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Is Health the New Black?

Health Awareness in Support of a High-End Brand Image

Metropolia University of Applied Sciences

Master's Degree Programme in Health Business Management

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Abstract

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In the 2020s, fashion has taken hold of its power to increase health awareness and inclusivity. The purpose of this case study was to explore the phenomenon of the rising health awareness from the perspective of the global eyewear retail industry with special focus on two brands: Italian Fendi and Finnish Balmuir. The main objective was to describe the key benefits luxury and lifestyle brands aim to achieve with brand extensions to the eyewear category and describe the process to support future developments.

As for methods, key stakeholder interviews of the brand managers of Balmuir and Fendi Eyewear combined with the Author´s insight from the project of developing the first Balmuir Eyewear collection, launched for the Spring-Summer season 2022, formed the basis of this case study. Moreover, the theoretical background for branding and brand extensions was reviewed in order to provide comprehensive understanding of how to successfully position and extend a lifestyle brand. To provide a broad context, the on-going transformation of the global eyewear market was presented.

The recent developments in the global eyewear market support the findings of this case study: eyewear as a category is becoming more relevant for high-end fashion brands. The results of this case study highlighted how vital it is for brands in the highly competitive luxury goods market to engage with all aspects that could give the brand added value, credibility and create an innovative image. Consequently, a successful extension of a high-end brand to eyewear category is supported by the end product being fully integrated with the parent brand.

In the wider context of the fashion business becoming more connected with the values of the consumers, this case study sees new business opportunities emerging for the eyewear industry, as combining the emotional desirability of luxury products to functional product attributes is starting to make sense to the consumer and thus to the business.

Keywords	brand extension, branding, eyewear, luxury fashion, retail, brand equity, brand position

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Tämän tapaustutkimuksen taustalla on havainto siitä, miten muotimaailma on 2020-luvulla alkanut käyttää vaikutusvaltaansa terveystietoisuuden ja tasa-arvon lisäämiseksi. Työn tavoitteena on tutkia kasvavaa terveystietoisuutta ilmiönä globaalin silmä- ja aurinkolasikaupan näkökulmasta. Aihetta käsitellään erityisesti kahden muoti- ja elämäntapamerkin kautta: italialaisen Fendin ja suomalaisen Balmuirin. Päätavoitteena on selvittää, mitä etuja ja lisäarvoa on saavutettavissa, kun luksusmerkin tuoteportfoliota laajennetaan optisen alan tuotteisiin. Tavoitteena on myös kuvata laajennuksen vaatimaa tuotekehitysprosessia optisen alan kehityksen tukemiseksi.

Menetelmänä tapaustutkimuksessa on käytetty Balmuirin ja Fendi Eyewearin keskeisten tuotepäälliköiden haastatteluja yhdistettynä opinnäytetyön tekijän kokemukseen ensimmäisen Balmuir Eyewear -malliston lanseerausprojektista kevät-kesä-kaudelle 2022. Lisäksi on tarkasteltu brändäyksen ja brändilaajennusten teoreettista taustaa, jotta saataisiin kattava käsitys tuotemerkin menestyksekkään positioinnin ja laajentamisen vaatimuksista. Laajan kontekstin tarjoamiseksi esitellään maailmanlaajuisessa silmä- ja aurinkolasien tukku- ja vähittäiskaupassa meneillään oleva muutos.

Viimeaikainen kehitys globaaleilla silmä- ja aurinkolasimarkkinoilla tukee tämän tapaustutkimuksen havaintoja: silmä- ja aurinkolaseista on kategoriana tulossa yhä tärkeämpi huippuluokan muotimerkeille. Tämän tapaustutkimuksen tulokset korostavat, kuinka tärkeää on, että brändeillä on erittäin kilpailluilla ylellisyystavaroiden markkinoilla tahtoa sitoutua kaikkiin asioihin, jotka voivat luoda lisäarvoa, uskottavuutta ja viestiä innovatiivisuudesta. Tärkein onnistumisen edellytys tuoteportfolion laajentamisessa optiselle alalle on, että lopputuote viestii kokonaisvaltaisesti kyseessä olevan luksus- ja elämäntapamerkin maailmaa.

Laajemmassa kontekstissa, jossa muotiliiketoiminta on yhä enemmän yhteydessä kuluttajien arvoihin, tämä tapaustutkimus näkee uusia liiketoimintamahdollisuuksia silmä- ja aurinkolasikaupalle. Luksustuotteiden emotionaalisen haluttavuuden yhdistäminen toiminnallisiin tuoteominaisuuksiin on tämän päivän kilpailuetu.

Avainsanat	Tuotemerkin laajentaminen, brändäys, silmälasit, aurinkolasit, luksusmuoti, vähittäiskauppa, tuotemerkkipääoma, positiointi

Contents

1 Introduction

There is an old proverb, “clothes make a man” which still stands somewhat true today, but in the modern world of welfare this statement is transforming into something deeper. Appearance is a way of communicating your motivations in life, your choices of ideology, style, and wellbeing. For companies, storytelling in this visual world is a key ingredient in fighting for the attention and loyalty of consumers who are surrounded by messages. To stay relevant and offer differentiation, companies and their message need to touch a deeper level than just the surface.

An Accenture research study (2018: 11) indicates that 62% of global consumers prefer to buy goods and services from companies that stand for a purpose that is reflecting their personal values and beliefs. It is ironic how powerful an incentive it is for customers to feel justified to buy more. Using customer insight is a powerful tool in building companies and organizations that become recognized as brands, offering intangible added value to the actual product connected to their name. Consumers´ fascination with brands is a resource but also a risk that requires constant attention through maintaining a balance between image, values and inducing profitable growth.

Is health awareness becoming the new key competitive differentiator for fashion and lifestyle brands trying to stay ahead of the game in the crowded marketplace? The main objective of this case study is to explore the phenomenon of the rising health awareness from the perspective of the eyewear retail industry with special focus on two brands: Italian Fendi and Finnish Balmuir. In order to understand how a fashion brand can be successfully positioned and extended, the theoretical background for branding and brand extensions is also reviewed. Based on the interviews of the brand managers of Fendi Eyewear and Balmuir, the results describe the key benefits these luxury and lifestyle brands are aiming to achieve with brand extensions to the eyewear category. In addition to the findings of these interviews, the success factors of these brands in their core categories are analyzed. Future business opportunities for the optical retail industry in light of the current retail and consumer trends are also discussed.

Why is the topic of health becoming “the new black” important at this very moment? A recent McKinsey & Company study estimates the global wellness market at more than 1,5 trillion US dollars, with annual growth of five to ten percent, and with tremendous opportunities for companies as the consumer interest is rising broadly across various categories of health goods and services (Callaghan, Lösch, Pione & Teichner, 2021). Professor of marketing David Aaker states in his book Brand Relevance (2011: 12), that people taking control of their personal health is one of the major trends, alongside with sustainability and the aging of population, impacting marketing and product strategies of brands. Fashion is traditionally said to have an unhealthy impact especially on young people taking their cues from exceptional individuals chosen by creative directors to mirror their current beauty ideals. But with the trending of health, fashion now has potential for imposing a positive impact to society and young people. The change is clear and tangible: in the 90´s fashion scene Kate Moss "became the symbol for the so-called "heroin chic" generation that followed the grunge style" (Encyclopedia Britannica, 2022. "Kate Moss"). The look was associated with glorifying drug abuse, but in contrast, her daughter Lila Moss is now making her way in the fashion world with a very opposite statement of health and inclusivity, as seen during a Fendi and Versace collaborative fashion show at Milan Fashion Week in September 2021.

> "The Fendace show, held at the tail end of Milan Fashion Week in September, made news for a number of reasons. Yet perhaps the most notable aspect of the show may have been one of the smallest: a tubeless white pump visible on the upper left leg of Lila Grace Moss Hack, a 19-year-old model who was strutting the runway in a gold-and-white Fendi x Versace swimsuit, cut high on the thigh, and a Greek-key-trimmed jacket. An Omnipod insulin pump used to treat Type 1 diabetes (T1D), an autoimmune disease … was impossible to miss. Its appearance on the runway, spotlighting an often invisible condition, was another step in fashion's definition of inclusivity." (Zak, 2021).

This current example highlights the power fashion possesses in changing what is seen desirable and accepted in the minds of the crowds. The decision was made to use this power to promote inclusivity and make viewers think about health – not the traditional aim for a lavish high-end experience designed to help escape the daily life. The conscious choice to display the insulin pump of Lila Moss on the Fashion Week runway, when it could´ve been taken off for the duration of her walk, is a statement Fendi and Versace fashion houses wanted to make. In Figure 1. the Omnipod insulin pump is visible on the left thigh of Lila Moss in September 2021.

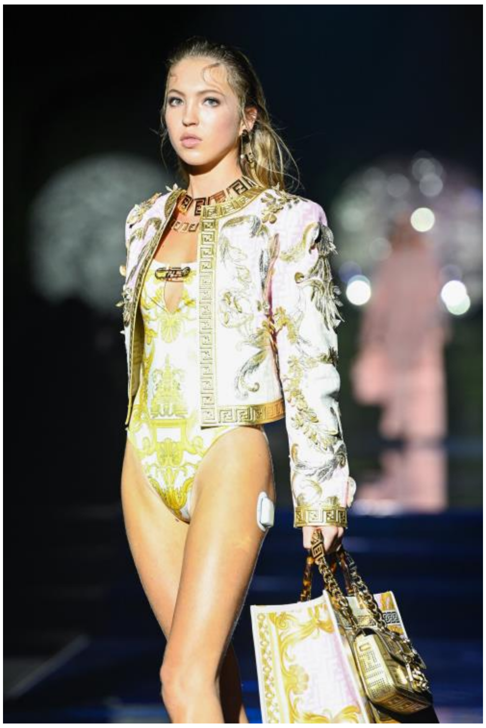

Figure 1. How Lila Moss Hack brought diabetes to the runway (Zak 2021).

The current users of a brand function as a marketing channel, advertising the brand and ensuring it looks desirable to new potential customers (Salehzadeha & Pool, 2017: 74). This is the power social media influencers have harnessed into a business. But influencers are not called influencers only because of their impact on buying behavior but because of their potential for social influence. The findings of Croes and Bartels (2021) verify that young adults look up to and identify with social influencers. Taking a stand and showing, that an exceptional individual such as Lila Moss has a disease, and is in fact human, doesn´t happen unless positive consequences are seen for the fashion houses´ brand image. As stated by Aaker and Keller (1990: 27), image is perhaps the most important asset owned by a business.

