Business Agility and Luxury Companies:

A disliked, but needed combination.

- The case of Burberry -

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"Too much time can only teach you what can go wrong, not what could be transformative."

- Mark Gerson, American entrepreneur -

Abstract

The world is moving faster and faster, while luxury seems to be surprisingly static – is it really? This thesis examines the agility stance of luxury companies in light of micro- and macro-economic changes. After the financial crisis in 2008 and the digital revolution, companies enjoying a so far unchallenged position had to face volatility and new unknown fields of expertise. As several agility concepts illustrate a way to deal with dynamic environments, I do research on the practical application of those models. Overall, it is found that the luxury industry is still not as agile as other industries given its special nature of business. However, on a strategic level concept elements are applied and highly appreciated by companies' management.

This paper does not claim to completely cover the whole subject, since the size of this work and the limited access to insight information as primary source do not permit such a detailed analysis.

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1. Introduction

1.1. Objective and scope of research

This paper aims to investigate the practical relevance of agility for luxury companies by reviewing the hypothesis: Luxury companies need and apply agility concepts.

"When innovation was framed on the Edison or Marconi model of product invention, there was an underlying assumption that improvement equated to technology advancement. But today, innovation is as much about new services, value propositions and business models." state Doz and Wilson in their article "Staying ahead when innovation itself is changing" (Doz & Wilson, 2012b). Even though innovativeness as such originates in the information technology sector, it quickly spread out in other industries by being recognized as key success factor. However the luxury industry stands apart from that, and seems to rather critically watch the scenario than to consider active participation.

In this context compels the question: Do they simply not need agility? Or are there other hindering forces holding them back?

The literature covering the research field of agility is divided into two major groups: qualitative and quantitative findings. Regarding the term "agility" as such, researchers are struggling for years now with the determination of factors driving agile companies. In 2000, Sieger, Badiru and Milatovic pointed out that the vagueness of agility concepts and the associated multidimensionality make agility an intangible phenomenon (Sieger, Badiru & Milatovic, 2000). The first concrete research on this topic actually arose on the manufacturing side, since companies had to respond to demand changes in a costefficient and timely manner. In this connection, Sharifi and Zhang differentiated between agility drivers, capabilities and providers and presented responsiveness, competency, speed and flexibility as main concept characteristics (Sharifi & Zhang, 1999). Based on this view, Alberts added then 12 years later innovativeness as important capability, since the relevance of agility had gone beyond the borders of simple production (Alberts, 2011).

Following a rather quantitative approach, researchers tried to gain a deeper understanding of its current state of relevance. Based on interviews and studies, statistics could reveal the recognized importance of agility, though lack of application in the majority of companies (Katayama & Bennett, 1999). In this connection, Tsourveloudis and Valavanis came up with an agility index that should enable comparisons across companies and industries (Tsourveloudis & Valavanis, 2002).

Agility concepts are until today subject to constant change and refinement, as this young research field always provides new findings.

The luxury industry has its typical focus on brand marketing with little attention to organizational structures providing the framework for action and customer experience. As researchers suggest, companies are however moving away from this narrowed view in light of increasing volatility (Atwal & Williams, 2009). Luzzini and Ronchi even claim that luxury companies are voluntarily accepting inefficiencies and therefore leave significant room for improvement (Luzzini & Ronchi, 2010).

As Crane suggests in her article "Globalization, organizational size, and innovation in French luxury fashion industry: Production of culture theory revisited", big companies are not as innovative as smaller ones (Crane, 1997). With this statement in mind, agility concepts have to be relevant to the highly consolidated luxury market – at least from a logical point of view. Furthermore, Kosonen makes a point during his interview with

INSEAD Communications by saying that: "The information technology world is moving fast. Since information technology is part of everything, industries are inevitably dragged in the field of agility" (Doz & Kosonen, 2008b). For this reason, the paper will provide evidence as to which degree and at which pace luxury companies are applying agility concepts.

1.2. Organization of research

With this initial thesis in mind, the paper is based on six chapters that aim to examine the degree, to which luxury companies have or have not integrated agility concepts in their business practices. Subsequent to the introduction part, the relevancy of business agility on a strategic as well as operational level is presented as first part of the thesis equation. In this regard, two main concepts prevail – Doz' and Konsonen's 'Fast Strategy Model' and Reis' 'Build-Measure-Learn Loop'. In the following chapter, interrelated dynamics driving the luxury fashion market are introduced on a macro- as well as microeconomic level. Based on the PESTEL and industry attractiveness analysis, the chapter provides a deeper insight into determining key success factors.

After setting up the context of the thesis equation, the fourth chapter embraces the turnaround of Burberry, which illustrates that business agility does not generally contradict the nature of luxury companies. This applied example leads in the fifth chapter over to implications, why so many luxury companies are still struggling to take full advantage of agility. In this connection, constraints and opportunities are presented on the basis of primary sources, which was provided in the form of interviews.

As to come to a conclusion, the final chapter reflects the research results and sheds light on the acceptance or rejection of the central thesis.

Regarding the underlying literature in this examination, the master thesis is mainly based on the Burberry case and conducted interviews as primary literature. Given the non-disclosure regulations for the mostly unlisted companies, no in-depth financial data is available for this research. All additional sources are regarded as secondary literature as they merely discuss agility concepts and provide a better overall understanding of the luxury industry.

The luxury industry as such is divided into five categories – Luxury Apparel, Perfume and Cosmetics, Hard Luxury, Table Art as well as Leather, Accessories and Shoes. This paper sets its focus on the Luxury Apparel industry, which suggests a bigger need for agility due to slow growth and little differentiation opportunities (Fondazione Altagamma, 2011) .

2. Presentation of the Business Agility Concept

„The nature of competition continues to change. The competitive environment of today is dynamic, global, and customer driven.“, stated Vokurka and Fliedner in 1998 apparently knowing which environment we lived and are going to live in. It seems that business agility is more than a simple concept, since it not only impacts employees' attitude but also shapes organizations (Vokurka & Fliedner, 1998). The persisting definition of the agility term is "firm's ability to detect unexpected changes and respond rapidly to them by reconfiguring resources, capabilities, and strategies, both efficiently and effectively" (Gunasekaran, 1999).

2.1. Relevancy for businesses

The above given definition emphasizes that business agility heavily depends on the competitive context, and can therefore not be defined in the form of a comprehensive standard. For this very reason, each company has to find its own way to success, which is not always an easy thing to do (Vokurka & Fliedner, 1998).

A survey conducted by 'Economist Intelligence Unit' in 2009 provides that 90% of the 349 interviewed business executives regard agility as key success factor. However, 27% of the respondents state that they experience a competitive disadvantage because of lacking agility. Even though most of the companies (80%) already triggered change initiatives, they often failed to align the organization on the long run (Economist Intelligence Unit Limited, 2009).

With regard to strategic planning, companies rely on three generic approaches: projection, reactivity and proactivity. Projection maps the future by mainly considering past experiences as reliable source for future developments predictions. In contrast, reactivity and proactivity take a rather present-oriented view, which allows companies to adapt strategies according to signals and noises in their environment (Godet, 2000).

In light of increasing forecasting difficulties, the ability to interpret these signals and re-align strategies became a major competitive advantage in today's dynamic and information-driven business world (Reeves, 2009). In this connection, the Massachusetts Institute of Technology (MIT) points out, that "agile firms' revenues grow 37% faster and generate 30% higher profits than non-agile companies" (Economist Intelligence Unit Limited, 2009).

The entrepreneurial character of business agility concepts releases not only the pulse for performance increase, but also unleashes innovation. By pursuing agility, companies inevitably set up a culture that encourages employees to constantly watch customer needs and breaks open hardened organizational structures (Shill, Engel, Mann & Schatteman, 2012).

Notes: High=top quartile of "innovation average" scores; Other=the rest; Org effectiveness score is equal to average of (quality DM score, speed DM score, yield DM score, 1 – effort DM score) – where DM stands for decision multiplier; revenue growth rates (2008–2011)
Source: Bain Innovation Assessment survey, 2012 (n=437)

Exhibit 1: Innovation's top performers see higher sales growth, employee NPS and decision effectiveness (Almquist, Leiman, Rigby & Roth, 2013, p.2)

Bain & Company came to the conclusion that innovative companies do not only take leading positions in quantitative (higher revenue growth), but also in qualitative metrics (increased employee loyalty and better decision making) (See Exhibit 1). In this sense, out of the 450 executives involved in the survey, high performers with a mean revenue growth of 13% regarded 'Innovation Goals and Strategies', 'Strategic Alignment' and 'Culture' as the most important elements in order to succeed in innovating (Almquist, Leiman, Rigby & Roth, 2013).

Despite the general awareness of innovation benefits, innovativeness and the degree of performance improvement is still industry-dependent (See Exhibit 2).

