

A Work Project, presented as part of the requirements for the Award of a Master's degree in Management from the Nova School of Business and Economics.

HOW TO INCREASE BRAND AWARENESS OF PANERAI AMONG MILLENIALS

BREAKING GENDER BARRIERS: INCREASING THE APPEAL AND AWARENESS OF PANERAI FOR WOMEN

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20.12.2023

Abstract

This master's thesis examines Panerai's ambition to appeal to millennials, a crucial target group for sustainable growth in the luxury watch market. The study identifies challenges arising from an outdated brand image and targets the female audience to strengthen Panerai's appeal to millennials. To achieve this goal, the report aims to align Panerai's traditionally male-dominated brand identity with today's female preferences. Based on a comprehensive methodology that includes literature research, competitor analysis, interviews with female watch enthusiasts, and an in-depth survey, the strategy proposes the introduction of a female hero narrative, customized communication, female brand ambassadors and events tailored to women.

Keywords: Luxury Watches, Panerai, Millennial Trends, Luxury Brand Management, Luxury Brand Strategy, Female Target Group

Acknowledgments

We wish to express our sincere gratitude to our supervisor, Christophe Maincourt, and co-supervisor, Michael Pinkhasov, for their invaluable guidance and insights into the luxury industry, which significantly shaped this project—special thanks to Jorge Suarez for representing Panerai and providing us with crucial brand information. Lastly, we sincerely thank all the participants whose invaluable insights were integral to completing this work. Without their contributions, this research would not have been possible.

This work used infrastructure and resources funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2013, UID/ECO/00124/2019 and Social Sciences DataLab, Project 22209), POR Lisboa (LISBOA-01-0145-FEDER-007722 and Social Sciences DataLab, Project 22209) and POR Norte (Social Sciences DataLab, Project 222)

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1. Introduction

The luxury watch industry includes several prominent players whose names and brands resonate widely with Millennials alongside numerous niche brands. Striking a delicate balance between preserving their historical roots, heritage, and core identity while remaining relevant to the evolving tastes of successive generations is a paramount challenge luxury watch brands face. With Millennials and younger demographics projected to constitute 80% of the luxury watch market by 2030, understanding and engaging with this burgeoning consumer base is imperative for sustained market relevance (DePino 2023).

This Master's thesis, conducted within the Luxury Stream of the Masters in Management program at Nova School of Business and Economics, focuses on Panerai, an Italian niche luxury watch brand grappling with the challenge of establishing meaningful connections with Millennials. The primary objective of this research is to leverage trends within both the luxury watch industry and the Millennial generation, offering practical recommendations to enhance Panerai's brand awareness and appeal amongst this target group.

The second section outlines eight ongoing trends in the luxury watch market relevant to Millennials, preceding the third section provides a detailed brand overview of Panerai, encompassing its history, core values, identity, positioning, and presence in Portugal.

In the fourth section, the research addresses Panerai's challenge in connecting with Millennials and presents the chosen research methodology. Building on the evaluated trends and found Millennial perception, the fourth section concludes with a summary of findings, paving the way for five individual reports addressing strategies for five topics: communication, digitalization, community performance and development, the female market, and the pre-owned market. These different developments lead to a diversified portfolio of practical

recommendations to increase Panerai's brand awareness and attractiveness among Millennials. The work project concludes with the project limitations and further research recommendations.

2. Luxury Watch Market

2.1 Brands Universe Positioning

The luxury watch market comprises various brands serving different customer segments. Each brand indulges in different kinds of sports, culture, or art to distinguish themselves from competitors. Therefore, every brand has a unique position in the luxury watch market and uses it to communicate its values and increase brand visibility.

Moreover, to embrace storytelling, each brand tends to connect to a different so-called "universe" based on the brand's identity and values.

2.1.1 High-Performance and Professional Sports Universe

Rolex and Richard Mille represent the pinnacle of high-performance and professional sports in the luxury watch market. Rolex is particularly known for its association with high-profile sports like tennis, golf, and motorsports, showcasing its commitment to precision and excellence in performance sports. This dedication is further highlighted through partnerships with prestigious sporting events (e.g., Rolex and Wimbledon) and endorsements from top athletes such as Roger Federer and Tiger Woods.

Richard Mille stands out for its focus on creating watches that withstand extreme conditions, aligning with high-performance sports. Collaborations with sports stars like Rafael Nadal emphasize the brand's commitment to innovation and resilience in sports technology.

2.1.2 Adventure and Exploration Universe

Several luxury watch brands can be organized in the Adventure and Exploration Universe.

Panerai and Breitling are closely associated with adventure and exploration historically rooted in military grounds (Belcher 2013). Omega is also scientifically associated with adventure and exploration, relating it to another realm: space.

Sea

Panerai, known for its collaborations with adventurers like Mike Horn, specializes in crafting watches suited for extreme environments, from deep-sea exploration to polar expeditions. The brand's robust and versatile designs are a testament to its commitment to the spirit of adventure.

Aircraft

With its strong aviation heritage, Breitling appeals to those seeking high-adrenaline activities and adventure. Its history of creating precision instruments for pilots underscores its dedication to exploration and adventure in extreme conditions.

Space

Omega's ties to professional sports are well-established, especially as the official timekeeper of the Olympics, signifying its role in sports timing. Additionally, Omega's historic connection to space exploration, notably the landing on the moon, adds a unique dimension to its identity, blending professional sports with the spirit of adventure.

Racing

IWC Schaffhausen's evolution from precision aviation and nautical instruments to a primary focus on motorsport showcases their dynamic approach to horology. IWC's emphasis on motorsport highlights its commitment to excellence in high-speed, technologically driven environments where precision is paramount.

2.1.3 Glamour and Celebrity Universe

Cartier and Longines epitomize the glamour and celebrity universe within luxury watchmaking. Cartier's association with the fashion and film industries, along with its elegant and sophisticated ambassadors, positions it at the intersection of high fashion and celebrity culture. The brand's affinity for elegance and style resonates with an audience that appreciates classic beauty and grace.

Longines is also known for its elegance, often linked with glamorous events and celebrities. The brand's emphasis on style and classic beauty aligns it with the glamorous world of fashion and film, reflecting an aura of sophistication and grace.

2.1.4 Arts and Culture Universe

Audemars Piguet is central to the arts, culture, and innovation universe. Audemars Piguet's significant engagement with the arts, through sponsorships in music and art events, highlights its commitment to blending innovative watchmaking with artistic expression. The brand appeals to those who value both horological craftsmanship and creative endeavors (Audemars Piguet 2023).

2.1.5 Heritage and Traditional Craftsmanship Universe

Patek Philippe and Vacheron Constantin represent heritage and traditional craftsmanship in the luxury watch market. Patek Philippe is renowned for its focus on traditional luxury, heritage, and craftsmanship, appealing to those who cherish classic and timeless elegance. The brand's philosophy of crafting watches to be passed down to the next generation exemplifies its commitment to enduring quality and intergenerational appeal, which shows the dedication to maintaining high standards of traditional watchmaking sets it apart in the realm of luxury timepieces (Brand Hooper 2023b).

Vacheron Constantin, emphasizing artisanal craftsmanship and historical heritage, symbolizes traditional luxury watchmaking. The brand's commitment to the art of fine watchmaking and its rich history underscores its status as an epitome of traditional luxury and craftsmanship (Vacheron Constantin 2023).

2.2 Generational Shift and the Rise of Millennials

Historically, luxury watch consumers were primarily Baby Boomers, a generation born post-World War II era (Shin, Eastman, and Mothersbaugh 2017). This generation has experienced significant economic growth during adulthood and has accumulated “wealth and financial stability” (Villalón 2023). Baby Boomers' preferences are anchored in the significance of brand history, exclusivity, quality, and a willingness to invest in high-priced luxury items. Regarding the marketing strategies of luxury watch brands, Baby Boomers favor those that prioritize “quality, authenticity, and a story behind their products,” according to Villalón (2023). This generation has significantly impacted the luxury watch market and shaped the industry's fundamental values and preferences for a decade (Purwanto, Deviny, and Mutahar 2020; Villalón 2023).

The emergence of Millennials in the luxury watch market represents a significant shift from the patterns firmly established by baby boomers. In literature, “Millennials” generally refers to the generation of people born between the early 1980s and the 1990s (Main 2017; Strangwick 2023). Ben Clymer, the Founder and Executive Chairman of Hodinkee Inc., captures this shift by highlighting the stark contrast between the Millennial demographic and traditional watch buyer: *“Our audience is so different than who you assume a traditional watch buyer to be”* (Deloitte 2022). The unique purchasing behaviors among Millennials towards luxury items reflect rapid technological advancements and a shift in global attitudes. D'Arpizio et al.'s (2023) and Paton's (2017) research supports this trend, highlighting Millennials' increasing impact on

the luxury industry with their 15% greater spending on luxury goods than other age groups. As predicted by D'Arpizio et al. (2023), the trends in consumer behavior across generations suggest a reshaping of luxury consumption and a revolutionary impact on the future state of the luxury watch sector.

2.3 Millennials' Impact on Industry Trends

Understanding the generational shift requires an examination of Millennials' evolving perceptions of luxury. High prices, brand heritage, and exclusivity no longer mainly dictate what constitutes luxury for this cohort (Villalón 2023). As digital natives, their consumption expectations have been redefined. Millennials value e-commerce platforms and social media, where they can purchase authentic timepieces and immerse themselves in a rich, educational, and interactive watchmaking journey (Wertz 2023). Moreover, Millennial consumers now highly value sustainable, transparent, and emotional connections with brands (Villalón 2023). They focus more on experiences than material goods, spending money on travel, events, and activities and seeking brands that align with their values and are socially responsible (Saiidi 2016) to reflect their personalities. The evolving attitudes and preferences of the Millennial generation have catalyzed several changes in the luxury watch market trends. The following luxury watch industry trends mirror the cohort's distinctive values and preferences and have been identified as the main drivers of consumption in academic discourse: **Omnichannel** (Swithinbank 2021), **Experience-based Consumption** (Saiidi 2016), **Collaborations** (Helal, Ozuem, and Lancaster 2018), **Brand Communities** (Fournier and Lee 2009), **Gender** (Gallagher 2023), **Technology and Innovation** (Deloitte 2022), Pre-owned market (Deloitte 2022), Sustainability (Deloitte 2022, Gomelsky 2022). The following section is dedicated to evaluating these trends.

2.3.1 Omnichannel

The digital era has ushered in a transformative wave across industries, impacting the traditionally grounded luxury sector. Historically reliant on in-person interactions, the luxury industry is embracing digital transformation. D'Arpizio, Levato, and Prete (2022) predict that around 32% to 34% of luxury purchases will occur online by 2030, catalyzed by a 50% surge in digital sales during the 2020 COVID-19 pandemic. Luxury brands are responding with comprehensive strategies, combining brick-and-mortar stores with online platforms and social media. Notable collaborations, such as Alibaba and Richemont investing in Farfetch in November 2020, exemplify the industry's commitment to accelerating the global digitalization of the luxury sector (Financial Times 2020).

However, the luxury watch industry, like the broader luxury sector with its rich heritage, has historically relied on offline channels globally, according to Straits Research (2022). Currently, e-commerce represents only a modest fraction of the total revenue for prominent luxury conglomerates such as Kering, Richemont, and LVMH (Deloitte 2022), with a slow adoption rate, peaking globally at 12.9% in 2020 and then stabilizing after the consistent growth observed before the pandemic (Luxury Watches - Europe 2023). Portugal witnessed a modest increase from 1.7% in 2019 to 2.9% in 2020. Projections suggest that the e-commerce sector will experience gradual growth. However, at a slower pace within the luxury industry, including watches, 63% of executives remain skeptical and anticipate that offline channels will continue dominating (Deloitte 2022). The sector faces challenges transitioning to e-commerce due to the reluctance to relinquish control over customer experiences and distribution.

