richest 20% of the population for UK, Italy, Germany, France, Turkey. No income group data for unmarked countries.

Figure 6: Fashion consumption carbon footprint in 2030 under the current trajectory and under the system change scenario (Source: Hot or cool institute)

It is also important to notice that even after these suggestions have been applied the impact of the richest part of the population remains far higher than the budget. With a luxury sector that uses innovative and sustainable materials, on top of the aforementioned reduction of the impact of upstream manufacturing, the life of each clothing

piece becomes longer, reducing the need for new purchases and allowing more room for trading and the second-hand market. Moreover, the acceptance of these solutions by the richest is strictly needed, not only due to the high carbon footprint of this group but also for their ability to influence the aspirations of others.

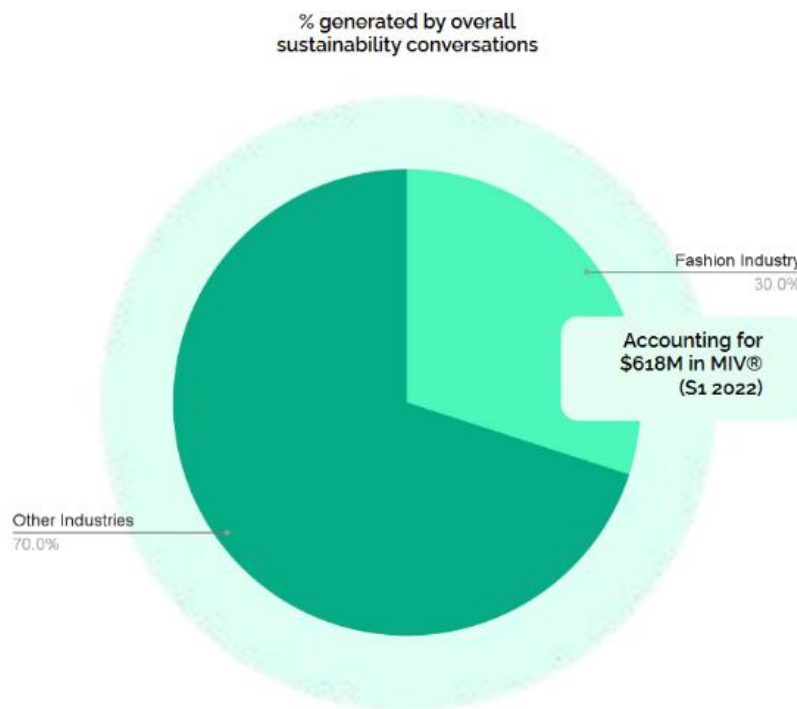


Figure 7: % generated by overall sustainability conversations (Source: Launchmetrics)

Despite being responsible for negative environmental impact, 30% of overall sustainability conversation regards the fashion industry (data regarding first semester 2022). The key topics of these conversations are awareness, materials, and processes. As shown in the chart awareness is the dominant topic, with more than 68% of the overall MIV, and in this topic discussion regarding 'sustainable fashion and 'sustainability'. Although materials account for 21% of the conversations, there are no specific mentions of new materials, but the focus of the discourse seems to be more on the impact of leather and issues regarding veganism.

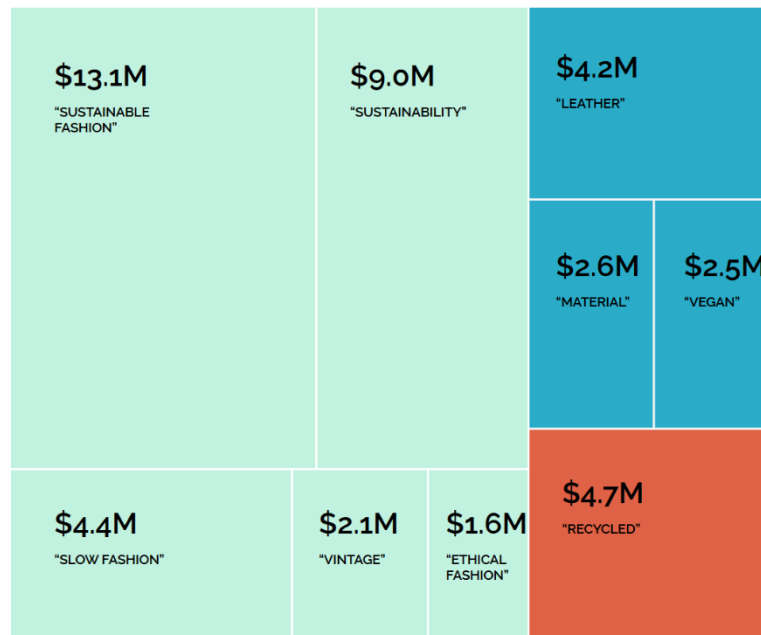


Figure 8: Use of terms related to Sustainability (green), Materials (blue) and Waste (red) (Source: Launchmetrics)

Why sustainability in fashion luxury?

If luxury goods emphasize sustainability as a value, it could symbolically represent elite status and so become a trait that consumers seek to exhibit in order to be accepted as a member of that elite. Following that, premium brands and then mass-market brands, particularly fast fashion, and ultra-fast fashion brands, would be forced to take a more sustainable stance. In fact, it would no longer be sufficient to replicate for the general public the designs offered by the luxury market; it would also become necessary to employ sustainable materials and techniques. This would compel fast fashion and ultra-fast fashion businesses to fundamentally alter their production methods, thereby lessening the significant environmental impact these businesses have on the globe.

Analysis of the current approach to sustainability in the fashion industry

Sweden has always had a dominant role regarding the issue of sustainability, from 1995 when it was one of the first states to introduce the carbon tax, to the present day with large investments in renewable energy and circular economy. Two Swedish fashion companies, Dedicated and Asket, were then analyzed to understand what best practices they adopt and how they communicate their value to customers.

Case study Dedicated: *Promoting a fashion brand leveraging CSR through education and transparency.*

Dedicated is a fashion company established in 2006 in Sweden. They aim to be 100% sustainable and at the same time create products that can be durable and reflect everyday fashion. Their commitment to sustainability is supported by the company's numerous certifications and transparency regarding their suppliers.

When a customer enters for the first time the site it can immediately see that sustainability is a strong part of the brand identity of the company, being at the top of the page together with the clothing categories. When talking about sustainability the company does not simply display its achievements but also aims to educate the customer. To do so Dedicated has an entire section where they display the material used in their clothes and the benefit they bring to customers. Furthermore, they have also a section dedicated to certifications, where they can teach their customers the meaning and the value of the certificates they obtained.

Perks

Certifications here are a source of competitive advantage since they allow differentiation from competitors. Applying the VRIO model it is possible to see that the certificates displayed are valuable since they come from established organizations (i.e. Peta); rare, given the difficulty in obtaining them due to the strict requirements; inimitable, since it is hard for companies to reorganize their operations and supply chain to be able to satisfy the requirements for these certificates; organized, since the company is leveraging these certificates through customer education not only it is allowing customers to recognize the value of the certificates but also, for comparison, Dedicated shows them what other companies are not doing.

Drawbacks

Creating designs that follow current fashion trends could frustrate the effort in creating durable clothes, as there is a risk that once the fashion passes, the clothes are no longer used and end up being thrown away anyway, even if they are not worn out. However, luxury clothes are not subject to this problem as they seek to offer timeless beauty that is not affected by trends. This allows them to take full advantage of the garments' lifespan, reducing the continuous purchase of clothes and consequently the impact their production has on the planet.

Takeaways

Luxury that leverages sustainability and new materials could be categorized as a luxury for connoisseurs since the value that these materials bring to the customers is not immediately recognizable but requires to have knowledge on the topic to be fully appreciated. Educating the customers can be one of the possible ways to allow novel materials and paradigms in the luxury industry. However, it is necessary to invest in communication to allow them to understand what is special about certain material. In addition, certificates can be an excellent signal for recognizing luxury garments. To accomplish this task, however, certificates must become part of people's lives, and acquire a symbolic value comparable to that of a luxury brand. Seeking this value can be done in a variety of ways by both certifying bodies and fashion brands. Part of this paper will be devoted to the use of certifications to give value to material and enable it to gain legitimacy in the world of luxury fashion.

Case study Asket: Full Transparency approach in the fashion industry.

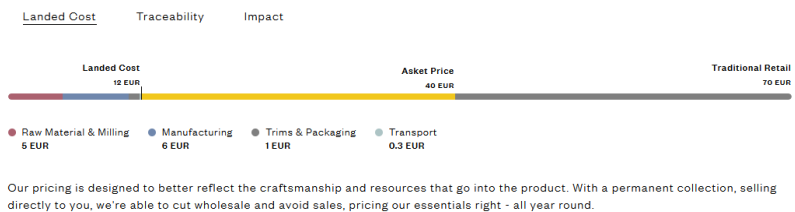
Asket is a Swedish company founded in 2015 by August Bard Bringeus & Jakob Dworsky. Its mission is to create “...only meaningful essentials: Only the garments we need, and their stories uncovered and told - restoring the value and appreciation of clothing.” And to do so the company is building a permanent collection of clothes “Built on pieces that will stand the test of time. Both in craftsmanship and design.”

In addition to sustainability, transparency is another pillar for Asket; in fact, the company not only tries to track the entire supply chain but also shows the customer the impact that each individual garment has on the planet. In addition, every year Asket releases its progress report, which focuses on four main aspects: Transparency, Lifecycle Responsibility, Operations, and Shortcomings.

Regarding transparency, the company aims to achieve full traceability for all its products and every single component of them. Nowadays the permanent collection is 93% traceable (+8% with respect to 2020), this highlights the commitment of the company since in 2018 it was only 68%. On top of that, they also provide the impact receipt displaying information regarding CO2, water use, and energy consumption for garment production.

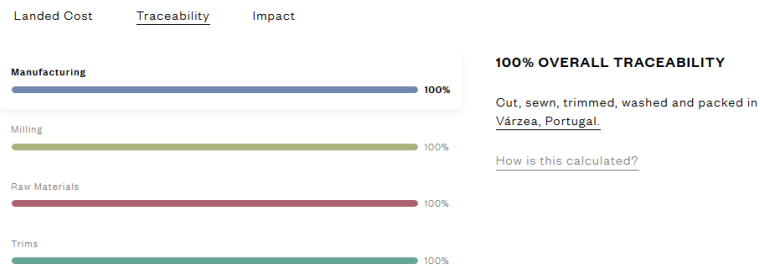
Full Transparency

Understanding and appreciating the value of our clothing is fundamental in learning to live with less. The more we know, the better decisions we make, the more we cherish what we have, the longer it'll last and - as a result - the less we'll need.



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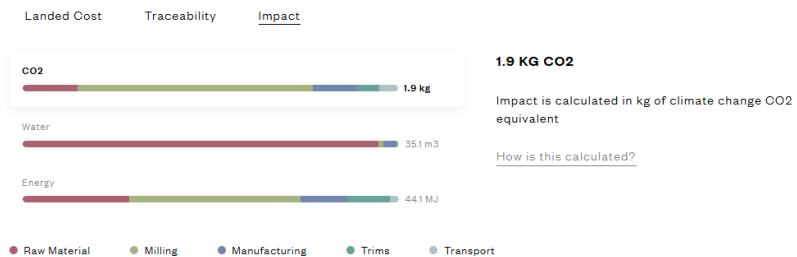


Figure 9: Asket full transparency label

To have a better impact throughout the entire lifecycle Asket improving not only garment materials but also packaging and distribution, the company is also introducing the Revival Program a takeback program that takes care responsibly of the end-of-life of all garments. As an

aid to materials evaluation, Asket, has created a table in which it subdivides materials, considering their environmental impact, but also their longevity and recyclability. By the end of 2021, 68% of the garments were rated class A and B.

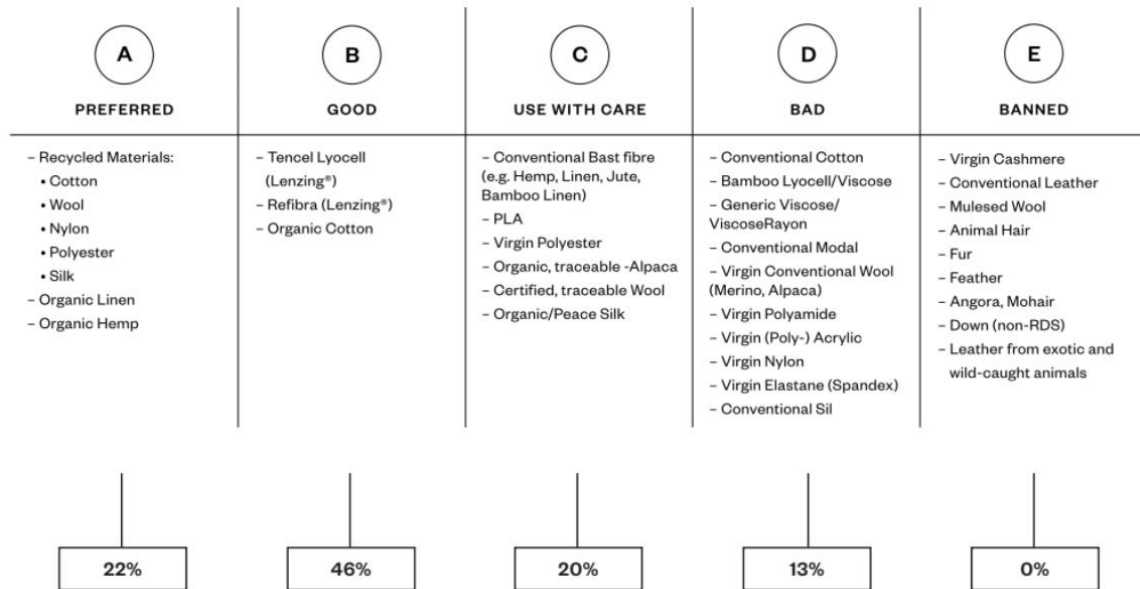


Figure 10: Asket material matrix classification (Source: Asket progress report 2021)

Asket offers numerous customer services in order to be more sustainable. In fact, it provides care and washing instruction for each individual garment, and also sells environmentally friendly cleaning products directly. In addition, the garments do not come with spare parts, but they are sent directly by the company at the customer's request. Finally, in May 2021, the company launched the revival program through which customers can send back used clothes and receive compensation of up to €25. Clothes in good condition or slightly damaged (which as of November 2022 corresponds to about 80% of the clothes received) are fixed and resold through the Revival Factory; the remaining part is remanufactured or recycled into new garments.

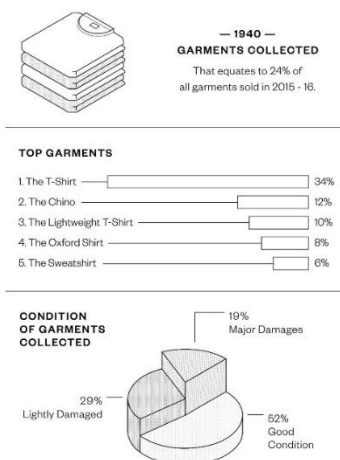


Figure 11: Data regarding Asket revival program (Source: Asket progress report 2021)

Perks

The fully transparent approach may make customers more likely to accept a new material, knowing both its provenance and environmental impact. In addition, if a new fabric, unknown to the public, is composed of raw materials from areas that ensure the best quality (i.e. Egyptian cotton), it may gain prestige in the eyes of customers for that reason. However, implementing this approach in a luxury brand that develops multiple collections per year could be very expensive and time-consuming, considering also that the products will only be on sale for one season.

Drawbacks

Although being timeless is a characteristic of luxury items, the fashion market is based on the changing seasons and the creative flair of designers in coming up with new items all the time. Therefore, it is almost impossible to switch to a single collection that will remain the same over time.

Takeaways

Asket's approach allows for multiple touchpoints with customers. Despite this, not all of the company's ideas are replicable in the luxury market; while not providing spare parts but allowing customers to take advantage of a repair service offered by the company might be a possible reinterpretation of what Asket is proposing, this would still not allow for facilitating the introduction of new materials. Direct interaction with customers, however, remains essential to guide them during the discovery of these materials. Part of this paper will focus on the customer journey and the creation of touchpoints for customers to engage with and appreciate the new materials.

Moreover, a fully transparent approach can dispel customers' doubts about the quality and origin of products, as well as demonstrate a concrete effort for sustainability. Allowing them to enjoy greater trust when something new is proposed.

Chapter 2: Literature review

Can the concepts of sustainability and social responsibility go along with the concept of luxury?

It is hard to identify which products are luxury and which are not. However, over time, some typical characteristics of these products have been identified (Kapferer, 2012; Brun and Castelli, 2013), by using these as a guideline it is already possible to identify some aspects favorable and others critical to the introduction of new materials and paradigms into the world of luxury.

The ones that could favor the introduction of new materials and therefore should be leveraged are the following:

- A product made to last (Kapferer): meaning that the life of a luxury product aims to be eternal therefore reducing waste, moreover if a luxury object gets damaged it is not thrown away but repaired (i.e. when the sole of a Cristian Louboutin shoe is worn out it is not trashed but taken to a shoemaker to be repaired).
- Is the anti-consumerism (Brun): Luxury clothes and accessories are not subject to market trends. They in fact aim to be timeless.
- Always places quality first (Brun): thanks to research and modern technologies it is possible to create fully sustainable materials without any tradeoffs regarding their quality, both in terms of performance and comfort.

In addition, it is also possible to highlight those features that may hinder the introduction of these new materials and thus need special attention:

- A luxury product is tied to heritage, unique know-how, and culture (Kapferer): Being new on the market novel materials and paradigms are not tied to heritage and culture.
- Representing a social marker (Kapferer): Related to the previous point, novel materials and paradigms do not emanate a sense of privilege like their firmly established equivalents in the realm of luxury. As a result, they can be considered to be either non-luxurious or even cheap.
- Appear both perfectly modern and laden with history (Brun): clothes made of innovative materials may not be able to evoke that aspect of historicity typical of luxury products, threatening the very value of the object.
- Requires customers' knowledge to be truly appreciated (Brun): Customers might not have the necessary expertise to fully understand the new materials and paradigms since they are completely novel. Therefore, it is important to inform customers about novelties and the ideals they stand for.