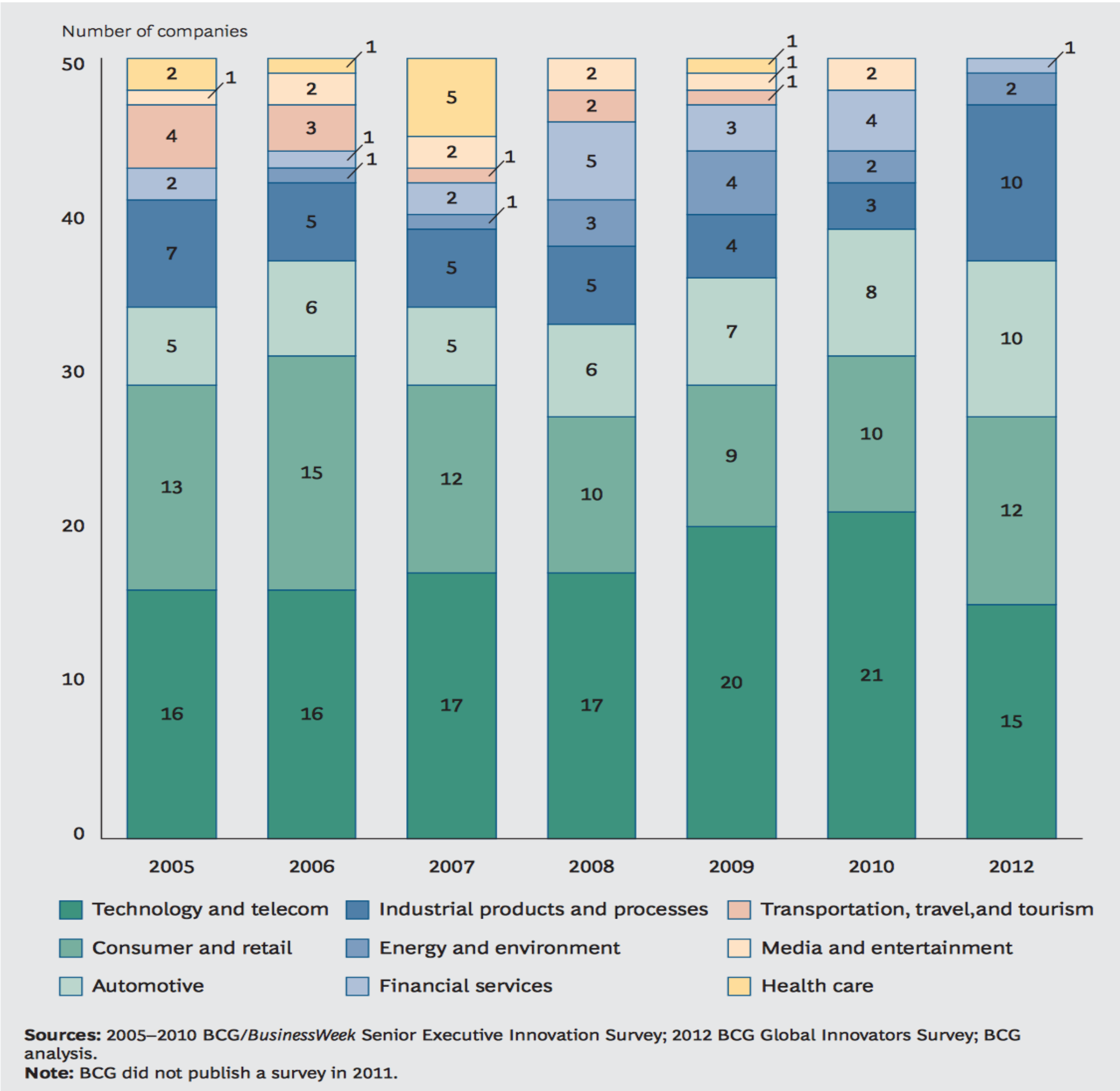


Exhibit 2: The most innovative companies are concentrated in a few industries (Taylor, Wagner & Zablit, 2012)

However, a report by The Boston Consulting Group outlines that innovation is not any longer exclusively reserved to the information technology and telecommunication sector. After an outstanding focus on innovation in the years 2009 and 2010, companies of different sizes and industries caught up in 2012 by anchoring innovation in their strategic planning with equal priority. Next to the consumer and retail as well as automotive market, the industrial products and processes industry experienced a great re-orientation (Taylor, Wagner & Zablit, 2012). As there seems to be an agreement across industries that innovation and therefore business agility essentially contributes to higher performance, the question is – how does a company establish the optimal framework for the exploitation of such an intangible value?

2.2. Strategic and operational models

There are two major models that stroke the business world in the recent years: Doz' and Konsonen's 'Fast Strategy Concept' and Ries' 'Build-Measure-Learn Loop'. Yet, Ries' initial idea originates from the start-up world, there is evidence that his approach finds also application in bigger companies – especially those that aim for preservation of entrepreneurial values within the organization (Michelman, 2013).

"Equilibrium is a precursor to death" state Pascale, Milleman and Gioja in their book "Surfing the Edge of Chaos: The Laws of Nature and the New Laws of Business" (2001). Apparently Doz and Konsonen had the same impression and hence came up with a framework that enables companies to react in a flexible manner to environmental changes. Their 'Fast Strategy Concept' consists of three dimensions: Leadership Unity, Strategic Sensitivity and Resource Fluidity (See Exhibit 3). To their research, business agility is only given, when all three elements are combined and equally exploited; for instance, the strategic sensitivity of recognizing and framing opportunities has no value, if resources cannot be quickly and efficiently mobilized and leaders are not committed enough to make collective decisions (Doz & Konsonen, 2008a). In an interview with INSEAD Communications, Konsonen explains furthermore the increasing importance of leadership unity, as internal tensions due to growing complexity became nowadays inevitable. In light of global supply chains, a strong need for fine-tuning between centralized and autonomous management in business units emerged and poses a challenge to company leaders (Doz & Konsonen, 2008b).

However once reached the desired level of agility, companies have to stay immune against old habits, so that signs of strategic paralysis do not appear on the long run:

- Leadership Unity: Management divergence, heady charm of fame and power, 'expert' management or emotional apathy
- Strategic Sensitivity: Tunnel vision, tyranny of the core business, strategic myopia, dominance mindset or snap judgement
- Resource Fluidity: Imprisoned resources, business system rigidity, ties that bind or management gaps and competence traps.

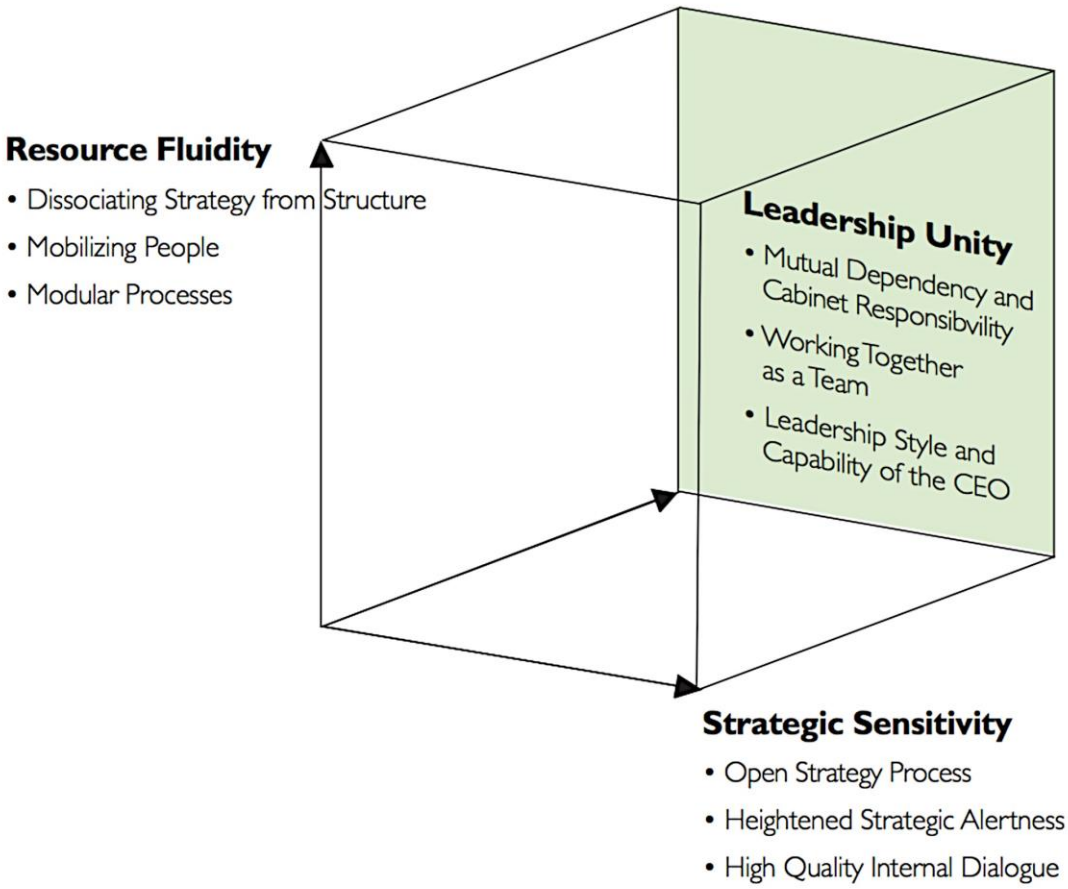


Exhibit 3: The Key Dimensions of Strategic Agility (Doz & Konsonen, 2008c)

As all these attributes slow down company's agility, the 'Fast Strategy Model' strongly recommends the continuous assurance of balance between its three dimensions as prevention measure.

Another aspect stressed in this context is the understanding of entrepreneurship and strategic continuity as immanent basis of the model. When moving from start-up innovation to strategic agility, the perseverance of entrepreneurial elements and the sole amplification by enduring strategic clarity is essential for a successful outcome. (Doz & Konsonen, 2008a) (See Appendix A). Eric Ries strongly backs this view up by stating that "corporate entrepreneurship is regular entrepreneurship". To his mind, company size does not matter, since entrepreneurship is about building a company (Baer, 2013). In this sense, management should be about thinking of (1) how to convert an idea into action, (2) how to make experiments part of the corporate strategy, (3) how to successfully manage products as element of general business operations and (4) how to deal with outsourcing and cost-cut issues in the products' mature stage (Michelman, 2013).

