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**Market development and diversification strategies.
The Swarovski Case**

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Market development and diversification strategies. The Swarovski Case

1. Introduction

The present thesis comes from the wish to deeply analyze two of the most meaningful competitive strategies: market development and diversification strategies through the study of the Swarovski concrete reality. It is a luxury brand, the main manufacturing and global supplier of cut crystals reaching a 2,33 million turnover with 25000 employees and 2350 retail outlets in 2013.

Starting from the firm portfolio, I analyzed how it works to broadly introduce and sell its products in different sectors with a diversification strategy. The raw material it employes is crystal, a flexible and feasible element which can be used in every field.

My thesis is a descriptive case study realized on Robert Yin model, which proposes a data collection and an analysis phase, useful to develop the total editing. It is possible to extend the obtained results to other business realities, sectors and countries when you can find similar characteristics to those of the examined firm.

Being the market leader and monopolist, the firm uses innovation as a key element to gain success in different fields: fashion, jewellery, interior design and architecture.

Market development, diversification and premium price strategies help the company to reach a leadership in new markets. It reproduces standard guide lines all over the world in its product assortment as well as in retail outlet aesthetics and communication. The Asian market is characterized by a completely different culture that Swarovski intends to improve by inserting its brand and its products in ordinary life.

The thesis articulates as follows. Besides introduction, the second section explores the reference market and its sectors of action. The third section concerns the methodology used for the case study. The fourth section deals with the company history and its evolution. The fifth section analyzes particular marketing aspects. The sixth section focuses on the Italian case referring to Swarovski Internazionale d'Italia S.p.a.

2. The reference market

Swarovski company was founded by Daniel Swarovski in Wattens, Austria, in 1895.

Today, it is the world leading player in the cut crystal market, which represents its reference market. The company is a family run business specialized in the crystal manufacturing with a notoriety depending on processing high quality. Crystal is the raw material at the base of each product line.

At the moment the company is a strong brand both in the consumer and in the industrial market. It is splitted into two units: Swarovski Elements that offers crystals, gemstones, jewellery, accessories, furnishings and lighting to industries, and Consumer goods business (Cbg) which creates completely finished products distributing them all over the world through 2350 retail shops, most of them managed by the company itself (Il Sole 24 Ore, 2012).

Swarovski business is composed of the following subsidiary companies:

- Swarovski: fashion accessories and ornaments.
- Daniel Swarovski: jewellery, handbags in addition to interior design objects.
- Swarovski Optik: optics.
- Atelier Swarovski: fashion and jewellery designers. Viktor Horsting and Rolf Snoeren designed a 2014 fall collection.
- Swarovski Crystal Palace: avant-garde lighting and design.
- Swarovski Elements: pieces of crystals.
- Swarovski Kristallwelten: designer creations exposed in the museum “The World of Crystal”.
- Swarovski Entertainment: independent movies to enlarge the sphere of the firm activities for economic reasons.
- Swarovski Gemstone Business: gemstone designs.
- Swarovski Lighting: lighting products and crystal solutions for architecture.

- Tyrolit: tools for the manufacturing of crystal.
- Swareflex: safety road products.
- Schonbek: crystal chandelier manufacturing.
- Touchstone Crystal: direct sales of ready-made jewellery.

By expanding its activity and adopting differentiation, the business has achieved important goals in every sector, gaining a strong presence in the whole market.

Both B2C and B2B activities are useful to reinforce the brand equity, a marketing expression which describes the value of having a well-known brand name. Generally it is easier for a company to promote profit if it has a renowned brand.

It is now appropriate to talk about Swarovski's presence in the market.

Positioning refers to the position that a business has chosen according to its marketing and business objectives, related to the strategy that a company adopts to achieve organization goals.

As regards Swarovski case, it is not easy to define the firm position. The company sets itself mainly in the luxury jewellery sector, being also present in other different markets. It could be difficult to analyze every single context, considering that crystals are used everywhere; for this reason, it might be suitable to focus on the most profitable sectors where the company operates such as the fashion, jewellery, watch, interior design, lighting and architecture fields.

2.1 Crystal: inspirational material

Crystal is a timelessness material, able to transcend fashions and trends which can be targeted to people of every age; today it has turned into an essential element of creative expression. Its lightness and brilliance, its intriguing contradictions of clarity and mystery, fire and ice, ethereal and physical, have charmed artists, artisans and designers in every creativity areas, from fashion and jewellery to sculpture, interiors and architecture. Crystal always brings an air of celebration, luxury, a spirit of generosity and abundance into our everyday lives.