2.3.1.1 The Impact of Millennials on Omnichannel Strategies

Social media platforms have transformed consumer behavior, including high-end watch brands. Luxury brands increasingly use social media and influencer marketing as primary platforms for digital strategies (Athwal 2019). Deloitte's consumer surveys emphasize the

substantial impact of social media and influencers on luxury watch purchasing decisions globally (Deloitte 2022). Influencer marketing is a powerful tool for influencing Millennials' perceptions and purchase decisions (Beauloye 2022). Millennials trust influencers aligned with their values and lifestyles, making influencer marketing effective for luxury watch brands. User-generated content, including reviews and shared experiences, influences Millennials' luxury watch purchase decisions (Wu 2015). Smith and Chaffey (2019) further state that social media has become Millennials' primary source of knowledge, motivation, and brand relationships, therefore playing a crucial role in communication channels. Luxury brands adapt to Millennial behavior by using digital channels, mainly social media platforms like Instagram, to engage consumers (Kim & Ko 2012). Platforms like YouTube, serving as hubs for watch enthusiasts, exemplify the role of user-generated content in informing Millennials' choices. Online watch enthusiast communities shape consumer perceptions and brand trust (Reimann and Schilke 2017). Influenced by Millennials and social media, the luxury watch market requires seamless online and offline marketing campaign integration. A comprehensive strategy is vital for luxury watch brands to engage affluent Millennial consumers (Beauloye 2022).

Brick-and-mortar stores continue to appeal due to sensory and emotional engagement (Deloitte 2023). Challenges in fully adapting to e-commerce arise from luxury brands' hesitance to relinquish control over the customer experience and reluctance to disrupt established distribution networks (Luxury Watches - Europe 2023). This omnichannel approach aims to seamlessly integrate physical and digital elements to create an interconnected and immersive retail experience (Luxury Watches - Europe 2023).

2.3.2 Experience-based Consumption

The expectations surrounding luxury have significantly shifted for Millennials, differing from those of preceding generations. Traditionally, the focus on luxury was centered on accumulating material wealth; however, contemporary perspectives emphasize the importance of experiencing immaterial wealth (Batat 2019). This transformation aligns with the changing desires of consumers, who now seek unique brand experiences that transcend mere ownership (D'Arpizio, Levato, and Prete 2022). This also fuels keeping luxury brands' strategy away from fully embracing digital, as they observe a demand for immersive physical experiences at boutiques (mono-brand stores) that hold control supremacy within image and supply. In response to this evolution, luxury brands, once considered mere products confined to elite closets, are transforming into comprehensive lifestyle experiences. The demand for exclusive experiences, events, and luxury travel, alongside premium purchases, is evident in recent investments of luxury brands in real estate for their flagship stores to provide a more enriched purchase experience. By tailoring spaces to look more like homes than retail (Gomelsky 2023), brands are welcoming clients in an atmosphere that prioritizes hospitality over transactions. These stores may also embody other experiences like cafes, exemplified by Prada Caffé in London or the Blue Box Café at Tiffany & Co.'s Manhattan flagship. However, this evolution goes beyond cafes, with luxury brands expanding into the realms of hotels and residences. Projects like the Palazzo Versace Hotel in Dubai and Dolce and Gabbana residences in Marbella exemplify a commitment to providing customers with a holistic brand experience beyond traditional retail boundaries (Bousquet-Chavanne 2023). Notable brands such as Tiffany & Co., Versace, and Aston Martin have embraced this shift by offering immersive journeys beyond products to encompass hotels, residences, and cafes in global luxury hubs (Bousquet-Chavanne 2023).

This trend is substantiated by various studies, confirming the younger demographic's strong inclination towards distinctive experiences that deviate from routine activities. Millennials actively seek opportunities to explore and uncover new dimensions of life, emphasizing the feasibility and relevance of investigating this evolving landscape in a master's thesis (de Kerviler and Rodriguez 2019).

2.3.3 Collaborations

Driven by the generational shift in buyers, growing competition, and market dynamism, luxury brands increasingly use co-branding and collaborations with Key Opinion Leaders (KOLs) to increase brand awareness and audience engagement (Murtas et al. 2022).

Co-branding is a strategic partnership in which two or more brand entities collaborate to create a product or experience that leverages each partner's strengths and market appeal. Moreover, collaborations with KOLs, influential figures with the power to impact a broad audience's opinions, behaviors, and purchasing decisions, can significantly shape consumer attitudes.

Previous research shows that co-branding, whether high-equity brands with each other or with low/mixed-equity brands, consistently enhances the positive evaluations of the involved brands compared to their pre-collaboration status (Yu et al. 2020). A prime example of such successful co-branding is the alliance between Omega and Swatch, which cumulated in the creation of the MoonSwatch. This timepiece, often referred to as a more accessible version of Omega's flagship Speedmaster watch, retails at a significantly lower price point, broadening its market appeal. In 2022, the MoonSwatch achieved remarkable sales, surpassing one million units, considerably bolstering the revenue of its parent company, Swatch Group AG. Additionally, the launch of the MoonSwatch had a beneficial spillover effect on the sales of the Omega Speedmaster itself, underscoring the broader commercial impact of this co-branding initiative (Wolf 2023).

Collaborations with KOLs have a similar effect on watch brands' performance. The partnership between Jay-Z and Hublot for the Shawn Carter Collection underlines the impact of KOL's extensive reach and influence to shape public opinion and stimulate consumer engagement.

The Shawn Carter by Hublot collection, featuring exclusive black ceramic and yellow 18K gold watches, combined luxury with social responsibility. 25% of its proceeds were donated to the Shawn Carter Scholarship Foundation, highlighting philanthropy in luxury branding.

This collaboration united Hublot's renowned craftsmanship with Jay-Z's broad cultural impact, producing a collection that resonated across the spectrum from dedicated watch enthusiasts to a more general, more diverse audience. This initiative likely enhanced Hublot's brand recognition, deepened its story, and catalyzed consumer interaction and potential revenue growth, showcasing the profound influence KOL collaborations can have (Kahle 2013), mutually beneficial to Jay Z's reputation as relating him to philanthropical behavior.

2.3.4 Brand Communities

"Groups of people that share social interactions, bonds, and common space" (Kozinets 1999) are called communities. This concept has been the subject of extensive research across various fields for a long time (Muniz and O'Guinn 2001). Within traditional communities, a new type termed 'brand community' has emerged and received considerable attention in marketing research (Stokburger-Sauer, 2010). The term brand community was first thoroughly defined in the work of Muniz and O'Guinn (2001) as *"a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand"* (Muñiz and O'Guinn 2001). This notion is supported by Cova and Pace (2006), who emphasize that members of a brand community share a common interest in a particular brand and actively participate in creating a social world around it. Today, Brand communities have evolved from simple groups of brand enthusiasts to complex, digitally enhanced networks that significantly

impact loyalty, consumer behavior, awareness, and innovation (Zaglia 2013). As digital platforms continue to evolve, so will the dynamics of brand communities, making them an area of continual interest and importance in marketing.

The community phenomenon has experienced a noteworthy rise in the luxury watch market, particularly among Millennials, actively seeking new communities to shape their self-identity. Research by Battles et al. (2017) and Wilmot (2020) has been seminal in highlighting Millennials' keen interest in brand community engagements (Battles et al., 2017; Wilmot, 2020). These studies pinpoint the Millennial demographic as mainly engaged with brand communities, often using them as a space for self-expression and connection. This inclination of young adults to participate in such brand communities is further elaborated on in a study by Munford (2019). The study provides a compelling insight into the luxury sector, noting that 57% of Millennials aged 25 to 34 deem it essential to be part of a brand community. This figure notably surpasses the average across all age groups, where 40% appreciate being part of a brand community (Munford 2019).

Furthermore, Wilmot (2020) reports that half of this demographic are members of at least one brand community, which indicates the integral role these communities play in the lives of young adults (Wilmot 2020). The affinity for brand communities is significantly high among Millennials, suggesting a clear generational shift toward community engagement in the luxury sector. This discrepancy highlights the importance for luxury watch brands to recognize and integrate brand communities into their marketing strategies to effectively engage the Millennial consumer base.

2.3.5 Gender

Taking a closer look at the luxury watch market today, differences between gender preferences are observable. This is due to the watch industry's primary attention to a male audience and, therefore, the neglect of female customers (Lazazzera 2023). As the women's watch segment watch market is expected to be valued at 26.7 billion Swiss francs by 2027 (Kamble & Roshan 2021), many luxury watch brands have taken the necessary steps in recent years to take advantage of this opportunity by adapting more to female preferences. These activities include opting for more feminine designs, including colors or the incorporation of gemstones. But many brands further changed their communications, for example, by introducing female brand ambassadors like Breitling with Charlize Theron (Pearl 2023) or by introducing female-only events, for instance, Cartier's women's pavilion (Diaz 2021).

Another asymmetric preference is sizing. Women historically favor smaller case watch sizes, preferably 26 mm to 36 mm (Watches of Switzerland 2023). Recently, there has been a shift in female consumer preferences for larger sizes compared to the past. As well as favoring more mechanical implications. On the other hand, men's luxury watches have typically been produced in case sizes ranging from 38-45mm (Watches of Switzerland 2023). Men started their journey in the wristwatch industry with military up-size cases, but over the decades, their preferences varied from more diminutive to more significant designs in the 90s. However, recently, men have been moving preferences towards smaller watches, again, mainly 38mm. This trend is favored by male celebrities such as TheWeeknd and Kanye West (Gallagher 2023).

In addition, recent trends challenge traditional gender perceptions as younger generations prefer to avoid gender-specific classifications. A report by the Pew Research Center in 2019 found that 35% of Gen Z respondents preferred a language without gender definition when

communicating about gender (Callaham 2019). Therefore, brands can view this as an investment in maintaining a youthful and rejuvenated image, appealing to young people who endorse unisex products and gender-neutral communication.

2.3.6 Technology and Innovation

As digital advancements are seamlessly integrated with traditional craftsmanship, the contemporary high-end watch market is transforming significantly.

The introduction of the Apple Watch in 2015 presented the first significant challenge to the luxury industry, as it offered a wide range of health and wellness features that traditional luxury watches couldn't match (Bloomberg 2023). Over recent years, Luxury watch brands have made efforts to appeal to a data-driven and Millennial audience by developing customizable smartwatches with interchangeable components, recognizing Millennials' desire for uniqueness and personalization (Deloitte 2022). However, the industry is still hesitant to embrace the total combination of form and function.

Critics argue that traditional luxury watches and digital smartwatches are fundamentally incompatible, emphasizing the irreplaceable nature of craftsmanship in fine watchmaking. Nonetheless, some traditional watch brands, including TAG Heuer, Louis Vuitton, and Hublot, have actively enhanced the exclusivity and craftsmanship of wearable technology (Deloitte 2022). For instance, TAG Heuer's Connected series of smartwatches combines the timeless artistry of traditional Swiss craftsmanship with cutting-edge smartwatch technology (TAG Heuer 2023). The ongoing discussion regarding the future and strategy of luxury watches remains relevant today (Dopkowski 2020). Those who make the correct decisions can achieve significant profits, while those who make the wrong choices risk becoming outdated or altering their product to the point where they might lose their identity (Dopkowski 2020). According to

a survey by Deloitte (2022), 33% of Millennials are likely to wear both a smartwatch and a traditional watch, indicating a demand for both forms of timepieces and no cannibalization.

Also, in the field of innovation, the adoption of concepts such as the metaverse and non-fungible tokens (NFTs) by luxury brands seeking to enhance the ownership experience and guarantee the authenticity of their high-end products to the Millennial demographic has further facilitated this movement in technological innovation. This implies that digital certification and the potential to follow a timepiece's history through NFTs could be just as important as physically owning the watch.