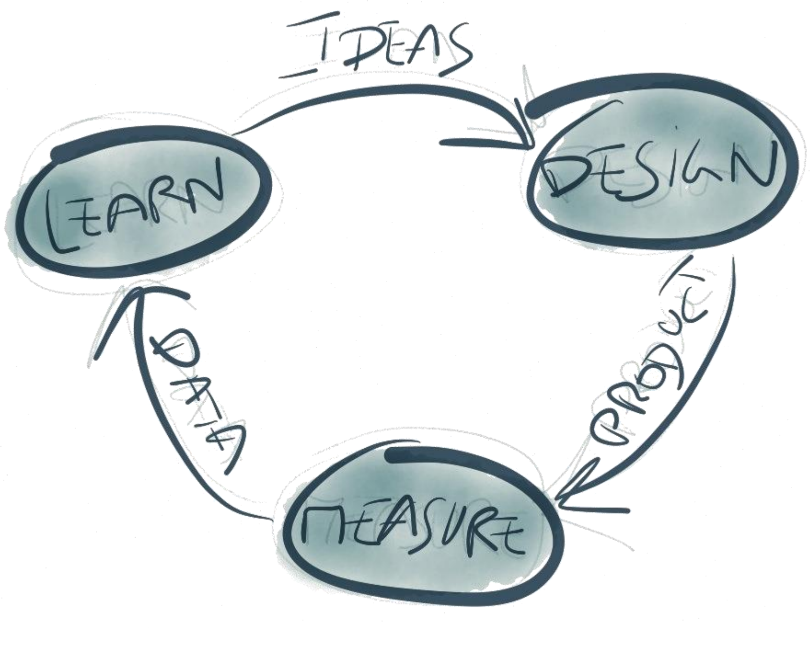


Exhibit 4: Understanding the Lean StartUp Model (Islam, 2014)

By taking a product and service innovation view, activities are more concentrated on, how to tap the full potential of entrepreneurial ideas. In order to encourage sensitivity towards market needs, Ries brings the application of a 'Build-Measure-Learn Loop'. The permanent alignment of customer value and product proposition enables companies to perform along market needs and detect discrepancies. As a matter of definition, it is noted that the faster the loop is performed, the more reactive and agile the company (Ries, 2011) (See Exhibit 4).

3. Driving forces in the luxury market

Since none of the aspects mentioned above fundamentally contradicts luxury company practices, this chapter outlines the need for more agility. Furthermore, it aims to convey an overview over prevailing dynamics on a micro- and macro-economic level.

First of all though, the answer to the question "What is luxury?" is going to generate a better understanding of luxury products' unique position. With regard to their characteristics luxury widely differ from non-luxury products – due to strong symbolism, high price and quality standards, aesthetic attributes, rarity and the extraordinary touch, companies find themselves in a strong pull market, where customers desire and proactively demand products (Heine, 2012). As defined by Fondazione Altagamma, the pyramid of luxury products consists of three categories – accessible, aspirational and absolute (Brun & Castelli, 2013) (See Appendix B).

3.1. Micro-economic forces

On a micro-economic level, there are three aspects that need to be taken into account: current market conditions, the risk level and prospective market potential.

1. Aspect: Current market

Competition within the luxury industry is rather intense and dominated by three big players – LVMH Louis Vuitton Moët Hennessy, Kering and Richemont. In this context, a study by PriceWaterhouseCoopers revealed that company size does matter, when it comes to profitability. Due to strong brand recognition, optimal portfolio management and economies of scale, large companies are able to generate more favourable margins than their smaller competitors (PricewaterhouseCoopers, 2012). In 2012, the luxury market grew by approximately 10% to a size of $212 billion ($192 billion in 2011) (See Exhibit 5), whereas apparel revenues amounted to 26% of the total market. Even though hard luxury and accessories are expected to grow at a pace above market's average, apparel itself faces a much lower growth resulting in a stronger competition for customers' share of wallet (d'Arpizio, 2013) (Remy, Schmidt, Werner & Lu, 2010).

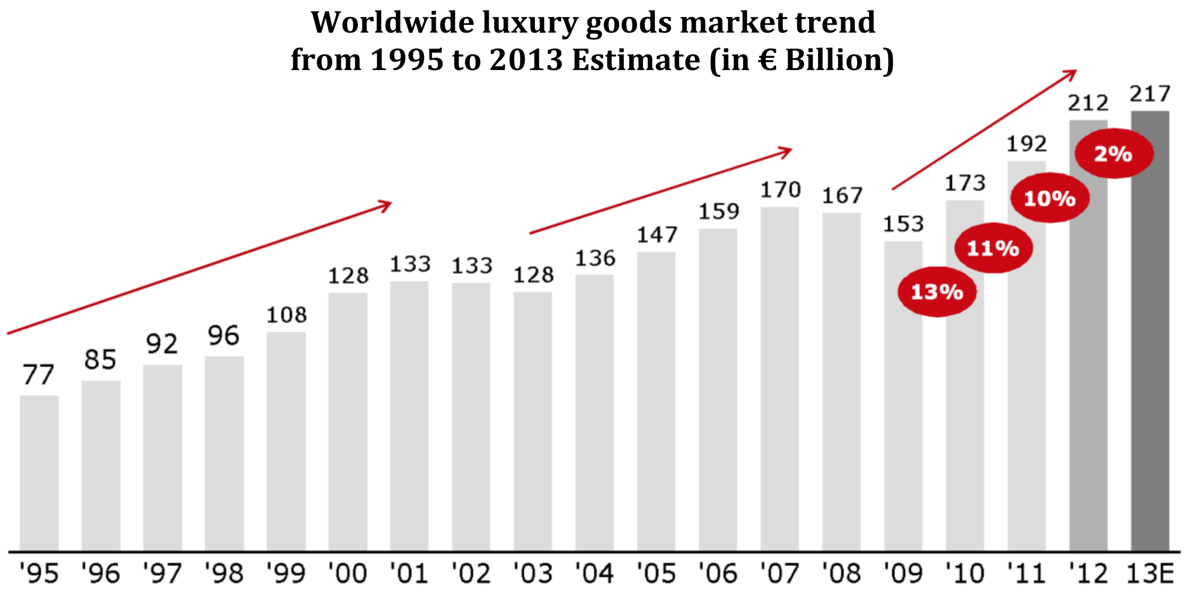


Exhibit 5 : Worldwide personal luxury goods market trend (d'Arpizio, 2013)

By taking a closer look at the fashion market, there are several aspects driving the competitive landscape. First of all, with emerging markets gaining confidence due to their economic success, people experience a cultural change that leads to increasing self-expression via fashion. Even though European houses benefit from this favourable development, they also have to face the increasing amount of niche designers with a fresh perspective and a natural fine feeling for local customers (Wang, 2013). Yet for now, these niches players still have to build market legitimacy and global reputation, they do challenge well-established French and Italian luxury companies by eating up market share (Ross, 2011). Despite the persisting competitive advantage of European heritage, the strong rise of local designers in China or Brazil presents a thread to the strongest profit source and has therefore to be observed (Hoffmann & Coste-Manière, 2013).

Secondly, the little room for differentiation apart from image-related positioning leads to an increased focus on cost structures and the optimisation of a global supply chain. In contrast to hard luxury manufacturers, fashion companies often rely on the additional lever of optional outsourcing. Without disregarding the need for quality throughout the entire supply chain, outsourcing enables companies to benefit from local resources and to focus on their creativity strength (Caniato, Caridi & Moretto, 2013).

Thirdly, luxury companies have not only to compete for customers but also for the best design talent. Since the competitive advantage depends on collaboration with popular designers, fashion houses have to work out attractive offers that trump those of competitors. Due to the fact that designers catch up on customer needs, shape trends and trigger desire, successful talent acquisition is the key to high profits in the pull-market (Tokatli, 2012).

Another aspect marking luxury markets is incremental 'Luxflation', which is described as democratization of luxury across different income levels. Especially in recent years, society became more sensitive towards unequal income distribution and desperate customers drag into the market claiming for luxury-like products at lower prices (Mack, 2009). This trend creates competition for high-end luxury houses' accessible product lines and enforces therefore price decreases. Even if luxury companies reach to successfully defend their position on the short term, they risk diluted brand value on the long run (Danziger, 2005).

2. Aspect: Risk level

The entrepreneurial nature of the luxury fashion industry creates significant risk in terms of unsuccessful collections or disadvantageous supplier actions. By relying on small businesses for leather and garments, companies accept uncertainty in exchange for quality (Caniato, Caridi & Moretto, 2013). The establishment of close bonds allows not only for control but also for flexibility, so that companies try to lay hands on their suppliers. In light of own retail networks and integrated manufacturing processes, high fixed costs persist within the luxury industry. Since bricks and mortar stores capture costs in rent expenditures and specialized assets can be hardly sold off in case of cease production, integration strategies pose risk on industry's performance (Chevalier & Mazzalovo, 2012).

Long time regarded as a rather stable industry, luxury companies had enjoyed a low level of market volatility due to customers' little price-sensitivity and immunity to economic downturns (Kapferer & Tabatoni, 2010). However, in 2009 this unbeatable position began to totter, as high-net-worth individuals' spending slowed in light of their loss of $10 trillion since the financial crisis beginning in 2008. Despite little probability of re-occurrence, fashion companies are more alert than before (Mack, 2009).

Furthermore, strong international presence results in an inevitable dependency on foreign exchange rates. With the United States and China as biggest luxury market, company revenues go accordingly down and up without an actual change in customer spending. After being favoured for years, markets were heavily influenced in 2012 by the significant devaluation of the Japanese Yen, which set the growth rate on current-rates below the on constant-rates benchmark (d'Arpizio, 2013).

Another sensitive aspect in the luxury context is the counterfeit market. The increased use of online marketing and retail channels provides further contact surface, as counterfeiters started to set up fake-ecommerce-platforms to distribute their goods (Lannes, 2012). If the number of fake-platforms in circulation cannot be contained, companies' reputation and customer loyalty are both at risk.

3. Aspect: Market Potential

In recent year, luxury companies have heavily concentrated on serving the Chinese market, which generates approximately 29% of worldwide sales (Bain & Company, 2013). With Asia as undisputed important source of revenues, McKinsey claims that companies have to shift from a country to a city perspective. As cities in emerging markets reach European country sizes in terms of citizen number, organizational changes have to be made in order to fully benefit from cities' exceptional growth. Out of the 'Top 10 Growth Cities' by 2025, 70% are emerging market cities with Beijing, Shanghai and Moscow on the top ranks. Luckily, luxury companies can still count on traditionally consistent revenue streams from hotspots such as Paris, London and Milan, since these markets buy time to adapt accordingly (Remy, Schmidt, Werner & Lu, 2010).