Daniel Swarovski has been the first to use crystal since the beginning of the 18th century. During the age of enlightenment, crystal was seen as a precious, aristocratic and desirable material for its brilliance, clarity and majesty. Cut crystal has always had a unique capacity to capture and to reflect light, enhancing beauty.

Crystal is a material with an eternal quality, that lives in the moment and looks into the future. Daniel Swarovski saw crystal as a vehicle to bring art and beauty into everyday life, giving a soul to objects that people wear and use, creating pleasure and luxury to a widest possible circle (Langes-Swarovski, 2005).

2.2 Swarovski applications in every field of life

The are traditional sectors worth analyzing: interior design, fashion, watches, crystal objects, jewellery, lighting and architecture.

2.2.1 Interior design

In the interior design sector, crystals are applied, through special strengthened technologies and processes, either to home article, fancy goods and furnishings.

There is a return to Swarovski's philosophy, that tries to amaze customers, giving them the possibility to have unique experiences.

Home furnishing industries, that use crystals in their creations, have the purpose to embellish new items and to restore previous collections, especially when concerning exclusive design pieces.

Edra, with “Diamond Collection”, offers a perfect example of renewal and innovation.

Being the leader in the furnishing field with an avant-garde role, Edra firm has crossed its road with courage, competence, respect and heart, being able to create a timelessness history thanks to a high quality production, independently of fashion and trends. It is a strong affirmed brand in the international design which make use of the modern technology and artistic tradition.

The production is obtained combining original talent, specialized craftsmanship, search of new materials and innovative technologies to realize unique and unmistakable pieces. Couches and furniture suit different environments such as contemporary and traditional houses, public spaces and international museums (Edra website).

Diamond Collection

In partnership with Swarovski, Flap, Damier, Getsuen, Tatlin and Sushi are enrolled in glittering light. The lining is made out of a special extra-strong Kevlar fabric. The crystals are applied using “Hot-Fix” technology to ensure they adhere permanently to the fabric. Each items made with Swarovski elements carries a special metal label with the trademark on.

Tatlin Diamond, Mario Cananzi and Roberto Semprini, 1989

Loosely based on the Tatlin tower (a wooden model which is on display at Beaubourg in Paris), this spiral sofa is a centrepiece for living rooms and public areas, a new form of seating. Its plywood base has metal feet and the spiral, a true work of engineering, is in moulded and wrought steel. The filling is polyurethane foam and in this version the upholstery is made with Swarovski elements.

Getsuen Diamond, Masanori Umeda, 1990.

This lily armchair is the result of high technology combined with expert crafting, its attractive shape concealing an elaborate moulded steel frame. The filling is in polyurethane foam and the castors are in fluorescent green PLT. In this version the upholstery is made with Swarovski elements.

Flap Diamond, Francesco Binfaré, 2000

An original type of upholstered item with a new profile and a new function. The frame is in tubular metal and the numerous movable parts, attached singly to double steel mechanisms, can each recline at six different angles. The base is in brushed and chromed metal and the feet are in chromed metal with scratch-proof aluminium and rubber tips. The upholstery is made with Swarovski elements.

Sushi Diamond, Fernando and Humberto Campana, 2002

Made by rolling up a special fabric squeezing into a large flexible polyurethane and fabric tube. The part that is uncovered opens up naturally into a corolla shape to form a seat. In this version the upholstery is made with Swarovski elements.

Damier Diamond, Francesco Binfarè, 2003

Damier is a particular couch. It has a square base in a single king size frame. By tilting the two ends a double chaise longue is obtained for comfortable conversing. The frame is in tubular metal with a sanded and silver-colour coated base. The feet are in brushed aluminium with scratch-proof tips in aluminium and rubber. The filling is in flexible and breathable polyurethane. The back covers in Lycra are adorned with Swarovski elements.

On the Rocks Diamond, Francesco Binfarè, 2004

Composed of four irregularly shaped elements, three polygons and a quadrilateral, on moulded polypropylene and rubber feet. The elements can be placed together along the various sides to obtain myriad patterns with modularity, governed by the laws of plane geometry, multiplied exponentially. The shapes, without frame and any rigid support, are modelled by hand with a mixture of Gellyfoam® and other foams, protected by an international patent, to ensure a special, almost sensual, softness. The range also includes two flexible backs, in different sizes, which can be positioned as required and joined together by means of two disks of special heat-formed rubber which can easily be removed for washing. The back upholstery is made with Swarovski elements.