2.3.7 Pre-owned market

Millennials and Generation Z are driving the emergence of the secondary market with a paradigm shift towards a more circular economy. This change is exemplified by the increased willingness of 59% of Millennials to buy pre-owned luxury watches (Deloitte 2023).

The pandemic, digitization, and generational preferences have accelerated the shift towards second-hand markets, experiencing unprecedented growth of 20-30% annually, predominantly within the European Union and the United States. In 2021, the category within luxury resale that represented half of the trade consisted of jewelry and watches, contrasting with handbags and shoes that comprised just over a third. The market is robust, mainly in the European Union, followed by the US (Berg et al. 2021).

Firstly, the second-hand market is a strategic entry point for luxury brands, providing a gateway for individuals who currently won't afford first-hand luxury items due to price concerns. This serves as a crucial entry-point strategy, aiming to recruit individuals into the luxury industry who will likely transition to the primary market as their purchasing power grows.

Moreover, the ethos of "reduce, reuse, recycle" has become a guiding principle for younger consumers, aligning perfectly with the second-hand fashion industry's values. Combined with the desire for unique, hard-to-find pieces (e.g., Unavailable product editions and discontinued models) and the appeal for more sustainable consumption, these factors drive the sector's robust growth (McKinsey & BOF 2022). This trend is further accelerated by the digital revolution and embracement coinciding with the most prominent players in second hand: Online marketplaces (Berg et al. 2021).

As Millennials continue shaping consumer trends, the demand for pre-owned watches will likely persist. Watch brands and retailers should take note of this shift in consumer behavior and adapt their strategies accordingly to cater to the preferences of this influential demographic.

2.3.7.1 Internal Factors Fueling the Pre-Owned Luxury Watch Market Solidification

The luxury watch industry inherently embeds catalysts that contribute to the promising nature of the second-hand industry, particularly for younger consumers.

The inherited excellence in craftsmanship makes luxury watches a product with longevity, with the opportunity to be passed from generation to generation and, with this, to naturally own a high-length product life cycle that aligns with a detox in consumption valued by younger generations.

Its enduring nature makes it an ideal investment, especially when combined with craftsmanship, portability, and value-retention techniques luxury brands use (Deloitte 2023). Notable examples, such as Rolex Daytona, Patek Philippe Nautilus, and Audemars Piguet Royal Oak, have sold at premiums of 140%, 146%, and 85%, respectively, surpassing their retail prices (Business of Fashion, 2021). These models have even outperformed the S&P 500 from August 2018 to January 2023, growing by 20% compared to the public markets' 8%

(Forbes, October 2023). Despite constituting only 10% of sales of the pre-owned market, they contribute to 40% of its revenues (Business of Fashion, 2021).

Furthermore, the price factor is crucial and the main driver to search for a product in the pre-owned pool. Consumers prioritizing affordability drives demand in a market where prices may not appreciate compared to the primary one for a standard luxury model. In 2023, as per Deloitte, 48% of buyers turn to the secondary market for a more budget-friendly timepiece.

A BCG study reveals that 29% of watch collectors are willing to pay more for pre-owned models with the aim of faster ownership (Dupreelle et al. 2023). Accessibility plays a crucial driving role. Notably, the Patek Philippe Nautilus model, retailing at \$35,000, with a 10-year waiting list, reached \$237,700 in the secondary market (Financial Times October 2022). Further exemplified, with a year-long production cycle to craft excellent quality, Rolex faces high demand, resulting in lengthy waiting lists (Phoebe Lerner 2023). Although this scarcity is part of their luxury marketing strategy (Kapferer and Bastien 2009), Rolex clarified in 2021 that manufacturing delays weren't aimed at inflating prices. Regardless of where the truth lies, consumers turn to the secondary market for quicker access (Danny Milton 2021)

Moreover, the secondary market offers immediate access and a wider selection, including vintage or discontinued items and those from limited editions or unique collaborations. A BCG study emphasizes that Chinese customers and younger generations lead in purchasing and are aware of such collaborations, signaling future growth segments (Ducasse 2019) and contributing to the ongoing expansion of the secondary market.

2.3.7.2 External Factors Fueling the Pre-Owned Luxury Watch Market Solidification

Conversely, external factors of the luxury watch industry and characteristics specific to the secondary market drove its accelerated growth.

Firstly, the pandemic-driven surge in e-commerce has significantly boosted the secondhand market. Available through auction houses (e.g., Sotheby's), leading online marketplaces (e.g., Chrono24), offline retailers (e.g., Bucherer and Watches of Switzerland), and established resellers like TheRealReal, which have also incorporated pre-owned watches into their collections. Notably, watch-focused platforms tend to attract a predominantly male and older customer base. In contrast, multi-category players entering the market tend to capture younger and female consumers (The Business of Fashion, McKinsey 2021). These platforms offer various services: storage, at-home pick-up, repair, authentication, and virtual shopping events. Each platform adopts a unique approach, often adding 20–40% commissions to the selling price for specialized services. Capitalizing on the momentum from the pandemic-driven e-commerce shift and increased consumer trust, these e-commerce platforms invest in marketplace improvements and real estate for physical stores. These developments create barriers to entry, leading to market consolidation and establishing clear winners with more developed reputations, making it easier for consumers to deposit their trust. As a result of these developments, specialized digital platforms for trading pre-owned goods are expected to experience annual growth rates of 20–30%, contributing to the expansion of the secondary market. (Berg et al. 2021).

Innovation also contributes to the development of the pre-owned market. H. Moser & Cie's Genesis project exemplifies how technology enhances the second-hand market experience, preserving watch value. In partnership with Zurich Insurance, Salesforce, Aura Blockchain Consortium, and Crossmint, the Genesis program enables owners to authenticate and protect their watches via an app activated by scanning a QR code. Owners also receive NFT access with digital content. As a purchase incentive, buyers also prioritize buying Moser's limited-edition watches. This approach, deterring theft and unauthorized resale, reflects a broader trend

in brands like Breitling and Panerai, using NFTs and blockchain for authentication on digital platforms.

Following a surge to unprecedented price levels during the pandemic, the secondary market stabilized in 2022 and has, since then, experienced a decline. The increase in supply influx led by individuals who participated in the pandemic buying frenzy and are now seeking to monetize their timepieces by liquidating their holdings has contributed to downward pressure on secondhand product prices. Translating this is the Subdial Watch Index, which tracks prices for the 50 most traded watches by value on the secondary market, demonstrating a decrease in price by 42% in November 2023, compared to a peak in April 2022 (Hoffman 2023). Additionally, the decline in second-hand watch prices is pressuring the competitiveness of firsthand market prices (Amina 2023).

According to Bain and Company (D'Arpizio et al. 2023), Millennials and Generation Z are responsible for the entire luxury market growth in 2022. This demographic shift has transformed the traditional concept of product performance, incentivizing a greener approach with an increased focus on a circular economy and sustainable purchasing practices (Gomelsky 2022).

In summary, within pre-owned, this paper has introduced the market's current developments and has examined the critical internal and external factors that define today's landscape.

2.3.7.3 Renting

Renting has emerged as a bespoke ownership model tailored to and propelled by the younger generation's insatiable appetite for novelty, all while embracing sustainability (McKinsey and BOF, 2019). This trend reflects a willingness to forego ownership, a phenomenon already evident in various aspects of contemporary life, such as bookshop memberships, Spotify replacing CDs, Netflix, DVDs, and services like Uber and leasing companies challenging

traditional car ownership. According to Bain and Company, rentals are anticipated to contribute 10% of luxury brand revenues by 2030, with the potential for a 41% profit margin from an item rented 20 times. Luxury brands already emphasize the emotional journey and brand association rather than mere ownership of the physical product (Deloitte 2023). With this, renting serves as an optimal avenue to satisfy both the craving for novelty and the sustainability concerns of the younger generations, aligning with the recruiting mechanism of luxury brands to attract new consumers with lower purchasing powers, develop brand loyalty, and further enhance market penetration within the first-hand luxury industry.

2.3.8 Sustainability

Sustainability has emerged as a critical factor influencing their purchasing decisions as Millennials increasingly prioritize environmental responsibility and seek brands aligning with their values. In contrast to the past, sustainability now plays a role in purchasing decisions (Mishra, Jain, and Jham 2020), also linked to the awareness of climate change. Numerous studies and market research have emphasized this growing trend. According to Thiel and Harris (2021), a lack of sustainability agenda or credentials can now pose a significant risk for luxury watch brands, especially Millennials, classifying it as a point of difference that evolved to parity within brands today. To cope with this trend, many watchmakers have adopted a new approach to packaging, moving away from the traditional use of solid, rare woods cushioned by cardboard and plastic (Gomelsky 2022). Watchmakers have been striving to incorporate recycled materials into their products (e.g., The Panerai Luminor Due Re-Nylon collaboration with Prada, designed using 100% recycled nylon sourced from pre-consumer (50%) and post-consumer (50%) materials, like fishing nets, discarded nylon, carpets, and industrial waste).

On the other hand, other studies show Millennials value brand image more than sustainability, especially within the luxury watch market. Deloitte, for instance, measured in a 2023 sub-study

the importance of Sustainability and Brand Image against each other within the luxury watch market. Even though 34% stated that sustainability is more important to them, an equal amount stated that if they like the watch, they do not care about it. Another 25% valued Brand Image higher (Deloitte 2023). However, it is worth noticing that the consideration of sustainability procedures amongst purchase trends has been increasing and has no signs of slowing down. For example, considering the 2022 version of the same Deloitte study, sustainability has increased in priority by 2pp in one year.

By stating so, in the long term, sustainability should be something that brands will gradually give more priority to, anticipating its relevance to increase when younger generations take place.

3. Introduction to the Brand

3.1 Brand Overview

3.1.1 Panerai's History

Founded in 1860 as a watch retailer in Florence, Panerai began producing watches for the Italian Navy in the early 20th century. Pioneering using a unique radium-based powder for luminous dials, the company introduced the iconic Radiomir diving watch in 1938. Throughout the following decades, Panerai supplied the Italian navy with the Radiomir model and later Luminor models until the collaboration concluded in the 1970s. Post-1970s, Panerai shifted its focus to manufacturing dive tools, aerospace components, and radio equipment (Naas 2018).

In the 1990s, Angelo Bonati, a former Italian navy officer and the new CEO, recognized the increasing demand for Rolex's specialized diving watches. Realizing the potential to establish Panerai as a luxury brand based on its military heritage, Bonati faced initial challenges due to its limited marketing and distribution compared to Rolex. However, a significant turning point occurred when several Hollywood celebrities such as Sylvester Stallone and Arnold

Schwarzenegger discovered the watch brand and made the watch into their signature accessories. This resulted in 1997 in the acquisition of Panerai through the Vendome Group for a nominal sum of US \$1 million, now part of the Swiss luxury powerhouse Richemont. This acquisition provided the expertise and resources to elevate Panerai into a coveted luxury watch brand. Panerai's most sought-after models remain contemporary interpretations of its classic Radiomir and Luminor designs (Goldstein and Carpenter 2021). Today, the company's vision is led by Jean-Marc Pontroué (Panerai 2023).

3.1.2 Brand Inventory

Panerai's brand inventory showcases a fusion of heritage and innovation, with four watch lines catering to diverse preferences and needs.

The *Radiomir collection* is inspired by Panerai's early military models and is known for its use of luminous radium-based paint, cushion-shaped cases, and oversized crowns. This collection comprises 19 models, with case sizes ranging from 40 to 49mm and prices ranging from €5,000 to €170,000 (Panerai 2023).

The *Luminor line*, introduced in 1949, is known for its tritium-based luminescent paint, protective crown bridge, and cushion-shaped case. It has 44 models with case sizes between 40mm and 50mm and prices ranging from €5,700 to €189,000 (Panerai 2023).