Another trend that strongly appeals to younger customers is the digital revolution, which opened e-commerce as additional distribution channel. By selling accessible products online, companies gain more in-store consultation time with their high-net-worth clients and are able to reach customers in rural areas with poor store coverage (d'Arpizio, 2013). Despite many advantages, luxury companies have hard times to welcome this trend as it contradicts their exclusivity consciousness and spreads the fear of brand dilution. Given the traditional nature of business, watch manufactures such as Piaget or Bell&Ross struggle the most with the idea of offering personalized customer relationship via a web platform. However, it seems that the industry-wide online presence is just a question of time (MagMontres, 2013).

By continuously reaching out to foreign markets, luxury companies also meet new customers group emerging from the opportunity to gain high income in early career stages. In light of growing diversity, companies are moving from homo- to heterogeneity (d'Arpizio, 2013). For decades, icons like Hermès' 'Kelly Bag' and Chanel's 'Little Black Dress' were legendary precisely because of their uniqueness and timelessness. In today's fast moving and individualized world, even luxury customers became increasingly demanding with regard to customization. If clients back then wanted iconic luxury products that were known for their quality all over the world, they now want this very same item with a personalized touch (Bain & Company, 2013). Without doubting the huge potential revenues generated by customization for the 'happy few', this trend also provokes an identity loss on the company's side and an originally unknown need for flexible production (Hoffmann & Coste-Manière, 2013).

3.2. Macro-economic forces

Apart from the micro-economic environment, several agility drivers in companies' macro-cosmos further demand high levels of responsiveness. According to the PESTEL framework by Fahey & Narayanan, the macro-economic impact on luxury companies is measured on the basis of political, economic, social, technological, environmental and legal factors (Fahey & Narayanan, 1986).

The political dimension describes the influence of governmental actions, such as tax policies or political instability. With a consumption rate of up to 30%, customs tariffs of up to 60% and value-added tax (VAT) of 17%, luxury companies have to face a China's triple tax system, which drives local shoppers abroad (Shih, 2012). Lately, the shopping-abroad popularity among Chinese even experienced a further boost, as the government announced reinforcement of communistic principles. By banning excessive gift giving among officials and introducing further tax increases, the Chinese government "[encourages] frugality and [fights] on corruption" in an increasingly capitalistic Republic (Bain & Company, 2013). In light of prices that are at least 30% and at most 400% higher, the Chinese government indeed created the attractiveness of combining shopping plans with a trip to Europe or the United States. In 2012, the U.S. Department of Commerce counted 1.5 million Chinese visitors, 5-fold the number of visitors in 2005. So as to adequately welcome this affluent customer group, luxury boutiques on the 5th Avenue in New York hired Chinese-speaking staff and asked providers of credit card readers to add the acceptance of Chinese bankcards to the system's functions (Jourdan & Wahba, 2013). Due to this great customer service, luxury companies succeed in luring two-third of their Chinese luxury shoppers out of their home country – not without consequences for foreign markets though (Bain & Company, 2013). ‘Empty showrooms’ as consequence of unprofitable investments in China leave companies with no other choice but to raise prices in Europe and the United States (Chen N. , 2012). In this context, Louis Vuitton increased European prices in 2013 by 8%, which allows the company to gain a larger share of the average 11,000€ spent by Chinese per shopping trip (Lin, 2013). The chase for customers does not only force luxury companies to think in global dimensions, but also provides room for new businesses. The Munich-based travel agency CAISSA Touristic organizes tailored round trips for Chinese luxury customers that wish to shop and visit traditional European manufacturing sites. By cooperating with those agencies, luxury companies re-orient themselves and enter partnerships that adequately serve the special needs of travelling customers (Chen, 2011).

Apart from the influence of political measures, there are also economic factors that challenge luxury companies with regard to their strategic decisions. By entering foreign markets, many luxury companies have to face increasing product and trademark piracy resulting in huge financial damages of about $600 billion a year, which presents 5% to 7% of the world trade (Yoo & Lee, 2011) (Ernst & Young AG, 2008). The easy replication of especially fashion products exposes the industry to an extraordinary risk, which is mainly imposed by Chinese and Taiwanese counterfeiters (OECD Organisation for Economic Cooperation and Development, 2007). Little action by the responsible governments in terms of regulations compels companies to set up their own anti-counterfeit departments and tackle the problem within national luxury associations such as the French ‘Comité Colbert’, Italian Fondazione Altagamma or the German ‘Meisterkreis’ (OECD Organisation of Economic Cooperation and Development, 1998). France applies thereby one of the strictest, if not the strictest legal framework by punishing counterfeiters with imprisonment of 3 years or by fines up to €300,000

(Casalonga, 2013). Given the lack of governmental protection, LVMH dedicated a team of 60 employees working closely with law firms and investigators in order to fight off counterfeits of Christian Dior, Louis Vuitton, TAG Heuer and Hennessy products. Approximately 2% of revenues are yearly spend by luxury companies to "react quickly and effectively" to counterfeit issues (LVMH Louis Vuitton Moët Hennessy) (Ha & Lennon, 2006). This proactive approach regarding the perseverance of luxury companies' exclusivity status clearly underlines that agility has become crucial in connection with piracy.

The term "thrill-seeking society" describes in the meantime the newest sociological trend in the luxury fashion industry, which points out customers' desire for memorable brand experience instead simple consumption (Dauriz & Tochtermann, 2013). Especially luxury designers like to get involved with hotels, as they provide them with the opportunity to express creativity in the unknown field of interior design (Yin & Lin, 2011). Well-balanced partnerships with hotel chains such as Ritz-Carlton (Bulgari Hotels) or in-house hotel management departments (LVMH) make the cross-industry model a success with regard to customer acquisition and retention (Meitern, 2011). In 2013 LVMH acquired Hotel St. Barth, which is now the fifth property in its diversified portfolio. During hotel stays in Cheval Blanc, Maison Cheval Blanc, The Sultanate and La Samaritaine, customers are invited to enjoy LVMH products, from wine to fashion (McCarthy, 2013). Not only that the company benefits from indirect marketing and cross-selling between its different business units, it also gets more time to spend with its customers. The gained insight into habits and interests provides LVMH with a solid basis for strategic decision-making.

By looking at technological influences, the mobile revolution triggered by the iPhone introduction in 2007 presents one of the most striking developments. Even though traditional old-money customers showed slow adaptation, younger nouveaux-riches coming in from new economic hubs such as China quickly jumped on the social media hype. This media-friendly group is unique in its high level of connectivity and need to express opinions about products and services at any time and from anywhere (Sundaram, 2013). Researchers found that 84% of customers trust their friends' advices more than every advertisement, which underlines the potential of the mobile trend (Nielsen Media & Entertainment, 2013). Via apps, companies can now strengthen the communication with and among customers and establish a strong feedback culture. Missing out on this opportunity to gain a better understanding of customer needs brings therefore an inevitable fall back in the competition. Latest observations suggest that even loyal luxury customers, which were supposed to be immune against fast-moving social media trends, are enthusiastic about the mobile revolution (Marc, 2014). Furthermore, there is another aspect that luxury companies have most likely to face in the future – the presence of Apple. During the last years, luxury companies responded to the omnipresence of Apple products in their customers' life by offering iPhone, iPad and iPod accessories. Angela Ahrendts' recent step-down as CEO of Burberry and acceptance as retail head of Apple might bring an expansion into luxury accessories about (Thau, 2013). Regarding the strong growth in accessories in recent years, companies could thereby lose those customers looking for more accessible luxury to Apple (PricewaterhouseCoopers, 2012).

Also, the sustainable 'Green Movement' challenges widely acknowledged luxury principles. For years, designers followed their inspiration, no matter how much fur or non-environmentally friendly fabric was needed (Stella McCartney Homepage, 2014). The uniqueness of their creations marked their success as it conveyed an image of exclusivity – without being overly political, though. By entering the sustainable fashion market, luxury companies take position in order to satisfy customers' remorse in the light of pervasive discussions around climate changes and unequal income distribution.

In 2009, LVMH bought Bono's EDUN Fashion House, which aims since its foundation in 2005 at "[promoting] trade in Africa by sourcing production through-out the continent" (EDUN, 2014). One of the most famous designers in this context is however "Eco Fashion Queen" Stella McCartney. With her sustainable business model including a strict no-fur, no-leather and no-exotic-skin policy, she revolutionized the industry by moving the image of organic fashion from baggy style to haute couture (WorldPress.com, 2012). Despite her ambitions, the limited access to some garments though does not allow her to set up a 100% environmentally friendly business. For this reason, Stella McCartney's philosophy is that every effort counts, which is especially meaningful in light of its parent, Kering, and therefore its non-sustainable peers (Stella McCartney Homepage, 2014). From an organizational point of view, the 'Green Movement' demands the existence of adequate control systems along the supply chain and strong presence from luxury companies on the sourcing side (Scott, 2011).

The tightest set of legal regulations, that luxury companies have to follow, is concerning customer health. By outsourcing perfume and cosmetics production, companies often aim for transferring the risk of non-compliance to industry specialists (Hayden, 2009). In this connection, an iconic example is presented by Chanel's No°5, which was subject to several changes and has to deal with an increasing number of EU regulations until today. In 2012 the European Commission's Scientific Committee announced the ban of tree moss use in perfumes because of potential allergy occurrence (Stocks, 2012). This announcement forced Chanel S.A.'s in-house perfumery to change its formula in an almost unnoticeable manner as to prevent customer losses. The fact that a bottle of Chanel's No°5 is sold every 30 seconds at some place in the world underlines the perfume's importance as revenue source and conveyor of the brand's image. This case emphasizes the need for creative ad-hoc solutions that enable Chanel S.A. to replace ingredients without significant changes in the actual scent (Vaughan, 2012).