Fashion has always played with what is not accessible to everyone, whether it has to do with the availability of food or the chance to protect yourself from the tanning effect of the sun. Not so long ago many high-end fashion houses protected their image by limiting the sizes available for their ready to wear clothing lines. This was a way of making sure only people fitting the prevailing conception of beauty were seen wearing their logo. Drawing from the article by Salehzadeha & Pool (2017: 74), it can be stated that since existing customers promote the image of the brand, it makes a difference who they are and what they look like. But times are changing for the better this time: inclusivity is here to stay. Global movements such as *Black Lives Matter* that begun in 2013 to highlight inequality and *#MeToo* that started in 2017 as a social media campaign against sexual abuse are examples of this change on a macro level (Wikipedia, 2022. “Black Lives Matter”; “Me Too”). Global movements of this magnitude appeal to consumers in a way that is not left unnoticed in the fields of marketing and fashion retail. Good products are not enough if the image of the company is not credible – awareness and inclusivity have become a matter of hygiene. Limited availability adds desirability, as scarcity enhances value perception, which in turn has an impact on purchase intentions (Eisend, 2008). When promoting your personal health awareness and sustainable life choices you are signaling the possibility you have of making healthy choices – it has become a part of “the new upper class look.”

In this wider context of fashion becoming more connected with health, it is visible that eyewear as a category is becoming more relevant for high-end fashion brands. In this highly competitive market, it is vital to engage with all aspects giving the brand added value. “Consumers are increasingly motivated to pursue products that provide emotional benefits. This is reflected in the escalating growth of the luxury industry”. (Hagtvedt & Patrick, 2009: 608-609.) Connecting with consumers on a deep level ideally translates to the brand being a part of their lifestyle. But what is also changing, is the definition of a luxury product. It is a common perception that luxury products are not purchased mainly for their functional value but for their social value (Ishihara & Zhang, 2017: 32). In their 2009 study Hagtvedt and Patrick note that brands´ extendibility to other product categories applies only when it makes sense to the consumer and thus, because of the affect-based evaluation of luxury, goods serving a functional purpose are not considered strong cases for brand extension. What this case study aims to present, is the on-going transformation of the concept of luxury, demonstrated through the case example of Fendi x Arena collaboration where there is proven extendibility of a true luxury brand to a functional product category, in this case to eyewear. Combining the emotional desirability of luxury products to the functional desirability of value goods does make sense to the consumer and thus to the business.

The case of Balmuir Eyewear is at the heart of this study, as it is what drew the Author´s interest into this topic. Balmuir is a Finnish lifestyle brand founded in 2007, known for their exclusive fashion collection and high quality home decoration products (Balmuir, 2022). The project of building the first Balmuir Eyewear collection, launched for the

Spring-Summer season 2022, provided the extensive concrete background for this case study. This complete brand extension process experience combined with literary sources and key stakeholder interviews gives a strong basis for this study to analyze the phenomenon of the rising health awareness from the perspective of the optical retail industry.

2 Theoretical background and luxury market context

The main objective of this case study can be presented through the following research questions:

1) What key benefits are luxury and lifestyle brands aiming to achieve with brand extensions to the optical category and why does it make sense?
2) What future business opportunities can this trend deliver for the optical retail industry?

The theoretical background for branding and brand extensions is summarized in the following chapter 2.1 to provide understanding on how fashion brands can be successfully positioned and extended. The literary sources provide background, whereas the focus of the study is on the cases of the two unique brands, Italian Fendi and Finnish Balmuir, delivering a strong context for understanding the phenomenon of the rise of health awareness in high-end fashion and its potential implications to the eyewear business.

2.1 Brand extension strategies

Brand extension is the approach of using an established brand name to enter a new product category. If the current brand name is used to enter a new market segment in the same product class, it is called a line extension. Riley, Pina and Bravo (2015: 886) define the essence of brand extension strategies as leveraging positive consumer attitudes attached to the name of the core brand towards new products carrying the same brand name. Their research also highlights that brand extensions do not offer the same effects in all product categories. As the cost of introducing a new brand to the market has been increasing for decades, introducing new product lines as extension of an existing brand has become a widespread strategy. “The leverage of a strong brand name can substantially reduce the risk of introducing a product in a new market by providing the consumers the familiarity of and knowledge about an established brand” (Aaker &

Keller, 1990: 27). This approach also contributes to controlling the financial risk of a new product launch.

A 2021 McKinsey & Company study finds that category lines are continuing to blur with changing consumer attitudes and behavior toward wellness. Companies are now investing in health and wellness categories and trying to identify where consumers are open to new brand extensions. (Callaghan, Lösch, Pione & Teichner, 2021.) According to Aaker and Keller (1990: 28), the success of a brand extension is tied to the following three assumptions about consumer behavior: that their attitude towards the core brand is favorable, that these positive beliefs translate to positive associations toward the brand extension and that negative associations are not created or transferred by the extension.

Riley et al. (2015: 887-892) emphasize the perceived fit between the core brand and its extensions, stating that a high perceived fit will result in positive consumer evaluations of the extension and that this is achieved by making sure core brand associations are transferable and relevant in the new extension context. Ishihara and Zhang (2017: 36) note that in the fashion luxury product segment there is usually no risk of brand equity being diluted after extensions to multiple categories, because luxury brand names tend to hold a strong established status preventing confusion amongst consumers.

Price-segmentation is a marketing strategy, which is also used in the fashion luxury industry, to segment consumers based on their willingness to pay in order to improve the company´s profits. It is not limited to pricing but includes product design, promotion, and distribution strategies. When implemented through brand extension, price-segmentation is typically done using reference price points in different product categories. Mid to high-end luxury brands tend to target elite customers in their original categories and capture the masses in the extension categories. (Ishihara & Zhang 2017: 35-36; 47.) According to a recent Bain & Company Luxury Study (D'Arpizio, Levato, Gault, de Montgolfier & Jaroudi, 2021), traditional price-led segmentation as a concept has lost relevance across product categories: “Most brands are now covering multiple price points to respond to different customer segments and needs.” Price-segmentation is an integral part in making sure the products offered meet the needs of the desired customer segments, but most importantly it should be conducted via both the chosen price- and product attribute level. Thus, it was a part of creating the marketing strategy in case Balmuir Eyewear presented in chapter 6.6.

Building on the literary sources, the core assumption of this case study can be formulated as follows: the perceived value of a high-end lifestyle brand is supported by brand extensions establishing a holistic lifestyle experience.

2.2 The global luxury market

The Merriam-Webster Dictionary (2022. “Luxury”) defines luxury as “something adding to pleasure or comfort but not absolutely necessary.” Hagtvedt and Patrick (2009) conceptualize a luxury brand as “one that has premium products, provides pleasure as a central benefit, and connects with consumers on an emotional level.” They also suggest that “luxury brands are likely to be evaluated based on the hedonic potential or promise of pleasure (feelings-based evaluation) while a value brand is more likely to be evaluated on the basis of utilitarian benefits and product attributes (reasons-based evaluation)”. The common perception is that luxury products are not purchased mainly for their functional value but for their social value (Ishihara & Zhang, 2017: 32). Luxury brands´ ratio of functionality to price is low (Salehzadeha & Pool, 2017: 75). Thus, it can be summarized that in the world of luxury brands, feelings rather than functional benefits are the main driver to consumers´ purchase intentions.

Figure 2. presents the main players in the global luxury market based on the sales results of full year 2020 as listed by the consulting company Deloitte in their Global Powers of Luxury Goods 2021 -report. EssilorLuxottica, ranked at number seven, is the only company focused solely on eyewear and optical products, in the top ten ranking. The company was created in 2018 to combine the strengths of the two industry leaders, Essilor for lens technology and Luxottica for frame manufacturing and retail (EssilorLuxottica, 2022).

Luxury brands have recovered well from the global Covid-19 pandemic with profitability already reaching pre-pandemic levels in 2021. From category performance perspective, accessories were the largest personal luxury goods category in 2021, boosted by the fashion momentum of strong logos in addition to iconic product ranges being in favor of the customers. (D'Arpizio et al, 2021.)

Top 10 luxury goods companies by sales, FY2020

FY2020 Luxury goods sales ranking	Change in ranking from FY2019	Name of company	Country of origin
1	⬌	LVMH Moët Hennessy-Louis Vuitton SE	France
2	⬌	Kering SA	France
3	⬌	The Estée Lauder Companies Inc.	United States
4	⬌	Compagnie Financière Richemont SA	Switzerland
5	⬌	L'Oréal Luxe	France
6	⬌	Chanel Limited	United Kingdom
7	⬌	EssilorLuxottica SA	Italy
8	⬆ 1	PVH Corp.	United States
9	⬆ 2	Hermès International SCA	France
10	⬇ -2	Chow Tai Fook Jewelry Group Limited 周大福珠宝集团有限公司	China/ Hong Kong SAR

Figure 2. Top 10 luxury goods companies by sales, FY2020 (Deloitte 2021).

Hennigs, Wiedmann, Behrens and Klarmann (2013: 706) discuss the interesting conflict of priorities that luxury brands face when they want to meet the growing demand of their products in the global market simultaneously trying to protect the exclusive nature of their products. They state that finding the optimal balance between growth and overexposure is one of the key challenges in luxury brand management. Brand managers need to identify the main drivers that influence the brand perception of the customers and make sure, that the brand is more than just a logo that can be easily printed anywhere (Hennigs et al. 2013: 706). Strong brands generate high perceived value, but superficial use of the brand name can significantly weaken the status and the long-term value of the brand (Stankeviciute & Hoffmann, 2010: 119).

2.3 LVMH

Moët Hennessy Louis Vuitton (referred to as LVMH) is the world's leading luxury group, with fashion houses like Louis Vuitton, Christian Dior and Fendi in their portfolio (LVMH, 2021). In 2021, 48% of the Group's global revenue came from the business segment of fashion and leather goods, selective retailing and other activities holding the second place at 19% (Statista, 2022a). Figure 3. describes the constantly growing global revenues the company has enjoyed from 2008 to 2021 reaching 64,2 million euros last year even with the drop in 2020 due to the Covid-19 pandemic.

