

Luxury goods : brand heritage or brand equity?

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Great emphasis is placed on the notion of brand heritage especially in the domain of luxury goods. The expression became quite common in marketing circles along with the term brand equity at the start of the 90's just after the world of finance realised the fortune to be made from brands and the stock market got involved.

All brands use one formula or the other more or less indifferently. But the luxury brands have a clear preference for « brand heritage » : the term is more noble, and is more appropriate to the aristocratic ideology that these brands continue to maintain – even though many of them were established in the 19th century and are bourgeois in origin¹. They also prefer to refer to their « clients » rather than their « customers ». This doubletalk reveals the fundamental ambiguity of European luxury brands and most notably French luxury brands who look to the model of the royal court² on the one hand, and on the other to modern industry as it has existed since the 19th century³.

Are the notions of « heritage » and « equity » really interchangeable ? Or do the nuances that separate them lead to differences in the way luxury brands are managed and marketed ?

A significant preference

If luxury brands prefer to talk about brand « heritage », it is because the word gives an impression of a long line (the idea of the goods of the paterfamilias), and as such of family, and heritage. « Heritage » in fact

appeared in France earlier than « equity », used as we know it since the 16th century. However, the thing existed long before the term was coined, the story or at least the spirit of capitalism is much older than we think as specialists date its origins to the 11th century⁴.

The main difference between the two words is thus not historic but comes essentially from the fact that « heritage » presupposes a blood line and equity is clearly linked to commercial and financial vocabulary. One is passed on, the other can be created from scratch. The former is more a transmission, if possible identical and over a long period of time ; the latter more an accumulation, but also dissipation, both of which can happen very quickly.

Let's take the former, to have a « brand heritage » in the luxury product business means a certain claim to ancient and authentic links to the nobility. It also means passing on this heritage through the generations, like Mellerio the jeweller known as Meller whose discretion is matched by its prestige and which has belonged to the same family since the 16th century.

However, Mellerio is the exception. The rule is a different affair. Certain « heritages » can hardly be termed thus as they die with their founder. Others are forgotten, or are created from scratch ; or are revived for a short time and then disappear. In other words, having a « heritage » is far from sufficient in ensuring the longevity of a brand, and even less its success. The real question is what can be passed on from a « heritage ».

What heritage?

Long before it could be bought, nobility was hereditary. It was the preserve of those who showed courage, honour and loyalty. It was thought that these moral values were passed on through bloodlines. Unfortunately even as the aristocratic system was living its hour of glory – in France under Louis 14th – it was already being tarnished as is evident in Molière's Don Juan

when Don Luis says to his son (« Know that virtue is the first title of nobility »).

At the heart of the idea of « heritage » in aristocratic ideology there are first of all the immaterial values. Do these exist in luxury brands ? Can we cite examples among the big luxury brand companies who have maintained the equivalent of Don Luis' « virtue » throughout the years ? Yes, of course there are brands that, even today, can claim a quest for excellence and aim for perfection in their chosen field : jewellery for Harry Winston, leather goods for Hermès or couture for Valentino.

Behind this transcendental ambition, one must not forget the very specific craft patiently taught through the generations to select craftsmen : embroidery at Jesurum in Venice or Lesage in Paris, vine growing and blending in the champagne houses, crystal glass cutting at Waterford or Lalique. It takes years to learn how to choose a good skin or to cut a fabric on the bias. One must also possess a natural talent, taste, a sure eye and a steady hand. These qualities cannot be bought and the apprenticeships are long and expensive. Finally there is the question of brand history, the wealth of its archives, the spread of its influence, its capacity for innovation, the patents it holds and the exclusivity it can offer.

However, the problem of how to use this immaterial heritage does exist. A luxury goods brand with aristocratic leanings will not show off. It feels that the name is enough : it sums up the past of the brand, the quality of the product and it would be vulgar to show off. Paradoxically, this is why so many advertisements for luxury goods are quite bare : one sees only a bag, a watch, sometimes just a face or a silhouette, and the name. But this « code » can be easily imitated by widely distributed lesser brands, and this is often the case, especially in fashion. As such, when the logic of the brand does not extend itself to visual communication, the image becomes weakened or unclear, especially in the eyes of the potential clients who may be less familiar with the brand or younger clients.

From heritage to equity

Reasoning in terms of « brand equity » has other consequences : equity must grow, bring in results, profits. That which is immaterial must be made visible, and payable. Otherwise it is useless : a cardinal sin in the eyes of the business bourgeoisie, founders of most of the European luxury brands.

For example, history only means equity if it is used – to create a museum for the brand (Christofle, Saint Laurent) , or in a show case environment that represents of both its past and present such as the Maison Baccarat. It can also be a reservoir of ideas – or even better of reproducible motifs like the Gucci bridle, which went from shoes to bags. It can also be used as a justification : in luxury goods ; even the Moderns have to play the Ancients sometimes. Ralph Lauren built his brand around the New England « aristocracy » as depicted in literature from Henry James to Fitzgerald's *Great Gatsby*. A mere twenty years old, the Dior brand had trouble justifying any kind of link between Galliano and Christian Dior but they went about it nonetheless. They managed it by unearthing an improbable surrealist influence on the couturier in the 20's and 30's at a time when he was opening salons in the style of Louis 16th and his first creations were a throwback to a pared down 18th century style⁵. Surrealist couture can be found at Schiaparelli, not Dior.