4. Agility providers in the case of Burberry

" 'I call it the context of extreme uncertainty,' Reis says. Why so uncertain? Because as entrepreneurs, 'we're trying to do something where we don't have good antecedent evidence that it's going to work.' " (Baer, 2013). Thinking about it, this is exactly what luxury companies do – in the sense that they design collections 6 months in advance without knowing, if those will include the next best- or worst-seller. In order to see the presented agility concepts in practice, this chapter examines the case of Burberry.

4.1. Company presentation

In July 2006, when Burberry's new CEO, Angela Ahrendts, entered the room for the first strategic planning meeting, she was quite surprised by looking at top managers from around the world – none of them was wearing a trench coat despite London's typical rainy weather. She asked herself "If our top people weren't buying our products, despite the great discount they could get, how could we expect customers to pay full price for them?" (Ahrendts, 2013a). What happened to the great iconic brand?

In 1856, the draper, Thomas Burberry, founded the company with the objective to sell his newly invented gabardine fabric. Inspired by shepherds and farmers linen smocks, he soon introduced the trench coat's first version "Tielocken Coat", which was marked by functionality (robust and waterproof) and style (Collins, 2009) (Foreman, 2013). Some years later, Burberry's trench coat was then established as favourite brand among Englishmen, English officers and even in the royal house, where the King once demanded, "Fetch me, my Burberry" (Streeter, 1989). Despite its successful start, the company had fallen over the years victim to brand dilution caused by several licensing agreements and heavy external orientation (Wharton University of Pennsylvania, 2008).

From 2004 on, the worldwide luxury industry kept on outperforming the previous years by passing the all-time high of €133 billion market size and growing by almost 10% per year – Burberry was however unable to participate in this economic boom (d'Arpizio, 2013) (Ahrendts, 2013a). In light of a low 2%-growth rate in 2006, Ahrendts and the management decided to set clear objectives that would guarantee the strategic realignment of Burberry's organization. As to streamline business operations, heavy investments in supply chain improvement, information integration and transparency as well as support services were determined (Burberry Group Plc, 2004/2005). In addition Burberry's marketing focus turned towards younger customers, the millennials. As this young customer group holds the future spending power, the company saw its profit chance by investing in the by-competitors-neglected white spot (Ahrendts, 2013a). Since then, Burberry has constantly reported growth rates above 6%, leaving the financial crisis in 2009 and the recent, industry-wide slow-down of the Chinese market revenues unperturbedly behind (Roberts, 2012). Under the direction of Angela Ahrendts, company's worldwide revenues have been growing from £715.5 million in 2005 to £1,998.7 million in 2013 (180%), which tells its own tale (See Exhibit 6).

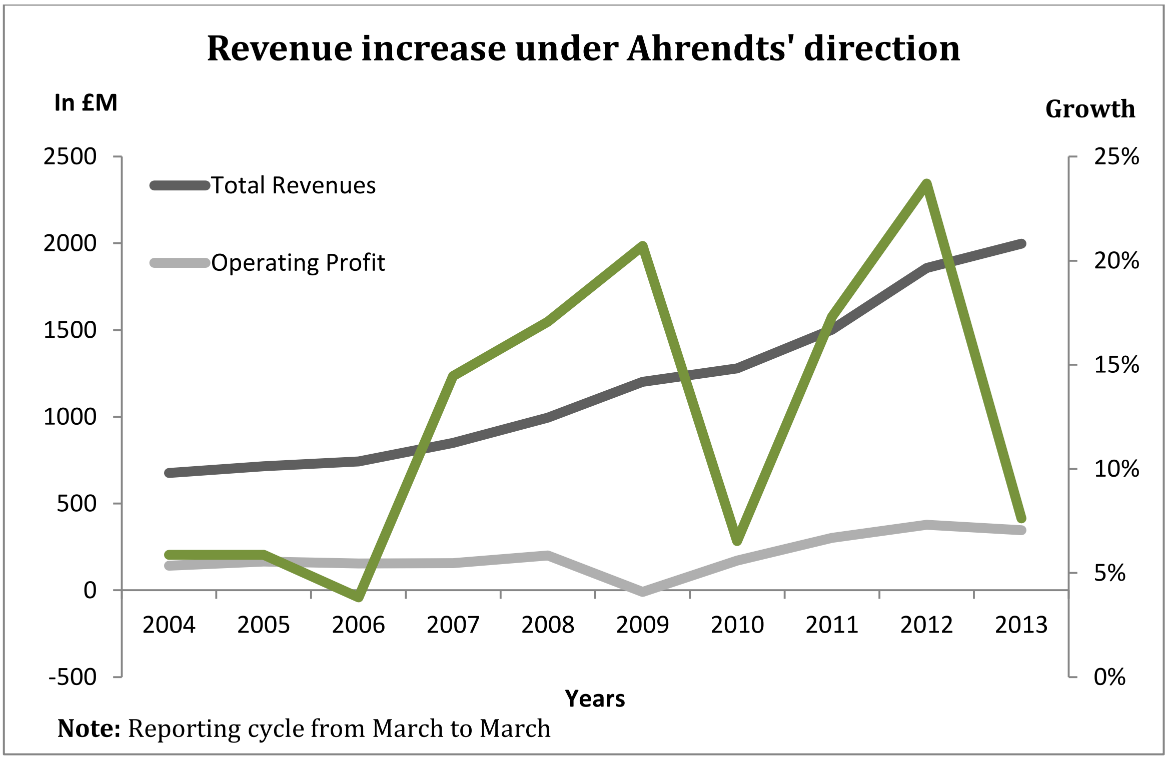


Exhibit 6: Revenue increase under Ahrendts' direction (own illustration)(Burberry Group Plc., 2005-2013)

In 2013, the company was even ranked 2nd among the "Top 10 Most Innovative Companies in Retail" published by the 'Fast Company Magazine' (Wilson, 2013). With this statement in mind, the next chapter sheds light on the key factors in this success story.

4.2. The Fast Strategy Model

In accordance with the 'Fast Strategy Model' by Doz and Kosonen (See chapter 2.2.), Burberry's turnaround is analysed along the three dimensions of Leadership Unity, Strategic Sensitivity and Resource Fluidity.

4.2.1. Leadership Unity

Three key drivers embrace Leadership Unity: Cabinet Responsibility, Top Team Collaboration as well as Leadership Style and Capabilities (Doz & Kosonen, 2007).

By stating that companies should "[…] constantly drive for further innovation regardless of what area that they are in", Ahrendts expresses an open and cross-industrial thinking. In her eyes, companies' innovativeness is a matter of survival in a fast-changing, digital world (Ahrendts, 2011). Due to her past collaboration at the luxury company Donna Karan, Christopher Bailey and Angela Ahrendts knew each other for several years and had a personal connection that nurtured the turnaround's prosperity. The inherent mutual dependency created therefore responsibility throughout the cabinet, and strengthened the implementation of a common vision (Chu, 2013a).

As to enforce top team collaboration, the new leadership entailed replacements at the management level. Bailey, who seemed at that time an undervalued asset, was promoted to Chief Creative Director, so that design could become the heart of the company. In light of growing digitalization, Andy Janowski was named Chief Operation Officer with the objective to rationalize delivery and optimize Burberry's supply chain. In addition, Ahrendts placed great importance on the information technology, which provided touch points with customers, suppliers and employees. Apart from the appointment of John Douglas as new Chief Information Officer, Reg Sindall was hired to set up an internal infrastructure boosting sales, trainings and services. With his support, the company established a worldwide customer service 24/7 in 14 different languages and optimal sales advisory services on the floor (Gilchrist, 2012). Given all these changes and her American origin, Ahrendts had to face initial critics from outside and inside the company, questioning her ability to understand Burberry's British value. By insisting on the internal communication of her vision, critical voices could eventually be convinced that her measures were just needed to create strong leadership unity (Kotter, 2013).

According to Ahrendts, an 'entrepreneurial magic' despite any centralization measures was essential to the company's success on the long run. With her statement "[the] larger and more global we become, the more important it is to have an even more powerful culture", she points out the importance of commitment throughout the organization (Wharton University of Pennsylvania, 2008). In this sense, her leadership style and capabilities to integrate and align all hierarchy levels to the vision of building a strong brand became a key determinant in the change process (Ahrendts, 2013b).

4.2.2. Strategic Sensitivity

When assessing Strategic Sensitivity, three driving elements are brought into focus: Open Strategy Process, Heightened Strategic Alertness and High Quality Internal Dialogue (Doz & Kosonen, 2007).

By stressing the importance of brand values in the modern world, Ahrendts implemented a more liberal mindset across the company. Although Burberry's heritage was ubiquitous, everybody felt encouraged to experiment and seize opportunities to modernize the brand (Ahrendts, 2013a). In design questions, "[the] company trusted Christopher Bailey with his interpretations of Burberry's DNA", with which both aristocrats and street kids could identify (Collins, 2009) (Gilchrist, 2012). This open strategy culture also sowed the courage to introduce 'Burberry 360' and 'Burberry World Live'. By providing sales staff via iPads with up-to-date information on customer preferences and trends, the company increased intimacy and guaranteed customer satisfaction (Thomson Reuters, 2013). Apart from 'Burberry 360' Customer Intelligence, Burberry overhauled its flagship store in London in 2012. The new concept bridges offline and online experience by guiding customers through a physical online store – customers find the whole collection at the entrance and more specific categories as they browse in the store (See Appendix C). In combination with this innovative layout, the 'radio-frequency identification' (RFID) takes customer experience in London's Regent Street to a completely new level. Due to an inserted chip, customers can during the try-on pass in front of an RFID-mirror, which then turns digital and presents runway looks or additional product information (Johnston, 2013).

By the end of 2013, Burberry announced Ahrendts' departure to Apple and the appointment of Bailey as new CEO. By responding in a recent interview with Jeff Chu "It's hard to know, what is happening in 3 years. One has to be flexible and dynamic." Bailey expresses his heightened strategic alertness towards unforseen turns in the luxury fashion industry. By putting himself "out of the comfort zone", he aims for the successful implementation of Burberry's 3-years strategies and the continuance of an open culture (Chu, 2013b).