The *Luminor Due line*, launched in 2018, offers a sleeker and more refined version of the Luminor, suitable for those looking for a dressier option. It includes 28 models with case sizes ranging from 38mm to 42mm and prices ranging from €7,000 to €41,000 (Panerai 2023).

Finally, the *Submersible line*, originally a part of the Luminor collection but has been a separate series since 2019, is specifically designed for diving enthusiasts. It includes vital dive watch features, such as 300-meter water resistance and a unidirectional rotating bezel. This line offers

24 models with case sizes ranging from 42-47mm and prices that range from €9,700 to €85,000 (Panerai 2023).

Each collection in the Panerai brand inventory demonstrates the brand's dedication to blending traditional watchmaking craftsmanship with contemporary innovations, catering to a wide range of audiences, from professional divers to luxury watch enthusiasts (SwissWatchExpo 2021).

3.1.3 Paneristi

The community of enthusiasts and fans of the Panerai brand is commonly known as "Paneristi." This community is a prime example of user-driven brand loyalty in the luxury watch industry. It was founded independently by enthusiasts of the Italian watch brand Panerai and has since played a crucial role in fostering and passing on brand awareness and loyalty across generations. Jean-Marc Pontroué says the brand is "a brand of communities." He commends the community as the brand's primary advocate and an intangible yet invaluable asset. According to La Torre's (2023) research, the Paneristi community has over 30,000 members worldwide, with thirty local groups spread across the globe. These groups share stories contributing to a sense of familial connection, indicating that Panerai is more than just a timekeeping device. The Paneristi community further played a crucial role in the success of Panerai. Paddy Conway, the owner of Paneristi.com, has confirmed that the community played a significant role in elevating Panerai to its current prominence (Swithinbank 2020) and influencing the brand's strategies.

3.1.4 Brand Identity

According to Jean-Noël Kapferer, brand identity is reflecting a brand's core values, including tangible and intangible elements that determine how the brand is recognized and differentiated in the market (Kapferer 2012, 149). It is essential to understand the essence of a brand, which is often closely linked to its heritage and history. With its six dimensions, Kapferer's model provides a comprehensive framework for analyzing a brand's identity. The model considers the brand's Physique, Personality, Culture, Relationship, Reflection, and Self-image.

The first aspect of the model is the *Physique*, which refers to the most salient tangible and visual elements. Panerai is primarily recognized for its unique Italian design, oversized watches, iconic crown protectors, and luminous dials. Panerai operates under the "Laboratorio di Idee" philosophy, representing its dedication to innovation. The brand uses unique materials like BMG-TECH, Carbotech, Ceramics, and Panerai Composite to distinguish itself from competitors. They draw inspiration from the sea and nature, evident in their diver watch line, Submersible.

The second aspect evaluated is the *Relationship* that Panerai has with its customers. As mentioned, Panerai can foster an exclusive and intimate relationship through the Paneristi community. This community is built on a shared love for the brand's watches, the sea, and Italian Culture. Panerai creates a sense of camaraderie and shared identity, facilitating this solid emotional connection.

The following section, *Customer Reflection*, outlines the ideal customer the brand is targeting. A typical Panerai customer possesses an adventurous spirit and a resilient mindset. They enjoy seeking challenges, pushing their limits, and highly value design, craftsmanship, and maritime heritage. Additionally, they enjoy being part of a community that shares similar interests.

The fourth element of Kapferer's brand identity prism is *Personality*, the human characteristics associated with the brand. A person representing Panerai could be described as intense, reliable,

dominant, competitive, and belonging, combined with an action-packed and adventurous lifestyle, including sailing, diving, and mountaineering, embodying modern heroism.

The following aspect to consider is *Culture*. This refers to the values intrinsic to the brand and firmly rooted in Panerai due to its rich heritage and history. These values include Italian and military history, a strong sense of community, sustainable innovation, and maritime influence. These values extend beyond just the brand's aesthetics and embody a spirit of exploration integral to the brand's formation.

3.1.5 Brand Positioning

For urban high-income individuals who enjoy getting off the grid and admire the brand values, Panerai is a niche brand in the high-end luxury watch segment that offers a unique blend of Italian design and Swiss engineering and rich heritage rooted in naval history that provides an unmatched level of craftsmanship and durability that connects the owner to a legacy of maritime excellence and elegant style, because of its historic role as a supplier to the Italian Navy, the brand's continuous innovation in watchmaking, and its reputation among connoisseurs as a symbol of luxury, adventure, heritage, and action (Cheong 2021, Panerai 2023, MBA Skool, 2023).

Target Audience: For urban high-income individuals who enjoy getting off the grid, who are enthusiastic about luxury watches, and are intrigued by the niche brand recognition among connoisseurs. Who admire the brand's identity, value history, elegance, and distinct style.

Brand: Panerai is a niche brand in the high-end luxury watches segment.

POD (Point of Difference): Unique blend of Italian design and Swiss engineering and a rich heritage rooted in naval history.

Benefit: Unmatched level of craftsmanship and durability that connects the owner to a legacy of maritime excellence and elegant style.

Reason to believe: Historic role as a supplier to the Italian Navy, the brand's continuous innovation in watchmaking, and its reputation among connoisseurs as a symbol of luxury, adventure, heritage, and action.

3.1.6 Brand Presence in Portugal

Portuguese consumers are typically below the European average of purchasing power. This condition affects the market size of Panerai in Portugal. A significant percentage of sales comes from foreigners living in or passing through the region, as tourism activity remains strong in this country, accounting for 15.8% of GDP in 2022 (The World Travel & Tourism Council 2023). Tourism levels increased by 131,4% in 2022 in comparison to the previous year (INE - Instituto Nacional de Estatística 2023), already close to what they were before the pandemic in 2019, revealing a solid recovery in this sector, operating with distinction in Lisbon.

Distribution in Portugal works within third-party sellers, accounting for seven retails, spread through Lisbon, Algarve and Porto. Panerai has its external boutiques operating in Lisbon, Avenida da Liberdade, and Porto in Praça da Liberdade, positioning itself in luxury sought-after locations in Portugal. As for authorized resellers, Panerai models can also be found in: Boutique dos Relóculos in Amoreiras (Lisbon), Torres (Lisbon), Tempus Joilheiros (Lisbon), Machado (Porto), Cunha (Valença do Minho) and David Rosas in Quinta do Lago, in Algarve, that features a special highlight in Panerai's individualization. (Panerai 2023)

4. Work Project

The primary objective of this project is to enhance brand awareness and attractiveness among the Millennial demographic for Panerai. This will be accomplished by thoroughly investigating

and incorporating relevant emerging trends in the luxury watch industry. The inquiry will explore these trends to identify precise strategies for the brand to capitalize on them effectively.

4.1 Brand Challenge

Panerai is a well-established brand within the niche segments of Gen X and Baby Boomers, particularly those with an affinity for Italian heritage, the Navy, sailing, and luxury watches. However, it faces a distinct challenge in resonating with the younger demographic. Despite Panerai's secure standing within its specialized niche, connecting with Millennials poses a significant hurdle. This study thoroughly examines the significant trends amongst the Millennial generation and acknowledges their importance to Panerai. The objective is to create practical approaches for integrating these trends into the brand's comprehensive strategy.

Further, the brand's identity has been analyzed, focusing on identifying its core values. The subsequent step critically evaluates how these core values are perceived and communicated. Panerai aims to align with the preferences and values of Millennials to bridge the generation gap and maintain its relevance in the changing realm of high-end watches. To do so, the brand must develop strategies that effectively raise awareness among Millennials and cultivate a meaningful, long-term connection with this demographic.

Given the brand's niche positioning, the objective is not broad, generalized awareness but a targeted elevation of attractiveness among potential Millennials within the specified demographic. To contribute to the overall objective of increasing the brand's potential customer base, solely focusing on raising awareness among Millennials is insufficient. Recognizing that Brand Awareness is the precedent step in the Customer Journey (Edelman and Singer 2015), this paper emphasizes the importance of progressing beyond Awareness to Consider and Evaluate. Consequently, this study prioritizes strategies that elevate awareness within this niche and enhance the brand's appeal, specifically among Millennials.

4.2 Methodology

To address the challenge of generating Brand Awareness and increasing attractiveness among Millennials for the Panerai brand, a structured approach comprising three distinct phases was implemented.

Firstly, a comprehensive exploration of trends shaping the luxury watch market among Millennials was undertaken. Given the well-established nature of this subject, an extensive literature review was conducted, encompassing scientific papers, consulting and market reports, and news articles.

Secondly, the brand's positioning was examined by analyzing its current strategy and communication. This involved conducting comprehensive desktop research, an in-store visit, and an interview with the store manager. Additionally, a highly engaged Paneristi member was consulted to gain further insights.

Finally, an online survey was conducted to evaluate the significance and relevance of emerging trends among the target demographic, Millennials. The survey's primary objective was to determine which of these trends warranted further exploration, concurrently acquiring insights into the current Brand Awareness and perception. The ultimate objective was to identify opportunities for Panerai to increase awareness and attractiveness.

Survey participants were required to meet three specific criteria: First, being a Millennial, therefore, to be born between 1981 and 1999. Second, being a realistic potential luxury watch customer is ensured by owning a luxury watch and/or having plans to acquire one within five years. Third, being capable of giving relevant insights by being sufficiently familiar with luxury watch brands, measured by recognizing at least one word-logo combination of the ones presented in the questionnaire. The absence of nationality-based restrictions was motivated by various considerations. Foremost among these was the need to acknowledge potential buyers

within the Iberian Peninsula. The brand's insights highlighted a noteworthy percentage of international clients regularly visiting stores in this region. Additionally, within the sphere of globally operating luxury brands, the imperative to maintain a uniform customer experience across all channels and regions underscored the second rationale for this approach.

The survey was built guided by the Customer Decision Journey (CDJ) framework (Edelman and Singer 2015), with the initial three phases (awareness, consideration, and evaluation) being the focus of the investigation to uncover possible pain points and opportunities, resulting in a questionnaire with 28 questions and five sections.

The first section filters the participants into getting access, with the beforehand explained two filters about age and potential customer.

The third filter question, revealing (or not) a certain level of familiarity, unfolds into the second section, focusing on the trigger of the CDJ, awareness. This section is divided into two parts: understanding the trigger of awareness and the depth of it. Consequently, when asked if they were acknowledged with a brand/logo set, besides filtering the sample, it was designed to extract data about a superficial level of awareness: recognition of Panerai and its competitors, selected based on their comparability in terms of price, luxury level, and positioning. To comprehend what triggers Millennials typically to become aware of luxury watch brands, questions were included that covered the most commonly known sources of brand awareness and the sources most expected by the brand, such as family and fellow sports enthusiasts.

A dedicated section within the questionnaire was initiated with a filter question concerning the participants' familiarity with the Panerai brand to understand the depth of awareness. Given Panerai's niche status, low awareness was anticipated, but a high familiarity level among those who knew the brand was expected. In this part, accessible only to people familiar with Panerai, questions centered on recognizing Panerai's watch lines and the Paneristi community were

added. To mitigate the potential bias in participants' responses, the awareness of Paneristi was integrated with the option for participants to express their unawareness of it, alongside two other plausible alternatives and the correct one. Additionally, the generational influence on awareness was probed by exploring whether family members owned a Panerai.

The third section of questions focused on the CDJ step of consideration. The objective was to determine whether Panerai had already secured a place in the consideration set of Millennials and whether common patterns or shared preferences were discernible among those considering it and those not. Questions about the brand associations, such as values, sports, and adjectives, were incorporated. The answer options were based on the brand's aspired positioning based on Panerai's communication, the identified core values of Panerai, and the extra options competitors stand for. To conclude this section with pure individuals familiar with the brand, a question was included to uncover their current perceptions with a reduced bias by projecting these perceptions onto the archetypal Panerai owner.