Problem definition and possible solutions explored.

Following Sheth's (1981) model, it is clear that adopting a new trend in the fast-fashion industry, where innovations may be categorized as "no resistance innovations," is easier than doing so in the luxury fashion world. In fact, having new must-haves and regularly updating one's wardrobe is the norm in the fast fashion industry, and since things are inexpensive, there is practically no

risk involved in adopting the latest fashion. Contrarily, in the world of luxury fashion, a lot of money is spent on a single item, so consumers are more subject to risk when investing in new things since they may not grant customers the status they desire. Furthermore, the luxury market draws clear lines between what is luxurious and what is not; as a result, what is luxurious tends to stay that way while innovators struggle to break into this niche, further strengthening the habit.

Moreover, it is possible to delve deeper into risk; in fact, Ram (1989) identifies four categories of risk perceived by customers:

- Functional risk: the fear of erratic performance.
- Economic risk: dread of suffering financial loss.
- Social risk: the worry of being rejected or mocked by others.
- Psychological risk: the worry of experiencing emotional distress.

Three of these four categories of risk are very important when deciding whether to adopt a luxury fashion innovation. The biggest of these is the social risk; in fact, because purchasing luxury clothing denotes status and membership in particular groups, choosing to wear an innovative material could put the wearer at risk of mockery and exclusion due to their attire. The customer would then experience psychological discomfort (Psychological risk) as a result of being excluded and having wasted money without receiving any return on it (Economic loss).

The customer's behaviors and perceived dangers must be changed for the purpose to make the new paradigm fall into the category of "no resistance" in order to achieve the goal of a paradigm shift. Ram and Sheth (1989) offer several strategies to lessen resistance to innovation, however, these ideas cannot be blindly applied to the luxury market because it is not focused on performance and value for money but instead has a significant intangible component. In reality, brand dilution and loss of status by the brand are two important topics in this market, and precisely because of this intangible component, methods that leverage well-known brands and endorsement must be tailored to work in the luxury market. Customer education has also been mentioned as a possibility; it is essential for bringing about real paradigm shifts and is much more compatible with luxury values. However, successful customer education requires more effort and time than endorsement or the usage of popular brands, making it more difficult to achieve.

Can the luxury market push innovation towards the premium and mass markets?

There are various advantages to starting a paradigm shift from the luxury sector.

The first is that the market is not based on price; in fact, the largest issue when launching an innovation, such as a novel material, is its limited supply and consequently high pricing. As suppliers of the new materials are unable to create large amounts of them, suppliers cannot take advantage of economies of scale, hence the price of the raw materials will probably remain high until there is sufficient demand for them. For the mass market, the high cost of the raw materials that determine the final price can be problematic, but it's not a problem for the luxury

market. Then, as a result of the material's diffusion, the demand will gradually rise, beginning in the high-end market before reaching the mass market. Due to the suppliers' increased production volume as a consequence of this pressure, prices will drop as a result of achieving economies of scale.

Also, the mass market frequently draws inspiration from the luxury market while developing its goods in order to satisfy the needs of consumers who cannot or do not wish to purchase premium goods. For instance, fast-fashion firms imitate the styles displayed during the catwalks of luxury brands, but at a low price, to provide people with clothing with the designs they desire. Customers will begin to demand the same from quick fashion, which is the largest contributor to pollution in the fashion industry if the luxury market uses sustainability as one of the primary requirements for its customers to be considered part of the elite. This implies that paradigm shifts in the luxury sector may also affect the premium and mass markets. This is consistent with how the luxury market influences people's preferences (Kapferer, 2012)

Additionally, as is currently the case with design, being the first to access new paradigms and materials enables luxury businesses to propose something that is not immediately repeatable. This allows for the reduction of the impact of knockoffs (Crettez et al., 2018; Hou et al., 2020) as well as the efforts required to fight piracy (Appel et.al, 2018). Moreover, research has demonstrated that fast fashion items and fast-to-market replicas suit consumers' hedonistic desires, which is also backed by the perception of rarity created by collections' brief lifespans (Miller, 2013).

Finally, this approach can benefit from the snob effect (Leibenstein, 1950). In fact, because the upper class of the elite is seeking a means of differentiating itself when the market for their unique products grows sufficiently as a result of the spread of the new material or paradigm in the premium and mass markets, the snobs will seek out yet another means of differentiation. This fact "liberates" a segment of the luxury market that can once more be pleased with a different good that results from a fresh elevating process. This enables the snobs to perceive an uncommon, expensive product as an indication of superiority (Virgenon and Johnson, 1999). This makes it possible for the process to be cyclical and to constantly introduce new materials and paradigms through the snobs.

Chapter 3: Research questions

The fashion industry needs major transformations, as is evident from the study that was the subject of the introduction, but these changes will only take place if customer behavior in this industry undergoes a paradigm shift. Companies that advocate for a more sustainable approach to fashion are currently working to educate their customers, but these customers typically already practice more responsible purchasing. Additionally, because these businesses do not appeal to the general public, it is challenging for their educational messages to spread outside of their niche and result in a paradigm shift.

As previously mentioned, the luxury market does not adapt to customer demand instead it promotes its ideals to the public by making them objects of desire. Therefore, the purpose of this thesis is to provide a strategy for using the luxury market to foster paradigm shifts.

The following research questions have been developed to achieve this goal:

RQ1: *Is it conceivable to use the luxury market's influence over consumer behavior to foster paradigm shifts? As an example, considering the question raised in the introduction: Can luxury fashion be used to alter the paradigms of the fashion industry and make it more sustainable?*

RQ2: *Is it conceivable for an innovation or new paradigm to make its way into the luxury industry? If so, how is that possible?*

RQ3: *How can innovation or a novel paradigm spread to enable change at the macro level if it is successful in entering the luxury market?*

Chapter 4: Methodology

This research adopts a qualitative approach with the aim of providing guidelines to facilitate the acceptance of new materials and paradigms within the realm of luxury. The rationale behind this selection is primarily due to the challenges encountered in gathering data relative to the examined case studies, specifically regarding aspects such as sales and production volume growth, production and marketing costs, and customer acceptance levels.

The study presented here incorporates multiple historical cases, meticulously reconstructed through the meticulous utilization of sources such as newspaper articles, research publications, books, and corporate websites relevant to the cases. The selection of the case studies occurred through a handpicking selection of instances regarding successes in the introduction of new materials or paradigms to customers, not only within the luxury market but also beyond it. After the reconstruction of the historical cases, a comprehensive qualitative analysis was conducted to understand which actions and elements played a crucial role in fostering customer acceptance of innovations. Starting from the levers discovered, different routes were formulated. These routes were defined starting from the various case studies and validated through established scholarly literature, thereby ensuring a higher characterization and the proposition of a more solid model.

The second phase, however, despite being defined starting by a dedicated case study, is predominantly based on pre-existing literature, particularly regarding the diffusion of fashion trends from the luxury market to the mass market. Similarly to the first phase, the scarcity of quantitative data persists in the latter segment, thereby allowing the model's second phase to offer only a high-level perspective. Integrating the insights gathered from the case study with the existing body of literature has enabled not only to define how demand emerges in non-luxury markets but also, with the economic concepts, how this demand can be effectively met.

Chapter 5: Collection of case studies

Case study Moncler: *Moncler's puffer jacket from factory workers to eighties cult object.*

Moncler is an Italian luxury fashion house founded in 1952 by René Ramillon and André Vincent. Its most renowned products are quilted jackets. However, the first use of these garments was from workers who wore them on top of their overalls to protect themselves from cold in the French mountains.

This was until 1954 when French mountaineer Lionel Terray first noticed Moncler products and foresaw their potential. Together with the company Terray designed "Moncler pour Lionel Terray" a line of quilted jackets dedicated to specialists. In the same year, these garments were chosen for the Italian expedition on K2 (Achille Compagnoni and Lino Lacedelli) and later, in 1955 they were also used for the expedition on the Makalu. Moreover, in 1968, Moncler became the official supplier of the French downhill ski team. These affiliations with mountaineers and skiers create in the mind of people a strong correlation between Moncler and mountain and winter sports, especially with its iconic puffer jacket. All this while jackets became increasingly manageable and light, and people started discovering new tourism on the snow. As a turning point in the early 70s Moncler released the "Nepal" model, a quilted jacket equipped with leather shoulders to carry skis without damaging the fabric; this model allowed customers to have access to a quality product that also had the aura of a product worn by elite mountain experts.

However, the step that allowed Moncler to detach from its technical features and become a real cult object happened in the eighties with the arrival of Parisian stylist Chantal Thomass. She replaced zippers with buttons and introduced some more luxurious materials such as fur linings, satin, and reversible fabrics for down jackets in the city. These new Moncler jackets found excellent breeding ground among the Paninari, the teens of Milan's upper class, for whom Moncler's quilted jackets in bright colors became one of the essential accessories. Remo Ruffini, president, and CEO of Moncler, said that in the mid-eighties then there was the peak of Paninari the company sold about 40,000 pieces worldwide, 30,000 of these were sold in the Milan area.

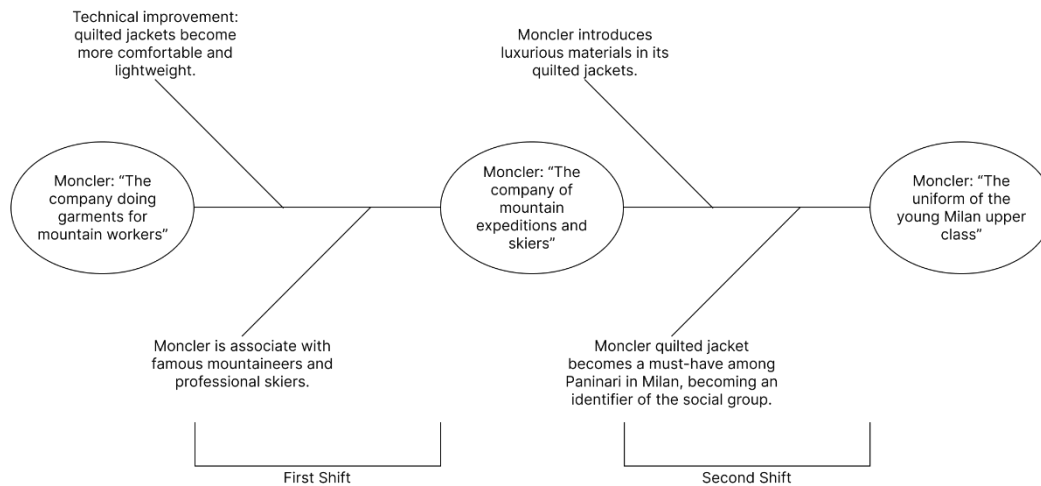


Figure 12: Changes in Moncler brand perception through time

The story of the Moncler quilted jacket exemplifies how the perception of a fabric can change over time, moving from working clothes to luxury jackets. In this case, the change took place in 2 main steps that led the down jacket to be first a premium item with a dream aspect typical of the luxury market, but whose success derived mainly from its technical qualities; and then to be a true luxury item where its function as a mountain jacket takes a back seat to that of a social stratifier.

In the first shift, the enhancement of technical performances like lightweight and comfort allowed the jacket to be particularly appreciated by the new mountain tourist. However, before the seventies the company closely linked its brand and its jackets to the best mountain experts and the great achievements they have accomplished so that in the common imagination a Moncler jacket was the best garment to enjoy what the mountains could offer.

But it was the second shift that allowed Moncler to reach the status of a real luxury good, the quilted jacket was not chosen because it was warm and lightweight, but because was a must-have to be part of an elite (social stratifier, Kapferer). This was also thanks to the clever mix proposed by Chantal Thomass, who added noble materials and buttons to the down jacket, which did not serve to improve its performance but allowed it to break away from the sphere of purely technical clothing and become a city garment for all occasions, becoming a staple of urban fashion at the time.

Case study Salvatore Ferragamo: *Cork and autarchy, introducing a new material with a dedicated design in a market with an established status quo.*

"When wars break out and raw materials are in short supply, it is always the luxury industries that suffer the most. War has no place for what represents the best: it is the triumph of the mediocre. High-class materials are not only rationed, they disappear completely from the market, and those who have an industry, the success of which depends largely on the quality of

the materials used, must find others to replace them, which are adequate to their level of workmanship, or else stop working for the duration of the war."

In October 1935, the League of Nations imposed trade sanctions on Italy because of its imperialistic aggression against Ethiopia. As a response in March 1936, Benito Mussolini resorted to a policy of rearming and a program of nationalization and protectionism, aimed at reducing the impact of sanctions, from there on the keyword became "autarchy".

Salvatore Ferragamo at the time was one of the most famous Italian shoemakers. He came back to Italy at the beginning of the 'thirties after working in the USA creating shoes for Hollywood actresses. The fame followed him home where he created shoes for queens across Europe, Actresses, and important political figures such as Eva Braun and Mussolini himself. But still, he too was affected by the effect of autarchic policies. The great success of his shoes was due to a flexible steel sheet, patented by Ferragamo, which was arch-long and allowed the shoes to be both light and strong at the same time. The little quality steel available was intended for war use, and the remaining one was of such poor quality that the foil in the shoes tended to break and customers complained that the shoes were unstable.

It was at that time that Ferragamo came up with the idea of filling the space between the sole and the heel with Sardinian cork. Thus creating the first wedges. To publicize his new model he chose Duchess Visconti di Modrone, who wore them one Sunday to mass. The approach is comparable to that of today's influencers, where a figure that people look up to with respect or admiration shows a product, adding her personal value to it, thus prompting people to buy it. And just as followers today buy products endorsed by their favorite influencers so it was at the time. From the next day, all the ladies wished for a pair of wedges. Ferragamo patented his idea, but to no avail as now all shoe factories were producing thousands of wedges a day. The Fascist party also greatly appreciated Ferragamo's new invention, which allowed them to break away from French footwear characterized by the thin heel and create an Italian, autarchic fashion.

Ferragamo however did not stop at Italy and continued to create shoes for Hollywood celebrities and important women around the world by taking his wedge beyond national borders. Some examples are the "Rainbow" sandal made for actress Judy Garland (1938) where the wedge is covered with colored kidskin; the "Carmen" sandal made for singer and dancer Carmen Miranda (1939) where the wedge is covered with a reflective mosaic; or finally, the wedge shoe covered in red velvet, studded with precious stones, designed for Indira Devi, the Maharani of Cooch Behar, one of Ferragamo's most famous customers, who was placing orders for a hundred shoes at a time. These special models allow us to observe how luxury wedges are drawn. They indeed remain made of cork, but the wedge is always covered in more noble materials and decorated. So, if one does not know what lies underneath, looking at one of these shoes one could say that its value comes from the fine materials and Ferragamo's name; the cork, however, plays a key role

since those shoes will be worn, not displayed. The difference between luxury and art in fact is that the luxury object has a utility, which is not proper to the art object; the cork, therefore, allowed for a stable shoe that would not break, thus allowing it to be worn.

And it is also important to note that at the time, quality steel was not the only material in short supply; other typical luxury materials such as kidskin and leather could not be found. To make up for this shortage, numerous synthetic materials were born, such as Pirelli's Sapsa (ground leather waste and rubber latex), Coriadel (leather waste, vegetable fibers, and adhesives), and Cuoital (defibrated leather waste, latex, and vulcanized rubber) from S.A. Industria Fibre E Cartoni Speciali. Among all these new materials Ferragamo was able to find the best ones to create quality shoes.

But unlike cork, these materials never succeeded in establishing themselves, and once the autarchy ended, kidskin and leather again became the only accepted materials for luxury products. This failure stems primarily from the fact that while cork was introduced from zero to create something new: the wedge; these synthetic materials were only meant to make up for the lack of the originals, they were not on shoes by choice, but by necessity. In addition, cork has qualities that can enhance the product, in fact even today it is used not only in the world of footwear but also in bags and furniture, this is mainly because of its lightness and strength; synthetic materials on the other hand tended to spoil quickly especially due to heat, this greatly limited the lifetime of a shoe, when instead the luxury product aims to be eternal.

From this analysis, it is possible to observe the great importance of the brand in presenting new material, as well as how this is done. Since it was the idea of one of the most famous shoemakers of the time, it was well accepted right away, and requests started coming in soon after the first model was revealed, which would have been difficult if the wedge had been invented by an unknown shoemaker, especially when considering that even the duchess to whom Ferragamo gave the first pair of shoes was quite skeptical.

Furthermore, it is important to note that the introduction of cork in this industry was not intended to add a new material among those worthy of being called luxury. It is instead used to improve the experience of customers, who were able to enjoy lightweight, durable footwear that was pleasant to walk in, and could potentially ignore the material of which the wedge was made since it was covered.

Case study DeBeers: How what is considered the greatest marketing campaign of all time definitively changed the way people proposed.

Nowadays when people think of a marriage proposal it comes naturally to associate it with a diamond ring. Although today more than 75 percent of American brides have a diamond engagement ring, the situation was not so in the early 1900s, when diamonds were used only by the very wealthy; Mary Gerety, the original copywriter behind the slogan, says women preferred their men to spend the money on things like a car or a washing machine.

Nicholas F. Oppenheimer (former chairman of DeBeers until 2001) states that "Diamonds are intrinsically worthless, except for the deep psychological need they fill." This psychological necessity is the common thread being followed by DeBeers' marketing campaign, whose slogan "A Diamond is Forever," awarded the best slogan of the 20th century by Advertising Age, is now a phrase known by all.

The 1930s was a bad decade for the diamond industry, the price of diamonds was declining, and Europe was on the warpath. Engagement rings were a luxury, and they rarely contained diamonds. In 1938 De Beers hired N.W. Ayer & Son, to revive the image of diamonds in the US. The company ideated a campaign to link diamonds with everlasting love, making it the symbol of marriage, the unbreakable stone for an unbreakable bond. This campaign as it is known today was very successful and enabled the company to go from \$ 23 million in sales in 1939 to \$ 2.1 billion in 1979, also observable by the percentage of brides with a diamond ring, which increased from 10% in 1940 to 80% in 1990.