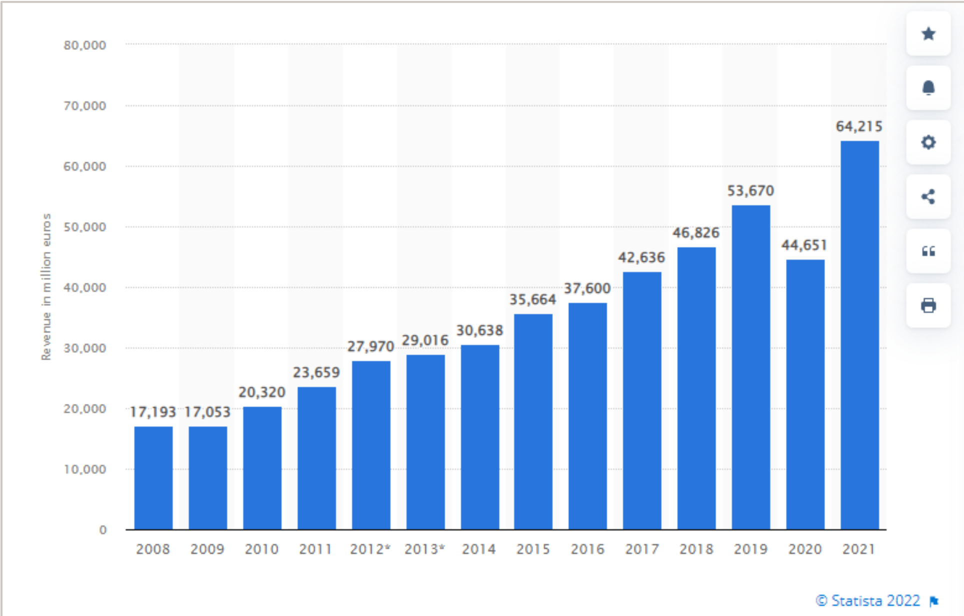

Figure 3. Total revenue of the LVMH Group worldwide from 2008 to 2021 in million euros (Statista 2022b).

The main owner of the LVMH group, Bernard Arnault, is the wealthiest person in Europe having made his fortune through investing in luxury products. But what is really behind his success is his ability to understand the value of cultural heritage, its connections to global phenomena and to anticipate the limitless business potential it possesses as the standard of living and the number of rich people is on the rise. (Raeste, 2021.) LVMH has also invested in their corporate reputation by supporting health-related initiatives prompted by the global pandemic, sustainability initiatives and social equality movements like Black Lives Matter. Their results show that understanding the value of your customers´ values has paid off. (Burdet, 2020.)

Following the trend set in motion by Kering, the second largest luxury goods company in the world, having launched Kering Eyewear in 2014, LVMH also decided to enter the eyewear industry. Thélios was founded in 2017 to enable LVMH to control the entire cycle from design and manufacturing to the distribution of its Maison´s optical frames and sunglasses (LVMH, 2018: 104-105). In 2021 LVMH brought its ownership of Thélios to full 100% (LVMH, 2021: 40). The weight of the investments sends a strong signal of the perceived potential of the optical industry.

3 The ongoing change in the eyewear market

For a long time, the global eyewear retail field stood still with unchanged power relations between the major players (presented later in Figure 5.), but now the change has come. The traditional balance of the separate roles of manufacturers and wholesalers is breaking due to luxury fashion houses seeking to gain higher control of the design and distribution of their products and the newly discovered business potential of eyewear as an accessible category delivering additional revenue (Bulleri 2022; Deloitte, 2021).

Kering was the first luxury group to move their eyewear business in-house, a part of the business traditionally managed fully through licensing agreements. The group started building an eyewear division in 2014, designing and manufacturing eyewear for its own labels such as Gucci and Saint Laurent. A success followed with wholesale revenues exceeding seven hundred million euros in 2021, setting in motion a revolution in the long-time stagnant sector. (Bulleri, 2022; Spencer, 2022.) Kering has continued to invest heavily in eyewear, with acquisitions of the Danish luxury eyewear label Lindberg in 2021 and most recently, the world's largest independently owned high-end eyewear brand Maui Jim in March 2022. The US based brand is best known for its patented sunglass lens technology. The strategy of Kering group is to "reinforce its status on the high-end eyewear segment and broaden its offer to cover the full scope from functional to timeless and fashion luxury products". (Kering press release, 2022.) The sizeable investments by Kering have led to other luxury groups taking interest in the eyewear business resulting in traditional license manufacturers like Safilo having to reposition their business model. A strong positive signal for the optical industry overall is the investments being extended also to lens technologies as is the case for example with Kering wanting to develop corrective sunglasses for fashion labels through the help of the recently acquired Maui Jim. (Spencer, 2022.) This is a good example of a part of the eyewear business that used to be left entirely for the manufacturers but that now has gained a new momentum with the luxury groups taking an interest. The development is also in line with the overall trend of luxury brands with strong brand awareness and pricing power working to increase control over their distribution channels and supply chain (Deloitte, 2021: 21). The following chapters provide context for understanding the optical retail and wholesale industry first from the global perspective and then finally an overview of the Finnish optical retail market.

3.1 The global optical retail and wholesale industry

The eyewear market can be divided into four main categories: prescription eyeglasses, sunglasses, ready-readers, and contact lens products. Eyeglasses hold the biggest share globally, but sunglasses is estimated to have the fastest growth potential due to the increased awareness of the harmful health effects of UV-light exposure (Fortune Business Insights, 2021). Sub-categories include prescription sunglasses and specialized sports sunglasses such as prescription- or non-prescription swimming goggles and ski accessories. The value of the global eyewear market is expected to continue with constant growth as presented in Figure *4.* (Statista, 2022c). The main contributor to the estimated overall growth is the increase of the incidence of ocular disorders such as myopia and astigmatism, but also the increased awareness of ocular conditions has had a positive impact on the acceptance of vision correction. The aging of the population is increasing the prevalence of ocular disorders around the globe. In developed countries there are more and more people that have access to luxury brands via eyewear, whereas the increased general availability of eyewear products is boosting the numbers in developing countries. (Fortune Business Insights, 2021; Mellery-Pratt, 2015.)

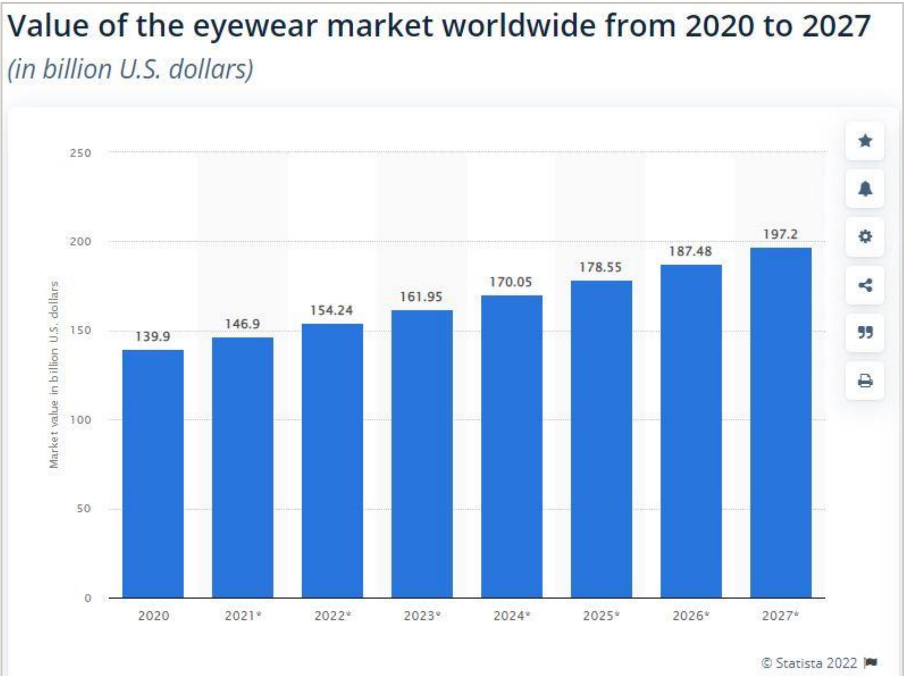

Figure 4. Value of the eyewear market worldwide from 2020 to 2027 (Statista 2022c).

The global eyewear market is fragmented but at the same time it used to be very stable with a few main players, the Italian companies Luxottica, Safilo, De Rigo, Marcolin and the American Marchon, controlling significant shares of retail and distribution. The main part of their brand portfolios consist of license brands with the exception of Luxottica owning Ray Ban, the biggest brand in the market. Figure *5.* presents the revenues of the eyewear industry´s main players just before Kering Eyewear was founded in 2014 marking the beginning of a revolution for the long-time stagnant industry. (Mellery-Pratt, 2015.) The importance and potential of eyewear as an accessible part of the high-end product offer became fully recognized after the success that followed for Kering Eyewear.

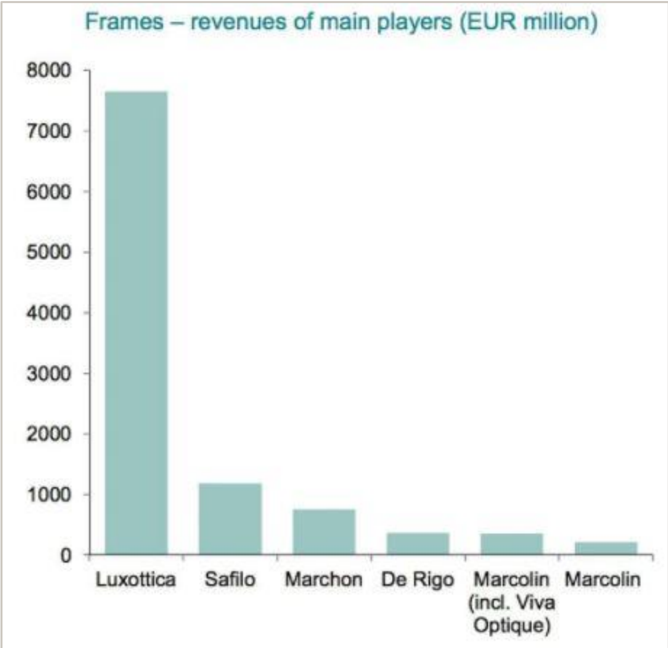

Figure 5. The revenues of eyewear industry main players in 2014 (Mellery-Pratt 2015).

The change that led the way for fashion houses to move away from license contracts that used to dominate the eyewear manufacturing business was prompted by two major realizations: eyewear is a category that has potential for reaching new customer segments for the luxury brands and full in-house control of the product cycle is an investment that helps to control the risk of brand over-exposure (Bulleri, 2022; Mellery-Pratt, 2015). As stated by Stankeviciute and Hoffmann (2010: 119) “usually licensing, unless strictly controlled, dilutes the luxury brand”. Most of the long-standing major players in Figure *5*. have since lost strong license agreements, many to the newly founded entities of Kering and LVMH. Safilo has struggled the most, reporting that the Gucci license loss accounted for forty-four million out of a fifty-three million euro annual decline in fourth-quarter sales in 2017 (Reuters, 2018). The eyewear industry has its own yearly calendar that differs from the general fashion industry timelines, often causing discrepancies if for example release planning is aimed to be in line with other fashion accessories. Taking the control of the eyewear in-house reconciliates this gap and helps integrate the category more fully to the overall offer of the fashion house. (Bulleri, 2022.) The market research report of Fortune Business Insights (2021) highlights that increased acquisitions and mergers of companies can be seen as a major trend in the global eyewear market.