In the fourth section, looking at the evaluation phase, there was an emphasis on understanding the most valuable aspects driving Millennials' process of collecting information when deciding on buying a luxury watch. This aspect of the study was designed to substantiate the omnichannel behavior of Millennials in the luxury watch market and to gain insights into the communication channels that held significance for Panerai. Furthermore, the identified trends among Millennials, focusing on sustainability, the second-hand market, smartwatches, and NFTs, were tested based on their relevance. The main objective was to gain a more comprehensive understanding of Millennials' evaluation criteria and preferences to utilize this knowledge for Panerai strategically.

As a short fifth section centered around the purchase, the survey predominantly featured questions aimed at comprehending where Millennials make their luxury watch purchases and how their omnichannel behavior manifested in these purchase decisions.

This resulted in a total of 334 participants, of which 226 answers were valid. The sample was reached by including a diverse set of social media, including Facebook, Instagram, and LinkedIn, and private network distribution to enhance the reach and generate a diverse base. However, out of the 226, the majority of the participants were Germans, 168, followed by 15 Austrians and 12 Portugal. In total, 17 nationalities took part, clearly focusing on the EU with some international participants. The gender distribution is male dominated, with 167 out of 226 males and 55 females; three did "prefer not to say," and one indicated "other."

Ethical considerations were considered when conducting this study. To ensure transparency and voluntary participation, participants were fully informed of the purpose of the survey. This commitment to ethical standards also extended to anonymizing participants' responses to protect their privacy throughout the research process. In addition, avoiding potential bias was a fundamental aspect of the survey design. The questions were carefully worded to minimize the risk of biased results. Moreover, using Google Forms enabled automated data collection, which increased the reliability of data processing.

4.3 Research Insights

4.3.1 Qualitative Research Insights

The interview with the Panerai store manager and a Paneristi member provided specific insights into the brand's evolution, current trends, competition, and the unique community that defines Panerai. Panerai, historically rooted, was transformed under CEO Jean-Marc Pontroué's leadership, with a shift in focus towards preserving history while adapting to contemporary trends, highlighting the relevance of this project.

Observations and trends noted during the interview include an increase in women's clientele, the CEO's emphasis on the commercial and marketing aspect, leading to room for investments in this field, as well as the introduction of new materials, styles, and sizes. In terms of competition, Panerai distinguishes itself from competitors like Rolex, Breitling, and Patek Philippe by positioning itself as a unique collector's club rather than a status-driven purchase.

“Clients don't wear the watch to „show-off, “they use it because they identify with the brand's core values and want to be seen using those values by other enthusiasts and people they share unique moments with.”

– Lisbon Store Manager

The Paneristi community is crucial in creating brand equity centered around trust and shared values. The Paneristi community is a significant motivator driving sales and loyalty. Challenges revolve around expanding the brand while preserving the exclusive club feeling - approximately 2000 active Paneristi globally - present growth opportunities, with strategies focusing on sustaining and growing this community.

The brand acknowledges its historical design, particularly its military watch heritage, downsizing while maintaining core designs like Luminor and Radiomir. Adapting to trends, such as smaller watches for women and exploring new markets like China, is part of Panerai's future strategy. The Ludomir Due, a customizable watch, is highlighted as a focal product for addressing consumer preferences shift with a case with 38mm and adaptable straps for different occasions.

Generational shifts are addressed with a focus on Gen Z and Millennials, incorporating diversity and sustainability. The approach to pre-owned watches aligns with values, emphasizing experiences, environmental consciousness, and the timeless appeal of mechanical

watches. When asked about the rise of smartwatches and tech engagement within younger generations, the answer was:

“Panerai watches are to be used essentially when we’re out doing stuff that makes us forget everything else, like sailing. I do not want to have the temptation to check for notifications. A smartwatch does not allow for the „off the grid “we experience Panerai clients, look for.”

– Paneristi Insight

The interview highlighted Panerai's journey from a brand deeply rooted in history to adapting to contemporary trends. The focus on community, sustainability, and an inclusive brand identity positions Panerai uniquely in the luxury watch market, with a vision for growth while preserving its core values.

4.3.2 Quantitative Research Insights

After analyzing the responses from 226 valid questionnaires, valuable insights were gained to guide the direction of future projects. These results will be examined by framing them into the consumer decision-making cycle, pairing them with the methodology explanation.

Brand Awareness

In terms of brand awareness, the findings indicate that while a majority of Millennials (64.6%) recognize Panerai, it is the least familiar brand among the 11 showcased, as per the ranking: Cartier and Rolex (97.3%), Omega (96%), Breitling (92.9%), Patek Philippe (92.0%), Montblanc (89.4%), Hublot (88.1%), IWC (82.7%), JLC (73.5%), Piaget (73.0%). In addition,

this number was double-checked when questioned about their familiarity with the brand, going into a higher level of awareness but obtaining the same 64.6% of the sample.

Depth of Brand Awareness: Familiarity with Panerai

To assess this level, we tested some brand knowledge as the acknowledgment of the Paneristi community (28.86%) and the brand's product lines. 91.9% stated they knew at least 1 of the lines, and 27.5% knew the 4. Furthermore, it was tested if this familiarity with the brand is associated with the ownership of a familiar member; 20.1% did have a familiarity with one. It is also worth noting that the influencing means that made more consumers drawn to a favored brand were Family (45.1%) and Friends (38.5%), followed by In-store (20.8%), Magazine (18.6%), Influencer/celebrity (30%) and Instagram (12.8%). Drawn specifically to Panerai, the first touchpoints with the brand were through Friends (25.7%) and Family (16.4%), followed by In-store (15.0%), Magazine (12.8%), the addition of YouTube (11.1%) and only then Instagram (10.6%) and Influencer/celebrity (7.5%).

Consideration

After the Consumer Decision Journey model was revisited to segment the findings and assess the consideration stage, it was concluded that Panerai is ranked 8th among 11 luxury watch brands in terms of desirability. Being primarily associated with Adventure (34.9%), Heritage (27.5%), Elegance (25.5%), and Action (22.1%), Panerai's client persona, according to the sample is primarily Adventurous (32.9%) and Classic (30.9%), but also Old-school (30.2%) and Conservative (20.8%) opposing to being less perceived as Modern (17.4%) and Young (7.4%). The difference between the genders associated with a Panerai client is also interesting,

where 75.8% pictured a man versus 6.0% pictured a woman while using a Panerai. Panerai was also imaged as a brand related to Diving (46.3%) and sailing (45.6%), with a discrepancy gap of 33pp for the next sport, Motorsport (12.1%). The hobbies of the sample familiar with Panerai should be considered, with the majority being engaged in Motorsport (46.3%) or Tennis (45.0%) for non-water sports, and Sailing (17.4%) or Surfing (15.4%) otherwise. Notably, 86.7% of respondents did not find NFTs relevant, and 90.7% did not deem a smartwatch a viable alternative to a conventional luxury watch.

Evaluation

When examining the evaluation stage of the journey, it was discovered that Design is the most valued aspect for consumers in the sample (90.7%), followed by tech features (23.0%) and being recognized by others (22.1%). Conversely, being ethically sourced (8.4%) and sustainable initiatives from the brand side (4.9%) were deemed the least relevant aspects for the sample. The data suggests that watch size preferences among the sampled Millennials favor 39-44mm cases (54.87%), with 31.86% opting for 32-38mm, 12.83% for 24-21mm, and only 0.44% selecting 45-48mm. Regarding tech features, most of the sample (63.7%) did not express interest in including any in their product choice. Nevertheless, Heart Rate (24.3%), Step Count (21.7%), and Sleep Monitor (20.8%) were the most preferred features to include in their selected model. When evaluating watch models, most questionnaire participants deemed NFT versions unimportant, with only 12.4% showing interest in them. Before purchasing, 71.7% of Millennial consumers visited the brand's website for product information, while 40.7% went to the physical store, demonstrating a preference for an omnichannel experience. Facebook attained the fewest impressions, at just 0.4%.

Purchase

After the consumer sample was prepared for purchase, an evaluation was made to determine their ownership of luxury watches. The study discovered that 27.5% of participants possessed a Rolex, while just 1.94% had a Panerai, and 16.1% did not own any luxury watches. It is worth noting that 22.6% of participants who own a luxury watch have three or more timepieces, indicating a collecting trend outlined in the qualitative research. The study also investigated where consumers would make these purchases and found that according to the sample, 80.1% of individuals would purchase in a brand store, while 54.4% would opt for a Multi-Brand store. Online third-party platforms for second-hand goods were chosen more frequently (13.7%) than primary market online third-party platforms (8.0%).

Additionally, only 7.96% of participants said they would not consider the secondary market. Reasons for opting for this market instead of purchasing new are lower entry price (34.96%), discontinued models (28.76%), and vintage style models (22.12%). Sustainability has the lowest position amongst the reasons presented at 6.19%.

Bond

Lastly, considering the loyalty loop in the Consumer Decision Journey, from the 80.01% of the consumers in the sample that stay informed about the luxury watch market, they seemed to prefer to do so through a brand's Instagram official account (42.5%); Friends (32.3%); Influencers on Instagram (25.7%), Online Magazines (23.9%), and Family (15.5%). The least preferred considered methods were Offline Magazines (9.7%) and Blogs (8.0%), Rankings (2.2%), and Facebook Influencers and Brand accounts (0.4%).

4.3.1.1 Quantitative Research Insights: Critical findings

Technology and Innovation

Primary research on the luxury watch market reveals that while technology and innovation are recognized as emerging trends, they do not necessitate in-depth exploration in individual

studies. This conclusion aligns with current market dynamics and consumer preferences. Survey results show that a relatively small percentage (23%) of participants value technological features in luxury watches, much lower than the 90.7% who prioritize design. Moreover, most participants (91%) do not view luxury smartwatches as replacing conventional timepieces, indicating a strong preference for heritage and artisanal values.

Introducing products like the Apple Watch has prompted established brands such as TAG Heuer and Louis Vuitton to develop smartwatches that merge traditional craftsmanship with digital capabilities (Bloomberg 2023). However, research indicates a clear consumer preference for classic craftsmanship over technological advancements in luxury watches. Moreover, 63.7% of participants expressed disinterest in the technical features of luxury smartwatches, emphasizing the luxury watch market's value proposition based on historical and artistic significance rather than technological progress.

The role of digital integrations like NFTs further highlights this trend. Research findings show a lack of interest in NFTs in the luxury watch market, with 76,1% of participants showing disinterest in NFT versions of luxury watches and 87% not considering NFTs relevant. Additionally, 12.4% expressed disinterest due to a lack of understanding of NFTs. Despite 40% of Millennials showing interest in digital luxury watches, research from Deloitte (2022) indicates that this interest is more in line with digital collectibles and technology integration rather than a fundamental shift from traditional luxury watch preferences.

Sustainability

Furthermore, extensive research on the luxury watch market has identified sustainability as a growing trend. However, insights from surveys and secondary research suggest that delving deeper into sustainability is not a pressing concern for ongoing studies. This decision stems

from the discrepancy between the perceived importance of sustainability within the industry and its actual impact on consumer purchasing behavior.

Survey findings revealed that only a small proportion of consumers view sustainability as a primary factor in their luxury watch selection process. Specifically, only 12.8% of participants prioritize sustainable materials, and a mere 4.9% consider a brand's sustainable initiatives crucial. These factors rank 6th and 9th, respectively, in consumer priority. While 30.5% of respondents are open to purchasing luxury watches from second-hand stores and 13.7% from online platforms like hodinkee.com, the primary motivations are economic benefits and style preferences rather than environmental considerations. Only 6.19% of participants cited sustainability as their main reason for buying second-hand luxury watches.