The most important goal of the campaign was to make the diamond a symbol of indestructible love. And to do this, the agency drafted a program of actions that are summarized here in the two main strands:

- The first step was to present the new meaning of diamonds to the general public, to do this they put diamonds in front of people's eyes. They were shown in movies when a woman received them from her lover, and large diamond rings were given for free to big movie stars to be shown on screen, always emphasizing size, brightness, and price. In addition, journalists were also paid to write articles about celebrities receiving large and expensive diamond rings.
- In addition, Ayer paid people to go to high schools to talk about diamonds and engagement rings, even having students do dedicated projects. This made it possible to create a new generation of future customers for whom a diamond ring was a necessity to achieve the dream of the wedding or perfect.

The results of the campaign began to be seen as early as the 1950s when the first generation to desire diamonds began to come of marriageable age. But DeBeers did not stop there; not only did he continue to create new slogans such as "Marry me sounds so much better than just Merry Christmas" and "Of course there's a return on your investment. We just can't print it here."

When the engagement ring market seemed to begin its decline DeBeers pushed for a second ring, given later in the marriage to reaffirm love and commitment.

They also noticed that if the woman was involved in the purchase the couple tended to choose a less expensive ring, so they began advertising the surprise proposal; the man was made to understand that the more expensive the stone, the better it would look and that an appropriate price for a ring was about the value of two monthly salaries; the women, on the other hand, began comparing rings with each other using the size and purity of the stone to measure who was loved more.

This strategy of tying the material to the dream was also effective when replicated abroad producing similar results in countries culturally distant from the United States, such as Japan, which peaked in 1995 with 77% of first-time brides who receive diamond engagement rings, notwithstanding its strong tradition of arranged marriages that left little room for premarital romance. All while making only minor adjustments to the overall strategy, for example, British men were told that the right ring was priced equal to one month's salary, while Japanese men were told it was even equal to the value of three-monthly salaries.

Even today, DeBeers works on the symbolic value of diamonds, reinforcing the connection between the stone and emotional bonds and linking it to more current issues. For example, on his website under the section "A diamond is forever" it is pointed out that the slogan was created by a woman who worked in a "man's world" and presented it in a meeting room full of men. This provides a new perspective on the company's slogan, highlighting one woman's impact on the industry, and making it resonate with current hot topics concerning working women.

The conclusion of this case study is to highlight the importance of assigning an intangible value to a material derived from a particular emotional connection in the world of luxury. In fact, it should be noted that in DeBeers' campaigns, no reference is ever made to the technical characteristics of a diamond, but it is always talked about how it represents an indestructible bond. In fact, the hardness of the diamond is the only characteristic that is mentioned, but it is never quantified and never assigned a practical function; in fact, it is mentioned only to create a parallel between the indestructibility of a diamond and the unbreakable bond that is created between two people. This dream of the perfect love that can only be symbolized by diamonds, combined with DeBeers' ability to control the influx of diamonds into the market, making sure that diamonds are always a rare raw material, enabled the company to relaunch its product with excellent results, making it the leader in the diamond industry and creating a perfect luxury product that retains its value even in contemporary society.

Case Study Razer X Panerai: How the "Catch them young" strategy can allow the introduction of innovations in luxury fashion

Officine Panerai is a luxury watchmaking company, founded in Florence in 1860 was not just a store, but the first watchmaking school in Italy. The company has always had a great focus on diving watches, and in 1956 it developed and patented the crown-protector device, which is still one of the brand's most distinctive elements. Since 2021, the company has collaborated with UNESCO's Intergovernmental Oceanographic Commission (IOC-UNESCO) to promote ocean awareness activities. With a view to this collaboration, Panerai realizes a partnership with Razer, a high-end brand in the gaming world by making the "Luminor Quaranta Razer" model.

This is an example of a collaboration between a luxury and a non-luxury brand, through this collaboration Panerai is able to create a bond with the gaming community, in which 60% of the members are 34 years or younger (Entertainment Software Association, 2022), in order to grow

a new generation that when becomes a luxury customer will choose a familiar brand. To do this, the resulting model features many elements typical of Panerai watches, not only the crown protector but also the shape of the case and the font of the numerals; these elements will then be recognized in the future when the customer wants to buy a new watch, not only because of the familiarity of the design but also because of the connection to his or her favorite pastime. As for Razer, the model features the three-headed snake logo on the case back, but most importantly, the company's colors stand out, black with electric green details for the strap and matte black with green illumination for the dial. Despite the collaboration with a brand that does not belong to the world of luxury the watch in question remains a luxury product since, in addition to the heritage and design typical of Panerai, it is a limited edition of only 500 pieces; moreover, the price exceeds by far those of Razer products, the product in fact on Panerai's website costs 8600 USD almost twice as much as the most expensive product of Razer whose price is 4999.99 USD (Razer Blade 18 with the highest configuration, February 2022), note, in addition, the difference between the round figure price presented by Panerai and those of Razer with the "Charm pricing" strategy.

Being a collaboration under IOC-UNESCO activities, the product in question, despite being a luxury product for all intents and purposes, does not feature those materials that might immediately come to mind when one thinks of a luxury watch, such as leather for the strap or precious metals for the case. The strap is made entirely of recycled PET while the case is made of eSteel™, a metal that boasts the same properties as traditional steel but is composed of recycled materials. In addition, the packaging is also made of 72% recycled materials and weighs 53% less than the previous version.

Such collaboration makes it possible to shape not only the tastes in luxury brands of future generations, but it could also change their concept of "luxury materials." Indeed, the first-time purchase turns out to have a crucial effect on the formation of customers' tastes, as they tend to stick to their habits. This means that future luxury customers who have purchased or received one of these watches may be more likely to purchase another luxury product with innovative and sustainable materials such as eSteel™.

As a result of this case study, it is more noticeable how collaborations, especially with brands outside the luxury market and therefore less rigid about the use of materials, can be an avenue to reach new audiences and accustom them to a new concept of "luxury materials" through a first-time purchase that values innovative and sustainable materials. This not only allows for shaping the tastes of new generations who will grow up with certain tastes regarding the luxury market, as was the case here and also as has been done by DeBeers, but it could also allow for reaching customers of an older age who already have preconceptions about luxury materials but have not yet made their first-time purchase, leveraging the values and passions represented by the non-luxury brand.

Case study Stella McCartney: *How borrowing normality from other industries can help against prejudice.*

The goal of Stella McCartney's namesake owner was to develop a truly sustainable brand; therefore the company was established in 2001 as a joint venture with Gucci Group (now Kering).

The business was founded by Stella McCartney, the daughter of animal rights activist and photographer Linda McCartney and former Beatle Paul McCartney. Since its establishment, all materials have been vegan and environmentally friendly.

The firm and Bolt Threads, the company behind Mylo, started working together in 2017. Based on mycelium, the fungi's root-like structures, Mylo is a substitute for leather. The mycelium is grown on an organic, renewable, and compostable substrate, and the factory that makes it utilizes only electricity that is fully derived from renewable sources, making the substance entirely sustainable. With a marketing campaign entitled "Fashion Fungus," Stella McCartney unveiled Frayme Mylo Bag in August 2022, the first purse made of this ground-breaking material.

The campaign aims to provide "mushroom stories," which show mushrooms in various settings. Collaborations include well-known chefs discussing the possibilities of mushrooms as a healthy and sustainable vegan food; musician Cosmo Sheldrake who used the sound of mushroom growing to make synthesizer music; and Coles & Son who produced a high-end wallpaper with a mushroom theme.

With this case study, it is possible to examine Stella McCartney's strategy for delivering a product with a new material. The company has always had a strong focus on sustainability, and as a result, it is not out of character that it presents materials that go in this direction.

What was particularly noteworthy, however, was the way the material was introduced. Since people might have been wary of a material based on mushrooms, the brand chose to produce a campaign highlighting how mushrooms can truly be utilized in a variety of ways, some of which are already part of everyday reality without generating a particular stir. For example, in cooking, no one has a problem eating mushrooms, and some such as truffles are regarded as luxury products.

To combat misconceptions or prejudices that could arise when a raw material is introduced to a new market, one strategy is to capitalize on the normalcy of the raw material in other markets. For instance, the market for used clothing is especially susceptible to prejudice because the clothing is frequently viewed as "dirty" or because the customers themselves are vulnerable to prejudice since they are thought to be unable to buy the new clothes. However, looking at different markets the same biases do not appear. For instance, purchasing a used car is normal, but the buyer is not judged based on this decision. Dealerships exhibit both new and old cars, and the only opportunity to get rare or vintage vehicles is through the sale of used automobiles. Or in the situation of the second-hand clothing market, where even when the clothing is carefully cleansed before being sold, people nevertheless regard it as being "dirty." However,

even when other individuals have used hotel bedding, it does not evoke the same emotions in guests, and they tend to use it carelessly.

Case study tobacco industry: *mixing different approaches to create a strong product image.*

The many tactics used by cigarette corporations to promote their goods are definitely one of the most well-known examples used when discussing marketing. These various tactics include targeting younger children in order to draw in a new generation as well as the endorsement of doctors and Hollywood celebrities.

Doctors' endorsement to reduce health concerns.

Tobacco corporations used doctors to sell their products in the 1930s and 1940s. As there was no evidence at the time linking smoking to lung cancer, slogans were developed to get around the prohibition against outright stating that smoking was healthy for individuals. For instance, the 1930 Lucky Strike promotional posters stated that "Luckies are less irritating" according to 206799 doctors.

In this sense, doctors are deployed as influencers. Their advice is more heeded because they are knowledgeable about health issues, and because they consistently portray a favorable view of cigarettes in commercials, people are less hesitant to start smoking as a result.

Celebrity endorsement to make smoking look cool and sophisticated.

Hollywood is probably one of the cigarette corporations' strongest connections. As the audience is completely unaware of any sponsor involvement, all tobacco businesses have made significant attempts to integrate their goods in movies. Cigarettes were prominently featured in films twice throughout history: first, between 1927 and 1951, when the message was more direct and actors directly sponsored the product (Lum et al., 2008); and second, in the 1970s and 1980s, when the practice was strongly opposed and cigarette companies were forbidden from paying to be featured in films (Mekemson and Glantz, 2002). Smoking in movies has two primary benefits for product sponsorship:

- The first is the appeal of smoking; in fact, performers and films were carefully chosen so that smoking would be portrayed as a sign of coolness and sophistication or as a way to be rebellious.
- The second factor is the rise in social acceptance of smoking, which permits its normalization. This topic is not just restricted to films or firsthand testimonies; in fact, businesses have started giving actors monthly shipments of their preferred cigarettes ever since it was made illegal for them to pay for product placement in motion pictures in 1989. Actors were more inclined to smoke in public as a result, further promoting the act's normality. Directors and screenwriters received the same supplies; thus smoking became quite natural to them and was more likely to be incorporated into the films without having to pay.

Appealing to the next generation of smokers.

The recruitment of potential new clients has long been of major interest to tobacco corporations. It is possible to observe a phenomenon where younger people are becoming more involved in smoking; in some cases, as in Nigeria, Botswana, Uganda, and South Africa, getting to use tobacco more than twice as much as their parents. This phenomenon is particularly noticeable in less developed countries, where it is difficult to keep track of the actions of retailers.

It is possible to list several elements that contributed to this achievement (Brown et al., 2022), but the strongest one is the high recognizability of tobacco products. Cigarettes catch the attention of even the youngest children thanks to big billboards outside of businesses, power walls, and brilliantly colored packaging. The younger ones are pressured to become familiar with cigarette brands and are more likely to try their products since they see these things on a regular basis while traveling to and from school. In addition, the products are frequently displayed by stores at kids' eye level or close to sweets or soft drinks, which are the items that younger children most frequently purchase. But in addition to gaining familiarity, access to the products is also made easier; in fact, cigarettes are frequently sold singly, making it possible for younger children to purchase them without experiencing financial difficulties, and lighters are frequently available and commonly tied to the doors in these stores. Finally, a lot of cigarettes are available in a variety of flavors, such as lemon, mint, and grape, which not only makes them more appealing to minors but also means they do not have the typical bitter taste of regular cigarettes, making them enjoyable for even the youngest smokers and less likely to deter them from purchasing additional cigarettes.

At the end of this case study, it is clear that combining several tactics can lead to excellent outcomes. In fact, cigarette businesses are able to compete on two fronts at once. The first is to maintain the identity of their cigarettes; in fact, smoking is still seen as a sign of power or of rebelliousness. As a result, they are able to transcend the act of smoking cigarettes themselves and use it as a signal of affiliation with a sophisticated elite or a group of rebellious and independent people. Moreover, the companies continue to attract new clients, in part for the reasons mentioned above but also because of the familiarity that has been built up with these products, particularly in those states where it is particularly challenging to implement controls against advertising to children.

Case study Hush Puppies: *How the initial group can encourage change.*

M. Gladwell, the author of "The tipping point" (2002), provides a history of the Hush Puppies Epidemic. Hush Puppies is a 1958-founded footwear company that creates comfortable shoes with a more casual look.

The case study's events take place in 1994. At the time, Hush Puppies was essentially dead, selling only 30,000 items annually, largely in outlets and small, family-run shops. In addition, the business was thinking about stopping the production of its historical model. But sales suddenly

increased in late 1994 and early 1995. Gladwell credits a group of well-off young adults in the East Village with starting this trend when they decided to stand out by wearing Hush Puppies, which were unpopular and unfashionable. This group of young people consequently brought the brand to the attention of the general public, and from there the phenomena spread by word-of-mouth and everyone started seeking for a pair of Hush Puppies in the thrift stores between the East Village and SOHO.

The shoes then gained popularity in Manhattan's downtown bars and caught the eye of several haute couture designers. Hush Puppies were first requested by John Bartlett for the runway show of his collection, and then other designers did the same, bringing the footwear to the runways of haute couture. The outcome was spectacular; in 1995, the firm sold 430,000 pairs of classic Hush Puppies, and in 1996, sales were four times as high. In addition, that year, at the Council of Fashion Designers Awards Dinner, the company earned the prize for best accessory.

The effect that a specific beginning group can have on the development of what Gladwell refers to as social epidemics can then be seen. In actuality, the business did not actively promote itself beforehand. Everything started with a tiny number of young, affluent New Yorkers who wanted to stand out from the crowd (the snob effect), but who others subsequently sought to emulate in order to feel like they belonged to the same elite (the bandwagon effect). Following these young individuals, Hush Puppies caught the eye of those in the fashion business, possibly as a result of word-of-mouth from a friend or because they went to the same clubs as those who started the epidemic.

This case study demonstrates the importance of the initial audience for new material or a paradigm. In fact, they can help novelties infiltrate society through their connections and influence, which, in ideal scenarios, enables them to become a widespread phenomenon without spending money on advertising, as was the case with Hush Puppies. Additionally, this scenario demonstrates how snob and bandwagon effects can be used to promote novel ideas and paradigms. It is clear that snobs are open to embracing anything that makes them stand out; Hush Puppies, for example, did not have a good reputation; they were viewed as "grandfather shoes" and unfashionable. On the other side, once the item started to be seen as a status symbol for the elite, everyone wanted to jump on the bandwagon, making the shoes exceedingly difficult to come by and consequently raising their perceived value.

Case study Australian gambling industry: *How normality around us affects acceptance.*

Australia is the nation in the world with the worst gambling problem. In fact, it controls 2.5% of the world's gaming machines despite having 0.3% of the world's population. If Japan is taken out of the equation, which falsifies the figures with its 58% share of the world's gaming machines from pachinko and pachislot machines, the ratio rises to 6%. Poker machines stand out among them; they make up 99.8% of the gambling machines in Australia. In Australia, there are about 123 persons per poker machine, with peaks of 86 and 82 people per poker machine in ACT and

NSW, respectively. Since 93 percent of poker machines are found in bars and clubs in this country as opposed to the rest of the world, where they are mostly found in casinos or other venues, their widespread use becomes obvious to all. (Browne and Minshull, 2017)

But there are other factors at play here besides just the widespread availability of gambling machines. In fact, natives in Australia frequently view gambling as a crucial component of culture and tradition. In fact, even before they are of legal betting age, kids frequently partake in these activities with their parents or engage in informal betting with their families. Additionally, it is typical for people to receive money from their families as a gift when they turn eighteen to use for gambling. However, as a person reaches legal age, gambling turns into a shared activity with friends or partners, encouraging non-gamblers to partake in betting as a social activity (McCarthy et al, 2020).

However, there are other forms of gambling available in Australia, like horse racing and sports betting, which are also significant industries. In these situations, betting is seen not only as commonplace but also as an essential element of the experience that must be present in order to fully appreciate the game or race. This results from two main factors: the first is that everyone bets there, so being around other gamblers makes people feel more at ease with betting; the second is the constant advertising that is shown during the games, which helped spread the idea that betting is a necessary component of enjoying the content (Nyemcsok et al., 2022; Pitt et al., 2016).

This case study demonstrates how strong adherence is made possible by the normalization of an activity like gambling, despite the fact that it is well known to be harmful and disadvantageous. It is evident that when a particular type of activity becomes commonplace in a given environment, if not even part of the culture, as in some family settings or at sporting events, people will tend to accept the proposed new activity as it is the norm in that given context, and if everyone engages in betting, then it is not a wrong activity to pursue. This social acceptance that results from being in an environment where a certain paradigm is accepted as the standard can be used to boost the adoption of a novel substance or paradigm in the realm of luxury.

Case study German deposit on bottles: *What effect state incentives have in encouraging sustainable habits.*

In 2003, the Pfand (deposit), an additional fee that is charged in along with the purchase of bottles and cans and is refunded when the items are returned to the vendor, was introduced in Germany. The Pfand was introduced for two main purposes: to promote proper waste disposal by ensuring that all containers, particularly single-use containers, were collected and disposed of properly; and to try to promote the transition to reusable materials, which actually have a lower Pfand (8-15 cents vs. 25 cents for single-use bottles). The first of these objectives has already been fully attained; in fact, it is estimated that just 1% to 3% of non-reusable bottles are not returned and that 99% of cans are recycled (Oltermann, 2018). The market share for multi-

use beverage containers has declined from 66.4% in 2004 to 41.2% in 2018 (Rhein and Sträter, 2021), which is a result of these incentives' detrimental impact on this kind of bottle.