3.2 Overview of the Finnish optical retail market

The total value of the Finnish optical retail market was 314 million euros in 2020 with a decrease of 11,2% from the year before caused by the pandemic (Näe Ry, 2021). The optical retail industry in Finland is highly competitive. Mid-high positioned chains Instrumentarium and Silmäasema dominate the market with a combined market share of over 50% in 2020 as presented in Figure *6.* (Onali, 2022).

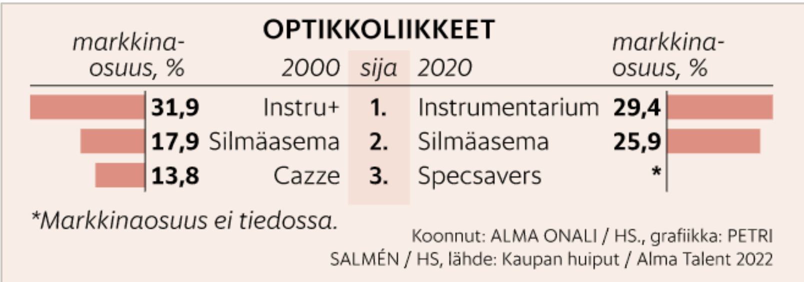

Figure 6. The biggest optical retail chains in Finland 2000 and 2020 (Onali 2022).

The Finnish market has remained stable and is also very mature with nearly 70% of the Finnish population using eyeglasses and being aware that there are different lens options available. Women use more money to eyewear compared to men and the use of eyeglasses has increased especially among 30-39 year old women as demonstrated in Figure 7*.* (Kosonen, 2019.) This group of women is also exceedingly difficult to reach as there is a lot of competition for the share of wallet of this customer target, but the current health awareness trend is creating a positive impact that benefits the optical industry. Omni channel marketing and ecommerce sales are growing, and it is becoming increasingly difficult to reach the trend oriented customers with traditional means. Commercial refractive eye surgery is also taking increased attention in the market.

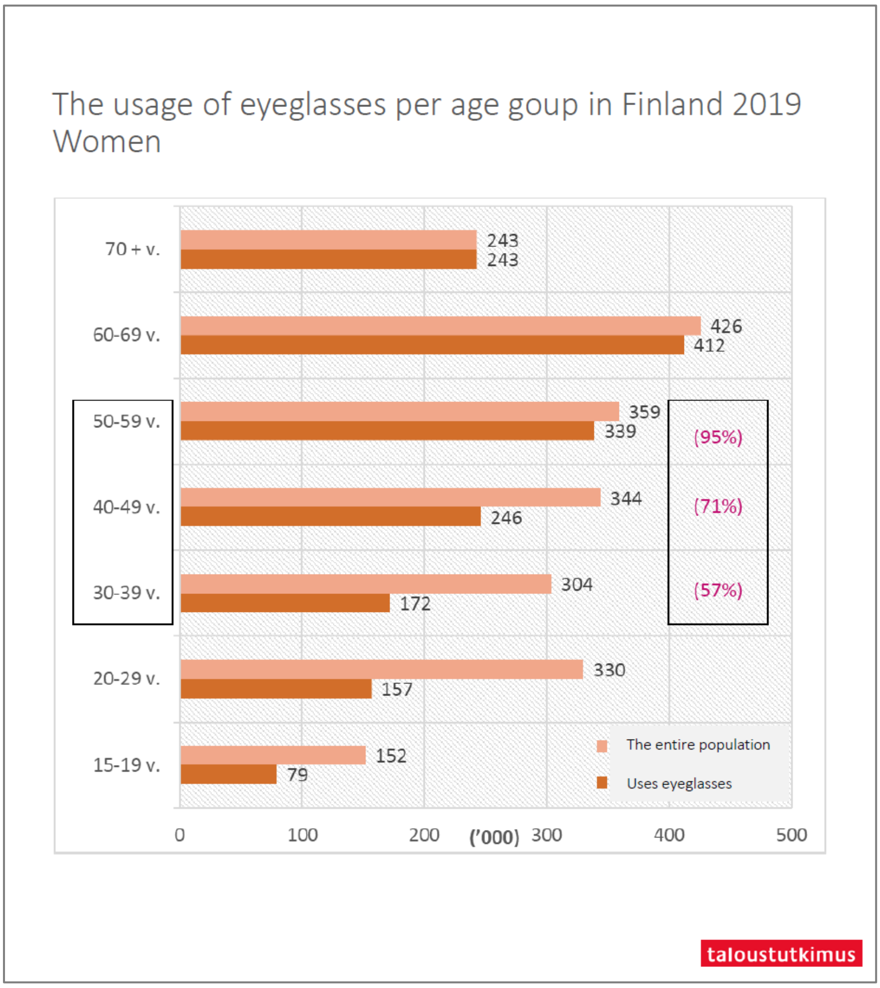

Figure 7. The usage of eyeglasses in Finland 2019 (Kosonen 2019).

Instru Optiikka Oy is the market leader in Finnish optical retail with three different chain concepts: Instrumentarium, Nissen and Keops. All concepts cater to the needs of a different customer segment: Instrumentarium focuses on service-oriented customers and eye health services, Nissen on price-sensitive customers and Keops on high-end assortment. The turnover of Instru Optiikka was 9,91 million euros is 2020. With over one hundred stores in Finland and twenty-eight stores in Estonia, Instrumentarium has the most extensive store network in the industry. Instru Optiikka is a part of Grand Vision group, a global optical retailer with more than 7200 stores in over forty countries. The most recent major change in the global field occurred when Grand Vision became a part of the global industry leader EssilorLuxottica as of July 2021 (EssilorLuxottica, 2022). The aim of Instru Optiikka is to be at the forefront of the optical field in Finland constantly investing in the quality of our products and developing new services and taking the whole industry forward.

When looking at the competitors in the Finnish field, the biggest are Silmäasema and Synsam, both with the same mid-high service-oriented positioning as Instrumentarium. Optical retail chains Specsavers and Nissen are not considered here as they are positioned lower and are targeting the very price sensitive customer segment. The complete competitor analysis of the biggest mid-high positioned optical retail chains operating in Finland can be found in Appendix 2. but it is concealed from the public for the purpose of protecting trade secrets.

3.3 Consumer behavior

Consumers want to buy themselves into a certain group and are willing to take all the help they can get. According to Schmitt (1999: 57) “they want products, communications, and campaigns that they can relate to”. This can be achieved by building brands that touch the hearts and minds of the consumers. In health care, a correct brand identity can help the customer navigate in the strange waters of health care terminology by giving them something familiar to hang on to. This said, a brand extension of a well-known clothing brand in the form of eyewear can ensure that the customer is making a familiar choice fitting with their usual style, even if they never understood the core attributes of their purchase, the actual optical lenses mounted in the frame. According to Salehzadeha and Pool (2017: 76), customers´ purchase intentions are even more impacted by the perceived value they believe to obtain throughout the various stages of the journey leading to the purchase decision, than the after-purchase satisfaction they believe they would have.

“A brand is what consumers say it is” (Atanasova 9.9.2021). Customers use brands as tools of telling a story of how they think, feel and where they belong. They identify which brands tell the story they want to communicate. It is a valuable lesson that reaching customers is not going to happen by trying to change their life goals but by signing up to help accomplish them.

4 Materials and methods

This research is based on the case study method as it is a way of focusing the study on a specific subject, in this case a phenomenon. Case studies are commonly used in business research. To gather deep insight into the cases, interviews of key decisionmakers were conducted. The interviewees were Marta Bulleri, the Senior Brand Manager of

Fendi Eyewear at Thélios and Maija Pettersson, the Head of Brand Marketing at Balmuir. Further details of the interview plan and process can be found in the following chapter 4.2. The final interview questions can be found in Appendix 1.

The following chapter 4.1 lists the analysis tools used in order to reach a deep understanding of the business environment where the brands in focus of this case study operate. Special focus was addressed to the case Balmuir Eyewear as it is this project of building the first Balmuir Eyewear collection that provided the extensive concrete background for this study.

4.1 Market analysis tools

Analyzing the macro-environment is a way of understanding and preparing for the opportunities and threats that impact the business environment but are often outside your control (Atanasova, 2021). An efficient tool for analyzing the macro-environment is through PESTLE analysis. Chapter 6.3 Figure *11.* presents a PESTLE analysis of the varied factors impacting the optical business field where Balmuir Eyewear operates.

Analyzing the micro-environment focuses on factors in the immediate environment that have an effect on the brand, for example stakeholders and competitors. Porter's five forces is a way of analyzing the competitive environment. (Atanasova, 2021.) Chapter 6.4 summarizes Porter´s five forces from the perspective of Balmuir Eyewear and Instrumentarium as the distributor of the brand in the optical industry.

SWOT analysis, a summary of the strengths, weaknesses, opportunities, and threats facing the business, is a tool for assessing the most important internal and external factors impacting the business case. In chapter 6.5 Figure 13. the SWOT analysis for Balmuir Eyewear brand extension and its distributor Instrumentarium is presented.

The market profile of a product line can be assessed by reviewing how the line is positioned against competitors' competitive offerings (Shalowitz, Kotler & Stevens, 2011: 272). This product mapping analysis was performed while determining the brand positioning of Balmuir Eyewear and is presented in Figure 14. and through chapters 6.7 and 6.8. Figure 14. visualizes the competitive field of accessible luxury brands in Eyewear and thus also includes Fendi Eyewear.

Product attribute associations also often function as a brand positioning device as in the mind of the consumer a brand can be tied to certain product characteristics but also include associations, for example of the type of a person using the product (Aaker & Keller, 1990: 28). These associations were discussed in the interviews and further analysis presented in chapter 7.

4.2 Interview methods and ethical considerations

The interviews of Marta Bulleri, the Senior Brand Manager of Fendi Eyewear at Thélios and Maija Pettersson, the Head of Brand Marketing at Balmuir provide this case study the basis for describing the key benefits that luxury and lifestyle brands are aiming to achieve with brand extensions to the eyewear category. The interviewees represent different companies, do not know each other, and have diverse backgrounds in relation to the eyewear business, which provides versatile perspectives for analyzing the objectives set for the brand extensions. The same questions were presented for both interviewees and shared in advance. The purpose of these interviews was to gather insights from two professionals in key positions to observe and evaluate the impact of a brand extension to eyewear category. Marta Bulleri has over ten years of extensive knowledge of the eyewear industry, and she is therefore also an expert source for analyzing the ongoing change in the industry. These insights were then used as the foundation, together with the literary sources, to analyze the subject phenomenon of this case study. The aim of this case study is not to present generalizable scientific findings, as two interviewees do not offer a wide enough research population. The complete list of interview questions can be found in Appendix 1.