However the management of a brand's equity can often lead to history being rewritten to make it seem like the thread of a strategy which is constantly being renewed from the « roots », an essential operation in a universe where even major departures must be justified by continuity, in other words the transmission of values, the first of which is creativity.

But creative talent cannot be passed down. Thankfully it can be bought however, and then presented from the right angle : that of the artist, for example, the favourite figure for luxury brands, especially when it takes on the mythical romantic image of the

artist as troublemaker. The public doesn't understand the styles of the new designer ? Nothing simpler : one only needs a syllogism. The artist is often misunderstood, such and such is misunderstood therefore such and such is an artist. The only thing left to do is to make this widely known by backing up the idea with plenty of fashion shows, press and PR.

Craftsmanship or the ambition to excel is not immediately obvious : « heritage » in this case is not convertible into profit. Hermès can allow rare visits of the workshop, others cannot. Heritage is to be hidden, equity is to be shown. One can tell if a bag or a jacket is well-made by looking inside. Logos, initials and distinctive signs are shown on the outside. So one can sacrifice to a reasonable extent what is invisible for what is visible, as the latter is what sells, at high prices and on a large scale. But then surely we are no longer in the domain of luxury goods ? Yes and no. We are, according to Bernard Arnault⁶, in the luxury goods "industry". If there are enough people around the world to believe that the Saddle bag from Dior is a luxury item, who is to stop them ? Dior may lose some of their more discerning clients but they gain others, younger and more numerous. It is not certain however that the brand heritage gains from this but the brand equity comes out very well in all senses of the term.

There is a final quality which is not inheritable : a head for business. This too however can be bought and brought into the equity. The founder of Gucci had a head for business. His heirs did not. Their successors – De Sole, Tom Ford – had it in spades. Before they arrived there was a certain « brand heritage » resting happily on its laurels. They took a few seeds (bamboo) but most of all constituted a true « brand equity » For how long ? Time will tell. The arrival at the head of the group of an ex-director of Unilever is the reflection of LVMH's tendency to recruit from Procter & Gamble in anycase, it means the application of industrial strategy in the luxury

goods business which means the intensive and extensive exploitation of each brand's « equity », and as a result the equity of the entire group.

Two words, one meaning

Equity is built, lost and rebuilt, much faster than heritage exactly because it is made up of financial assets, which are accountable and accounted for. This is why it suits marketing, a discipline which comes from accounting⁷, and is more at ease in the short term than the long term. The idea of a totally mobile « brand equity », suits this perfectly.

However is marketing capable of managing « brand heritage » ? We can't be so sure. Obviously there was no marketing department at Worth or Poiret, which explains perhaps why their heritage which was created from scratch did not survive them. However, many other brands born at that time are still going strong today (such as Chaumet, Tiffany or Shiseido) ; and on the other hand when marketing exists, as is the case today, it could be applied to brands with a great heritage such as Lanvin, Caron, Daum, Nina Ricci, Patou, Rochas, to mention but a few French examples. But what does it do ? Not much. These once glorious brands, today have « pretty flat crests » as Robert Merle might have said.

So the result is the same: either the possession of serious « brand heritage » is neither necessary nor enough in itself to make an impact on the luxury goods market ; or the marketing people in the luxury goods domain don't know how to or won't manage it correctly ; or the expression is used because it is fashionable right now and even more so as it flatters the aristocratic fantasies of the directors of the big luxury groups whose professional aim is profit alone in the pure tradition of the business bourgeoisie. Aristocratic fantasy on the one hand, capitalism on the other. Should we conclude that the European luxury goods domain is schizophrenic ? Not at all, it is however, deeply bourgeois, that is to say –

among other things – blessed with an inexhaustible power of assimilation⁸, which enables it to combine the values of yesterday and the constraints of today, respect for the past and use of the modern, the image of « heritage » and the turnover of « equity » – this goes for luxury brands as well as all others.

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1. See *Luxe, mensonge et marketing*, M.-C Sicard, Village Mondial, 2003.
2. N. Elias, *La société de cour*, Calmann-Lévy, 1974.
3. From the conference « *Le luxe en France du siècle des Lumières à nos jours* », 1999.
4. R. Volpi, *Mille ans de révolutions économiques*, L'Harmattan, 2002.
5. M.-F. Pochna, *Dior*, Editions Assouline, 1996.
6. *La passion créative*, Plon, 2000
7. F. Cochoy, *Une histoire du marketing*, La Découverte, 1999.
8. J. Ellul, *Métamorphoses du bourgeois*, Calmann-Lévy, 1967.