It is necessary to take into account the perspectives of all three of the key players: customers, retailers, and manufacturers; in order to comprehend the causes of this discrepancy. First and foremost, the consumer: Since single-use bottles (which are frequently made of PET) are sold in all stores, consumers do not have to go back to the store where they originally purchased the product because regulations require retailers to only take back the types of bottles and cans they sell. Additionally, compared to reusable bottles like glass bottles, single-use bottles are lighter and easier to carry.

The retailers' point of view can therefore be taken into consideration. From their perspective, it is more practical for supermarkets to offer only single-use (PET) bottles because doing so would legally require them to collect only those, giving them the option to refuse bottles made of other materials. Due to the PET bottles' compression and the fact that the reverse vending machines are nearly totally autonomous, they are able to avoid having any space issues or hiring additional people to process returns. For supermarkets, especially cheap ones that are attempting to keep expenses as low as possible, this cost-saving option is extremely appealing.

Finally, using single-use bottles would be more cost-effective from the perspective of beverage manufacturers. Multi-use bottle production actually costs more than single-use bottle production and is only effective in situations when the return rate is high. Moreover, a low return rate would potentially cause production bottlenecks in the beverage industry, especially when demand for beverages rises. Instead, switching to single-use bottles makes it possible to eliminate this reliance on the return rate, therefore facilitating production.

This case study provides a chance to see the two sides of incentives. They must be carefully planned to avoid having consequences that are completely opposite to those wanted (adoption of multi-use bottles), while at the same time, they can encourage individuals to change their behavior towards a more sustainable direction, as was the case with the return of non-reusable bottles. Therefore, it is important to consider how an incentive may affect not only customers but also changes that may occur earlier in the value chain. The psychological effect that these incentives may have on consumers should also be taken into account. Although Pfand is almost always collected from all citizens, some may feel that it is an excuse to make them perform tasks that the government should carry out, which would be detrimental to the perception of an initiative that is solely focused on enhancing citizens' welfare.

Case study results

Targeted Customers	Leverages exploited	Case Study
Current possible customers	Brand	Stella McCartney
	Brand	Salvatore Ferragamo
	Celebrities	DeBeers
	Celebrities	Salvatore Ferragamo
	Experts	Moncler
	Experts, Celebrities	Tobacco industry
	Similarity	Stella McCartney
	Normalization	Australian gambling industry
	Desire to belong	Moncler
	Desire to belong	Hush puppies
	Incentives	German deposit on bottles
Future possible customers	Brand	RazerXPanerai
	Brand	Tobacco industry
	Education	DeBeers
	Normalization	Australian gambling industry
	Normalization	Tobacco industry

Table 1: Classification of different approaches by target customers and leverages exploited.

There are two broad categories of strategies for bringing about paradigm shifts, as can be observed from the case studies that were previously discussed. Converting current luxury market customers to the new paradigm is the first and most commonly used strategy. For these kinds of clients, the strategy that works best is to pair the novelty with a brand or celebrity that the customers already know and value. However, this is not the only option available; other strategies that make use of different levers also exist. They are normalization, which gives customers the ability to recall something similar to the proposed novelty and boosts their confidence, and the customers' desire to portray an elite image. Targeting customers who currently participate in the luxury market has the primary drawback that these customers are more likely to reject a paradigm shift because their tastes are already well-established. However, if the convergence is effective and the clients accept the novelty offered to them, the companies that led the paradigm shift will be able to repay their investment in a short time.

Potential future customers are the second category of target customers. DeBeers has a very effective marketing strategy that is aimed specifically at this type of customer. It emphasizes educating the customer about the novelty they are offering and building a positive perception of the product they are selling so that, once the person becomes a luxury customer, he is already

more likely to prefer their brands and products. Additionally, branding and normalization can be utilized for this target market; they are used in this situation to ensure that a new customer can take advantage of the brands they are already familiar with or rely on specific behaviors that are normal and accepted to decide how to spend their money when they first enter the luxury market. The timing gap between the investment in customer education and the period when they will begin shopping is a drawback for this target market. Due to this, businesses that choose to approach potential clients are unable to get a quick return on their investment. In reality, businesses never rely solely on potential clients; in the case studies provided, potential clients were also pursued in order to secure some short-term cash flow. However, this target group has the advantage of not having an established knowledge of the luxury market; as a result, they are less prone to inertia and are consequently more willing to accept novel materials or paradigms.

Chapter 6: Introduction to the Theoretical Model

Several paradigms in this sector need to be adjusted in order to address issues like the fashion industry's ecological impact, which calls for consumers to alter their attitude toward fashion. The issue, however, is that brands are reluctant to take chances with paradigm shifts that may influence their customers out of concern that they would lose them because customers have a tendency to be subject to inertia. The approach that luxury businesses take to their customers, however, avoids this issue. As indicated by Kapferer (2012) in anti-law 21 "do not look for consensus," luxury brands do not seek to satisfy consumer demand but rather help them uncover new desires. In fact, the theoretical model put forth here seeks to capitalize on this aspect of luxury goods, in addition to their high desirability, in order to encourage paradigm shifts.

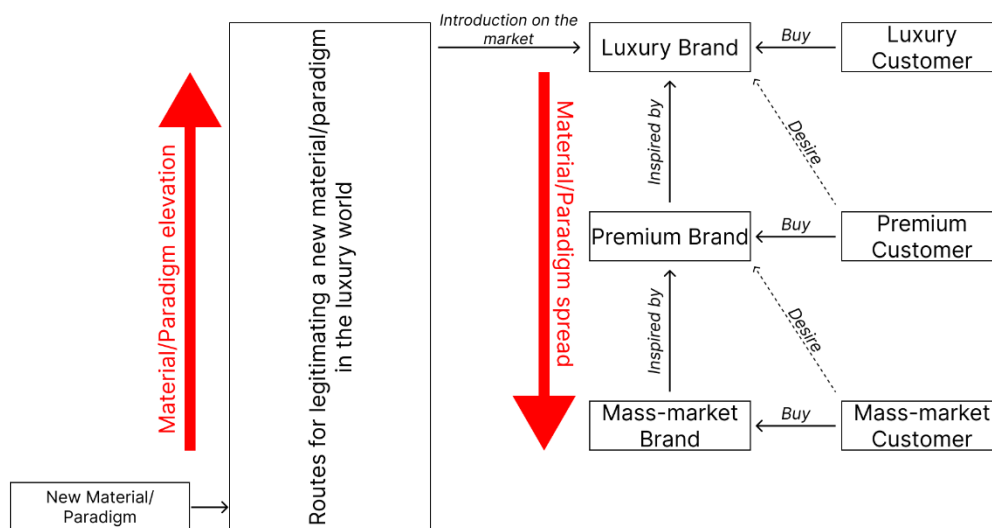


Figure 13: Theoretical model for acceptance and spreading of new materials and paradigms

The proposed theoretical model is divided into two primary sections. The first focused on elevating new paradigms or materials to facilitate a paradigm shift in the luxury industry. The second half, on the other hand, focuses on how, after a new material or paradigm obtains acceptance in the luxury world, it can spread to the mass market because non-luxury firms repurpose materials or paradigms from the luxury world to fulfill customers' requirements.

Chapter 7: Elevation phase and routes

Definition: Elevation phase

The input for the model is a material or a paradigm that has to be elevated to fit into the world of luxury. In this section, various approaches (referred to as routes) can be used with the same new material or new paradigm. These approaches were determined by the analysis of case studies involving the successful introduction of new items in the luxury market. This elevation process can be defined as: “The strategy(route) or combination of strategies, which enable a material or paradigm that is not considered luxurious, to be elevated and achieve legitimacy in the luxury world.”

Route 1: Generational shaping

Reference case study: DeBeers, RazerXPanerai, Tobacco Industry.

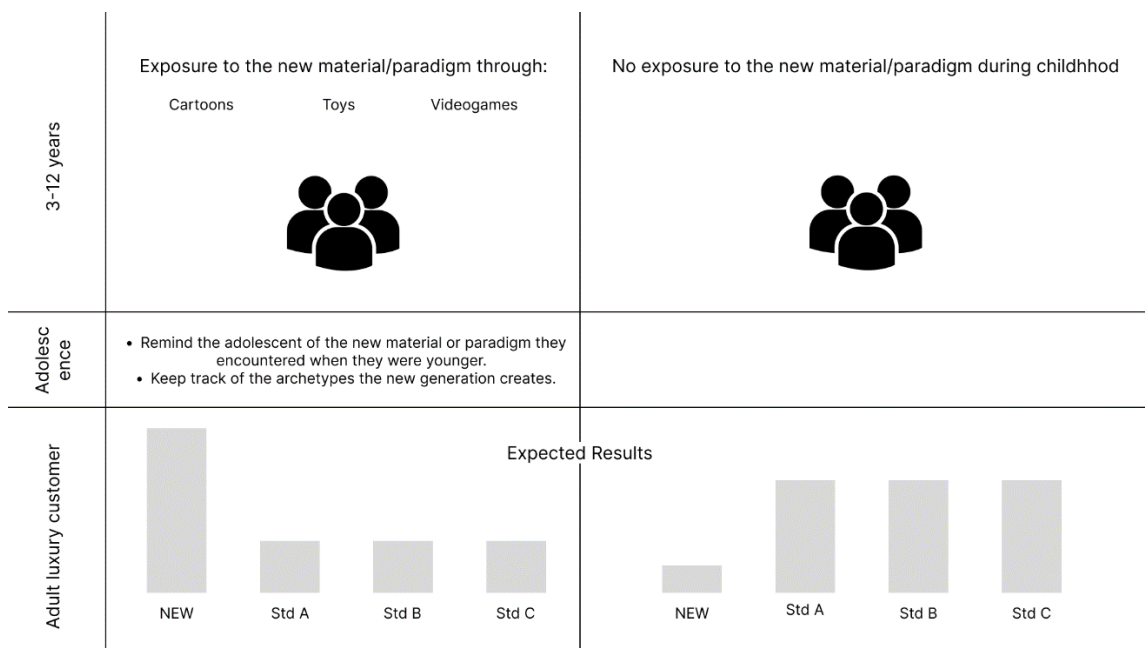


Figure 14: Steps and effects of the application of generational shaping

To gain new customers companies can resort to several strategies, one of which may be to leverage younger children, this does not lead to short-term advantages and does not allow for an immediate economic return as when trying to sell to adults. Nonetheless, it enables the establishment of a connection with the brand in each individual's mind that will last until they are ready to purchase luxury goods. Indeed, it has been demonstrated that brand loyalty is developed by children in early stages of life (McNeal, 1992), therefore when a customer enters the luxury market for the first time, the brands would not hold the same value in his eyes, but there will already be some more privileged ones.

To give a specific example, Lego has produced a number of sets in partnership with high-end automakers like Ferrari and Lamborghini. Starting with the packaging, this is significantly different from that of standard sets and calls out distinctive and distinguishing brand characteristics in addition to giving particular attention to the logo. Moreover, the manuals provide information on the brand's history and the creation of the automobile designs in addition to assembly instructions, educating the consumer while they take part in an enjoyable activity. Also, the Ikea effect is at work here, which causes the consumer to develop a stronger bond with the product because the Lego set was constructed by them. Ultimately, the set is typically placed on a shelf where customers can see it almost daily and appreciate the outcome of their efforts in creating it. This fuels positive feelings toward the product and, as a result, toward the brand. Also, it is possible to observe an increase in the number of luxury brand partnerships with the video gaming sector (Luis Vuitton X League of Legends, Ralph Lauren X Fortnite, Balmain X Need for Speed to name a few examples). These partnerships result from a desire to become part of the lives of potential future consumers, sowing the seeds of brand loyalty that will provide the company an edge over rivals should the child grow up to be a luxury customer. Once more, brand loyalty is not generated by using actual brand products, but rather by acquiring limited-edition items that evoke distinctive brand elements. The packaging of Lego products or the symbolism of luxury brands in partnerships with videogames are two examples of how these types of products also reflect some typical elements of luxury products. These reminders can habituate the future customer to the experience that luxury products offer, thus instilling him or her to become a luxury customer. However, this customer will approach the luxury market with a preference toward the brands that educated him or her.

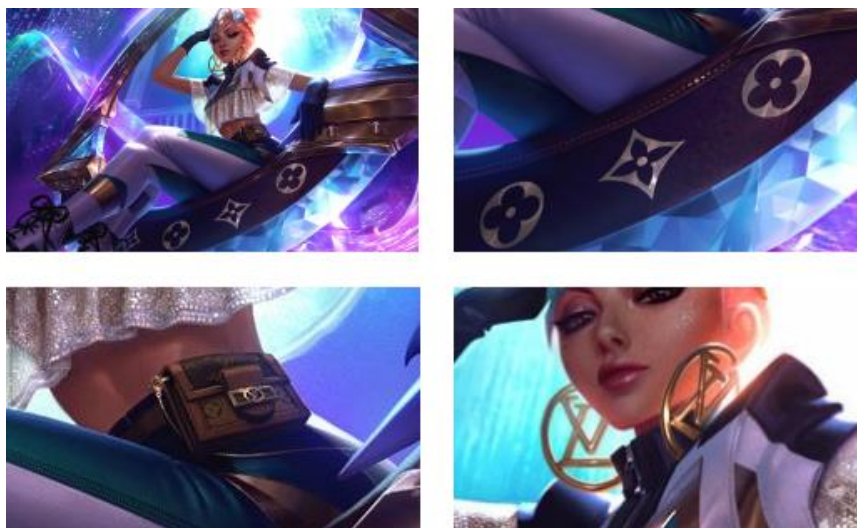


Figure 15: Highlight of distinctive Luis Vuitton elements in the official artwork of "Qiyana - True damage (Prestige edition)", an aspect created as part of the Luis Vuitton x League of Legends collaboration. It is possible to see the distinctive Luis Vuitton pattern on the weapon (Top-Right), a Luis Vuitton bag (Bottom-Left), and the LV monogram on the earrings (Bottom-Right). (Source: leagueoflegends.com)

Both of these examples result in positive memories involving the brand, which may be used to appeal to nostalgia when the customer is an adult. Nostalgia is defined by Holbrook and Schindler (1991) as "a preference (general liking, positive attitude, or favorable affect) toward objects (people, places, or things) that were more common (popular, fashionable, or widely circulated) when one was younger (in early adulthood, in adolescence, in childhood, or even before birth)." Even now, remakes often succeed by playing on nostalgia, especially in the video game (Bowman and Wulf, 2022) and film industries (Weingarten and Wei, 2023). In fact, it has been noted that marketers can encourage customers to buy a product by capitalizing on this sentiment (Bunch, 2022).

In addition, based on the work of Valkenburg and Cantor (2002), it is possible to outline a strategy for introducing new materials and paradigms to children from the age of 3 to 12, beginning with simpler messages that will still allow them to become familiar with the new idea, and then progressing to the more important messages that are introduced to children in the age range of 8 to 12, when children also start to gain purchasing autonomy and start to have a greater interest in the real world and in more complex topics. Finally, it is crucial to monitor the archetypes that are presented to kids during this period (Young and Hinsley, 2012), as using the right archetype to introduce new materials and paradigms might help them gain acceptance.

Expected result

When the targeted generation reaches adulthood and transitions to the luxury market, it is anticipated that the new standard will be more well-received. The expectation is that having molded a generation with a clear desire, most people will select the novel material or paradigm, as was the case with DeBeers. especially if the new norm is delivered in a style that stays true to childhood lessons and is accurate in accordance with the archetypes that were developed in the targeted generation.

Exemplar application

Educating a new generation of customers can be the most effective means to introduce into the luxury market those materials that existing consumers believe are completely inappropriate for this market, such as industrial diamonds in jewelry and materials derived from recycling food waste (such as apple peels). In this situation, a luxury company that wants to capitalize on these materials may decide to target future customers rather than current ones because the former do not yet have an established opinion on what constitutes luxury and, as a result, do not have any prejudices about these new materials.

When children are younger, the first seeds of openness to these materials can be sown by suggesting dedicated content to them, such as cartoons that explain recycling and the creation of new materials through recycling; or that demonstrate, once again in language appropriate for a young audience, the intricate processes involved in creating an industrial diamond and how these processes make it special. These messages will then be repeated throughout childhood and adolescence, adapting the tone and vocabulary to the age, until late adolescence when

schoolwork on these themes can be proposed to them as children are able to fully understand the value of the new materials. However, this investment will not start to pay off until the new generation of customers starts purchasing from the luxury sector. However, earlier efforts are not always sufficient to guarantee that a new luxury consumer will select a product based on the materials he or she was exposed to as a child. In fact, there is still one more stage the business needs to complete: presenting the new material to new customers in a way that will help them recall the lessons they learned throughout their formative years and increase their likelihood of accepting the suggested innovation.

Route 2: Creating a uniform

Reference case study: Moncler, Hush Puppies.