The study was conducted following the ethical principles recommended by Arene, the Rectors' Conference of Finnish Universities of Applied Sciences (2020: 7), stating that the data subjects´ rights are protected by the EU General Data Protection Regulation GDPR. The interviews were conducted in April 2022 using the virtual platform Microsoft Teams, the other one in English and the other one in Finnish. The interview questions, as seen in Appendix 1., were sent beforehand to the interviewees to allow them to familiarize themselves with the nature of the questions. It was also highlighted that they are not expected to prepare in any way for the interview. The sessions were recorded with the consent of the interviewees but stored only for the duration required for this study and viewed only by the interviewer in order to verify statements. No special personal data of the interviewees, such as health-related data, was stored or passed on to any external parties (Arene, 2020: 12). There are no conflicts of interest between the Author and the interviewees, or the companies mentioned in the study. The Author does not receive monetary or any other form of compensation for the case study.

In the following chapters the nature of the phenomenon of the rising health awareness and its business impact is investigated through two cases via the lens of the optical industry.

5 Case Fendi Eyewear

5.1 Company overview

The house of Fendi was founded in Rome, Italy in 1925. The family business quickly started gaining success with their handbags and fur products, combining elegance with creative research for high-quality materials and details. The turning point for the brand came in 1965 when Karl Lagerfeld, the future icon, joined the company giving it a new reinterpreted spirit and designing the famous Double F -logo that stands for “Fun Furs”. (LVMH, 2022.) In year 2000 the house of Fendi became a part of the LVMH Group (Fendi, 2022).

Today Fendi is seeing sturdy growth in all product categories with the success of the collections created in collaboration with Silvia Venturini Fendi and Delfina Delettrez Fendi, third and fourth generation of the Fendi family, and designer Kim Jones who was appointed as Artistic Director of Couture and Womenswear in 2020. In the key category of leather goods, the iconic Peekaboo and Baguette lines in addition to the newly introduced Fendi First bag drove the sales in 2021. Remarkable growth was seen in the ready-to-wear and accessory categories according to the 2021 annual report of LVMH. (Fendi, 2022; LVMH, 2021: 14.) The Lyst index that rates fashion’s hottest brands and products has Fendi at number seven out of 20 brands listed for Q4 2021. The index is based on data gathered from the Lyst global shopping platform used by over 160 million people yearly, Google search data and social media engagement statistics. (Lyst, 2022.)

5.2 Fendi Eyewear

Fendi Eyewear is designed, manufactured, and distributed by Thélios, a company founded in 2017 when the LVMH Group decided to enter the eyewear industry by forming a joint venture with Marcolin (LVMH, 2018: 101-102). LVMH acquired the company fully in December 2021 (LVMH, 2021: 40). In order to maintain the image of exclusivity, it is essential for luxury brands to have short- and long-term plans to manage perceived similarity between high-end luxury and affordable luxury products (Ishihara & Zhang, 2017: 33). With Thélios LVMH is able to control every stage of the eyewear production cycle of their brands. Its flagship production facility located in Northern Italy produces about 1,5 million optical frames per year with room for expansion. Another way for LVMH to enforce control is to establish selective distribution for the group´s brands to prevent over-exposure and to control the customer journey by carefully selecting the retail outlets and limiting their number. Brand equity can be effectively preserved by controlling distribution to prevent over-exposing the brand and diluting the brand equity. The ambition for Thélios is to become “an emblem of quality” in the rapidly transforming eyewear market, driven notably by the rise of the Asian market. (LVMH, 2018: 101-102.)

Fendi Eyewear was launched in July 2021 with the introduction of the Fall-Winter 2021 collection that included for example products inspired by the iconic Baguette handbag and lens options with blue blocking technology to offer protection from the blue light transmitted through digital screens (Bulleri, 2022). The brand mapping for Fendi Eyewear is presented later in connection to Balmuir brand positioning (Figure 14.). Italian luxury, Fendi family heritage and fun creativity are the three key associations with Fendi that establish image and differentiation for the brand. It is essential for Fendi Eyewear product development to respect the image fully and not just design products with the brand logo. Full integration with the design direction of the brand is the only way to create products that complete the Fendi lifestyle. (Bulleri, 2022.)

5.3 Fendi x Arena collaboration

The unique swimming cap and goggles presented on the Fendi Men's Spring-Summer 2022 catwalk represent the collaboration between the brands Fendi and Arena. “The limited-edition swimming kit celebrates the creativity, style, and technology of two leaders in the sport and luxury world”. (Fendi x Arena press release, 2022.) The product features include the Double F -logo of Fendi in the iconic color combination of brown and yellow combined with the technical product features of Arena as shown in Figure 8. The technological ability of the Fendi Eyewear team was required for adding the Fendi-print to the lenses of the swimming goggles, as this type of solutions commonly used in the fashion eyewear category had not been used before for functional performance eyewear (Bulleri, 2022).

Figure 8. Fendi x Arena complete swimming kit as seen in press release (2022).

Figure 9. presents visual imagery of the marketing campaign for Fendi x Arena and clearly highlights the two faces of the product: the high-end fashion and the functional one. The distinctive Arena brand features are promoting the health aspect of the product whereas the recognizable features of the Fendi brand are setting the wearer apart from other swimmers in the pool. The swim goggles were even present in the Spring-Summer 2022 men´s fashion show, accessorizing three casual looks – a first for a luxury brand (Bulleri, 2022).

Figure 9. Fendi x Arena visual imagery as seen in press release (2022).

The press release announcing the collaboration of Fendi, and Arena (2022) strongly emphasizes the functionality of the product: it presents the way the goggles are developed from a bestseller model of Arena to guarantee fit to every swimmer´s face, listing everything from the gasket design to the material of the swimming cap. Even the practical nature of the case is mentioned. All of this suggests that the aim was to promote how comfortable a swimming experience the kit enables. While this is all very common information for a customer familiar with Arena brand and the swimming sport, this level of functionality is far from the traditional luxury brand image that Fendi represents. Several literal sources define luxury as something with pleasure and social storytelling as the first central benefits instead of functional values, but through this collaboration we can see Fendi defying this common perception (Hagtvedt & Patrick, 2009; Ishihara & Zhang, 2017: 32). A brand extension to a specialized sub-category of eyewear can be seen as a risk for Fendi´s brand image as according to brand extension literature, the perceived fit between the core brand and the extension is seen imperative for the commercial success of an extension project (Riley et al. 2015: 887-892). What supports the success of the collaboration, is the relevance of the brand Arena in the sport swimming space, ensuring credibility for the functional aspect of the product, and broadening the target market of Fendi with potential new customers who did not consider the brand before (Aaker, 2011: 13-14). This outcome was a key objective of the Fendi Eyewear product team

(Bulleri, 2022). The Fendi x Arena collaboration serves as an example of the change in the image of eyewear category from a range of products comparable to hearing aids to an accessory completing one´s style. A company name made famous by luxurious leather goods with fur details is not a natural match with a product line of plastic goggles used for seeing while exercising in the water. But in order to stay relevant Fendi is now telling a story of people who can look good and stand out while living according to their values. Pursuing this lifestyle can be a strong driver of luxury purchase intentions, whereas the strong established status of the brand name is likely to protect Fendi brand equity from being diluted (Ishihara & Zhang 2017: 36).

According to Aaker (2011: 12) one of the strongest global trends providing an impulse to form new product categories and subcategories is people taking control of their personal health. It is a powerful additional value for a brand to offer, if they can deliver their customer a feeling of being supported to take better control of their personal health and wellbeing. The pleasure of making this choice and showing it to others can be perceived as a new feeling of luxury.

6 Case Balmuir Eyewear

6.1 Company overview

Balmuir is a Finnish lifestyle brand established in 2007 offering an exclusive fashion collection, home decoration products and unique gift items made of the finest natural materials. They derive inspiration from Finnish nature and travels all over the world. Balmuir products are made by highly skilled partners, carefully chosen with an emphasis on premium quality and sustainability. “The cornerstones of our business are the product quality, excellent customer service, flexibility, and joy of doing and creating. We believe that quality is in fashion forever.” The turnover of Balmuir was 7 million euros is 2020, with a decrease of 6,4% from previous year. Balmuir currently has two flagship stores, their own webstore and several distributors and shop-in shops around Finland. They are also opening a new store to the Helsinki-Vantaa Airport in 2022. (Balmuir, 2022.)

6.2 Balmuir Eyewear

Balmuir's brand values are quality, trustworthiness, genuineness, and sustainability (Balmuir, 2022). These values are a perfect match to the values of Instru Optiikka Oy, the owner of Finland´s best known optical retailer Instrumentarium chain. The idea of Balmuir Eyewear was born out of the Author´s vision of how the extension of the world of Balmuir could serve the customers of Instrumentarium. The main customer group is women and a growing number of them are looking for good looking functional eyewear that feels comfortable to wear every day but is also reflecting their values.

The collection consists of five optical frame models and five sunglass models, all available in two colors inspired by the Balmuir brand world and named accordingly, for example "sand" to describe the earthy translucent light brown color always present in the collection. All the different models also have names drawing from the mood of the Balmuir collection in question and are designed to complement different face shapes and sizes to serve all customers. The Author was in charge of briefing the chosen supplier with the desired product features drawing inspiration from the Balmuir SS22 mood board provided by the brand team combined with technical requirements and ideas for details that translate the brand mood to eyewear. The core details that reflect the Balmuir look include: a braid pattern recalling woven fabric used to decorate the metal core wire visible through the translucent acetate material (seen in Figure *10*. model Violeta) and the use of the BB-chain monogram designed to celebrate the 15th anniversary of Balmuir throughout the collection (Balmuir x Instrumentarium press release, 2022). In Figure *10*. picture on the right, the BB-chain monogram pattern is visible on the silk shirt belonging to the Balmuir SS22 release.

All the products serve a multi-functional purpose, as all of the sunglasses also fill the technical requirements for inserting prescription lenses made-to-measure for the customer. All of the sunglasses have 100% UV protection and anti-reflective coating at the back of the lens for enhanced visual comfort. (Balmuir x Instrumentarium press release, 2022.) EU Medical Device Regulation is a product legislation designed to enhance the safety and reinforce the surveillance of medical device products available in the EU (European Council of Optometry and Optics, 2021; 1-3). The regulation applies to eyewear and is complied by Balmuir Eyewear.