Secondary research corroborates this trend, indicating a shift towards sustainability among Millennials, who increasingly seek environmentally responsible brands (Jain, Sheetal, and Vimi Jham, 2020; Blazquez, Alexander, and Fung 2020, 343-359). Industry leaders like Ulysse Nardin's CEO, Patrick Pruniaux have recognized this shift (Gomelsky, 2022). However, studies, including one by Deloitte in 2022, show Millennials often prioritize brand image over sustainability (Deloitte, 2022). This finding underscores a misalignment between the industry's push toward sustainability and the actual priorities of luxury watch buyers.

Since sustainability ranks lower in consumer preferences than design, brand image, and cost considerations, it is not currently a decisive factor in the luxury watch market. Consequently, research will not focus extensively on sustainability in the luxury watch sector. Instead, the focus will be on aspects that align more closely with the core concerns and preferences of the consumer base, such as design, craftsmanship, heritage, and brand image. This approach aims to target efforts toward areas more likely to influence consumer decisions in today's market.

Gender

Regarding gender distribution, from the 226 valid answers, 55 participants identified as female.

A closer look at women's insights showed that more than half (51.9%) strongly preferred Cartier, followed by Rolex (18.8%) and Patek Philippe (10.9%). Furthermore, the survey revealed that the aspects that are valued most by women in luxury watches are Design (90.9%), Recognition from others (23.6%), Achievable Price entry point (20%), and Community (14.6%).

A closer look at women's perceptions of Panerai showed that 29.1%, 16 out of the 55 female participants, were familiar with the brand. When describing the brand as a person, nine participants associated it with "men" and "classic" in this context, seven with "adventurous," five with "sporty," four with "old-school," and three with "conservative." Only two participants mentioned "women" in conjunction with "modern." This shows that the historically rooted image of Panerai is still present in women's minds.

Regarding preferred watch sizes by women, the majority fell within the ranges of 24-31mm at 47.3% and 32-38mm at 41.8%. Only 10.9% favored the 39-44mm range, which is not among the most significant categories. In contrast, the 32-38mm category emerged as the predominant choice for men, capturing 28.1%. A substantial 69.5% preferred watches within the 39-44mm range, indicating a prevailing trend toward larger timepieces. But, for the 24-31mm and 45-48mm categories, only 0.6% favored them in each case. This indicates that the trends outlined in the contextual background were only partially validated by the quantitative insights. Furthermore, Panerai's portfolio already caters to the majority of size preferences. As a result, the individual section on female targets will exclusively concentrate on the preferences of female customers, without delving into the aspect of watch size.

5. Implications for Individual Parts

The quantitative insights highlight a gap between the brand identity described in section 3.1.4 and Millennials' perceived brand image. This indicates a disparity between how the brand management intends the brand to be perceived and how Millennials associate it. As theories suggest, this gap may stem from a shifted brand identity that has not been effectively communicated to customers through positioning, brand elements, and marketing strategies. As a result, individual projects will address the significant gaps identified in the analysis of identity and research findings.

One notable feature was the brand's strong focus on building a community and fostering connections among its customers. After analyzing the results, it appears that the term "Paneristi club" is not familiar to almost 60% of Millennials, and only a minority associated the brand with "community." Moreover, despite the brand positioning itself as catering to both men and women, customers strongly perceive it as male-dominated, a perception that may stem from its military heritage. This tendency is also reflected in the brand's association with traditionally masculine concepts such as action and adventure, leading to an association with an outdated, tough masculine image, neglecting female targets. Panerai is currently perceived as not aligning well with modernity and youthfulness, resulting in a diminished appeal to a younger audience. To resonate more with Millennials, Panerai's identity, which emphasizes pushing limits and embracing adventure, must be redefined to match Millennials' modern perspectives. The brand could significantly benefit by integrating personal development and its customers' identities with its brand identity. This integration could be achieved by engaging in various initiatives celebrating individual achievements and growth. Such initiatives would enhance Panerai's image on a more personal level and create additional touchpoints for Millennials to connect with the brand. Another notable observation is that the two adjectives least associated with the brand, innovation, and sustainability, are part of Panerai's physical element. This suggests that

these links are not evident to Millennial targets and require improved communication. As highlighted in the trends section and supported by qualitative insights, the increasing interest in the pre-owned market would enable Panerai to effectively communicate and engage in sustainability within a captivating realm for Millennials.

Hence, the individual components will bridge gaps to address the current disparities in Millennial perceptions. This involves adjusting the communication of the brand identity and expanding some of these elements to attract more Millennials. The overall objective of these activities is to resonate with a younger generation and consequently facilitate a smooth increase in brand awareness.

6. Implications for a Holistic Strategy

In the rapidly evolving luxury watch market, Panerai is at a crossroads, facing the challenge of increasing its awareness to the Millennial generation. At the core of this strategy must be the enhancement of the brand's attractiveness, especially since surveys have shown that Millennials do not currently feel a solid connection to Panerai. This disconnect signals an urgent need for the brand to rethink its narrative and engagement methods to resonate with young, modern consumers who are saturated with options and whose loyalty is not easily won. Therefore, the recommendations aim to provide the brand with practical suggestions to ensure a seamless transition from the current state to raise awareness and attractiveness to the younger generation.

Panerai should be committed to maintaining its core identity while embracing the new approaches that align with Millennial trends and values that have been developed. The challenge is to balance maintaining a strong brand heritage and embracing the trends outlined to remain a relevant player in the future.

This balance will involve strengthening existing elements of the brand that resonate with what Millennials admire - such as authenticity, craftsmanship, and a storied heritage - while innovating in areas where the brand has yet to realize its full potential. This transformation can only be achieved if the overall brand adopts these approaches. For this reason, the recommendations are mainly aimed at Panerai's global brand image. However, to strengthen the shift, concrete Iberian activations were developed.

To succeed, Panerai must adopt a comprehensive, holistic strategy as multifaceted as the demographic it seeks to attract, combining all five individual topics: A Communication Strategy, Brand Community, Pre-Owned, Female Targets, and influence on personal development. To combine the elements of the individual parts into a coherent narrative, Panerai needs to follow a strategy that brings them together in a single brand story. Each campaign and initiative must contribute to a larger narrative that positions Panerai as a contemporary, inclusive, and socially conscious brand that shares and understands the values of Millennials.

By finding an overarching approach, Panerai can effectively position itself as a brand that resonates with Millennial consumers, presenting a product and a lifestyle choice that reflects their values, ambitions, and lifestyles. This requires consistency across all touchpoints - a synergy between online presence, retail experience, and customer service - and a deep understanding of this demographic's desires and expectations.

7. Project Limitations

This master thesis has limitations, which merit consideration in interpreting the findings. First, the luxury watch market is subject to rapid changes. Economic, social, and technological factors influence these changes. It is important to note that the findings of this study may be

limited due to the time-sensitive nature of the data collected, which may become irrelevant in the face of new market dynamics.

The extensive literature review conducted, while comprehensive, may not have captured the latest trends or unpublished industry insights due to its reliance on available publications. In addition, the analysis of the brand's current strategy and activations, while thorough, may have been influenced by the subjective interpretations of the desktop research and the perspectives of the store manager and Paneristi members. While valuable, these sources of information may not fully represent the diverse views within the industry.

This thesis proposes strategies tailored towards the global Millennial demographic, aligning with Panerai's international presence and the broadly applicable characteristics of this age group. It is assumed that Millennial trends and behaviors exhibit a degree of uniformity across various regions, providing a viable general framework for market engagement. However, this approach may have limitations. Cultural, economic, and social differences in specific regions like the Iberian Peninsula and Portugal may require tailored strategies. This could be a limitation because it acknowledges that while the global perspective can offer a strong starting point, it may not fully capture the intricacies of local markets. Each market has its unique set of influences that can affect consumer behavior and strategies that work on a global scale may not have the same impact locally.

The online survey, designed to assess the importance and relevance of emerging trends among Millennials, has inherent limitations. Despite careful design, self-selection bias cannot be excluded entirely. The thesis may be limited by inconsistent definitions of the millennial age range in the literature. This research uses an extended range, from the late 1980s to 1999, to include a broader spectrum of the millennial cohort. However, some sources restrict millennials to those born up to 1996. This difference in age range may affect the study's applicability to

different interpretations of the millennial generation. However, there is a smooth transition between generations, and it is still relevant to connect alongside generational development.

While designed to capture a realistic potential customer base, the survey's eligibility criteria may inadvertently exclude segments of the Millennial population that do not meet the specific criteria but are still relevant consumers for the brand. The lack of nationality restrictions in the participant selection process, while intended to capture a broad range of potential buyers, may have introduced a bias towards the opinions and behaviors of Millennials within the Iberian Peninsula and the EU, as the majority of respondents were German. The predominant inclusion of German participants introduces potential sampling bias, limiting the generalizability of results.

Moreover, language barriers may impact data quality, as participants who are not proficient in the study language may provide less accurate responses. In addition, the structure of the survey, consisting of multiple sections and filter questions, may have influenced the depth and breadth of responses. For example, the requirement in the awareness section for a certain level of familiarity with the Panerai brand to proceed may have excluded valuable insights from less informed but potential customers. Additionally, the potential for response biases and unforeseen technical issues further complicates the study's validity.

Regarding qualitative research for the individual parts, the interviews are conducted with a small sample size of only 10 participants or less. While this number allows for in-depth, qualitative analysis, it may not sufficiently represent the broader population interested in Panerai. This limitation is particularly relevant when considering Panerai's customer base's diversity in demographics, geographical location, and personal preferences. Furthermore, the findings derived from the interviews are based on the personal experiences and perspectives of the participants and the researcher's interpretation of these experiences. This subjectivity can

lead to biases and may not accurately reflect the general perceptions or experiences of all Panerai customers or enthusiasts. Moreover, while participants were recruited through various platforms, it's important to note that some were sourced from personal networks. This introduces the potential for bias, as individuals within private networks may share common characteristics or interests that may not accurately reflect the diversity of the broader target audience.

For both the quantitative and qualitative research, the ethical considerations and data collection methods, while designed to ensure participant privacy and minimize bias, do not eliminate the potential for respondents to provide socially desirable responses or the risk of misinterpretation during the analysis phase.

8. Further recommendations for research

This master's thesis has primarily focused on enhancing awareness and attractiveness among Millennials, mainly through strategic implementations. To extend the insights gained, it is recommended that future research delve into the perception of the current target group regarding the suggested strategic implementations. Before committing to investment-intensive changes, a thorough examination of the diverse customer segments within the Millennial cohort is advised. This involves testing recommendations through Millennial focus groups and seeking feedback from existing customers to balance attracting new clientele and retaining current ones.

The questionnaire insights have illuminated trends that deviate from the current literature on luxury watches for Millennials. Notably, smartwatches and technological features were perceived as irrelevant to their perception of luxury watches. Given the rapid pace of technological advancements, it is imperative not to dismiss potential innovations outright. Additionally, exploring how Panerai can gradually establish authenticity in the evolving

landscape of the metaverse and other technical innovations is recommended for further research.

Moreover, the study identified a shift in watch sizes. While this thesis did not specifically address recommendations for altering the watches, conducting a more in-depth investigation is advisable. Understanding the dynamics of size preferences in luxury watches can provide valuable insights for adapting product offerings to align with evolving consumer tastes.

In summary, the recommendations for further research encompass a nuanced exploration of Millennial perceptions, strategic adjustments, technological trends, and evolving preferences in luxury watch characteristics. This approach ensures a comprehensive understanding that can guide Panerai in making informed decisions for sustainable growth and continued relevance in the market.