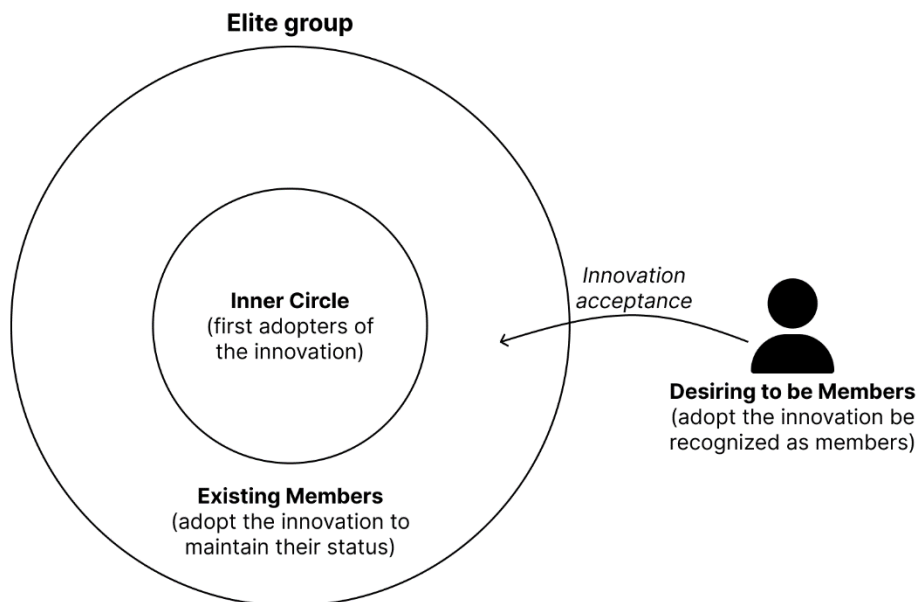


Figure 16: Different approaches to innovation adoption in an elite group

The case studies of the references for this route demonstrate how a certain set of individuals contributed to the development of these businesses. Since these groups constituted a small elite in their city, many individuals imitated their fashion choices in an effort to identify with the same elite. In this situation, clothing acts as the group's uniform, making it possible to recognize its members right away, thus attracting the attention of those who want to be perceived as part of that specific group.

Finding a target group is essential for the first phase since it should be an elite group that people aspire to belong to or be associated with. This strategy involves putting the innovation in the hands of influential members of the target group so that they are the ones to introduce it to the general public. After receiving this kind of exposure, the innovation becomes "the uniform of..."

since it is connected to the group's inner circle. As a result, it will gain higher symbolic value in the eyes of those who aspire to join that elite, which will open the door for the proposed innovation to develop a cult-like following within the target group.

One option could be to introduce a novelty at specific events or concerts and have the most important representatives of those events wear it. For instance, if for a while certain rappers in Milan were spotted wearing sneakers made of a novel material, then up-and-coming rappers, then all fans, and finally all followers of the genre would be influenced to purchase sneakers made of the same material. The "uniform" that is created in this way resembles what Kapferer (2012) refers to as a social marker, a good that gives an individual a sense of privilege and makes them feel like being part of an elite.

Making a novelty into a uniform enables it to use the advantages of the latter to promote its adoption. People can express to others the facets of their identity and self-image by using clothing as a symbol of belonging (Callahan and Ledgerwood, 2016). Additionally, certain dress styles help people join and stay in groups by reinforcing their sense of group affiliation (Kebulusek et al., 2017). However, the uniform not only makes it easy for group members to be recognized, but it also enables the wearer to elicit from other people feelings that they themselves have about the group represented by the uniform (Joseph and Alex, 1972), with the caveat that these feelings may be both positive and negative. Referring back to the earlier example, a rising rapper who purchases sneakers made of a novel material because he has seen them worn by well-known performers may inspire positive feelings in fans of the genre, but less positive feelings when interacting with, say, a senior citizen or a metal music fan. Additionally, persons who aspire to belong to a particular group utilize their dress as a sign of professionalism. For instance, medical students often dress like their mentors to look more professional to patients (Haas and Shaffir, 1977).

To conclude, it is crucial that the new material or paradigm remain at the forefront of this uniform-creation process. The uniform introduced in the group under consideration will become a cult object, but it's crucial to make sure that the innovative materials and paradigms on which it is based receive the same attention and are not overshadowed by other elements like the brand. Returning to the shoe example, if the most well-known rappers were given sneakers made by Balenciaga with a new environmentally friendly material, they would become cult items among rappers and their fans. At this point, it's crucial that the message that customers receive is that the best rappers wear a specific sustainable material, not that they wear Balenciaga.

Expected result

When the inner circle has been accurately defined and the product serves as a fitting representation of the target group's ideology, the novelty can be predicted to become a cult object among the target group. Following the (artificial) introduction into the inner circle, the novelty's appeal spreads first to the target group's actual members, then to everyone who wants to be a part of it or be associated with it. The product can reach the luxury market if the target

group has been properly identified and represents an elite group to which people aspire to belong.

Exemplar application

When it comes to the launch of clothing made from sustainable materials, this kind of strategy may prove particularly successful. Rappers will be the target market, and the product chosen for this example are designer sneakers made from hemp fibers. The most well-known musicians in the genre who have been chosen based on factors including Spotify's unique listenership, gold/platinum records won, and the number of followers on social media will make up the inner circle. Rappers who are well-known but have less impact and emerging rappers are also regarded as elite. On the other side, casual rappers and lovers of the genre are those who aspire to be identified with the elite. The novelty blends in nicely with the rappers' community, which has traditionally supported legalizing cannabis for recreational use, another application of the hemp plant.

Making agreements with rappers from the inner circle in order to have them appear in interviews, music videos, and performances wearing the new sneakers is the first step. By doing this, a link will be established between the ideal of the well-known rapper and hemp-fiber footwear. The minor and up-and-coming rappers will be the first to alter their purchasing behavior by favoring the new sneakers once this correlation is established in the rap world because they do not want to run the risk of damaging their reputation by failing to adhere to the new rappers' distinctive style.

As a result, fans of the genre start to view hemp fiber sneakers as cult objects that have special meaning since they are linked to artists who have earned their admiration. Once individuals feel that they belong to the same elite as the greatest rap singers, the product can enter the world of luxury. The price increases as a result of this popularity, not because of technical merits but rather because of the symbolic significance attached to the item as a social identifier.

Route 3: Leverage on branding

Reference case study: DeBeers, Ferragamo, Tobacco Industry.

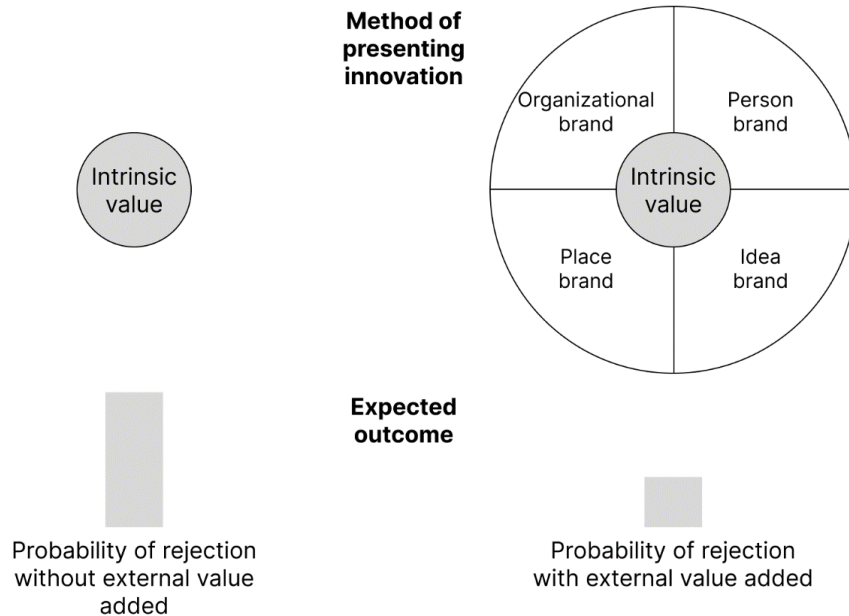


Figure 17: Comparison between an innovation presented through branding and one presented by itself

An innovation in the luxury market can be given legitimacy by an authority figure, allowing it to be labeled as a luxury good. The four forms of brands outlined by Swaminathan et al. (2020) can be used to categorize the sources from which this authority can be derived.

Organizational brands are the first category to be evaluated, which includes all kinds of organizations and is not just limited to manufacturers of goods and services. When consumers are assessing the quality of a product, brand name is a crucial factor (Brucks et al., 2000). In reality, consumers are more likely to perceive quality as being higher when a brand name is present (Jacoby et al., 1971), particularly when they are asked to assess the quality of products with high price ranges (Raju, 1977), which are common in the luxury market. Looking back to the Salvatore Ferragamo case can be useful to understand the brand's potential to promote acceptance. People were more likely to approach the new shoe model because it was being created by a person they thought to be extremely reliable in the industry at the time since he was a well-known designer and recognized producer of quality shoes. Therefore, it is possible to introduce innovations in the luxury market by utilizing established brands. All new materials or paradigms will be automatically categorized as belonging to the luxury market once they are made available to the general public through products showcasing established labels. Furthermore, this use of brands for legitimacy in the luxury market is a workable tactic when taking into account the fact that certain people, the parvenus, use goods with strong brand prominence (loud luxury) to raise their social status and set themselves apart from the crowd (Han et al., 2010), meaning that they will judge the innovation's deserving of the luxury label

based on the brand that uses it. But using the same conceptual framework, an innovation can also be used to meet the demands of patrons for luxury goods that are distinguished by their unique qualities rather than the brand they display (quiet luxury). A novel material or paradigm might be a quiet status indicator because it is uncommon and only a select few have access to it in the early stages of development.

Person brands are the second kind of brand that is taken into account. This category comprises individuals who are considered "economic person brands", which includes influencers, top users, and celebrities, who receive compensation for endorsements of products and services. When handled properly in the past, celebrity endorsement has benefited brands and raised their reputations (Hussain et al., 2020). However, as Dwivedi et al. (2015) also noted, it is crucial to take into account the credibility of the chosen celebrity, an aspect that includes the endorser's attractiveness, trustworthiness, and expertise. Customers may easily research the previous work of endorsers and influencers since the social profiles of these individuals are public. Therefore, it is essential to seek out brand advocates who have a strong reputation and in-depth expertise in the subjects that relate to the sponsored product. A good example of a profitable endorsement decision is the one the tobacco industries made when they chose to promote their products through individuals like doctors, who are highly credible when it comes to health, and singers, who are experts at taking care of their throats and lungs because they are their tools of the trade. Although the case of the tobacco industry can clearly show the strength of person brands, it is also a clear case of unethical conduct. However, there are also instances where person brands have had a significant impact on influencing people to make ethical choices. Angelina Jolie is a great example of a positive person brand since, with the help of her influence, she was able to trigger social phenomena that supported two extremely noble causes. When Jolie completed her second adoption from an orphanage in Addis Abeba, Ethiopia, in 2005, the first phenomena got underway. According to the adoption agency Cradle and the Daily Mail (Bates, 2011), only 5% of adoptions in 2005 broke down ethnic barriers. However, following this adoption, the multiethnic adoption rate increased, reaching 20% of adoptions in 2011 that matched black children with white parents. Ethiopia also became the second-largest country in terms of the number of children sent to the United States. The rise in risk-reducing bilateral mastectomy (RRBM) is the second Jolie effect. In 2013, Angelina Jolie disclosed to the New York Times that she had undergone an RRBM since she was genetically predisposed to breast cancer. Liede et al. (2018) noted an upsurge in requests for genetic testing and mastectomies following the publication of this article. This was accomplished specifically thanks to Jolie's strong influence, who was able to inspire women to overcome their fear of losing their femininity as a consequence of RRBM. Although person brands are incredibly powerful, it is crucial to pick the influencers to collaborate with very carefully. In fact, if the values put forth by the chosen influencers are not consistent with those of the innovation, this will have a detrimental effect on both the innovation's acceptance and the image of the brand that proposed it. For example, the promotion of clothing made with innovative and sustainable materials through an influencer that, on the other hand, is known for showcasing a variety of outfits every day, could be extremely harmful, since in this scenario, the influencer would be promoting more consumerist

values while the garments would be promoting more sustainable fashion values. Additionally, it is possible that advertisements for this novel material will appear on the same profile as hauls of ultra-fast fashion goods, which would damage the reputation of the company trying to innovate the market.

Place brands are the third kind of brand, according to Zenker and Braun (2010), who define them as "A network of associations in the consumers' mind based on the visual, verbal, and behavioral expression of a place, which is embodied through the goals, communication, values, and general culture of the place's stakeholders and the overall place design." Luxury brands are known for their association with origins that have a solid reputation for being sources of excellence (Brun and Castelli, 2013). This exceptional heritage allows for an increase in the perceived rarity of items (Catry, 2003). From the state level to the level of a small city, this connection to a location's heritage can occur at many levels of granularity. In the context of a single nation, "made in Italy" or "made in France" may be a synonym for "quality fashion," but there are other designations of origin that focus more intently on particular regions or cities, such as Silicon Valley for technology or the cities of Como and Montalcino for silk and wine, respectively. Additionally, different levels of granularity can be observed even within the same product category. For instance, in the luxury watch market, the phrase "made in Switzerland" is synonymous with a high-quality product, but some businesses instead use the phrase "made in Geneva," which enables them to capitalize on their heritage even more and raise perceptions of quality.

Swaminathan et al. (2012) define idea brands as "ideologies, initiatives, or other abstract, noncommercial notions that are identified by their stakeholders and the public at large using the same specific name." This typology is the last one that has been taken into consideration. The need to stand out from the crowd has always been closely associated with the luxury market, which frequently serves as a social stratifier in a culture that no longer values titles of nobility and aristocracy (Kapferer, 2012). In this historical period, however, it is possible to observe a change in the ideologies associated with the luxury market; in fact, it is moving away from its old values of privilege and "good taste" and instead aligning itself with ideologies that are also dearer to new generations such as sustainability, diversity, and inclusion (Huggard et al, 2022). The acceptance of new materials and paradigms is made possible by the opening of the luxury market to these new ideas. Indeed, they enable businesses to create new products and services that will appeal to consumers who share these new ideologies. For instance, the introduction of sustainable materials enables businesses to capitalize on the sustainability philosophy, which is more and more taken into account when considering making a purchase.

In conclusion, it is useful to note that for achieving "luxury membership" status, an innovation can use a single type of brand or a combination of them to accomplish this, which can lead to the creation of synergies. Versace is a classic example of a company that successfully established itself by utilizing a full synergy, which can be summed up as: "An Italian fashion company called Versace entered the market thanks to Gianni Versace's creative flair by offering clothing that sought to represent a strong, independent woman who wanted to assert her freedom. This was further emphasized by his approach to fashion shows, for which he frequently invited the most

famous supermodels of the time, such as Naomi Campbell". All four brand typologies are identified in this brief statement, along with how their interaction produced an established brand in the fashion industry:

- Versace: organizational brand, it was starting to establish a distinct identity and gain acceptance for its proposed principles and designs.
- Made in Italy: place brand, it is a designation of origin that is closely linked to luxurious fashion.
- Gianni Versace: person brand, represents a fashion designer who is highly regarded for being knowledgeable about the industry and having exceptional design talent.
- a strong, independent woman who wanted to assert her freedom: idea brand, it was satisfying some women's yearning to leave the societal role of the ideal housewife to which they had been confined up until that time. The bold and provocative designs created by Gianni Versace highlight this new ambition.
- Naomi Campbell: person brand, she is a point of reference in the fashion industry as well as an internationally renowned supermodel who perfectly embodies the new ideal of woman Gianni Versace has put forth. She is the ideal model for Versace's fashion shows because of these qualities.

Expected result

Organizational brands, person brands, place brands, and idea brands work together to make an innovation more likely to be accepted in the luxury market. Because of the established position of the brands that support it, the new material or paradigm is in fact expected to be labeled as "luxury worthy."

Exemplar application

This approach might be used, for example, to encourage the usage of sustainability certificates in the fashion industry.

For instance, certifications from organizations like Fairtrade or GOTS (Global Organic Textile Standards) are emblematic of the concept of ethical and sustainable fashion. As a result, when used and featured on clothing, buyers may use it as a platform to express their identity and ideas. Additionally, as the luxury market is beginning to take these new values into account, exhibiting them through these certifications can potentially represent membership in the new elite. But there are other ways to suggest certifications to the general public besides this. In reality, because these certifications can be picked by big fashion houses, they can be linked with top luxury fashion labels and so earn value in the eyes of customers. The same rationale holds true for opinion leaders and influencers, with whom certifying bodies can collaborate directly to increase public demand for their certificates. In fact, if a certifying body ran a successful marketing campaign with carefully selected opinion leaders and influencers who shared its principles, shoppers would demand that fashion businesses invest in certifications. The origin of the certifying authorities can also contribute to an increase in perceived value, although to a

lesser extent. In fact, a certifying organization from a nation that places particular emphasis on these issues, like Scandinavian nations, would be seen as more trustworthy than one from a nation that produces a lot of CO2 and waste.

The combined impact of these various types of brands, especially organization and person brands, may induce consumers to desire clothing that has certain certifications and be willing to pay more for it, making ethical and sustainable certifications an integral part of luxury fashion.

Route 4: Perceived similarity

Reference case study: Stella McCartney, Tobacco Industry.

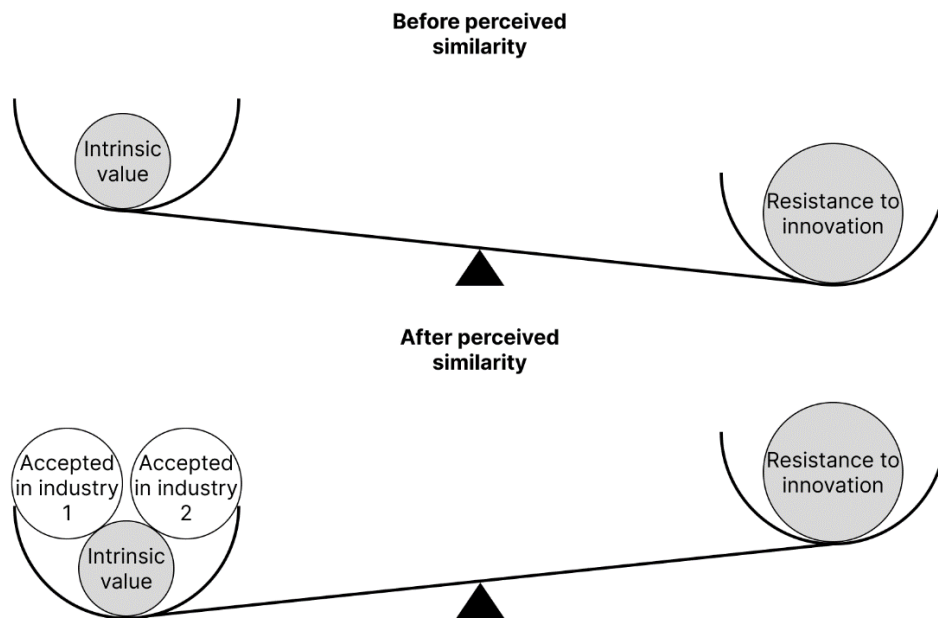


Figure 18: Effect of perceived similarity against resistance to innovation

Relating this back to the Stella McCartney case, it can be seen that the introduction of mushrooms as a raw material is promoted as being extremely innovative, but this is supported by the use of mushrooms in cooking, where they are, on the other hand, thought of as raw materials with very widespread application. This might enable the public's doubt and bias towards the new product to be diminished. Because carrying a bag made of a material derived from mushrooms should not pose a problem if eating them is not, and these days no one is astonished to see mushrooms on a restaurant menu.