Figure *10.* demonstrates the visual look of Balmuir Eyewear Spring-Summer 2022 collection with the mood of Italy. Presented in the left picture is also the limited edition acetate chain in honey havanna color. The chain was developed to celebrate the first release of Balmuir Eyewear and is only available in a limited quantity. The special product features of the chain include the BB-chain monogram engraved metal locks that are compatible with the open work details of the sunglass model Montserrat (presented in Figure *15.*), and a special branded pouch dedicated for this product. An additional functional detail are the small removable silicone loops that allow the customer to wear the chain with any sunglass or frame they choose.

Figure 10*.* Balmuir Eyewear SS22 collection sunglass model Violeta with limited edition chain and optical frame model Bianca (Balmuir x Instrumentarium press release 2022).

All the afore described product features were developed maintaining a balance of aesthetical and functional benefits, for example the chosen lens color matching the color of the frame while complying with the regulations set for sunglass lenses sold in EU. Balmuir Eyewear product features are an example of the way a well-designed product can attract both the desired feeling a luxury product can deliver but also the satisfaction of acquiring a product fulfilling a functional need.

The following chapters outline the environment in which the new brand Balmuir Eyewear operates, taking into account both the external factors in the overall business environment and the factors inside the field of optical retail in Finland.

6.3 The macro-environment

Analyzing the macro-environment is a way of understanding and preparing for the opportunities and threats that impact the business environment but are often outside your control (Atanasova, 2021). An efficient tool for analyzing the macro-environment is through PESTLE analysis. In Figure *11.* we can see the several factors impacting the optical business field where Balmuir Eyewear operates.

The current macro trends of sustainability and increased attention to health care and well-being are positive factors for the brand and the whole optical industry. After the global Covid-19 outbreak, it is clearly seen that people with a chance to consider their spending habits are doing so and opting for more environmentally friendly options, if given the chance to do it in an effortless way. Simultaneously to the trend of conscious consumption, the willingness to invest in health care is also on the rise. With the aging of the population, also the number of people in need of eyecare services is increasing.

P	E	S	T	L	E
Political	Economic	Social	Technological	Legal	Environmental
Increasing political focus on health care, SOTE	Increasing material and logistic costs due to the pandemic	Increasing attention to well-being and health, aging population	Development of new lenses and corrective eye surgery	EU Medical Device Regulations (MDR)	Sustainability and conscious consumption are growing trends

Figure 11. Pestle -analysis chart for Balmuir Eyewear

Macro trends with a potentially negative impact are the increasing material and logistic costs due to the pandemic, which create uncertainty in lead times especially since the eco-friendly materials are more difficult to source, and the overall decrease in the use of eyewear due to increased rates of corrective eye surgery operations. The currently prevailing overall uncertainty in the European finance market is due to Russia´s actions against Ukraine in 2022. The strong seasonality of the sales of optical products can also cause economic uncertainty. The legal factors, major ones coming from the EU in the form of Medical Device Regulations, can have a positive or a negative impact, but so far, the industry has welcomed these new regulatory guidelines. There are constantly new technological advances in the field of optical lenses bringing benefits to the customers through new improved solutions.

6.4 The micro-environment

The micro-environment analysis focuses on factors in the immediate environment that have an effect on the brand, for example stakeholders and competitors. Porter's five forces is a way of analyzing the competitive environment. (Atanasova, 2021.) As seen in Figure *12.* (Mishra, 2020) it consists of five elements that each impact how attractive the market appears to a company aiming for a profitable business.

Figure 12*.* Porter´s five forces (Mishra 2020).

In the next chapter Porter´s five forces will be summarized from the perspective of Balmuir Eyewear and Instrumentarium as the distributor of the brand in the optical industry.

Threat from new entrants in the industry is something that is constantly changing and therefore has to be monitored. New brands emerge and social media is accelerating this pace. On the other hand, Finnish customers are extremely interested in finding options best suited for themselves rather than going after a specific brand in eyewear. Chapter 3.2 gives more insight into the field of optical retail in Finland, which is highly competitive, and chain led making it very difficult for a completely new retailer to enter the field. This has not happened since Specsavers entered the Finnish market in 2005.

Threat from substitution products can be seen as new eyewear brands entering the same positioning as Balmuir Eyewear or eyewear being replaced with other means of visual correction gaining popularity. The strength of Balmuir Eyewear is in the story of two well-known Finnish brands working together, which makes it incredibly unique for the target customer. No other Finnish brand has the same fanbase and glamorous but accessible brand DNA as Balmuir; there are no clear competitors in Finland (Pettersson, 2022). There is no need to see other eyewear products, like contact lenses, as a threat but an added value to the customer searching for the best mix of solutions from the best eyecare professionals in Instrumentarium. The market has remained very stable over the recent years; the study of eyewear and contact lens use in Finland conducted by Anne Kosonen in 2019 revealed no significant changes when compared to the results from 2016.

Bargaining power of customers is high in the optical industry in Finland. A vast number of options is available, but the prices are often difficult to understand and compare because of different pricing concepts, lens requirements and promotions. As an average Finns own two pairs of eyeglasses (Kosonen, 2019).

Bargaining power of suppliers is not a major risk at this point because of the market leader status and Grand Vision bargaining power Instrumentarium has. Naturally, global shifts in the costs of raw materials and logistic costs, like for example the one caused by the Covid-19 pandemic, do have an impact but this is faced by the whole industry simultaneously.

Competitive rivalry is best met with sustainable advantages that make Balmuir Eyewear and Instrumentarium as a chain concept stand out in the long run; the Finnish trustworthiness and service that both brands are known for combined with the fashionable but classic style of Balmuir. Even if the number of similarly positioned competing optical chains has remained stable, the rivalry is getting tougher with Silmäasema and Synsam investing heavily to win market share.

6.5 Strengths, Weaknesses, Opportunities and Threats Analysis

The SWOT analysis is a summary of the strengths, weaknesses, opportunities, and threats facing the business. In Figure 13. are presented the most important internal and external factors impacting Balmuir Eyewear and Instrumentarium as its distributor. In the following chapters the factors are explained with further detail.

INTERNAL FACTORS		EXTERNAL FACTORS	
S	W	O	T
Strenghts	Weaknesses	Opportunities	Threats
- Finnish brands & high brand awareness (both B&I) - Sustainability - Functional fashion - Market knowledge	- Limited resources - Retail price higher than average -> lower volume - MOQ limiting re-newal and style	- Health trend - It is becoming more acceptable in Finland to invest in yourself - Sustainable choices becoming mainstream	- Supply chain and quality problems - Change in market requirements - Sustainable choices becoming mainstream

Figure 13. SWOT analysis table for Balmuir Eyewear, distributed by Instrumentarium

It is a strength for the Finnish audience, that both Instrumentarium and Balmuir are Finnish well-known brands. Sustainability and conscious consumption are major trends in the market and give a good positive push as Balmuir Eyewear is the only sustainable collection with a Finnish brand name in the eyewear market. Balmuir has built a clear brand identity since its foundation in 2007 and Instrumentarium is the best known optical retailer in Finland with over one hundred years of heritage. Comprehensive understanding of the market needs gives a solid foundation for the product design, both aesthetically and from a more technical standing point, for example the proportions required for the nose pieces available in the collection.

Weaknesses for the operation include limited resources compared to the benchmark brands coming from big suppliers such as Kering Eyewear, and Balmuir being only one of Instrumentarium´s lengthy list of brands offered. The decision to only use eco-friendly acetate causes higher cost of the raw material and thus the end product. With operational requirements for the pricing margin of the products, the retail price per product is higher than the average price of many competing brands, which can have a negative impact on the overall sales volume of Balmuir Eyewear. Manufacturing an eyewear collection to be sold exclusively requires Instrumentarium to fill minimum order quantity obligation for the factory. From a purely business perspective this MOQ requirement then limits the possibilities of renewing the collection and also the boldness of the design in order to avoid issues with too high stock coverage.

Many opportunities lay in the way the Finnish market is developing. The overall trend of health awareness and taking better care of yourself are opportunities for a product that is functional, has health benefits and is also a long-lasting style choice. Finns are traditionally very functional consumers who appreciate good value for money, but making sustainable choices is now becoming more and more common, which can potentially increase the customer base for Balmuir Eyewear.

Threats for the operation include possible issues with supply chain, poor availability for example, and quality issues creating costs and at worst, the loss of the high quality image. Products with long lead times from design to store are also sensitive to unforeseen changes in trends and customer requirements. In addition to being an opportunity, sustainable choices becoming mainstream can also become a threat when competitors launch their own sustainable eyewear lines.

6.6 Marketing strategy

Instrumentarium has a good traditional image as a destination for eyecare solutions but in a competitive market there is a need to differentiate the assortment and create excitement with exclusive distribution brands. Increasing the awareness of the exclusive offer will ideally make Instrumentarium a must-visit destination when shopping for new frames or sunglasses. The customer needs to have a reason to visit the Instrumentarium store instead of just selecting the first optical store around the corner or even to challenge them not to go to the same one they regularly use. In the following chapters Balmuir Eyewear brand positioning will be explained and to support, a brand mapping of the relevant benchmark brands will be presented.

6.7 Balmuir Eyewear brand positioning

The unique selling proposition of Balmuir Eyewear is that it is the first (and at this point the only) Finnish fashion house to have a sustainable eyewear collection. It is the result of the collaboration of two renowned Finnish companies, designed for people who want to look good and feel good. No other brand resonates so intimately with the style ethos of Finnish women bringing just the right touch (but not too much) of glamour to everyday life. Balmuir Eyewear is the extension of the loved world of Balmuir to eyewear, something you wear close to you every day. It is a collection of frames and sunglasses with an iconic look, good fit and eco conscious materials, designed and sold exclusively by Balmuir and Instrumentarium. The mix offered is unique: the brand story of a Finnish fashion house and the expertise of your trusted eye care provider.

Creating a positioning statement is a way to define the key brand characteristics and be able to briefly present the value proposition of Balmuir Eyewear to the target customer:

Balmuir Eyewear is the first sustainable collection of frames and sunglasses by a Finnish fashion house. The collection is designed for Nordic women in collaboration with Instrumentarium to create a unique combination of eyewear expertise, perfect fit, and iconic style. Balmuir Eyewear is dedicated for people who are not ready to compromise but want to look good and feel good every day.