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1. Project Overview

In recent years, the traditionally male-oriented watch market has experienced substantial shifts in its target orientation. As female income has risen, luxury watch brands have proactively sought to capitalize on this lucrative market and adapted in order to attract female customers. With a project market valuation of the female luxury watch market being anticipated at 23.7 Swiss francs (Lazazzera 2023) by 2027, luxury watch brands can't afford to overlook the significance of targeting female consumers. As Panerai is a brand deeply rooted in its identity, primarily associated with military and Italian heritage, this poses a challenge. Quantitative research confirmed a strong perception as 50.8% of participants associated the brand with being worn by a man. Therefore, expanding its appeal to new audiences, such as millennials and females be done without neglecting its existing customer base.

The primary objective of this individual project is to explore how Panerai can successfully attract a more female market, thereby increasing brand awareness among women. The strategy involves identifying similarities between Panerai's existing brand identity and the preferences of female consumers. In order to formulate recommendations for Panerai's marketing strategy, the project encompasses analyzing the current activities of competitors, and market trends as well as conducting interviews with female watch enthusiasts in addition to the quantitative insights.

2. Contextual Background

2.1 Gender Dynamics

The historical evolution of wristwatches reflects a notable gendered trajectory, with women being the ones to first adopt these timepieces for decorative purposes, exemplified by the first wristwatch crafted for Countess Koscowicz in 1868 by Patek Philippe, while men still used

pocket watches at the time (Belcher 2013). Later, men were spurred by military necessity and embraced wristwatches their functionality was higher than what pocket watches could offer for the war, becoming an essential tool. The demands of wars like World War I played pivotal roles in establishing the wristwatch's significance in military history but also in men's fashion despite once being a realm predominantly occupied by women, the roots of military utility growing beyond functionality made the luxury watch industry a male-dominated one by the middle of the 20th century (Pennington 2019). The evolution from decorative accessories to indispensable timekeeping tools reflects the multifaceted history and changing dynamics of gender markets in the watch industry.

These changing preferences also reflect the development of the past year's trends. Today's women now expect the same performance, quality and also desire similar technical features as men (Llewellyn, 2021). Moreover, women are placing more emphasis on the technical and mechanical aspects of their watches (Hendren 2023). According to Beauloye from Luxe Digital (2022), Luxury brands need to take this "growing appetite for complex mechanical watches" into account when trying to pursue the female market. Despite these movements, the design is still the main concern of female luxury watch customers, suggesting that brands move towards "high jewelry pieces with high complications" (Modig 2022). As the Deloitte Swiss Watch Industry Study from 2022 states, 44% of women prefer female-specific designs, and 26% favor unisex options. But it's notable that even Cartier, the brand that developed the most iconic watch models for women, is developing models that cater to that more unisex concentrated concept, as John Guy, a luxury analyst, states (Shannon 2019).

2.2 Industry Shift and Activations

In the luxury watch industry, brands have undertaken different methods to approach the new target segment. First, design and sizing were adapted to cater to a more female audience. Many brands added more colorful options, like Rolex (Appendix 1), or bedazzled models, like Jaeger-

Lecoultre (Appendix 2) to their product range. Providing customers with smaller sizing of the watches was also a followed strategy, for example, the Navitimer line of Breitling (Appendix 3). Furthermore, several luxury watch brands have launched programs and initiatives to engage and celebrate their female audience. Omega's "Her Time" program, initiated in 2018, brought women ambassadors and clients together for exclusive, women-only events. Another example is Zenith's "Dreamhers" program, led by female ambassadors, which focuses exclusively on women and a selection of watches (Müller 2021). These events got women to experience the brand's commitment to female values and gave them a platform to discuss values and connect with each other. Furthermore, the regularity of these events provides a long-term connection, resulting in a stronger bond.

Another important approach to attracting a female audience was the usage of brand ambassadors. While there have been numerous long-term collaborations with male celebrities, such as the iconic partnership between James Bond and Omega (Omega Watches 2023), the introduction of female ambassadors for prominent luxury watch brands has only gained popularity in recent years. Breitling was one of the first brands to achieve notable success by featuring Charlize Theron in a 2018 campaign. She is not the only celebrity to be picked up by the industry's leading players. Longines boasts ambassadors such as Jennifer Lawrence and Kate Winslet, who exude a free-spirited charm and timeless elegance. TAG Heuer signed with 14-year-old professional skateboarder Sky Brown to appeal to a younger female crowd and even declared 2018 the "Year of the Woman" (Khan 2018).

Even brands that traditionally associated themselves with masculine themes, expanded their horizons to include female audiences. For example, IWC Schaffhausen, known for its "Engineered for men" slogan, introduced the Portofino Midsize collection, signaling a departure from strictly masculine territory. Similarly, Richard Mille challenged norms by launching an all-women racing team in 2021. Maurice Lacroix has taken a deliberately sportier

and more urban positioning, featuring ambassadors like the Spanish badminton player Carolina Marín, or Austrian free skier Sandra Lahnsteiner. This approach not only promotes diversity but also shows that female ambassadorship can be extended to many categories.

Lastly, beyond external marketing efforts, some brands are internally promoting gender equality and women's empowerment. Boucheron's CEO, H el ene Poulit-Duquesne, is a notable figure in this regard. Bulgari, under the leadership of CEO Jean-Christophe Babin, boasts a workforce where more than 60% of managers worldwide are women. These various approaches demonstrate the industry's commitment to breaking gender norms and recognizing the significant influence of female consumers in the luxury watch market.

2.3 Gender Concepts and Inclusive Marketing

In the past decade, a significant societal and marketing shift was marked by the redefinition of gender concepts. The blurred lines between traditional gender roles have not only transformed purchasing behavior but also dismantled existing stereotypes. Notably, fashion powerhouses such as Gucci have successfully embraced this shift (Yotka 2022). This change in mindset has now reached the luxury watch industry. A trend contributing to this shift was the rise of "boyfriend watches" (Gomelsky 2015), which feature oversized and masculine timepieces. Responding to the growing economic influence of women and their heightened demand for larger dials, automatic movements, and collaborations with the fashion industry, luxury watch brands are introducing collections that challenge traditional norms.

In the era of inclusive marketing, gender roles have changed in the wake of empowerment and the feminist movement. Often these aspects have been integrated into advertising, resulting in an effective outcome. One strategy is known as 'femvertising', a method of advertising that capitalizes on women's development and gender roles (Varghese and Kumar 2022). The Dove brand, for example, has successfully used this approach in its 'Real Beauty campaign' (Dove 2013). Tailored to appeal primarily to female consumers, it goes beyond selling a product to

promoting a narrative of empowerment. However, authenticity is a critical requirement for a positive outcome, as tokenism, insensitivity, or exploitation of this issue can quickly negatively fall back on a brand. One example was the backlash that Bic faced after launching a campaign with the slogan “Look like a girl (...) think like a man.” (Davies 2015). These examples show that as the industry continues to evolve, embracing inclusivity not only enhances brand appeal but also reflects a broader societal shift toward equality and diversity.

3. Additional Methodology

To further validate the survey findings, qualitative research was undertaken to gain a more comprehensive understanding of women's consumer behavior, preferences, and their relationship with luxury watch brands. As part of this individual project, nine additional semi-structured interviews were conducted, guided by an interview guide (Appendix 4), with the aim of providing deeper insights. The main topics addressed during these were: design preferences, opinion on brand communication and usage, perception of Panerai, if aware of the brand, women role models, female community, and inclusive marketing. Participants were specifically selected from the previous survey using filtering criteria, that were the female gender as well as sufficient knowledge of the luxury watch market. The survey also provided insights into their knowledge of Panerai, with four participants being aware of the brand- The respondents included five German, two Portuguese, one Polish, and one Norwegian woman. The survey also provided insights into their knowledge of Panerai, with four participants being aware of the brand. Post-interviews, participants were categorized by their expertise in the luxury watch industry: moderate expert and connoisseur. The age group ranged from 24 to 31 years, representing the millennial generation. The collected data was systematically analyzed using an interview grid, proving effective in revealing diverse perspectives and enhancing the understanding of women's engagement with luxury watch brands.

4. Research Insights

4.1 Quantitative Insights

The research has been able to reveal aspects of both female preferences as well as their perception of Panerai. The outlined perception of the strong coherence of a male person wearing a Panerai at 50.8% indicates the overall need for an adaption of strategy. Analyzing the survey on female preferences, certain findings could be found. First, it was found that Instagram is the most used communication channel, as 45.5% use the platform to stay informed about luxury watches. Regarding female hobbies, the survey revealed that Tennis is the most popular activity (49%), followed by Surfing (20%), Golfing (16.4%), Motorsport, and Mountaineering (14.6%). Examining perceptions of Panerai among 16 Millennial women familiar with the brand, the majority associated its persona with "Men" and "Classic" (9 participants), followed by "Adventure" (7 participants), "Sporty" (5 participants), and "Old-school" (4 participants). Interestingly, only two women described the brand in connection with "Women" and "Modern," suggesting a limited sense of identification with the brand. This may also indicate that only two women were familiar with the term 'Paneristi', which suggests that even among those who were familiar with the brand, few were aware of the community.

4.2 Qualitative Insights

The conducted interviews explored different topics in order to gain a deeper understanding of the preferences and values of female watch enthusiasts. During the interviews five main insights were found: General preferences towards watches, perceptions of Panerai, female role models, and their characteristics, communities and female connections, and inclusiveness.

4.2.1 Female Preferences

Interviewees were asked to describe their preferences for the luxury watch market in terms of design, size, and brands. In this context, several women have stated it is important for them to own a luxury watch that is usable for everyday uses. As the women stated it is an investment, they want to both be able to wear it for everyday occasions as well be able to wear it for more glamorous events. In terms of brand preferences, Cartier was mentioned in six of the interviews as the favorite watch brand. This still shows a trend towards the more female-oriented watch brands that have been catering to their preferences for a longer time and further validates the findings from the survey.

“I want a watch that I’m able to wear every day!”

(Interview 3, moderate expertise, not familiar with Panerai)

4.2.2 Panerai’s perception

Another topic during the interview was the perception of the female interviewees on the brand. Four of the nine interviewees were aware and had some knowledge of the brand. In that sense, all of those mentioned the male alignment of the brand. This is consistent with the findings from the survey that found, showing that brand communications are still mainly rooted towards their male audience. One participant mentioned that even though she likes the brand and the design, she doesn’t particularly think she’s the main target of the brand.

4.2.3 Women as Inspirational Figures

The topic of inspirational female rolemodels was also explored. In that sense, the characteristics that were mentioned were: inspiring, sympathetic, and charismatic. To add on, three participants expressed the desire to establish a sense of connection with the role model, emphasizing the importance of approachability for personal identification. This meant that some had similar interests or for others just someone they could look up to.

4.2.4 Community

The interviews further showed a strong interest in women in connecting and engaging with other females. It was mentioned that women feel stronger and more deeply connected in contrast to gender-mixed gatherings. Moreover, the word “support” was used in several interviews, showing the interest of women in lifting each other up.

“I think women can lift each other up and support each other. That's what it should be about!”

(Interviewee 9, luxury watch expert, familiar with Panerai)

4.2.5 Inclusive Marketing

Opinions on genderless products were another topic explored during the interviews. Among the 9 interviewees, 3 emphasized that diversity is an important factor when engaging with companies. Additionally, 5 out of the 9 participants expressed the need to identify with marketing campaigns, showing a preference for more inclusive companies. Notably, several women highlighted the importance of diversity in terms of body types and age within campaigns. Three participants even mentioned specific companies that, in their opinion, excelled in this aspect of TV ads. This highlights the impact of feeling included and being able to identify with a brand, resulting in high brand awareness.