One can then think about bringing new materials and paradigms into the luxury world by leveraging their acceptance in other markets. This approach turns out to be aligned with the concept of perceived similarity.

Perceived similarity can be described as “the degree of similarity or coincidence of general quality between the existing product and the expanded product” (Jeong et al., 2016). And according to Aaker and Keller (1990), this is a factor that is particularly significant in determining whether brand extensions are accepted since it enables consumers to carry over their positive feelings for current items to the new product. Additionally, it was found that "consumer's perceived subjective knowledge about the parent brand and extension category had a positive effect on extension evaluations" (Hem and Iversen, 2009), which fits well with customers in the luxury market because they are connoisseurs in the types of products they are interested in and have the knowledge to recognize similarities.

While still adhering to this strategy it is also advised that the new product incorporate cues or other features that serve to remind the client of the brand's core items (Gierl and Huettl, 2011). In fact, it is clear from the Stella McCartney case study that was previously presented that the Frayme Mylo bag is not an entirely new bag. Since it belongs to the Frayme line, the key design elements are shared, such as the use of the chain around the sides of the bag. Furthermore, the chain's use is not just restricted to the Frayme line but is also replicated in the Falabella line, making it a distinguishing feature for both the line and the brand.

The research of Jeong et al. (2016), who observed the elements that boosted wristwatch acceptance as a function of its similarity with the smartphone, supports this perceived similarity approach as well. The adoption of this innovation by people who had positive experiences with the smartphone was specifically favored by perceived similarity, which had a positive effect on perceived usefulness, perceived ease of use, and perceived aesthetics.

The suggested strategy is thus centered on introducing innovations—whether material or paradigm—that are based on well-established materials or paradigms in other industries into the luxury market. Thus leveraging perceived similarity and the positive feelings that the new material or paradigm elicits in its original market.

Expected result

By taking advantage of perceived similarity that allows positive feelings related to the original material or paradigm to be carried into its application to the luxury market and by giving this new instance of the material or paradigm elements that allow it to be in harmony with the luxury world, innovation can be accepted in the luxury market. It should be noted, however, that this strategy can only be used if the innovation that enters the luxury market is based on something that already exists, rather than something that has never been seen before, as the latter prevents the use of a successful precedent to exploit perceived similarity.

Exemplar application

The path of perceived similarity can be a fantastic technique to make it possible for the paradigm of second-hand shopping to be accepted in the luxury world. The two greatest obstacles this paradigm faces are:

- The idea that they are a less expensive option that is exclusively used by people who cannot afford to buy new clothes.
- The disgust that people feel when purchasing clothing that has previously belonged to another person, going to emphasize that it is a worn garment.

But in the automobile industry, where buying a used car is very frequent and is not perceived as the purchase of a low-class good, these barriers do not exist. Additionally, in the luxury car market, the only way to own a car that is no longer being produced, such as a vintage car, or a car that was manufactured in a limited number, like some models made by Pagani, is to buy a pre-owned car. Moreover, due to their historical significance and scarcity on the market, these no longer in-production cars can be resold for a higher price than they were originally purchased.

One might then consider exploiting perceived similarity to bring acceptability of the purchase of previously owned products from the luxury vehicle industry to the luxury fashion industry by utilizing iconic clothing from a brand's history and limited editions. The barrier that makes customers perceive the purchase of used clothing as a second-rate purchase can therefore be removed, for instance, by organizing a display of historical apparel alongside vintage cars. Additionally, this idea can be further supported through direct communication by developing messages that emphasize how, much as in the luxury automobile market, this is the only way to own really one-of-a-kind items in the realm of high fashion.

To overcome the barrier of distaste instead, brands should emulate Stella McCartney and add characteristic elements of the luxury brand that wants to promote the sale of pre-owned clothing. Therefore, the area should offer a shopping experience akin to a boutique where new collections are sold. The focus of the event should therefore be on exploiting perceived similarity, but the company should do it in a way that is consistent with the brand identity, recalling visual cues unique to the brand and using language appropriate to the luxury fashion context, such as refraining from using words like "used" or "second hand" in favor of expressions like "previously owned."

Route 5: Incentives and bans

Reference case study: Asket, German deposit on bottles

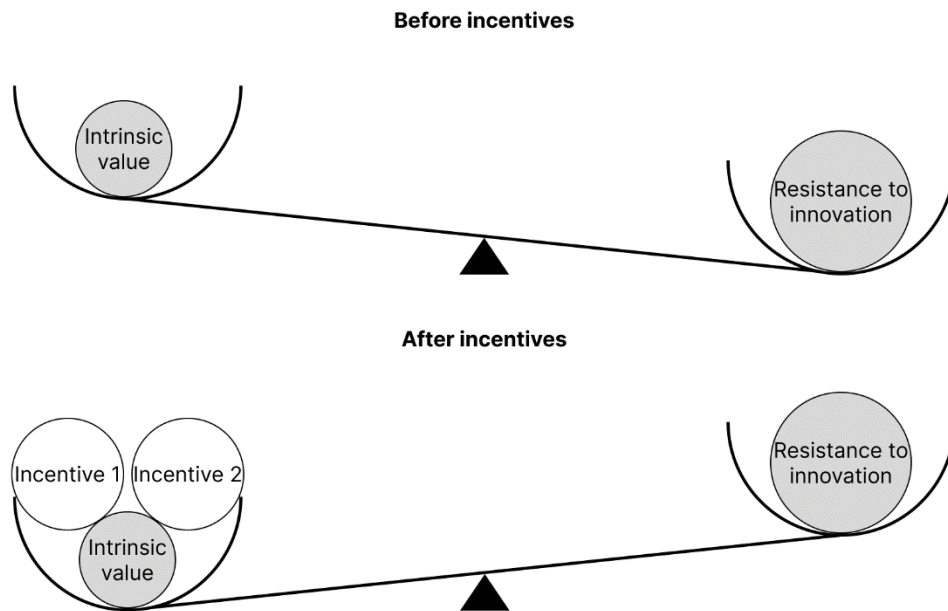


Figure 19: Effect of incentives against resistance to innovation

It is evident from the case studies mentioned above that providing incentives to customers to promote sustainable behavior had a beneficial effect on reaching the targeted aim. However, it is important to note that incentives and disincentives do not always succeed in accomplishing their intended goals. In fact, referring to the idea of contract incompleteness, it is known that it is impossible to define a perfect incentive, leaving room for opportunistic behavior, as seen in the case of Germany when vendors decreased the supply of multi-use bottles in favor of single-use bottles.

Furthermore, Ji et al. (2023) pointed out that not all incentives have the same impact; in fact, it has been found that nonmonetary incentives frequently produce greater results than monetary ones. The same research also looks at how the influence of incentives varies depending on people's willingness to engage in a certain behavior. Due to people's tendency for engaging in high-willingness actions spontaneously, neither monetary nor nonmonetary incentives have much of an effect on them. On the other hand, for low-willingness behaviors, both forms of incentives have a higher impact and their respective effectiveness gaps widen as well.

Non-monetary incentives are less frequently applied, despite the fact that they are more effective. One of the best examples is LUSH's "bring it back" initiative, which enables customers to return empty, washed jars of product in exchange for a 50-cent grocery bill discount per container or a fresh face mask for every five containers returned. Other

companies also employ this strategy; for instance, MAC Cosmetics has introduced the Back-To-MAC Program, which offers a lipstick in exchange for six primary packing containers. These programs are welcomed, yet they still fall short of enticing customers to recycle. However, it is possible to make recycling more enjoyable and "luxurious." For example, Nespresso does not currently reward customers who return empty capsules to the shops, which lowers program participation. People's tendency may shift, however, if the company chooses to encourage such behavior introducing unique capsules that could only be obtained in exchange for a specific quantity of capsules recycled, rather than using credit or points. Customers would no longer choose to recycle capsules solely because they find value in doing so; instead, recycling would be an exciting experience that would enable them to obtain something unique.

Depending on how customers view them, incentives may also be ineffective. Giving money as a reward for blood donation, for example, may be viewed as inappropriate or unacceptable, and if the majority of people feel the same way, the incentive may have the unintended effect of making people less likely to engage in the desired behavior (Graf et al., 2023). Additionally, using incentives—whether financial or nonfinancial—can be seen as a way to make up for poor quality, as shown by Zhand and Lane's (2023) research, which found that giving Covid-19 vaccines without any incentives produces better results than when any incentives are given. In the luxury market, where incentives may compromise a brand's reputation, these issues are much more serious.

As a result, it turns out to be more practical to use this strategy to encourage brands to be more sustainable and to educate their customers by providing benefits in return that are less obvious and do not negatively impact the company's reputation, such as a tax reduction.

Expected result

Offering incentives, especially to luxury brands so they can educate their customers, can help the luxury industry adopt new materials and paradigms. Additionally, it is feasible to offer incentives also to customers, in an effort to persuade them to consider the innovations that are being put forth. While doing so, it is crucial to prevent brand dilution and damage to the brand's reputation. These incentives are designed to help clients who may be skeptical regarding new materials and paradigms proposed to them to feel more comfortable with these innovations. Then incentives can be eliminated once the new materials or paradigms have gained acceptance in the luxury world.

Exemplar application

In the luxury market, leveraging customer incentives might be helpful for promoting sustainable product alternatives that replace conventional products. For instance, a high-end brand may sell Oxford shoes made of leather as well as leather substitutes made of eco-friendly materials. Additional shoemaking services, such as repairs, washing, and polishing, can be provided without charge for shoes made from the new materials in an effort to persuade the consumer to make the environmentally friendly decision. This can persuade customers to choose

innovation over traditional products by offering a better customer experience that lets them both enjoy the product to its fullest extent through shoe polishing and relieves them of the need to look for solutions to more difficult problems through repair services. All of this can be done with little to no effort on the part of the customer while simultaneously making them feel important.

On the other hand, giving companies a direct incentive to encourage them to educate customers can be profitable. It could be, for instance, a reduction in taxes on revenue from the sale of innovative products, which may encourage brands to add them to their catalog; or it could be a reward based on how many innovative products are sold, which might inspire brands to educate their customers about new materials and paradigms in an effort to persuade them to choose them over more conventional alternatives.

Route 6: Diktats and force majeure

In order to be thorough, it is important to describe the instances of diktats and force majeure. Contrary to other approaches, they force the shift upon the client, who in this instance does not have the choice to reject the new way of thinking.

One can, however, take into account the possibility that these circumstances are merely transitory and that they help people realize the potential of an innovation. Similar to the covid-19 pandemic, a situation of this size required all businesses to adopt new methods of offering their goods and services, and even consumers had to alter the way they shopped. In fact, during the epidemic, businesses were compelled to adopt remote work options, even in situations when the corporate culture was strongly opposed to it. However, as they used this modality, employees recognized the potential for improving work-life balance, and even when the pandemic was over, they continued to demand the ability to work remotely, if only partially. This prompted businesses to include smart working in employee contracts even after the emergency was resolved. The growth in online buying was another modification brought on by the pandemic. The lockdown actually made many people more willing to try online shopping, which resulted in a five-fold increase in e-commerce as a percentage of total retail sales from 2020 to 2019 compared to the average from 2015 to 2019 (Lund et al., 2021). Additionally, from 2019 to 2020, there was a significant boost to the growth of online sales, bringing it from 13.6 percent to 18 percent of total sales, which later continued growing similarly to before the pandemic (I.T.A., s.d.).

The same factors that have supported e-commerce's growth trends can also be used to support the introduction of new technologies and paradigms, accepted due to diktats and cases of force majeure. In truth, there is a chance of returning to the previous norms if a decree or other force majeure that compelled a paradigm shift is lifted. Instead, Charm et al. (2021) noted that in order to preserve the new normal, it is appropriate to:

- Reinforce positive new beliefs.
- Shape emerging habits with new offerings.
- Sustain new habits, using contextual cues.
- Align messages to consumer mindsets.

The luxury status of the new material or paradigm must be maintained in the new normal in order to solidify its status as a part of the luxury world when a diktat or force majeure is eliminated. This could be particularly complicated because the luxury market favors items with a long history, established value, and luxury status. As a result, luxury brands might want to go back to the prior scenario, potentially negating the effects of the forced change brought on by force majeure.

Expected result

In this instance, resistance to the innovation was dispelled by an outside occurrence, whether it was a diktat or a situation of force majeure, and as a consequence luxury clients experienced the new material or paradigm. To retain the proposed innovation's status as a material or paradigm that belongs to the luxury market, one possible course of action is to adhere to the recommendations made by Charm et al. (2021). By doing this, this status will become established in the minds of high-end consumers, and the innovation will merge seamlessly into the luxury market as part of the new normal.

Exemplar application

In order to demonstrate how this technique might be applied, it is required to start with an introductory situation. Imagine then that the price of farm meat has increased as a result of growing prices for livestock feed and the inability of production to meet demand (for example, as a result of an animal virus). In this case, the price increase affects all consumer categories, from customers of starred restaurants to those who purchase premium meats to regular grocery store shoppers. As a result, alternatives to farmed meat, such as those made from cricket flour, whose prices have not changed and whose supplies are consistent and reliable, start to look appealing in the eyes of the consumer; this will encourage all customers to accept the new alternative. But once things are back to normal, buyers must be kept from switching back from cricket flour to farm-raised meat. In order to keep cricket flour's reputation as an ingredient deserving of the luxury market, the luxury food industry, in particular star chefs, must step in. These chefs should not abandon cricket flour but rather develop new dishes that can enhance it. By doing this, even in the absence of a force majeure situation, customers will continue to view cricket flour as a valued and deserving product.

Classification of the different routes based on motivation

Referencing motivation theory, all proposed routes can be divided into two categories according to the nature of the motivation (intrinsic or extrinsic), which they leverage to promote the adoption of the new material or paradigm.

Intrinsic	Extrinsic
Generational shaping: Leverages the new values being proposed to future customers	Incentives and bans: Leverages rewards designed to encourage the acceptance of a new material or paradigm, or disincentives designed to discourage the use of a material or paradigm considered unsuitable
Creating a uniform: Leverages an individual's desire to belong to a particular social group	Diktats and force majeure: External forces that force an individual to adopt an innovation or abandon a standard
Perceived similarity: Leverages an individual's already established acceptance of a given material or paradigm in a context other than the one in which it is being repurposed	
Branding: It can leverage both intrinsic motivations such as brand advocacy and extrinsic motivations such as an influencer's suggestions	

Table 2: Classification of the proposed routes based on the type of motivation leveraged.

In particular, it's critical to stress the important role that intrinsic motivation plays in supporting the adoption of new materials and paradigms, as heavily relying on extrinsic motivations can reduce the customer's perception of the value of an innovation (Bernabou and Tirole, 2003). Contrarily, intrinsic motivation enables businesses to capitalize on their clients' enjoyment of taking action that may benefit society at large (De Young, 2000). Thus, as indicated by De Young (1985), it is advised to lead clients toward discovering the satisfaction that particular inventions might provide them.

Additionally, it is crucial to consider how different clients' ideas of luxury vary. For example, some clients associate the idea of luxury with the quality of the materials used, while others place more emphasis on the product's symbolic meaning as a mark of their social status and a high standard of living. In addition, the social dimension is crucial since purchasing luxury items can have either the goal of symbolizing affiliation with a specific group or setting oneself apart from others. One can describe several categories of luxury customers by combining these two qualities (Brun and Castelli, 2013).

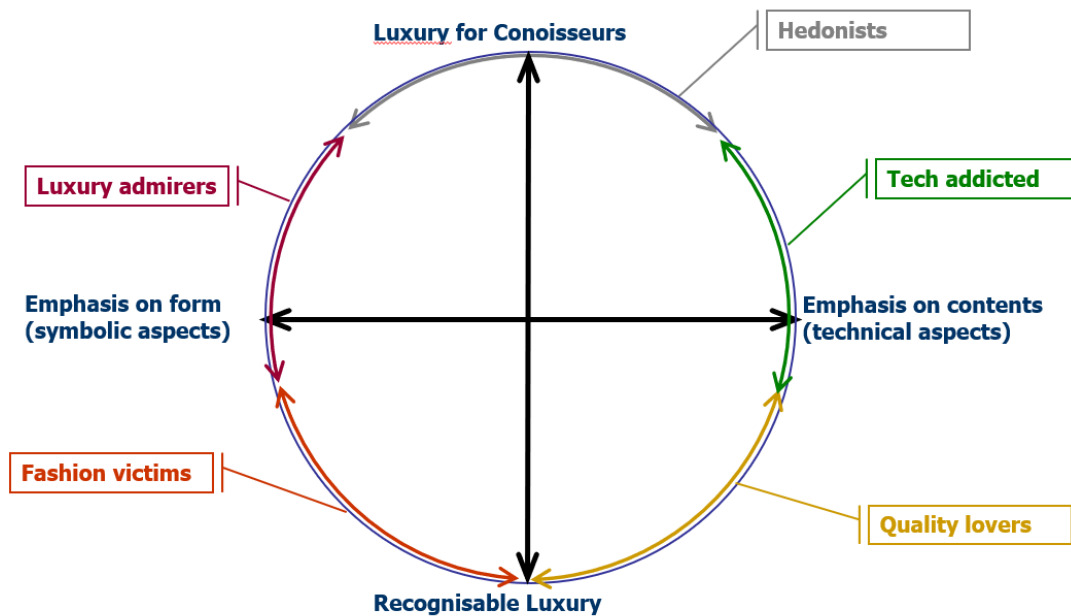


Figure 20: The circle of luxury profiles (Source: Brun and Castelli, 2013)

It is challenging to design incentives that can inspire everyone given the large range of potential clients. Therefore, it is more suitable to capitalize on intrinsic motivations by encouraging customers to choose to explore new products and paradigms.