6.8 Balmuir Eyewear brand mapping

In Figure 14. Balmuir Eyewear brand mapping, it is clearly indicated how the brand is positioned amongst competing eyewear brands with both mainstream and accessible luxury positioning. The brand mapping was drawn by the Author during the Balmuir Eyewear brand building process initiation phase at the end of year 2020. The benefits of brand mapping include understanding the product line´s profile and identifying market segments in light of the product attributes most important for the customers, in this case those being the overall look (*mainstream versus stylish/edgy*) and price range (+/-) (Shalowitz, Kotler & Stevens, 2011: 272-273). In the spirit of Balmuir´s core values of quality, trustworthiness, genuineness, and sustainability the eyewear collection is positioned between mainstream and edgy styles, reflecting the iconic and long-lasting look the product attributes support. Pricewise Balmuir is positioned as accessible situated below haute couture brands like Yves Saint Laurent and Dior but still on the same level as the classic benchmark fashion house license brands like Burberry and Jimmy Choo.

The main competitors in the global mapping in Figure 14. are Stella McCartney because of their strong investments in sustainable fashion, Gucci for the more classic part of their collection because of their current strong brand hype and Yves Saint Laurent because of their superior design that is in line with the needs of the target customer. Fendi is not challenging Balmuir in its core customer segment as it is positioned more towards stylish edgy fashion thus catering to a more fashion forward crowd. The competitive edge Balmuir Eyewear has over these brands is that the fit and colors are designed with a Nordic customer in mind, whereas the likes of Stella McCartney and Gucci are offering a fit better suited for the average South European face structure. What makes Balmuir products stand out in this crowd is, that they are extremely comfortable to wear for the customer target group of Finnish women.

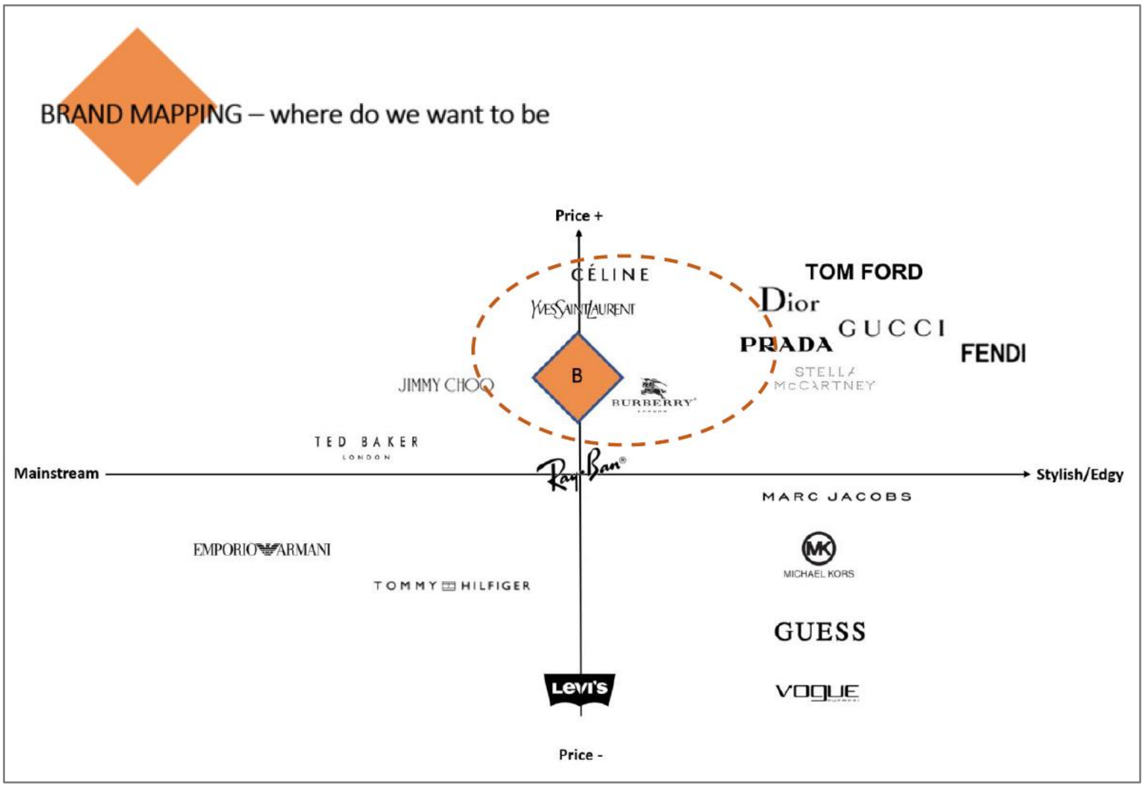

Figure 14. Balmuir Eyewear brand mapping, accessible luxury positioning between classic and edgy fashion with price range target of 200-300€

Sustainable approach to fashion brings a competitive advantage as the social preference of the target customer is to visibly communicate their conscious choices. The use of natural colors and high-end detailing reflect the nature-friendly choices creating a product that gives value for money. The design needs to be kept very clean to avoid going to the direction of edgy fashion where the competition is tougher, and it is very difficult to stand out and stay relevant. But it is also crucial to keep the details interesting and not too jewelry-like because this would cause the products to lose their up-to-date timeless look and limit the customer base to a more mature audience.

7 Analysis

The following chapters provide an analysis of the materials presented in this case study. The main objective is to examine the key benefits luxury and lifestyle brands aim to achieve with brand extensions to the eyewear category and furthermore, to summarize the key criteria for successful brand extensions to the eyewear category. These topics were broadly discussed during the expert interviews conducted and the overall analysis is supported by literary sources that provide the theoretical background for exploring key success factors of brand extensions. Both interviewees (Bulleri, 2022; Pettersson, 2022) highlighted the same key benefits summarized hereunder (not presented in the order of importance).

The key benefits for luxury and lifestyle brands with brand extensions to the eyewear category:

1) Eyewear is a product category that can increase the target customer group of the parent brand through accessibility and price-segmentation opportunities

2) For brands that aim to offer their customers a full lifestyle experience, eyewear serves as a product category that completes the look in a visible but accessible way

3) Eyewear category can create buzz around the brand through increased perception of innovativeness and awareness

The findings from the interviews (Bulleri, 2022; Pettersson, 2022) are well related to the brand extension theory presented in chapter 2.1 and with the support of the conclusions of Stankeviciute and Hoffmann (2010: 119) the key criteria for a successful extension of a luxury lifestyle brand to eyewear category are summarized below.

The key criteria for a successful extension of a luxury lifestyle brand to eyewear category:

1) Collaboration of a luxury brand with a non-luxury brand or the extension to a category not inherently associated with luxury requires that the end-product be

fully integrated with the luxury criteria of the parent brand and that there are no bad associations with the collaborator

2) The extension has to reflect the quality, product features and values of the parent brand (and the possible collaborator) in a credible way that meets the needs of the target customer

3) The risk of brand equity dilution of the parent brand through ever-exposure or unclear positioning should be closely monitored

Based on a study by the consulting company Kantar, the success of a brand relies greatly on executing the following four fundamentals well: "providing superior experience across consistently branded touchpoints, a range of well-designed and functional products and services, convenience, and exposure through great advertising" (Burdet, 2020). A part of this case study is to explore the on-going transformation of the concept of luxury to embrace more functional product attributes and enable customers to feel more in control of their personal health and wellbeing. This topic is well demonstrated through the case example of Fendi x Arena collaboration where there is proven extendibility of a true luxury brand to a functional product category, in this case to eyewear. Based on the case studies, combining the emotional desirability of luxury products to functional desirability does make sense to the customer and thus to the business. Strategy-wise "changing position within perspective may be easy; changing perspective, even while trying to maintain position, is not" (Mintzberg, Ahlstrand & Lampel, 1998: 14). So, creating buzz around the brand by playing with different associations can be done, as long as the perspective remains relatable for the target customer. As is in the case of Fendi x Arena, the idea of healthy choices in luxury surroundings or the potential of the swimming kit as a high-end gifting item establishes this link between a functional product and the luxury world. High-end online retail also requires ways to drive purchase decisions and exclusive collaborations, or limited edition colors are a way to establish a feeling of uniqueness in the online environment that is tied closely to the luxury world. (Bulleri, 2022.)

This case study emphasizes that customer needs should be kept at the heart of every brand- and product development initiative, whether they are of emotional or functional nature. After testing their integrated model of brand attitude, perceived value, and purchase intention, Salehzadeha and Pool (2017: 80) discuss that, in order for luxury brands to enhance their competitive positioning in the market, they should focus on customers by developing products that are both attractive and boost their perceived functional value. Creating a new product category or subcategory requires a new perspective, but it is not enough to manage just the brand perception of the parent brand, the customer perception of the category has to be managed as well. Based on this case study, eyewear is a versatile category with high potential for visibility and attraction in the luxury world, provided that the credibility of the extension has been verified and the association to the parent brand is strong.

It is fundamentally important to identify from one to five priority aspirational associations that define the brand or category and attract people to it. These associations can include for example: features, benefits, personality traits and values. This set of associations should outline what differentiates it from competitors and delivers the functional, self-expressive and emotional benefits driving customers´ choices. (Aaker, 2011: 26-27.) In the case Balmuir Eyewear it was defined that the three key adjectives associated with Balmuir brand, which establish image and differentiation, are: quality, authenticity, and warmth. In addition, the customers of the parent brand Balmuir were expected to have the following three product associations for the brand extension to eyewear (Pettersson, 2022):

1) High quality - product features perspective managed through material choices and credible price points

2) The look of Balmuir - product features perspective managed through details and the color palette

3) Exclusivity – the benefit of differentiation managed through collaboration with an established industry expert and limited distribution and experientiality of the customer journey

The self-expressive benefits and differentiation through values and warmth are managed through highlighting the sustainable material choices of the Balmuir Eyewear collection. All the main aspirational associations are also reflected in the positioning statement presented in Chapter 6.7 Balmuir Eyewear brand positioning, that outlines the unique nature of the first sustainable collection of frames and sunglasses by a Finnish fashion house and the functional design ensured by the collaboration with industry expert Instrumentarium. Promoting a credible and forward-thinking new category is an efficient way to get the brand message implied rather than stated in an obvious way. A brand sharing information about a new category or a subcategory is likely to be perceived as innovative and capable whereas a brand just promoting their name can appeal self-serving to the modern consumer. (Aaker, 2011: 29). This stands true also in the case of Fendi x Arena collaboration (Chapter 5.3), where Arena as the expert in the field brings credibility to the new subcategory of Fendi swimming accessories. Highlighting the functional product features in the communication of the product allows the innovativeness of the Fendi brand to be implied rather than stated. While innovativeness and fun are highlighted, the other priority aspirational associations of Fendi, Italian luxury and family heritage, are not contradicted. (Bulleri, 2022.)

