

# **"Krug Champagne: The Savoir Faire of a Luxury Turnaround"**

Provide a comprehensive understanding of Krug's business and marketing strategies, the challenges faced during the turnaround, and the innovative approaches to luxury branding and product management under Henriquez's leadership.

## **1. \*\*Background and Acquisition by Moët Hennessy\*\*:**

- Krug was founded in 1843 by Joseph Krug in Reims, France, and was known for its prestigious market presence.

- Acquired by Moët Hennessy (part of LVMH) in 1999 when it faced stagnation and financial difficulties under previous ownership.

## **2. \*\*Challenges and Initial Strategies\*\*:**

- Despite initial efforts to revitalize Krug, deeper issues were uncovered, especially with the financial crisis of 2008.

- Margareth Henriquez, appointed in 2009, faced significant challenges due to her unfamiliarity with the luxury champagne sector and cultural differences.

## **3. \*\*Understanding the Champagne Sector\*\*:**

- Detailed explanation of the champagne-making process, emphasizing the significance of blending different base wines and the regulatory environment governed by the Champagne Committee.

- Mention of market fluctuations and strategies for maintaining the high-status association of the champagne brand.

## **4. \*\*Strategic Turnaround Under Henriquez\*\*:**

- Emphasized returning to roots, focusing on Joseph Krug's original vision of producing high-quality champagne regardless of annual variations in grape quality.

- Introduced strategic changes including improving product quality, extending aging processes, eliminating smaller bottle sizes that did not align with brand prestige, and redefining pricing strategies based on scarcity rather than solely on positioning.

## **5. \*\*Marketing and Brand Repositioning\*\*:**

- Shifted from an elitist, status-focused communication strategy to one emphasizing the unique creation process of each champagne batch.

- Introduced Krug ID to help consumers understand the unique characteristics and creation process of each bottle.

## **6. \*\*Results and Long-term Impact\*\*:**

- By revisiting and adhering to the foundational philosophies of Krug while integrating modern marketing techniques and maintaining high-quality production standards, Krug successfully reconnected with its market and restored its reputation as a premier champagne house.

- Managed to balance supply and demand effectively while ensuring that the brand's luxury status was not compromised.

# **"MB&F, The Management of Creativity"**

Focus on understanding MB&F's unique position in the high-end watch market, the role of creativity in its business model, how it overcomes industry challenges, and the implications of its leadership and management style on its operations and future sustainability.

## **1. Company Background and Achievements:**

- Founded by Maximilian Büsser in 2005, MB&F has quickly positioned itself in the luxury watch market.
- Notable for winning several awards at the "Grand Prix d'Horlogerie de Genève" (GPHG), including best calendar watch, best man's watch, and best design and concept watch.

## **2. Innovative Approach and Market Challenges:**

- MB&F is distinguished by its focus on creativity over traditional watch features like precision. The company considers its products as pieces of kinetic art rather than just timepieces.
- The firm faced initial challenges such as securing funding, managing production delays, and establishing credibility in a market dominated by brands with long heritage.

## **3. Strategic Operations and Product Development:**

- MB&F maintains a limited production to ensure exclusivity, producing only 300 pieces annually with a team of 15 employees.
- Each watch is a unique creation, developed with the collaboration of experts in various fields such as watchmaking, engineering, design, and art.

## **4. Marketing and Global Expansion:**

- Utilizes a direct approach in marketing by engaging personally with watch dealers and using social media effectively to build brand awareness and customer engagement.
- Expanded its physical presence by opening Mechanical Art Devices (MAD) Galleries in Geneva, Taipei, and Dubai, which not only display their timepieces but also other mechanical and kinetic art.

## 5. **Future Outlook and Sustainability:**

- Despite the initial success and innovative approach, questions remain about the long-term sustainability and position of MB&F in the competitive luxury watch market.
- The document raises concerns about whether MB&F's reliance on the novelty and uniqueness of its designs can continue to sustain its market position or if it's merely a trend.

## 6. **Philosophy and Business Model:**

- Maximilian Büsser emphasizes a business model that is not driven by shareholder value but by personal vision and creativity. This approach is seen as both a strength and a potential risk as it prioritizes creative expression over more traditional business metrics like profitability and market share.

## 7. **Challenges and Leadership:**

- Büsser's leadership style is described as an "enlightened dictatorship," where he makes final decisions based on discussions with his team, reflecting a unique blend of collaborative and authoritative decision-making.

## **"Gucci Group N.V. (A)"**

This case study exemplifies strategic leadership in crisis management, brand revitalization, and global strategic positioning in the competitive luxury market. It highlights the importance of visionary leadership, brand management, and strategic acquisitions in the luxury industry.

### **1. Leadership and Strategy Transformation:**

- Domenico De Sole, initially a legal advisor, became a pivotal figure in transforming Gucci from a struggling brand into a billion-dollar luxury powerhouse. His approach included aggressive restructuring, professionalizing management, and streamlining operations.

### **2. Acquisitions and Expansion:**

- Gucci expanded by acquiring other luxury brands like Yves Saint Laurent (YSL) and Sergio Rossi, aiming to diversify its portfolio and strengthen its position in the luxury market.

### **3. Challenges and Revitalization:**

- Gucci faced significant internal challenges, including familial conflicts and mismanagement. Maurizio Gucci, the last of the Gucci family to control the company, attempted modernization but struggled with poor business decisions and eventual legal troubles, leading to his ouster.

### **4. Tom Ford's Role:**

- Tom Ford was instrumental in reviving Gucci's image. He revamped the product line and infused a modern, provocative aesthetic that appealed to a younger, fashion-forward demographic. Ford's designs and marketing genius helped Gucci regain its status as a leading luxury brand.

### **5. Restructuring the Product Line:**

- Significant product line cuts were made to eliminate unprofitable items and refocus on higher-margin products. This included reducing the number of store locations and streamlining the supply chain.

### **6. Financial Recovery:**

- Through strategic leadership and restructuring, Gucci

returned to profitability. It streamlined operations, improved

quality, and expanded its global retail presence, leading to substantial revenue growth.

**7. Marketing and Brand Positioning:**

- Gucci invested heavily in marketing to redefine its brand image. The company focused on high-fashion advertising and celebrity endorsements to elevate its profile and attract luxury consumers.

**8. Conflict with LVMH:**

- The case discusses the tense relationship between Gucci and LVMH, highlighting attempts by LVMH to acquire Gucci and the strategic defenses employed by Gucci to maintain independence.

**9. Future Strategy and Expansion into Multi-brand Luxury Group:**

- Under De Sole's leadership, Gucci transitioned from a single-brand to a multi-brand group, aiming to leverage synergies across different luxury segments and reinforce its market presence against competitors like LVMH.

**10. Corporate Governance and Global Strategy:**

- Gucci's management strategy included significant changes in corporate governance, focusing on global operational integration and leveraging brand synergies within its expanded portfolio.