Moreover, since exclusivity plays a significant role in the luxury market, it can be challenging for luxury brands to offer incentives without jeopardizing their exclusivity and brand reputation.

In order to encourage client adoption of new products and paradigms, it is advised that, based on this classification, pathways that utilize intrinsic motives should be exploited more. With regard to the routes based on extrinsic motivations, they can be leveraged in combination with the others in case of strong resistance to the proposed innovations. In addition, the incentives can be used to convince luxury brands to make efforts to introduce these innovations and present them in a way that people want them.

Combined usage of different routes

The ascension phase's suggested routes can be employed in combination rather than individually.

Combining the "Generational shaping" route (Route 1) with the other routes that take advantage of intrinsic motivation has many advantages. With this combination, it is feasible to innovate the luxury market while simultaneously addressing all potential clients, both present and future, as DeBeers did when they intended to foster a desire for diamond rings. As a result, the company can be financially sustainable since it can use the money it makes from existing consumers who embrace the proposed innovation to pay for the costs of educating the next generation of customers. As a result, all product and service lines based on new materials and

paradigms will not erode earnings from existing products, which will encourage luxury businesses to propose and educate their customers about these innovations.

Additionally, using various routes simultaneously enables a more significant impact on clients, which further increases acceptability. For instance, if a well-known luxury brand encouraged some famous rappers to wear shoes made of cutting-edge and eco-friendly materials, and if a well-known influencer also sponsored the shoes. Numerous niches of potential clients can be contacted via these various routes, including rap enthusiasts, brand advocates, and influencers' followers. However, the benefit of combining various routes is not restricted to the number of niches that can be reached. It can have a stronger impact on those customers who are members of multiple niches at once (for example, fans of the rap genre and followers of the influencer), who will encounter more positive stimuli and, as a result, they will be more likely to embrace the innovation that is proposed to them.

Exemplar application

Combining different routes can be especially useful when attempting to promote innovations that have little acceptance and are not frequently used, like upcycling. It is possible to utilize a mix of routes such as: "Generational shaping" and "Branding" to present the new paradigm to customers and "Incentives" to encourage luxury brands to propose it in order to get this new paradigm adopted in the luxury market. Model and influencer Madeleine White, who has gained popularity on Instagram and TikTok with her videos in which she modifies or reuses clothes from her wardrobe to create new and unique ones, some of which she even wears on red carpets (Spellings, 2023), may be the starting point for allowing upcycling to be accepted in the luxury industry. She and other influencers can be leveraged as a starting point to introduce the idea of upcycling to the wider public by presenting it as a means to create something original and reuse out-of-style clothing. DIY upcycling, on the other hand, does not really fit the definition of luxury, therefore organizational brands, a different form of branding, come into play. This results in the emergence of a new class of designers focused on high fashion upcycling, either as a brand service or, more likely, as a new atelier focused entirely on upcycling that will create one-of-a-kind garments for clients based on what comes to them in input from the clients themselves, both as requests and as garments. Now that the first luxury upcycling ateliers have appeared, they will be endorsed by celebrities and influencers of all stripes who will commission them to make custom garments out of recycled vintage clothing that will then be immortalized on red carpets and in publications, once more leveraging the person brand route and establishing upcycling as a luxury market phenomenon, similarly to what is happening nowadays with customized sneakers.

Parallel to this, upcycling can start to be introduced to future potential customers, such as toddlers, through a few episodes of their favorite cartoons that focus on upcycling clothing, or pre-teens, through school projects that emphasize both the uniqueness of products from upcycling workshops and the positive environmental impact of upcycling. This will guarantee

that young people who become luxury clients will be willing to bring their used luxury clothing to an upcycling studio to create a new outfit rather than purchasing a new one.

State-level incentives, such as subsidized taxation for the first few years, can be proposed to encourage designers to specialize in upcycling and the opening of upcycling ateliers. In addition, incentives based on the quantity of clothing that has been upcycled can be made to encourage upcycle ateliers and their respective designers to educate customers about the new paradigm and will encourage its adoption.

Chapter 8: Spreading Phase

Case study Burghy: How an innovative paradigm managed to create a cultural phenomenon that then paved the way for fast food in Italy.

Burghy, an American-style fast food franchise launched in 1981 by Supermarkets GS (now merged as Carrefour), was purchased by Cremonini Group in 1985. Burghy's idea was a more premium version of the American fast-food restaurants of that time, but it nevertheless revolved around burgers, fries, and milkshakes. However, the historic building in Piazza San Babila became known as a "paninari" gathering place. The first paninari were young people from affluent families in Milan who attended private schools; as the phenomenon spread due to the desire to be a part of this elite group, the chain also grew because Burghy became the "cool" place to go to be a part of the elite. Burghy, and the social phenomena it sparked, helped fast food become normalized and a part of customers' daily lives. But it did not stop there, as fast-food establishments started to become destinations where people, particularly young people, deliberately went out to connect and hang out with other members of their urban tribe.

It is possible to examine the establishment of the fast-food paradigm in Italy using this case study. It is clear that the idea of fast food was not introduced to the mass market right away, but rather enjoyed success in a premium version due to its association with the paninari, an elite group of people to which people aspired. This ignited public interest in fast-food burgers. Only after this phenomenon, especially in this case after McDonald's acquisition, did the idea of fast food reach the general public, even in the mass market where all the chains are still in operation today. Moreover, it is important to remember that even though burgers and fries are now widely available on the mass market, there are still premium and luxury versions of them available, thanks respectively to gourmet burger places and to burgers made with especially premium meats and other raw materials. This may be the reason these goods are constantly valued favorably.

Finally, it should be mentioned that McDonald's opened in Italy at the same time as Burghy but did not have the same success. Consequently, it can be argued that starting to offer a new paradigm from the mass market is ineffective since the new paradigm is not the thing that people want, is not viewed as special, and is not deserving of adoption.

Introduction

As previously mentioned, the luxury market works as an excellent launchpad for pursuing paradigm shifts. Indeed, this phase leverages on the natural flow of trends from the luxury market towards mass market, with the mass market repurposing elements initially introduced in the luxury sector. The propagation phase is centered around comprehending the journey of a novel material or paradigm, once accepted within the luxury domain, as it gradually permeates

the premium market and subsequently spreads down to the mass market. This exploration seeks to uncover the repercussions and consequences that accompany this propagation process.

Starting point: The luxury market

When the proposed new material or paradigm is accepted by the luxury market, the spreading phase starts. There are benefits to commencing a paradigm shift in the luxury market as opposed to the premium or mass markets.

One of the most evident is that consumers in the luxury market can afford the innovations proposed to them since luxury goods are always priced higher than their functional value (Kapferer, 2012). This results, for instance, in the luxury fashion sector having an average price-to-production cost ratio of 2.7. As previously mentioned, this prevents resistance to adoption brought on by cost, both for the product, which is currently heavily influenced by the price of raw materials (for new materials), as suppliers of innovative materials are frequently small businesses and are unable to have production that allows them to benefit from economies of scale; and for the delivery of the new services (for new paradigms), as they require new physical and/or digital infrastructural developments. Moreover, the higher price associated with a product or service based on an innovative material or paradigm might be of interest to snobs, who perceive rare and high-priced items as markers of superiority (Virgenon and Johnson, 1999).

While the mass and premium markets work to meet consumer demands, the luxury market works to ignite new desires in consumers (Kapferer, 2012), which results in two additional advantages. The first is the freedom to innovate because there are no constraints due to client requests, and thus it is possible to integrate new materials and paradigms by educating customers about the new inventions, rather than simply complying with their demands. The second benefit, on the other hand, results specifically from the luxury market's capacity to ignite new consumer desires; in fact, this ability will play a crucial role in the diffusion of new materials and paradigms in both the premium and mass markets. Customers in these markets will alter their customer requirements in response to the new luxury market propositions as they strive to join the elite groups that purchase luxury goods.

Step one: The premium market

The first place where a new product or concept can proliferate is the premium market. It serves as an essential channel for the proposed innovation to make its way to the mass market.

The premium market nevertheless maintains medium-high pricing, which, unlike the luxury market, reflects its functional value because the provided product's quality serves as the primary criterion in this market. Therefore, brands in this category can adopt the innovations proposed by the luxury market, which are what consumers desire, and incorporate them into their

products, showing the value of the new material or paradigm and highlighting the potential it can provide. As a result, firms in the premium market are able to develop novel items that are entirely distinct from those offered by the luxury market, which enables them to draw in more clients, particularly those who are most concerned with quality.

The premium market also caters to a larger audience than the luxury market, which implies greater requests for support services (for new paradigms) and higher consumption of raw materials (for innovative materials). This increase in demand has a positive impact on the supply side of the value chain. The first is a rise in production, which increases supplier turnover and enables these businesses to expand and raise their production volumes to keep up with the rising demand. The second, which follows directly from the first, is the potential to start taking advantage of economies of scale, though not totally. This will result in lower pricing for raw materials and support services, making them even more appealing.

The ability to reach a broader audience in the premium market also enables the presentation of new materials and paradigms to a wider range of experts and opinion leaders. The key objective at this point is to establish a social phenomenon, like the paninari, that raises awareness of the suggested invention with the intention of making it something that everyone wants because it is "cool."

The advantages mentioned will foster the adoption of new materials and paradigms in the mass market in addition to enabling the innovation to gain traction in the premium market. This is primarily due to decreased supplier costs and increased demand for the proposed innovations.

Step two: The mass market

The acceptance of new materials and paradigms in the luxury and premium market exerts pressure on mass-market brands to adapt and meet customer demands. This established trajectory compels mass-market brands to offer products and services based on these innovations once they become affordable due to the economy of scale derived from the premium market.

As the mass market grows, suppliers of raw materials and support services also benefit from the strengthening of economies of scale. The high volume of requests from the mass market allows suppliers to achieve pinnacle economies of scale, resulting in reduced costs for mass-market brands to utilize these new materials and paradigms. This accessibility extends to all mass-market players, including those focused on providing low-priced offerings.

Ultimately, this process leads to a new normality where the adoption of new materials and paradigms becomes widespread, even among the mass market. Throughout this journey, innovation remains prevalent across all sectors, from luxury to mass-market, each contributing its unique attributes.

One benefit of this strategy that the luxury market makes possible is the automatic reopening of the market to innovations after the conclusion of the entire spreading period. The types of luxury market consumers outlined by Brun and Castelli (2013) can be used as a reference, and it can be shown that one of them has a strong desire to stand out from the crowd by distancing itself from an innovation that has since become standard.

The snob effect (Leibenstein, 1950) then enters the picture, allowing for the acceptance of a new innovation by this particular clientele. A new spreading phase can start once this initial group accepts the innovation through the ascension phase.

Exemplar application

Below is an example of how an innovation spreads through the many stages of the spreading phase for better understanding. Consider the development of a new waterproof fabric for this example, which was produced by processing some fruits peels.

Luxury market

In the luxury market, the material's exceptionally pleasant-to-touch texture and lightness are highlighted, allowing designers to create raincoats that are far more comfortable to wear. Given the low volume and complexity of production at this early stage, the material is only produced in a few tiny companies and has an exceptionally high price per square meter.

Premium market

This new material, which is being employed by renowned designers, starts to catch the attention of some readers of fashion magazines. Some high-end companies, like Colmar and The North Face, which rely heavily on waterproof fabrics for their products, start to show interest in this material. They develop a new process that can join two layers of this new material together with a layer of thermally insulating material inside, in addition to using it as is. Then, these brands are able to produce a variety of goods that highlight the remarkable qualities of this material such as:

- Quilts for the city: the material is utilized in its standard form. They enable, much like the premium market, to leverage the material's lightness and smoothness to differentiate from competitors.
- Ski suits: these are made using the material's new version. This demonstrates both the material's waterproofness as well as the fact that composite materials can be made from it and used for more specialized applications.
- Winter and high mountain jackets: these are two types of clothing that utilize the new material in both versions. They capitalize primarily on their lightness while keeping performance comparable to that of competing items.
- Rain and wind jackets: use both types of material and focus primarily on the tactile experience to set themselves apart from the products of competitors.

As demand for this new material grows, the supplier's production capacity needs to increase. As a result, they will start up new facilities to boost production volumes, and the ability to handle larger quantities of raw materials will also help to streamline the manufacturing process. This enables a reduction in the cost of the new material per square meter, minimizing the impact it has on the products' final costs, which subsequently become consistent with those seen in the premium market for each product category taken into account.

Mass market

All clients now demand jackets made from this new material as a result of advertisements and the success that the new Colmar and North Face jackets have had. The issue is that not everyone can afford a high-end product, though. Some mass market companies with sufficient resources, like Zara, can begin investing in this new material and help lower the cost per square meter in order to serve this consumer need. This makes the new material accessible to everyone and compels all competing brands to use it as well.

Along with the spread of the new material, additional suppliers are emerging that produce a comparable material that is still made from fruit peel and is always sustainable but not as lightweight and pleasant to the touch. Due to this, mass-market brands have two choices:

- The first is to purchase the original material, which has a medium to low cost per square meter due to continuous increases in production quantities and economies of scale. This is the decisions that companies like Zara and H&M will make.
- The second option is to purchase an alternate material, which always satisfies consumer demands for sustainability while being of poorer quality but cheaper per square meter. This is the preference of companies like Shein and Primark that heavily rely on price.

After going through this process, the new material is extensively utilized, regarded as a common material, and anyone looking for a jacket made of it will find the one that best suits their needs. However, this has caused the new material's jackets to lose their uniqueness, so snobs are now looking for different jackets to set themselves apart from the crowd. This presents an opportunity to introduce them to a brand-new material that wants to enter the luxury market, thus beginning a new cycle.

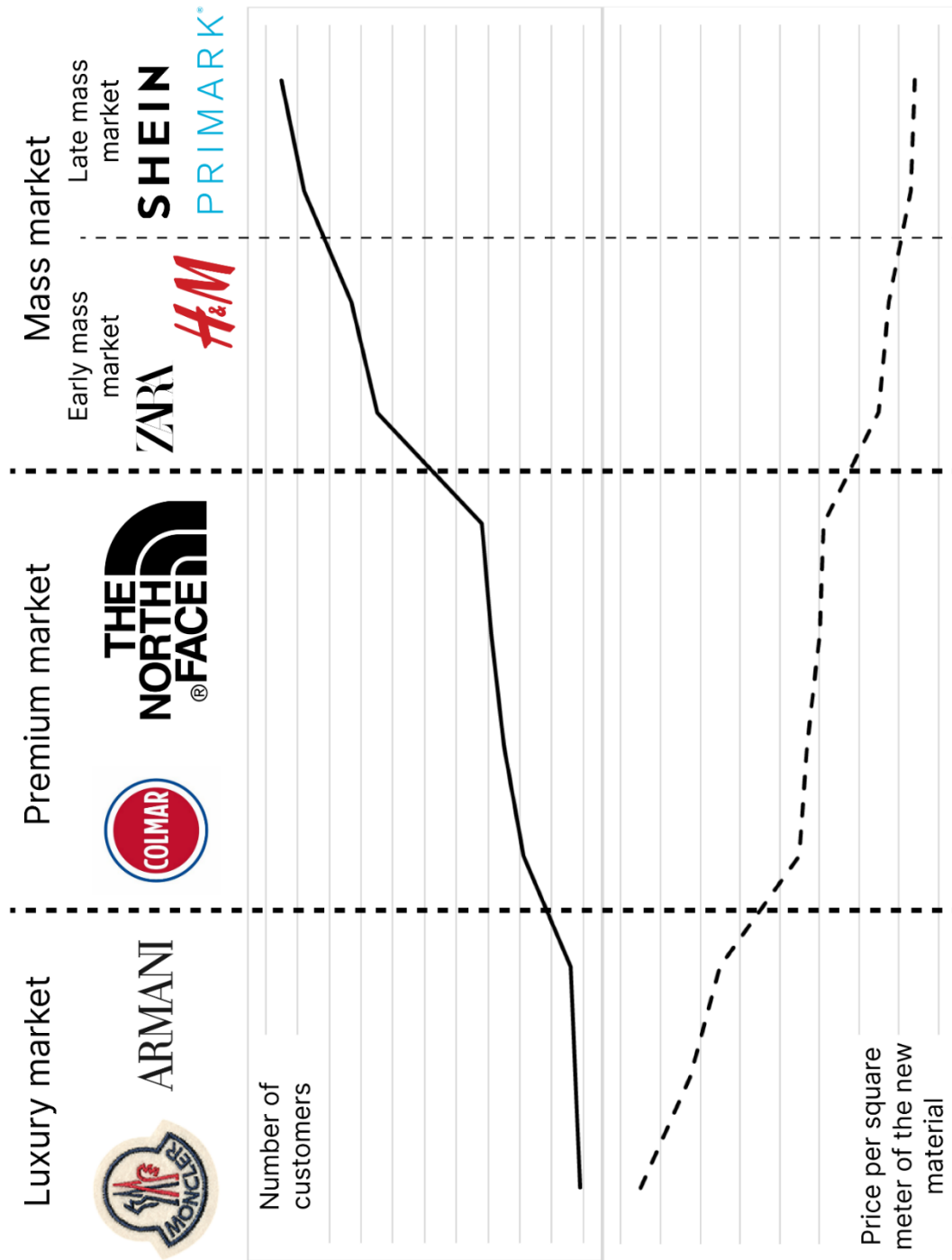


Figure 21: Example representation of the growth in the number of customers and reduction in the price of raw material in the various steps of the spreading phase

Chapter 9: Conclusions

In conclusion, the proposed theoretical model supports the view of the luxury market as a driver of change. Due to its nature, the luxury market has the ability to take a new material or paradigm, turn it into a desirable item, and then introduce it to the premium and mass markets, inspiring them to adopt it as well in order to meet consumer demand. Luxury brands can use one or more of the strategies (routes) outlined in the model during the first phase (the elevation phase) to elevate the new material or paradigm and make it qualify as a luxury-worthy innovation. It should be noted that the routes proposed in this model, despite being based on the analysis of prior successful cases, are theoretical descriptions of the approach to be followed; as a result, they must be tailored by companies on a case-by-case basis, depending on the luxury sector involved and the type of innovation they want to offer to customers. On the other hand, the process proceeds with greater spontaneity in the second phase (the spreading phase). The premium market and the mass market will take action to satisfy the demand after the new material or paradigm has entered the luxury market and items and services based on it become objects of desire by people who, however, cannot afford luxury products. The demand for goods and services based on the innovations presented in the luxury market will also continue to rise thanks to the premium market, leading to the development of social phenomena. While the mass market will go on to democratize new materials and paradigms forever, making them accessible to everyone and pushing the sector toward a new standard. In addition, as innovations are adopted in more companies during the spreading phase, it will be possible to lower the price of products and services that make use of new materials and paradigms through economies of scale and the emergence of substitutes that are comparable to innovations offered in the luxury market but have lower production costs. Additionally, thanks to the luxury market, this model immediately enables the beginning of a new cycle when the market reaches a new standard at the end of the spreading phase. This is made possible by the snob effect (Leibenstein, 1950), which once more enables the introduction of new materials or paradigms to customers in the luxury market.