Another corporate value strongly reinforced by Ahrendts is the internal dialogue. Not only that she had a great long-term vision for the company, she also understood to explain associated practical implications for each department. By giving reasons for higher commissions on trench coat sales and its unique role in Burberry's strategy, Ahrendts engaged in a company-wide brand commitment (Kotter, 2013).

4.2.3. Resource Fluidity

The dimension Resource Fluidity relies on Fluid Re-Allocation and Utilization of Capital Resources, Mobility of People and Knowledge Sharing as well as Modular Structures (Doz & Kosonen, 2007).

On grounds of Burberry's past experience with brand dilution, beauty licenses with a value of £142 million deal were bought back under Ahrendts' direction (Gordon, 2013). By declaring "[in] luxury, ubiquity will kill you—it means you're not really luxury anymore", she shows her non-agreement with the initial 23 licensing partnerships, particularly in China (Griffith, 2013). To efficiently utilize capital resources, she favoured heavy investments in Burberry's retail presence instead. By building a strong retail network, the company succeeded to regain control over distribution channels (Ahrendts, 2013a). When comparing revenues per channel in 2004 (38%) and 2013 (71%), the trend towards own retail stores becomes evident (Burberry Group Plc., 2004 & 2013).

In order to further centralize the organization, Burberry rolled out a SAP-based network for £50 million. Under the dubbed name 'Project Atlas', the three-years initiative was carried out with the objective to improve the communication flow within the company as well as in intersection with stakeholders (Wharton University of Pennsylvania, 2008). In addition to the IT-backbone, Ahrendts created physical proximity by enforcing the headquarter's relocation and giving thought to office design. As to date, five different offices around London agreed on corporate strategies without even sharing the same building. Now, the new office floors had a common entrance and were allocated according to the company's strategic focus with the design department on the top floor. As a result of having all different departments under one roof, informal communications unleashed energy and creative ideas (Ahrendts, 2013b).

In this context, the reorganization of internal structures was accompanied by vertical integration. Over 10% of new suppliers joined the Burberry's stakeholder network, which was tightened by reducing the total number and paying increased attention to supplier capabilities. In terms of product characteristics, Burberry set clear specifications in order to guarantee quality and speed up delivery processes. By empowering suppliers to order directly from each other as raw material is needed, Burberry could further streamline and implement flexible processes due to strong information sharing (Tokatli, 2012). The retention of the trench coat production site in Castleford, Northern England however allows the company to keep its most iconic value in house (Ahrendts, 2013a).

4.3. The Build-Measure-Learn Loop

"It's part of our natural culture of broadminded thinking. We like this idea of being entrepreneurial but with structure," Bailey says (Dishman, 2012). With this statement, Burberry's entrepreneurial spirit becomes evident – the question is though: To which degree is it in line with Ries' approach to product- and service- related innovation?

4.3.1. Product-related

By solely considering development cycles of Burberry's Apparel collections, one major distinction has to be drawn – between seasonal and continuous products (Moore & Birtwistle, 2004). Even though one might argue that there is no such thing as design agility in luxury companies, there is an ongoing adaptation to customer desires, when it comes to iconic items.

Given short lifecycles, the seasonal fashion business is quite resistant to product changes. The typical supply chain of luxury fashion products thereby reveals that there is practically no link between customer experiences and product development (Prada Group, 2014) (See Exhibit 7).

Supply Chain in the Luxury Industry includes Runway Shows

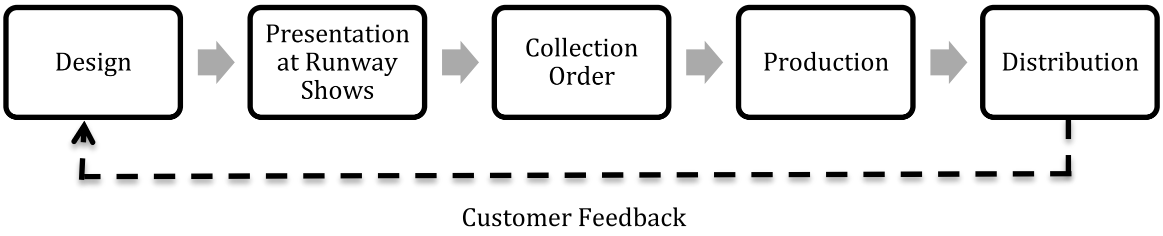


Exhibit 7: Supply Chain in the Luxury Fashion Industry (own illustration)(Prada Group, 2014)

During a conference call, Roberto Canevari, Chief Supply Chain Officer, explains "[the] lead time for product development can be in excess of 18 months, meaning that at any one time we have around 20 separate launches being developed." (Thomson Reuters StreetEvents, 2013). This statement does not only point out that Ready-To-Wear customers demand new collections and not revised ones, but also clarifies, why Ries' 'Measure' and 'Learn' stages are neglected in a seasonal context.

Continuous products suggest however a basis for the application of Build-Measure-Learn elements. By taking a closer look at the development of the trench coat over time, little changes become evident (See Exhibit 8).

1919 **1930** **1946**

1974 **2005** **2013**

Exhibit 8: Timeline of Burberry Trench Coat (own illustration)(Ahrendts, 2013)

As the British army wore the resistant, double-breasted coat in WorldWar I, the initial 'Tielocken Coat" design was adapted to a soldier's special needs. After serving the King and the English upper class in its early days, Burberry added the today's iconic characteristics in the military context. In the course of the design process, the trench coat became lighter and got shoulder straps (for fixing badges of rank) and D-rings at the belt (for carrying equipment) (Foreman, 2013). Despite the retention of unique features, the coat is subject to constant reinterpretation (Trebay, 2011). In order to though meet both traditional and modern customer expectations, Burberry provides the choice between a heritage and runway collection (Burberry Group Plc., 2014).

In an interview with "GQ Magazine", Bailey named people, culture and London's lifestyle as design stimulants (Bailey, 2014). It seems that designers rather try to sense customers' hidden desires than asking them for direct feedback. This thought strongly suggests that Ries' Build-Measure-Learn Loop applies, but simply differs from practices in other industries. Due to the significant number of collections waiting in the pipeline and the experimentation with cuts, garments and colours, the company does respond to the rapid changes of fashion in a timely manner (Foreman, 2013).

4.3.2. Service-related

Next to product-related innovation, another dimension can be defined – agility in the service development process. Burberry understood that in order to reach younger customers, it has to transform into a 'Social Enterprise' (Ahrendts, 2014). As millennials want to be entertained and experience brand value, the company opened up for a digital revolution by spending half of its media budget on the implementation of online services (Bailey, 2010) (Kowitt, 2012). With the ultimate goal of personalization, new communication channels in intersection with customers, but also among staff members, were established (Doran, 2014). As Ahrendts described the design process "We just naturally started asking ourselves on every single thing we did, how do we make it more connected, how do we make it more digital?". In order to provide customers a platform to express their opinions and connect with other followers, the company entered the social media age with the launch of its Facebook account in 2009 (Kowitt, 2012). In 2013, Burberry could then celebrate the 15 millionth 'like' on Facebook, which makes it the most followed luxury brand (Burberry Group Plc., 2013). However, as the return on the heavy digital engagement is hard to define, the company focuses on the long-term value of sharing daily life with customers (Thomson, 2012). During the last years, Burberry went through several development stages, each one contributing to its today's digital success (See Exhibit 9).

In 2009, the first step towards customer involvement was taken. By setting up the website "The Art of Trench", customers were invited to post their trench coat outfits and comment on others' photos. In connection with this initiative, Bailey jumped on the opportunity of emotive brand building by sharing company insights on Facebook, Twitter and YouTube and presenting Burberry's favourite music on "Burberry Acoustic" (Bailey, 2010). Furthermore, customers could now watch fashion shows live, which made them part of the inner circle.

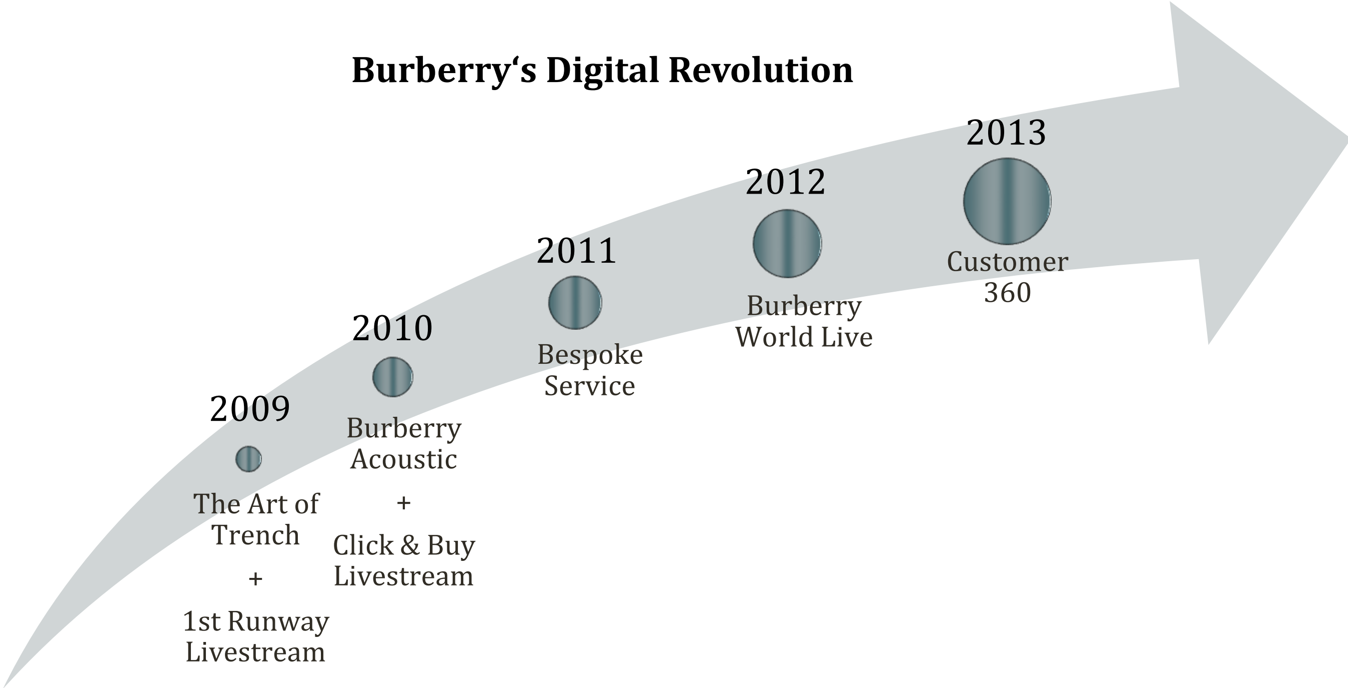


Exhibit 9: Timeline of Burberry's Digital Services (own illustration)