“The strength of category association may vary from one category to another” (Ishihara & Zhang 2017: 36), but success in a specialized category such as eyewear is more certainly achieved when credibility is not taken for granted through association to parent brand but built with expertise, and collaborations are an efficient tool to make it happen. Neither one of the interviewees (Buller, 2022; Pettersson, 2022) identified any risks related to extending their brand to the eyewear category and no opposition rose inside their companies during the process. Maija Pettersson (2022) noted that teaming up with a well-known eyewear industry expert such as Instrumentarium was what was needed for them to make the decision to extend Balmuir brand to eyewear. They had already before contemplated adding sunglasses to their product portfolio, as it felt like a natural extension of the travel and leisure themes. At Balmuir, the current health trend is not seen as a major positive impact but more of a challenge in terms of more competition for the expenditure of the target customer segment, even if the Covid-19 pandemic did spark the customers´ interest to invest in products such as loungewear – the rise of self-indulgence being the operative word for the impact of the health trend (Pettersson, 2022). For Fendi Eyewear, the trend is more in eyewear becoming a fashion accessory that can be used to play with your image, which can in turn end up with the health aspect of eyewear becoming less relevant (Bulleri, 2022). Is there also a potential downside to the health aspect? Aaker and Keller (1990: 28) describe negative associations as a potential risk for brand extensions, and this could have been true for eyewear before, specifically for eyeglasses, which were regarded for a long time as a very unsexy item to carry, a sort of way to admit to being in bad health, old and in need of assistance. But with over ten years of experience in the eyewear industry, Marta Bulleri (2022) and the Author have witnessed a positive change in the attitudes towards the eyewear category. With younger generations, negative attitudes are in the past and eyewear benefits from their holistic take on lifestyle as a way of communicating individualistic values and the overall positive associations eyecare has to health awareness. For luxury brands eyewear is an efficient way to boost brand awareness through visibility the category can offer for their logo and other identifying brand ingredients such as monograms and colors. And when it comes to reaching new customer segments, eyewear remains relevant. For example, the performance category is on the rise with customers looking to improve their performance with lifestyle accessories dedicated to sports such as running (Bulleri, 2022). When interviewed for Vogue Magazine regarding the Fendi and Versace collaborative fashion show, Donatella Versace said they wanted to offer “something unexpected and unique” (Phelps, 2022). Extensions and collaborations are a significant tool even for brands with a strong proprietary reputation because they provide customers more levels to engage with the brand and ultimately offer ways for more customers to project their personal image.

To summarize the key conclusions of this case study, eyewear can serve both functional and emotional customer needs and should thus be considered a valuable category for luxury and lifestyle brands. Drawing from Stankeviciute and Hoffmann (2010: 119), the eyewear category can function as an effective way to boost the revenues of a company, as it has the power to attract new customer segments that did not consider the brand before. Businesses also have to acknowledge that modern global consumers prefer to buy goods and services from companies that are reflecting their personal values and beliefs (Accenture, 2018: 11). The eyewear category can deliver unique buzz and the valuable image of awareness and innovativeness around the parent brand (Bulleri, 2022; Pettersson, 2022). In conclusion, the perceived value of a luxury brand is reinforced by brand extensions that support the delivery of a holistic lifestyle experience.

8 Discussion

The question for the eyewear industry is, that can eyewear be both: a necessity item and a fashion accessory? Traditionally in Finland the customer perception of eyewear as a functional health care product has protected the core business of optical retail from fluctuations in the overall consumer goods market. Even in times of uncertainty, people have been willing to invest in their immediate health and solutions to support their everyday lives. Sight as one of the fundamental senses is a powerful purchase driver. Even in the midst of the digital service revolution, optical retail stores are not currently in danger of loosing all foot traffic to online retailers because of the strong standing of opticians as health care professionals offering the much needed support to their customers. But this cannot be taken for granted, continuous investments need to be made to ensure the service level and overall customer journey keep meeting customers´ expectations. At the same time this case study offers proof of eyewear having untapped potential as a fashion accessory supporting self-expression and image. So, how to sum up the future business opportunities in sight for the optical retail and wholesale industry? Kering is once again leading the way with their recent acquisition of the brand Maui Jim: combining their fashion know-how with top of the line lens technologies is enabling them to serve their customers both emotional and functional benefits without the need to compromise (Spencer, 2022). Providing customers with ways to complement their lifestyle and communicate their values has limitless business potential and eyewear literally has a place in the spotlight. The optical industry should find new ways to collaborate with other industry experts, for instance to create fluent and more experiential customer experiences in both physical stores and e-commerce. The traditional health care identity of the optical business should not narrow down innovation. For example, Mehiläinen Group, a major provider of social and healthcare services in Finland, has collaborated with the Finnish smoothie bar chain Jungle Juice and now their customers can enjoy a healthy freshly made smoothie inside one of their locations in Helsinki. It also pays off to remember, that values are growing more and more important even in a wider business perspective, and brand building through investing in corporate reputation has become critical for growth (Burdet, 2020).

Based on all sources of this case study, respecting brand values is essential. Though the limits of this supposition are currently being tested by the Gucci brand while facing the risk of the market becoming saturated (Bulleri, 2022). Has innovativeness reached a new high when a known luxury brand is manufacturing their own counterfeits as is the case of Gucci´s “Guccy” – product line highlighting the miss-spelled brand name? It remains to be seen if this strategy of fearlessly stretching the brand is sustainable in the long-term. Nevertheless, it is a bold move calling into question the ideas of authenticity and originality, both central concepts to luxury brands´ appeal. Investments in a luxury brand´s image should reinforce customers´ personal connection to the brand, not make them question its value.

Supported by the presented case studies of Fendi and Balmuir, it can be clearly stated that the product itself is the key for success in the eyewear category. Both of these brands have a strong standing within their core market and a wide following. The results of this case study highlight how vital it is for brands in the highly competitive luxury goods market to engage with all aspects that could give the brand added value, credibility and both create and sustain an innovative image. Consequently, a successful extension of a high-end brand to eyewear category is supported by the end product being fully integrated with the parent brand´s lifestyle universe (Bulleri, 2022; Pettersson, 2022).

Figure *15.* refers to the case of Balmuir Eyewear and visualizes how the world of eyewear was merged with one of the best known visual elements of the Balmuir brand, the silk scarf. Based on the vision of the Author, the design of the sunglass model Montserrat includes an open work detail making it possible for the customer to accessorize the sunglasses with their favorite scarf for an up-to-date fashion effect. The added functional benefit is the potential to hang the sunglasses elegantly around the neck when not in use. Following this further, the customer can utilize her collection of scarves and find a personalized combination to perfect all outfits, potentially even ending up with a craving for more options. This is a concrete example of a brand extension product fully integrated with the lifestyle of the parent brand Balmuir through both functional and aesthetic product attributes and strategic storytelling that supports the business.

Figure 15*.* Balmuir Eyewear SS22 collection sunglass model Montserrat (Balmuir x Instrumentarium press release 2022).

The full potential of the health awareness phenomenon and its business impact are not yet known but it can be stated that understanding and staying ahead of the evolving customer needs are at the center of it. Therefore, a further study on customer perceptions and expectations related to the eyewear category is suggested. As a second proposal, a study on how to improve the customer experience in the optical retail business through service design methodology would provide valuable insight for the whole industry.

9 Conclusions

Is health awareness becoming a significant competitive differentiator for fashion and lifestyle brands? After exploring the phenomena from different angles, taking into account literary sources, expert interviews, and recent developments in both luxury- and optical retail market it can be stated that the perceived value of a high-end lifestyle brand is supported by brand extensions establishing a holistic lifestyle experience. Image is said to be the most important asset owned by a business and eyewear category can help support the building and upkeep of that image (Aaker & Keller 1990: 27). The modern value-conscious consumer can find the justification to buy from the functional and ecological attributes of the product. Eyewear makes sense because it complements the branded look with a clear conscience. As in the case example of Balmuir, representing a modern lifestyle brand, introducing new product categories is founded on the will to provide customers functional products that bring joy to their everyday lives, not just new things to buy (Pettersson, 2022). The new concept of luxury attracts all our senses, reason and emotion are not mutually exclusive. When brands connect with consumers on a deep level, it translates to the brand becoming a true part of their lifestyle and thus to sustainable business.

Is health the new black? The short conclusion is yes, especially when combined with the constantly emerging new digital possibilities. The Oura smart ring is an example of a wearable digital health product that has also acquired the image of a sought-after fashion accessory. They are making way for accessible health-tech, and this is also piquing the interest of the fashion community. (Pettersson, 2022.) The punchline “realize your potential”, is a strong purchase decision driver that doesn´t say what your goals should be but offers an idea of getting there by being the best version of yourself (Oura, 2022). It makes complete sense that the best version of you is also the healthiest. The business opportunities are vast for companies that can offer highly customizable services for monitoring and taking care of one´s health, while doing it all in an aesthetically attractive way.

Promoting personal health awareness and sustainable life choices is a signal of the possibility you have of making healthy choices – it has become fashionable to care. Technology and our current systems can only get us this far; the next stage of innovation requires us to combine functional aspects to those that make us uniquely human: emotion, empathy, the desire to belong and the longing for beauty.

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11 Figure Reference list

12 Appendix 1.

Interview questions

April 2022, remote interviews via Microsoft Teams

Marta Bulleri, *Senior Brand Manager of Fendi Eyewear, Thélios*

Maija Pettersson*, Head of Brand Marketing, Balmuir*

1) Please give a brief summary of your work history: education, how long have you worked with the brand, have you previously worked with eyewear, etc.?

2) Name three key adjectives associated with your brand that establish image and differentiation.

3) Your main strategies of sustaining the brand image? *(E.g. through marketing mix)*

4) What in your opinion is the optimal balance between brand growth and brand over-exposure?

5) Do you see the current health awareness trend influencing your work? If yes, how?

6) What are the main competitors of your brand, and do you see them reacting to the trend? If yes, how?

7) How do you see the role of eyewear in the fashion industry? How strongly is it associated with health?

8) Key objectives for your brand to achieve with the extension to eyewear?

9) What is the main additional value for the parent brand? *(Benefits can be multiple)*

10) What kind of expectations were you assuming the customers would have towards a brand extension to eyewear? *(E.g. product attributes)*

11) What led to the decision to go ahead with the collaboration?

    a. For Marta Bulleri: specifically, the collaboration with Arena

    b. For Maija Pettersson: collaboration with Instrumentarium

12) Key product attributes transferred to the extension?

13) Brand associations potentially helpful to the extension?

14) Brand associations potentially harmful to the extension?

15) Did you or somebody else in the company have concerns about the impact the extension to specifically eyewear might have to the brand image?

16) What results do you see following the launch of the extension?

17) How do you see the trend evolving in the future and what is the role of eyewear?