Through the proposed model, it is then possible to answer the research questions.

RQ2: *Is it conceivable for an innovation or new paradigm to make its way into the luxury industry? If so, how is that possible?*

Yes, new materials and paradigms can be introduced into the world of luxury, but doing so requires overcoming consumer rejection of the new material or paradigm. The approaches outlined in the elevation phase are intended to elevate the new material or paradigm to the point where it may be used to create products and services that can be marketed as luxury goods. Additionally, combining these approaches can improve results and make it easier to overcome consumer resistance by leveraging both consumers' intrinsic and extrinsic motivations.

RQ3: *How can innovation or a novel paradigm spread to enable change at the macro level if it is successful in entering the luxury market?*

The luxury market, unlike the premium market and the mass market, does not exist to satisfy consumer demand rather it is itself developing goods and services that people would go on to desire, as stated by Kapferer (2012) and underlined multiple times throughout this paper. The theoretical model's second phase, known as the spreading phase, examines specifically how a new material or paradigm can initially be adopted in the luxury market before being adopted by the premium market and then by the general market. This process starts because customers in the premium and mass markets demand goods and services based on new materials and paradigms because of the desire that the luxury market has created specifically for them. The premium and mass markets will then be compelled by customer demand to adopt the new materials and paradigms introduced by the luxury market. Because of economies of scale, these innovations may also be provided at steadily decreasing prices, which will encourage the democratization of the new materials and paradigms and make them available to everyone.

RQ1: *Is it conceivable to use the luxury market's influence over consumer behavior to foster paradigm shifts? As an example, considering the question raised in the introduction: Can luxury fashion be used to alter the paradigms of the fashion industry and make it more sustainable?*

New materials and paradigms can be introduced into the luxury market using the proposed model (RQ2), and by starting in the luxury market, they can spread and reach the entire population (RQ1). In light of this, it may be claimed that the luxury market, due to its influence on consumer desires and its customers' financial availability, can be a powerful engine for fostering paradigm shifts.

Relating back to the original concern, the luxury fashion market may be the ideal vehicle for implementing the necessary changes to lessen the impact of the fashion industry on the environment. In truth, new, more environmentally friendly materials can be introduced, and the luxury industry will eventually accept them thanks to the influence of established brands and to consumer education. Following the release of luxury clothing made from these materials, there will be an increase in demand for clothing manufactured from them. As a result, the premium market and mass market, with its fast fashion and ultra-fast fashion brands, are forced to use the material as well, making it a common material. As a result of this rise in demand, suppliers will be able to increase their manufacturing capacities, utilizing economies of scale to reduce the price of the material per square meter. Additionally, less high-quality but similarly sustainable materials will be created, with cheaper production costs. This enables changes in all areas of fashion, which will lessen the damage caused by the manufacture of fabrics and leathers. When introducing a new paradigm, such as second-hand, which can be introduced in the realm of luxury through perceived similarity and also supported by incentives to customers, an analogous approach can be used. The public's perception of used clothing purchases will improve as the luxury second-hand trend gains traction, and the paradigm will spread to the premium and mass markets, resulting in a decrease in the production of new clothing.

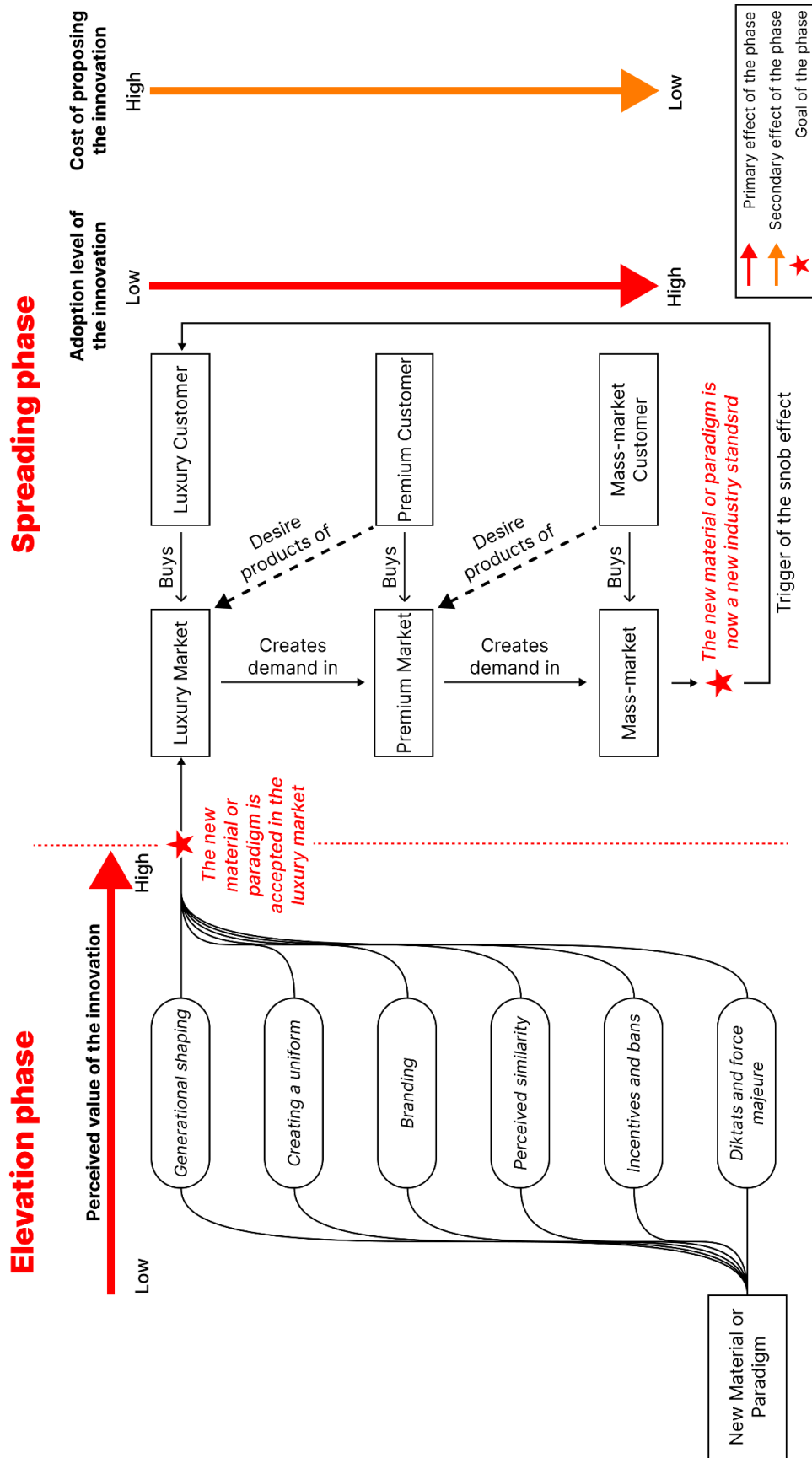


Figure 22: Full graphical representation of the proposed theoretical model

Chapter 10: Implications of the proposed model

Managerial implications

According to the proposed model, the luxury market is the element that drives the paradigm shift. This makes it—along with all other businesses involved in the industry—a crucial actor for collaborating with and an excellent conduit for spreading innovations throughout society.

Startups can approach luxury brands with their innovations. In fact, such a partnership is advantageous to all parties. While startups will have the chance to expand in the future due to an increase in supply demands brought on by the adoption of innovation in the premium and mass markets, luxury brands can find an innovation that enables them to provide something distinctive and unique. A luxury brand is also less burdened by the issue of low volumes and high expenses, which arises from startups' inability to take advantage of economies of scale. The price of proposing the innovation is not a concern in the first step since luxury customers have no problems spending more if they believe a product containing the innovation is deserving of the luxury status. Following the suggested strategy, conglomerates can also considerably profit from investing in startups by building hubs dedicated to crucial supplies for their brands. For instance, conglomerates like LVMH and Kering can fund hubs for startups creating cutting-edge fashion materials. This enables them to provide innovative and distinctive products to the public in the first phase. Later, when the innovation can be offered to the premium and mass markets, there are two ways to proceed: either sell the startup, making a high return on investment given that it is now a supplier of an innovation with high demand and high growth expectations, or act as a supplier for premium and mass market brands by achieving large volumes of production to make up for the loss caused by the decline in purchases of innovative products in the luxury market.

The government can also be a very interested stakeholder; in fact, it can work with the luxury market to accomplish specific objectives of national importance, like reducing the fashion industry's negative environmental impact. There are primarily two ways in which a state and a luxury brand might interact. The first is, as was already noted, through incentives. In fact, a government can offer luxury brands incentives in order to better align their interests with its own. The second, on the other hand, involves a direct partnership between the government and its most well-known brands. For instance, the Italian government collaborates directly with Armani, Gucci, or Versace, while the French government partners with Luis Vuitton, Chanel, or Yves Saint Laurent. These kinds of partnerships include not only the government and companies, but also academic institutions, research facilities, and other organizations working toward similar objectives.

Environmental organizations are yet another actor that can take advantage of this theory. Despite the fact that they have frequently engaged in conflict with the luxury market, this model's suggestion that luxury brands serve as drivers of change can help them cooperate rather than clash, again benefiting both sides. Environmentalists will no longer oppose luxury firms;

instead, they will become a valuable ally that will help them both improve their public image and provide customers with products that are environmentally friendly. Nonetheless, since the luxury market will make it more attractive, environmental groups will have a chance to influence the market toward a new normal that is more in line with their vision.

Finally, it is important to discuss luxury brands. The luxury sector may become the focal point for initiatives regarding sustainability and philanthropy in an era where companies are expected to do more than just make a profit. This will enhance the perception of these initiatives and encourage participation, ensuring that both premium and mass-market companies adopt them. Luxury brand managers, therefore, bear a great deal of responsibility since they will be in charge of choosing which materials and paradigms are going to be adopted in the industry and which ones will not. Additionally, it will always be the duty of luxury companies to make use of the suggested routes in order to effectively communicate these innovations to their customers to foster industry acceptance. The top management of these brands must therefore have a CSR-focused vision and not be afraid to provide novel materials and paradigms to their clients. The marketing departments will also have to put a lot of effort into making sure that the new material or paradigm is accepted in the luxury market and that customers recognize the value of the innovations the brand is presenting.

Theoretical implications

This thesis offers a theoretical argument that leads to an alternative way of looking at the luxury market. This thesis makes a theoretical contribution to a different way of looking at the luxury market. According to the proposed model, the luxury market no longer just serves as a social classifier (Kapferer, 2012), but also acts as a catalyst for change by educating people about innovations and directing their desires in their direction. It is important to note that luxury goods retain both their importance as social markers (Kapferer, 2012) and their distinctive characteristics, which Brun and Castelli (2013) and Kapferer (2012) both identified, and which are also utilized in this new environment. The proposed theory sees luxury products as catalysts for paradigm shifts in addition to their already-existent qualities. In order to help businesses better educate their customers as well as enhance the new materials and paradigms they aim to promote, some theoretical approaches (routes) are suggested. Additionally, it is investigated how these innovations, starting from the luxury market, can spread to the premium and mass markets thanks to the desire sparked in people as well as the potential to leverage economies of scale due to the increased demand for materials and services associated with the proposed innovation.

Chapter 11: Limitations and future research

Limitations

The absence of quantitative data is the fundamental drawback of this model. In fact, the qualitative analysis done on the case studies for the elevation phase is able to provide the guidelines to follow and understand what the final result is, given that it is supported by well-established theories. However, it is not possible to estimate the time needed to reach acceptance, nor is it possible to understand to what extent the use of more routes together can lead to increased benefits. The spreading phase is also based on a qualitative analysis, but it makes considerably more use of a pre-existing phenomenon. There is no literature that specifically addresses the situation of luxury products based on innovations, despite the fact that it is well-recognized that premium and mass-market brands base their products on those presented by the luxury market. Therefore, it is at present impossible to determine the volume of demand and its actual growth during the course of the spreading phase. As a result, it is also impossible to predict the impact of economies of scale for suppliers and to predict whether other suppliers will enter the picture throughout the spread of the new material or paradigm given the probable restrictions imposed by patents. Even though the number of case studies taken into consideration allowed for the development of various routes to elevate the new material or paradigm, having more case studies available, perhaps along with their respective quantitative data, could allow for further characterization of existing routes as well as the outlining of new ones. More case studies and qualitative data could also enable the model to go beyond a general description of the approach, possibly defining more precise steps and situations when a particular route is most effective.

Future research

The first stage in conducting future research is to gather quantitative information on the case studies, particularly information about the sales and investments that the companies made when starting to introduce a new material or paradigm. This information can be attained by examining financial reports or by conducting interviews. Through surveys or focus groups, it is also appropriate to acquire knowledge about consumer sentiments in order to understand how the proposed routes could influence their viewpoints and how a new material or paradigm may be more readily accepted by them as being worthy of the luxury market. Also under this approach, the spreading phase has mostly focused on figuring out how to get a product from the luxury market to the mainstream market within the same sector. However, one might think about the ripples that a new product or paradigm introduces across the market as a whole. This introduction can have an impact not only on the first-tier suppliers, who are already mentioned in the model, but also on the entire upstream value chain, which could slow down the process of the spreading phase given the difficulty in keeping up with the growth in demand or cause

issues for the supply chain in the case of particularly innovative materials or paradigms. Additionally, it is important to understand how the new materials and paradigms proposed by the luxury market are adapted to the needs of various consumer groups in the premium market and in the mass market and how quickly these markets can adopt the proposed innovation.

One can then proceed to create ad hoc models for each segment of the luxury market using the provided theoretical model as a starting point. In particular, it would be interesting to delve deeper into the luxury fashion and automotive industries, as they can be leveraged as a starting point for addressing the issue of climate change by modifying consumer preferences in two sectors with significant ecological impacts.

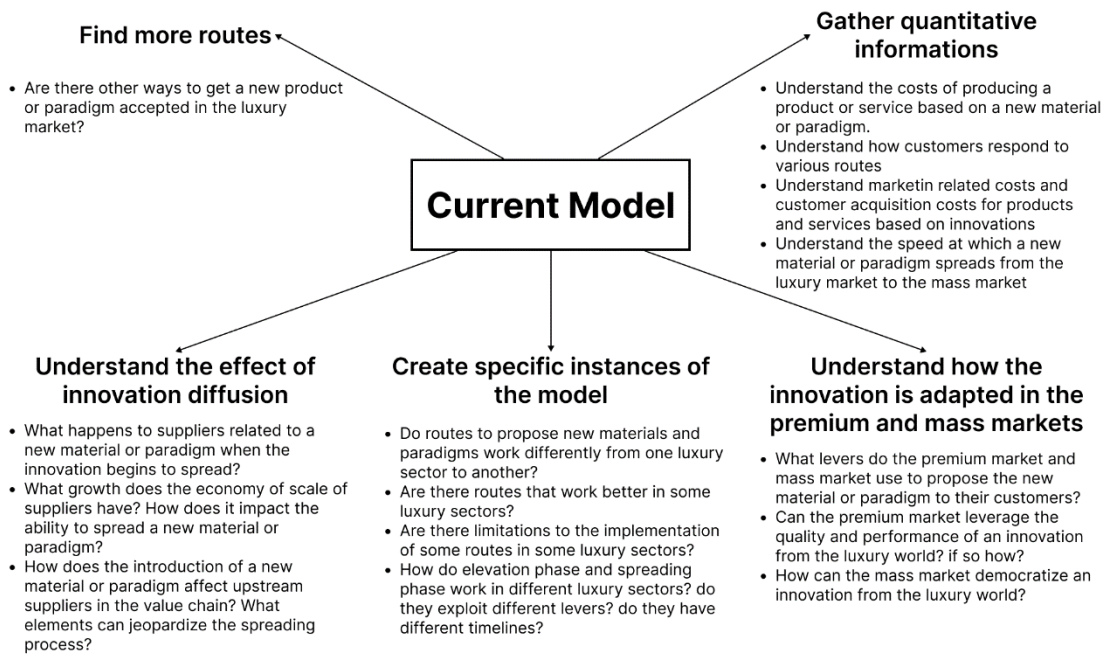


Figure 23: Representation of the research that can be developed from the proposed theoretical model

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Chapter 10: Implications of the proposed model

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