Flap Gold Diamond, Francesco Binfaré, 2010

Back in the 1950s, Gio Ponti said that “Architecture is a crystal”. Today we can qualify Ponti’s statement and say that design, too, is a crystal when it produces pure forms that endure, unaltered, over time.

As such, Flap is celebrating its 10th anniversary by dressing up in gold and crystal. Ten years, ten exceptional pieces. No more, no less. This is not intended as a sign of luxury, but rather of eternity. Upon a gleaming gold-plated frame rests the multi-jointed body of Flap, sheathed in gold laminated leather. Affixed to this, like thorns on the stem of a rose, are 50,000 Swarovski ‘Golden Shadow’ crystals, creating a magical atmosphere that imbues the surrounding air with a golden hue, refracting it into a million sparkles.

While it may appear at first glance as an exercise in style, it is most exceptional for the application of the ‘rose pin’ technique with the crystals directly attached on the leather. The result is curiously organic, like the body of a strange creature encrusted with tiny shards of ice.



Figure.1 Tatlin Diamond, Mario Cananzi and Roberto Semprini, 1989

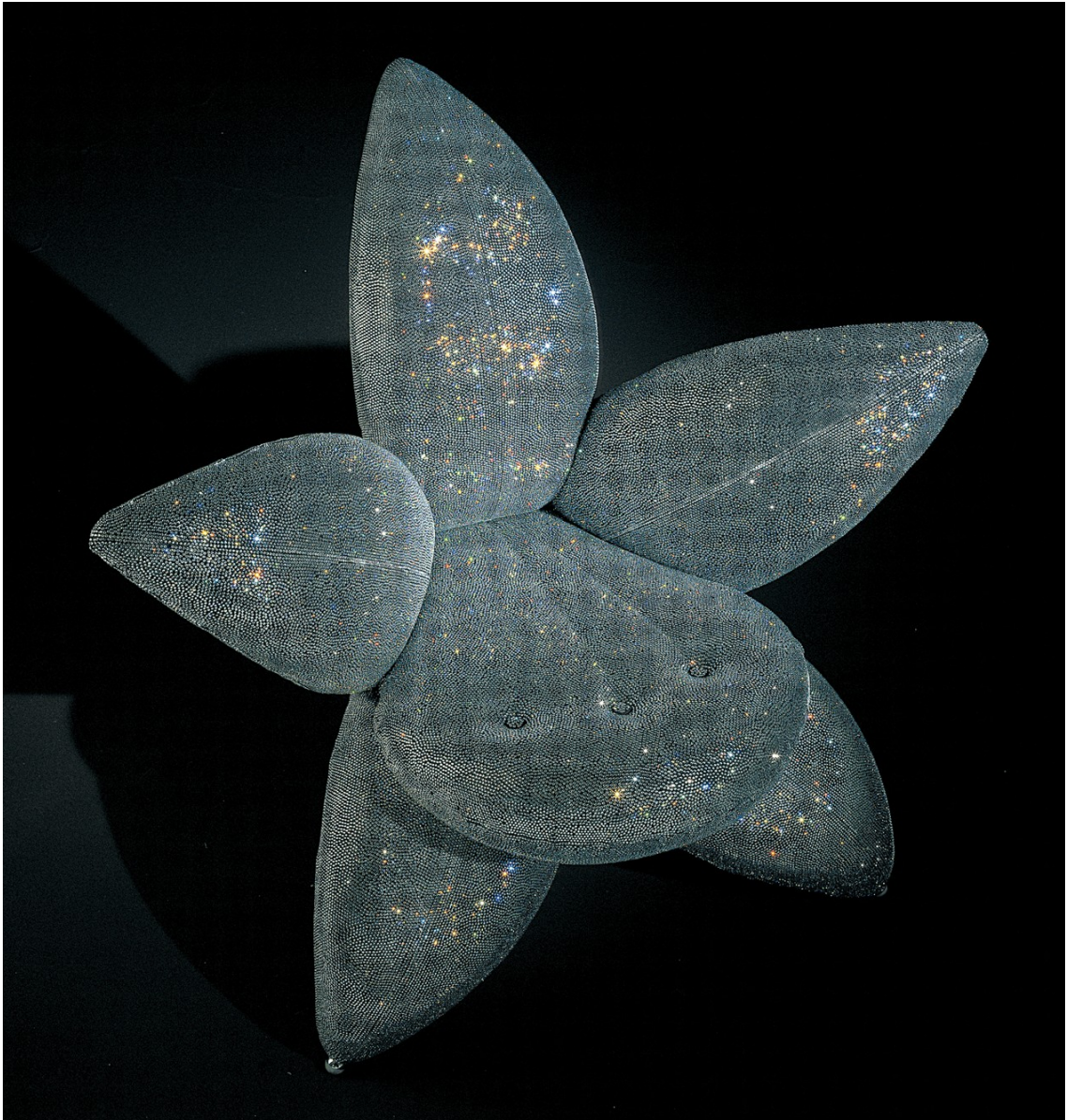


Figure. 2 Getsuen Diamond, Masanori Umeda, 1990.



Figure.3 Flap Diamond, Francesco Binfaré, 2000



Figure.4 Sushi Diamond, Fernando and Humberto Campana, 2002



Figure.5 Damier Diamond, Francesco Binfarè, 2003



Figure.6 On the Rocks Diamond, Francesco Binfaré, 2004

Swarovski Elements are applied even to bathroom fittings; in this way fantastic and luxurious items are created. Below two examples are reported.

Isis Toilet

It is the toilet from Jamal Wright Bath Designs. This fancy john comes with fully handset Swarovski crystals. Working with a variety of sizes, shapes and over forty different colours of stones, the 'Isis' is truly the epitome in bathroom couture. It costs 75000\$.



Figure.7 Isis toilet from Jamal Wright Bath Designs

Diamond Bathtub

Dimond Bathtubes is a creation realized by Lori Gardner. It is an extremely refined accessory for bathrooms, perfect for people who want to relax in a luxurious and sparkling environment. Swarovski Bathtub can be appreciated from an aesthetic point of view but it is even something precious with its over 45.000 crystals applied to the external surface.



Figure.8 Diamond Bathtub, Lori Gardner

2.2.2 Fashion

For Swarovski company, the tie with the world of fashion and luxury is essential. Crystals enhance clothes and accessories, changing the image of the traditional woman: she becomes modern, self-confident, independent and elegant.

The company works closely with talented designers and stylist like Chanel, Schiapparelli and Dior, influencing their works of art.