“It's not something I'm directly looking into, but I think I would notice if it would be missing and then reflect negatively (on the brand)!”- on diversity in marketing activities

(Interviewee 1, luxury watch expert, familiar with Panerai)

4.3 Implications for Recommendations

In order to be able to develop recommendations that provide value to the brand, it is important to analyze their current activities to ensure that others adapt seamlessly to these or expand them. Panerai has recently taken steps to make its luxury timepieces more appealing to a female audience. One notable step is the appointment of a female brand ambassador, signaling the brand's commitment to inclusivity and wider reach. In 2021, the brand introduced the Panerai

female Brand Ambassador, Chinese model, and actress Dilraba Dilmurat. However, this announcement has only been minimally communicated with a Facebook post and a website post in Chinese (Appendix 5). Therefore, there is no female brand ambassador that is used for communication in the European area.

In terms of Design and Sizing, Panerai has diversified its offering to cater specifically to women's preferences. For example, they introduced smaller sizes, such as the 34mm version of the Luminor model. Panerai is also responding to the desire for individuality and versatility by offering customization options, allowing to personalize looks. The recommendations exclude Design and Sizing, recognizing them as integral aspects of Panerai's core identity that should not be excessively altered.

Taking a look at current communication channels, it is observable that it is mainly focused on male clients. When analyzing the last 150 Instagram posts on the brand channel, it becomes clear that the focus is on products. However, only two posts focus on women and two others feature both genders. In contrast, there are 16 posts that show men and 13 that show men's wristbands (Appendix 6).

5. Recommendations

From the insights derived from quantitative and qualitative research, as well as from the contextual background and the study of Panerai as a brand, the following recommendations have been developed to attract and make more females aware of the brand, without losing the brand's core values.

5.1 Creating a Female Hero Narrative

First, to make women familiar with the brand and to further achieve inclusivity, Panerai needs to include adaptations to the female audience to make them feel integrated. Many of the

traditionally more male-connected associations of Panerai exploration, adventure, and heroism can be completely transferred to women, as those barriers blurred over the last decades. Consequently, the brand should focus more on targeting women who already have similarities with them instead of artificially trying to appeal to a female target group with completely different values. Despite its military heritage, Panerai therefore needs to signal that the brand's core values can be embraced by anyone who embodies the spirit of adventure, regardless of gender.

The creation of the “female hero” should therefore be implemented. This goes hand in hand with the image of millennial women that is self-determined, independent, and have the freedom to do anything they want. It is the type of woman that can both encounter a masculine side showing their confidence and boldness, as well as their feminine side, like embracing motherhood and being in touch with emotions. A female hero can be strong even with all these factettes, empowering through their femininity. Furthermore, this implementation not only appeals to women but can also increase the interest and commitment of male customers.

5.2 Communication

To enhance Panerai's appeal to women and increase awareness without a thoughtful adaptation in communication and social media strategies is essential. First, visual campaigns need to include more female models and a more diverse visualization in their marketing materials as Panerai's online communication at present focuses on men. This could be for example executed in joint campaigns, with both genders wearing the same model, emphasizing inclusive representation and versatility of Panerai's watches. Furthermore, to enhance the appeal of these campaigns to women, it is essential to incorporate women's perspectives into brand storytelling. This could entail sharing narratives of female watch enthusiasts, collectors, or professionals who relate to Panerai.

Secondly, to align with contemporary trends and consumer expectations, the brand should steer clear of gender-specific terms, opting for language that is straightforward and impartial. In this way, everyone will feel included by the brand. Sensitivity to gender issues is crucial in this context. Panerai should treat these issues with care and avoid overuse or imitation of trends, as this can lack authenticity. Therefore, terms such as "empowerment" need to be carefully implemented to ensure that the brand truly embodies this message for women and Millennials. For all communication methods, the key lies in striking a balance that feels authentic to customers and reinforces Panerai's commitment to inclusivity and diversity.

5.3 Female Brand Ambassador

The analysis of competing luxury watch brands clearly indicates the success achieved through the incorporation of female brand ambassadors. Consequently, it is advisable for Panerai to adopt this example to extend its reach to a wider female audience. However, in order for an ambassadorship to be successful it is important to select carefully. What all brands with successful marketing of brand ambassadors have in common is that, firstly, they cultivate long-term collaborations. Secondly, the selection is always adapted to the essence of the brand. That is why all types are represented, from athletes to glamorous actresses. For Panerai, first and foremost, the chosen ambassador must seamlessly fit into and embody the brand identity. In addition, qualitative research has identified specific attributes such as charismatic, inspiring, and identifiable that resonate positively with a female target audience.

Based on these findings, tailored recommendations were formulated for Panerai's IBERIA region to consider when selecting the brand ambassador, following the female hero narrative. A great partner would be the Portuguese surfer, Teresa Bonvalot. She was born in Cascais and has already achieved great international recognition at the age of 24. A female ambassador like her could increase the appeal of the brand and create a stronger connection with the target group, as it was found that a significant number of millennial women follow the same hobby.

In addition, her social media presence with 67 thousand followers on Instagram can effectively reach and engage a younger target audience, helping to strengthen Panerai's social media presence (Appendix 7).

Eduarne Pasabán would be another inspiring person to collaborate with. The Spanish mountaineer was the first European woman and one of the only five women who were able to climb all 8000er mountains. Moreover, her willingness to speak openly about personal challenges such as depression, anxiety, or motherhood makes her an authentic figure (Morenilla 2022). This combination of strength in the face of extreme challenges and vulnerability. This would make her an inspiring ambassador to have, as she reflects beside the female hero aspect also a vulnerable site. So, on the one hand, through mountaineering and her bold achievements, she seems to fit with Panerai, but women are also able to identify with her on a personal level (Appendix 8).

5.4 Women Targeted Events

With community and engagement at the center of Panerai's brand identity, these inherent values can be used effectively to appeal to women. This approach is also important to attract younger millennials who appreciate experiential moments. Moreover, developing sub-brand events tailored for women can enhance the connection between female individuals and align with the insights gathered that emphasize the significance of women's engagement. Simultaneously, this strategy reinforces the bond between women and the brand, as the successful initiatives of competitive brands have shown. It is important to note that the goal is not to impress a target audience that does not align with Panerai's values but rather to enhance and deepen the overall experience for women that already connect to existing values. Research has shown that a significant proportion of women are involved in activities associated with Panerai, such as mountaineering or surfing. It's an opportunity to give them a way to celebrate their feminine side as well as their bold side and hobbies.

Hence, the suggestion is to establish sub-events that are specifically tailored for female participants. One effective idea for this is to invite inspirational female speakers who embody Panerai's values as well as are perceived as likable and identifiable. This approach ensures that the events resonate with the audience and contribute to a positive reflection back to the brand. Using the potential brand ambassadors described above would be a good choice, as they embody these characteristics. Another possibility would use sub-events to incorporate more creative elements compared to those traditionally geared toward a male audience. For instance, organizing watch customization workshops could be an innovative approach. Given Panerai's provision of customizable straps for the Luminor Due model, this presents an opportunity to showcase the watch to potential customers. Utilizing the customizable leather straps further allows for personalization, fostering a sense of individuality and ownership.

6. Conclusion

In conclusion, Panerai's future competitiveness in the marketplace depends on its ability to attract a broad demographic, including Millennials and females. The challenge lies in balancing the preservation of the brand's rich heritage with the need to adapt to modern preferences. Therefore, to maintain authenticity, the recommendations closely align with its identity. The inclusion of the female hero narrative serves as a bridge between Panerai's heritage and contemporary methods, emphasizing the empowerment of women. To realize these recommendations, key strategies for implementing these recommendations include appointing female brand ambassadors, adapting communication strategies, and fostering a stronger sense of community. Implementing these measures is crucial for Panerai to attract and increase its awareness among a female target audience.

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8. Appendices:

1. Appendix 1: Rolex
2. Appendix 2: Jaeger-Lecoultre
3. Appendix 3: Breitling
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Appendix 1: Rolex



Rolex Oyster Perpetual 36 With New Colorful Dials
Source: Hodinkee

Appendix 2: Jaeger-Lecoultre



Rendez-Vous Dazzling Shooting Star 36mm
Source: Jaeger-Lecoultre

Appendix 3: Breitling



Navitimer Collection in 32mm and 36mm for Women
Source: Breitling

Appendix 4: Interview Guide

1. Warm-Up

Hello. My name is Kristina, and I am currently a student at the NOVA School of Business and Economics. For my Master Thesis in the Luxury Management field, we are conducting research related to luxury watches.

For this purpose, I would like to interview you for approximately 30 minutes, by means of an in-depth interview, which means that I will ask you several questions, to which there are not right, or wrong answers and you are free to say whatever comes to your mind on the subject. For the purpose of analyzing our interviews later, I would like to record our conversation – would that be ok? It will remain anonymous, and you will not be contacted further past this interview.

2. Initial Questions:

What is the brand of your luxury watch OR what would be your desired luxury watch brand?

When you think of luxury watches, what are the key qualities or values that come to mind?

As females interested in the luxury industry, what attracts you to luxury brands, especially in the watch category?

3. Topics to be developed in the interview

Design and Purchasing Preferences:

- Explore factors influencing their luxury watch preferences
- Customization of watches
- How does brand loyalty play a role in your choices within the luxury industry?
- What role do online platforms, social media, or physical stores play in your purchasing decisions?

Brand's communication channels:

- Are you connecting a brand with its brand ambassadors?
- Do you engage with the brand on social media?
- What campaigns from luxury brands have appealed to you?
- Are there influencers or figures in the luxury industry who inspire your choices?

- In the digital space, which platforms or content formats do you find most engaging for luxury brand interactions?
- Are there influencers or celebrities who are influential among the female target audience?

Perception of Panerai: (if applicable)

- How do you perceive the luxury watch brand Panerai?
- What is your current perception of Panerai, and how does it fit into your preferences?
- How do you perceive the luxury watch brand Panerai?
- Explore expectations and opinions on making Panerai more appealing to females
- What features or design elements would make a luxury watch from Panerai particularly appealing to you?

Community and Experiences:

- What types of events or experiences hosted by luxury brands do you find most appealing?
- How important is the feeling of community in terms with luxury watch brands?

Inclusive Marketing:

- How can Panerai make its marketing more inclusive and diverse?
- Are there cultural or social aspects that should be considered in the marketing strategy?
- What is your opinion towards unisex watches?

Ending

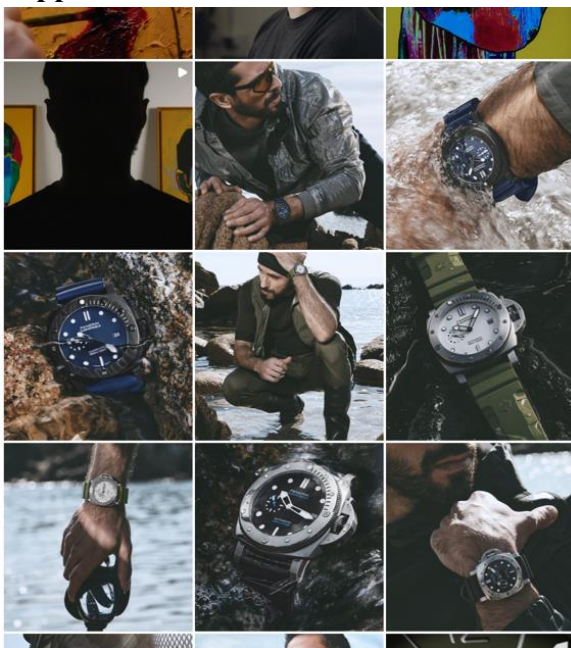
Thank you very much for your time and feedback – your opinions are really important to make improvements and we value them a lot! Have a great day!

Appendix 5: Panerai's Communication of Dilabra



Source: Panerai

Appendix 6: Extracts from Panerai's Instagram account



Source: Panerai Instagram

Appendix 7: Teresa Bonvalot



Source: Beachcam

Appendix 8: Edurne Pasabán



Source: El País