For several years, shows were reserved to the fashion elite, and the public had to wait in order to get a glance at new collections (Amed, 2010). By streaming shows live, customers could feel like actually sitting in the front row, next to their favourite stars of the fashion scene. Moreover, since the company could not hide any slip-ups happening during the show, customers got to know an authentically imperfect and sympathetic brand, which further strengthened the relationship (Bailey, 2010).

This feeling of belonging and experiencing Burberry's culture created a strong basis for the company's future retail moves (Ahrendts, 2013). In 2010, the "Click & Buy" option was added to its online shows, so that customers could click on the pieces during the show and order them immediately. By providing the opportunity to buy key items 72 hours subsequent to the event, Burberry left enough business for retail stores while satisfying hungry customers (Amed, 2010). Despite this democratization of product access, sophisticated needs are served by the company's "Trench Coat Bespoke Service", which was introduced in 2011. On the website customers are invited to create their own trench coat by experimenting with different colours, styles, garments, embellishments and special features (Doran, 2014). In the more recent years, the company additionally focused on the intersection of online and offline shopping experience by presenting "Burberry World Live" on London's Regents Street and introducing "Customer 360" (See paragraph 4.2.2. for details).

Regarding Burberry's feedback culture, it seems that the simple openness towards customer concerns helps the company to receive opinions on products, services and shows. Due to Bailey's consistent digital presence and the provision of several communication platforms, customers feel encouraged to share their thoughts, habits, fashion phobias and desires (Amed, 2010). In this context, customer proximity leads to the advantageous early detection of changing customer needs and the ability to react accordingly.

After examining the agile turnaround of Burberry, one question becomes evident - as iconic items like the Burberry trench coat define the luxury industry and agility elements can be found in product as well as service development, isn't there reason to assume that luxury and agility are not such a bad combination after all (Burberry IPO Prospectus, 2002)? In order to gain a deeper understanding of company practices, the next chapter will reveal primary literature in form of interview findings.

5. Constraints and opportunities

When talking to luxury companies, none will say 'We are proudly agile!'. The agility term, which has its roots in the information and telecommunication industry, is nothing they want to be linked to. However, the conducted interviews with Burberry, Montblanc, Louis Vuitton Moët Hennessy and Sotheby's gave an idea what agility actually means to luxury companies (See Appendix D).

Even though from a theoretical perspective evident, agility in practice is still hampered by several constraints. Traditionally, luxury companies rely on their heritage defined by quality, origin and history. As customer desire is based on different characteristics such as beauty, exclusivity and waiting time (caused by relatively long design processes and limited editions), immediate satisfaction of customer needs is not acknowledge as a competitive factor and sometimes not even desired. Yet, speed plays an important role with regard to internal processes and responsiveness to micro- and macroeconomic changes, it has only little meaning to the product development.

Apart from the business nature, the competitive landscape provides a further reason for a rather low agility level. In light of the three big players – LVMH, Kering and Richemont –, there is no direct threat of existence coming from a lack of speed. If the market was more fragmented, little companies were probably more pressured to respond quickly in order to retain customers and to simply survive.

Furthermore, the fact that strategic and operational agility go usually hand in hand with a large-scale overhaul of the information technology infrastructure (as also shown in the case of Burberry) raises scepticism towards the impact on existing business practices. During the interviews, it became evident that this new field of expertise leaves companies with hindering uncertainty about future returns for two reasons. First, there is the fear to chase away older customers, which feel left out by their digital clumsiness;

and second the huge budget required to establish a new infrastructure. Consequently, slight resistance towards the change and late entry in the digital age seems to be standard.

Other limiting forces can be found in the supply chain, when looking at the retail trend and the in-house manufacturing. In the last years, luxury companies tended to vertical integration by setting up their own retail network. Despite the gained independence, this development brought a major drawback in form of increased capital expenditures and less flexibility in case of dropping demand. Additionally many manufacturing processes, especially in the hard luxury sector, are held as a key competency in-house. Yet, the further a company moves away from a module structure, which allows for quick replacements along the supply chain, the lower the level of agility.

Despite all these unfavourable factors regarding agility, there are still many opportunities that leave room for improvement without putting any luxury value at risk. Despite the often cautious behaviour towards information technology implementations, it seems that luxury companies are perfectly aware of the strong need of online customer engagement. As one interviewee said “You have to be digital!” in order to compete. The high degree of internationalization makes therefore the industry-wide adaptation only a matter of time. One increasingly persistent field of agility named by the interviewees in this context is the customer service, as it is easily compatible with information technology advances and does not influence the production practices. As outlined by Burberry, customer proximity provides companies with helpful information and insights on customer needs. Furthermore it enables to follow customers around the world and in different times zones. The especially strong tendency towards online purchases and social media in the United States, the second biggest luxury market after Asia, makes service-related alertness an interesting target. In light of personalized and individualized services, information technology additionally equips luxury companies with the ability to provide great flexibility, when it comes to special customer preferences.

In connection with retail stores, companies take great advantage of information sharing tools as to improve merchandising and product allocation. Due to daily updates on sales numbers in terms of bestsellers, collections and observed customer trends, stores can be replenished with a more accurate estimate and in a timely manner. Bain & Co. thereby points out the opportunity of pop-up stores in volatile and not yet fully captured markets, as it tackles the issue of captured investments in own retail stores (d'Arpizio, 2013).

Furthermore, there is another agility element that can be already found in luxury companies, but could be more encouraged: Many luxury companies connect worldwide to keep track of company performance and to learn from different approaches. By further tunnelling the exchange of staff members with different cultural and educational backgrounds, companies could provoke an even closer knowledge exchange across the company.

6. Conclusion

In this paper, I aimed to prove the thesis "Luxury companies need and apply agility concepts" in order to compete successfully. The consideration of micro- and macro-economic market dynamics and the deeper look at Burberry's turnaround led to the conclusion: Luxury companies do regard agility as important, but have not yet tapped the full potential.

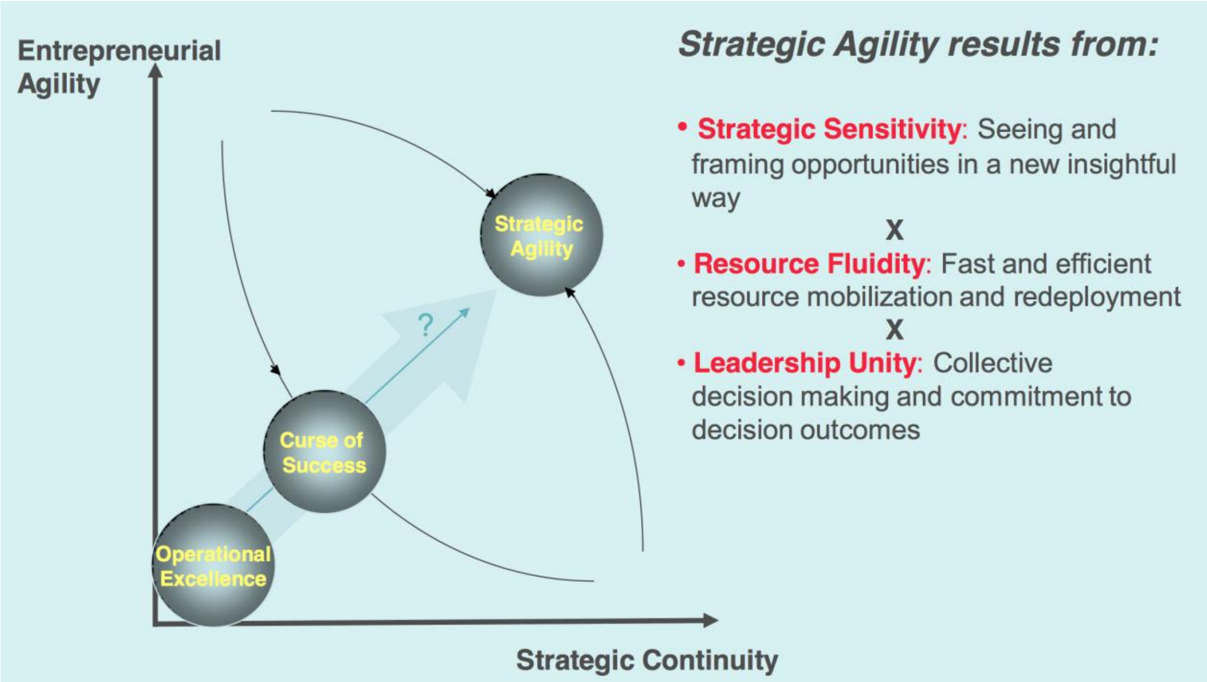
On a strategic level, luxury companies use the elements of leadership unity, strategic sensitivity and resource fluidity as to respond quickly to market changes. However, the nature of the fashion business with designers in the centre of product design makes an application of operational concepts difficult. Product-related agility is therefore heavily limited to the development of iconic products – and even in this context only existent at little speed. Especially seasonal collections are rather replaced than modified, which leaves no room for measuring and learning from customer feedback. In contrast, service-related agility is a trait that can be found, and is mostly linked to information technology advances. The digital and mobile revolution enabled companies to build close bonds with customers and gain more insights in their shopping behaviour. Continuous development of service-related features is hence essential to keep customers entertained and provide personalized services to a more and more diversified customer group.