Daniel Swarovski launched his own collection in 1977.

Nowadays jewels, handbags and accessories are dedicated to beauty. Collections are characterized by an abundant use of crystal; the design emphasizes the preciousness of the material. Fluidity and flexibility become the signature of Daniel Swarovski's style, providing a crucial link to the essential femininity of couture. The mission is to make crystal soft, deliquescent, full of light-catching movement.

Daniel Swarovski's accessories represent a particular way of life, a philosophy and an attitude. At the core there is a total devotion to femininity and perfection.

At the moment Swarovski crystals have a central position in the of celebrities world. Daniel Swarovski couture focuses on jewels and handbags parade along the red carpets and flash in the spotlights of the world's most glamorous events, celebrity parties, film premieres, the Cannes Film Festival, the Oscars (Langes-Swarovski, 2005).

2.2.3 Watches

Swarovski company joined the watch segment in 2009. Initially, it introduced watches for women, with a price that varied from 200 to 800 Euro. In 2012 the male collection was launched, being characterized by a higher price (until 1000 Euro). Watches are Swiss and this is seen as a symbol of guarantee. The company takes care about the conception, production and distribution processes.



Figure.9 Collection 2014 for female

2.2.4 Crystal Objects

In 1976, Swarovski realized the Silver Crystal line, which included lifelike animal figurines such as mice, hedgehogs, turtles and swans. Today the selection incorporate more than 120 gift items.

The figurines depict the flora and fauna world, childhood memories and Christmas themes. Every year new pieces are added to the previous collections. These objects have transformed simple clients who can afford spending significant sums.



Figure.10 Asian Collection “Tutelary Spirit – Lovemagpies”

2.2.5 Jewellery



Figure.11 Swarovski jewels: Stardust Collection, Pisa retail outlet

The jewellery sector is one of the most profitable for Swarovski firm. The company has its own collections pointed out constantly. Generally there are autumn, winter, spring and summer collections.

At the beginning, crystal was considered only an imitation; it was just a simple reproduction of the real diamond. Later on, it has started to be appreciated for its own qualities and properties.

3. Method

This is an example of case study that shows, through a detailed analysis of Swarovski firm, the configuration, the objectives and the market strategies of the company in order to understand how it succeeds in introducing and selling successful products on a global market adopting market development and diversification strategies.