Even though the special business model does for now not allow the full integration of the proposed concepts, luxury companies need to pass a certain agility threshold so as to stay competitive. The internationalization brought niche designers, heterogeneous customer preferences, fast digital trends and volatility caused by political or economic volatilities into play, so that traditional European fashion houses have to be prepared for quick adaptation.

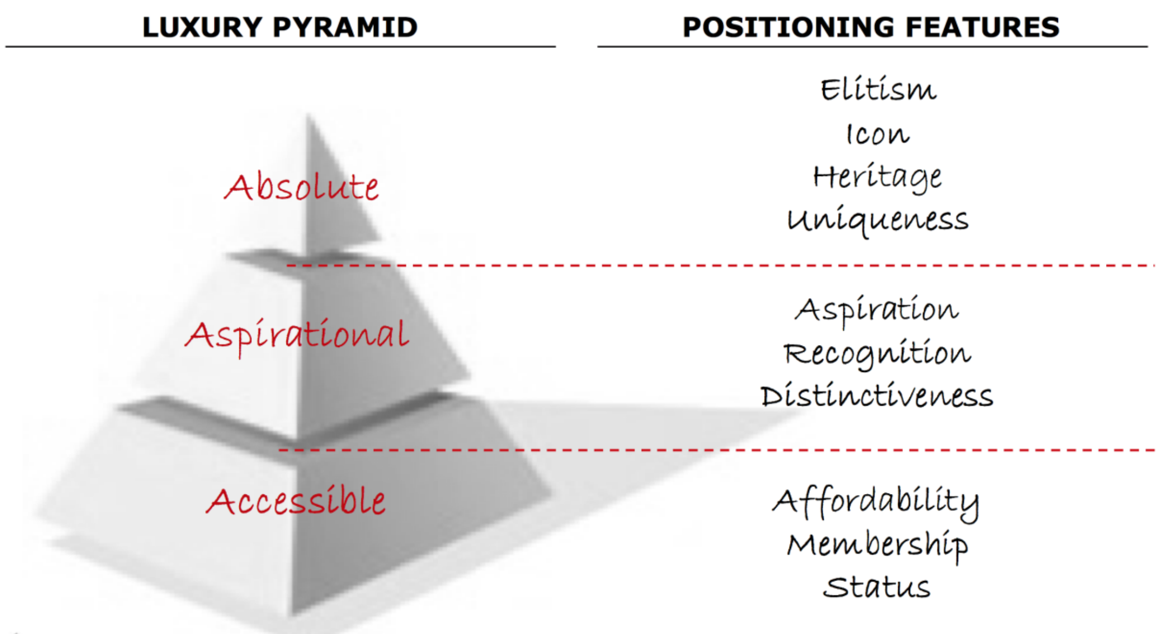
In the future, today's hindering forces such as market consolidation (LVMH, Kering and Richemont) or strong investment in own retail networks might break open due to persistent niche designers from emerging markets and favoured digital services. Luxury companies' attitude towards agility will thus remain an interesting field of observation and provide basis for further research.

Appendices

Appendix A: Operational Excellence to Strategic Agility (Doz & Kosonen, 2007)

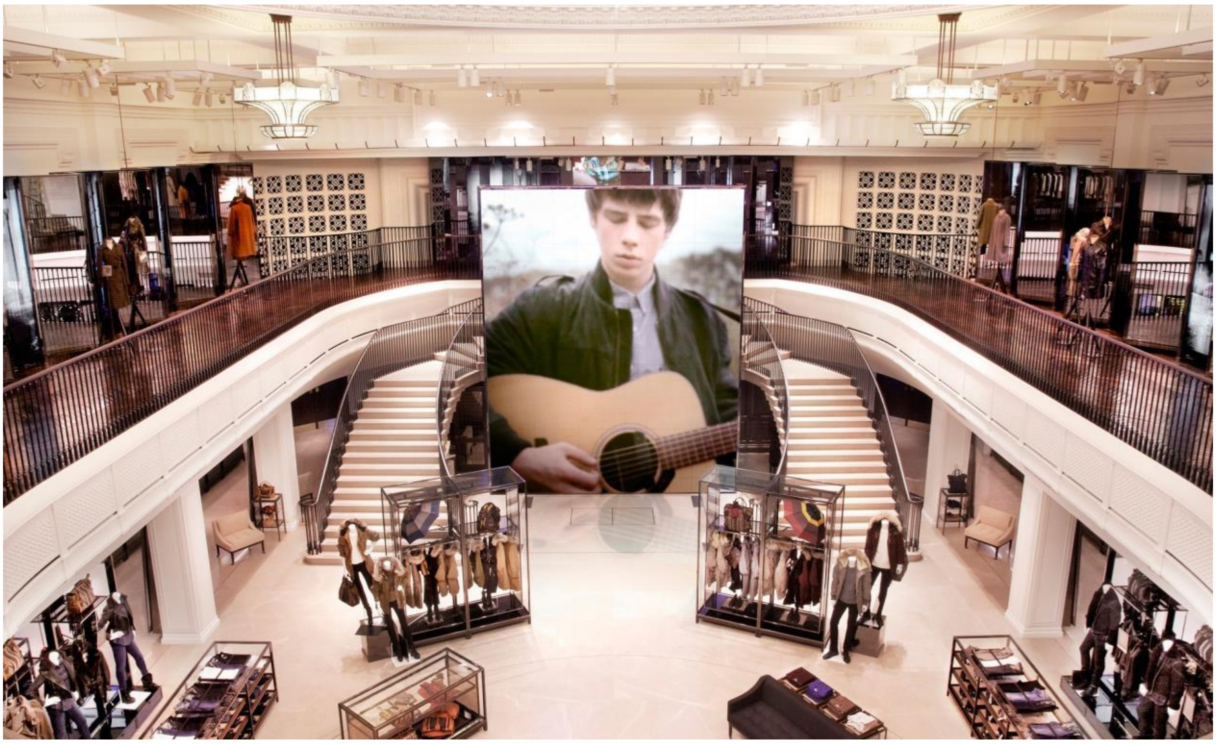


Appendix B: Luxury Product Pyramid (d'Arpizio, 2012)



Appendix C: Burberry's store "Burberry World Live" on London's Regent Street

(Johnston, 2013)



Appendix D: Primary research method

The two processes overlapped, as the initial idea to send out questionnaires posed a challenge to companies in terms of confidentiality and question wording.

Process 1

Questionnaire

« Contraintes de l'agilité pour les grandes entreprises de luxe »
– Questionnaire –

1. Utilisez-vous des brevets d'invention ?

☐ Oui ☐ Non

2. Étiez-vous satisfaits avec votre vélocité d'innovation ?

☐ 1 = moins satisfaits ☐ 2 ☐ 3 = très satisfaits

3. Combien nouveaux produits lancez-vous par an ?

☐ 1 – 4 ☐ 5 – 8 ☐ > 8

4. Pourriez-vous estimer en pourcentage, combien des idées innovantes parmi toutes les idées de produit sont finalement réalisées ?

☐ < 10 % ☐ 10 – 20 % ☐ > 20 %

5. Profitez-vous des services externes pour se procurer des idées innovantes (designers, conseillers, etc.)

☐ Oui ☐ Non

6. Décririez-vous plus de la moitié des vos nouveaux produits comme des produits disruptives ?

☐ 1 = Non ☐ 2 = Plutôt, non ☐ 3 = Plutôt, oui ☐ 3 = Oui

7. Combien de temps est compris entre la « recherche et développement » et le « lancement » (time-to-market) ?

☐ < 6 mois ☐ 6 – 12 mois ☐ > 12 mois

8. Au service « recherche et développement », travaillez-vous en équipe multidisciplinaire ?

☐ Oui ☐ Non

9. Comment recevez-vous feedback de vos clients (plusieurs réponses possibles) ?

☐ Service clients sur votre site d'internet ☐ Via le personnel des ventes
☐ Autre : ______________________________

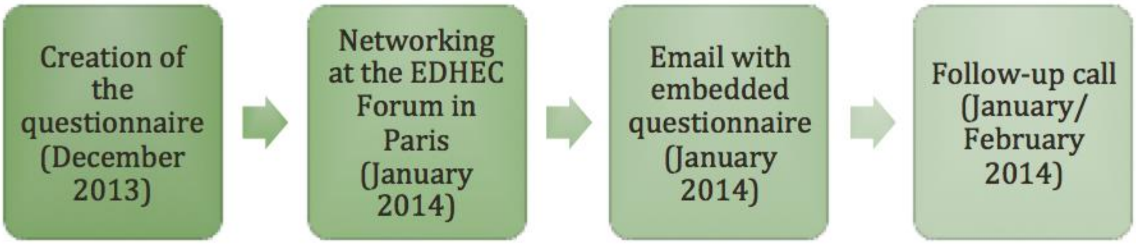
10. Alignez-vous vos produits conformément au feedback des clients ?

☐ Oui ☐ Non

Je vous remercie pour votre soutien !

As reactions to the questionnaire indicated little success with regard to meaningful findings, I changed to a more interactive style by interviewing on the phone.

<u>Process 2</u>



Four companies were willing to provide me with insights and a deeper understanding of their attitudes towards agility concepts:

- Montblanc (Creative Director) (14. February 2014)

- Louis Vuitton Moet Hennessy (Corporate Strategy) (20.February 2014)

- Burberry (Financial Analyst) (7.April 2014)

- Sotheby's (Marketing Manager) (18.April 2014)

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