This is a single descriptive case study focusing on a series of interpersonal events like the knowledge of the market in which Swarovski firm operates, its history and origins, its evolution during times and the marketing aspects linked to its strategies in order to better understand how the company sets itself on the market.

Because of the lack of initial information, the primary purpose of the research was to accumulate the widest range of materials exploiting different research sources.

Besides of interactive exchanges with the teacher, there was an exploratory phase which I carried out through the use of the net and databases (Business Source Complete, Emerald, The Sun 24 Hours, The Web of Science) to which I managed to accede through our University.

The data retrieval was difficult to realize so it was necessary to progress toward an advanced search through the help of a specialized operator assigned to librarian sources to find further books, articles and meaningful magazines in order to realize the first part of my thesis, which is more theoretical.

This search has exceeded the national circle, focusing on foreign databases as English and Germans ones.

In a case study editing, the use of similar cases for a direct comparison is very important, unfortunately I couldn't use this source of information because there aren't similar cases.

Visiting the “Universitat von Innsbruck” website, I knew about the existence of a project (2011) regarding Swarovski firm along with the prestigious Italian University “La Bocconi” of Milan; such project aimed to analyze Swarovski marketing aspects and strategies for a possible amplification of the company portfolio; this project has been very useful in order to develop a questionnaire to collect data about products, distribution, promotion and prices. The questionnaire has been particularly important at a personal level because it has allowed me to understand which are the crucial points on which I had to focus to proceed to the company analysis.

Talking about distribution and product, further data and photographic material have been directly collected on the field, visiting Swarovski retail outlets in Tuscany to see types of products and their sale concept. In this case a similar technique to that of the “mystery shopping” has been used. Mystery shopping is a marketing practice spread mainly within the service sphaera. Visits to retail shops are useful to test the concept defined by the firm and to observe and evaluate the service and product quality, the procedures, the behavior of the employees and above all the merchandising.

The departure point of my thesis was delineating a picture of the activities developed by the firm both within the traditional and the business consumption, trying to understand the methods used for the best differentiation strategies. An important aspect to analyse was the firm product portfolio.

In order to realize the second part of my thesis, which is more practical, I had to conduct market and marketing researches considering the missed collaboration answer of Swarovski firm to the thesis project.

Researches have mainly been developed through the aid of the net in addition to articles coming mostly from “Il Sole 24 Ore” and “Repubblica”. The obtained results concern general information about the company and its reference market, its objectives and the strategies employed. Swarovski website has been particularly important to obtain data regarding marketing aspects such as information concerning the firm product portfolio, its target and competitors, the price, distribution and promotion strategies.

What comes out is that Swarovski firm is unique, it can't be compared to other similar realities on the market both in terms of turnover, product assortment and managerial skills. The firm operates at a global level with a very high brand awareness.

The target is made of final consumers and firms appreciating the firm vast assortment. It offers unique, with quality and good taste products. The premium price strategy is used by the company to succeed in maintaining its leadership on the market against its competitors. It pursues market development and diversification strategies that allow to land on different markets with satisfactory results. It adopts a capillary distribution, principally constituted by directly managed retail outlets, a wholesale net and franchising shops.

A further aspect that such thesis intends to analyze it is the importance of our country, Italy for the company whole business considering that it is the fourth country for turnover and the second for sold products.

Through "Aida" database, accessible from our athenaeum, it has been possible to retrieve the budget sheet of Swarovski Internazionale of Italy S.p.a to see the general trend of the activity developed trying to understand how much the Italian business counts. Despite the current crisis, the Italian business is very remarkable and profitable. The business experiments a continuous growth and have a relevant position in the fashion market thanks to renowned italian stylists and designers, for this reason Swarovski company intends to invest here. The brand Swarovski tries to surprise continually its Italian consumers.

4. Swarovski: the history of a family business

Swarovski has a fascinating history of creativeness, innovation and social appointment, in which crystals have always had an essential importance.

Daniel Swarovski founded his own company in an abandoned factory in Wattens in 1895. It is one of the greatest enterprises in Austria that counts more than 25000 employees. It continues to be private and managed by the family itself according to the principle of constant renewal obtainable through continue studies and researches.

The company is now the world's leading manufacturer of cut crystal.

4.1 The origins

Daniel Swarovski was born on October 24th 1862 and grew up in Georgenthal, a small village near Gablonz in Bohemia, one of the most important centre for the production of glass and crystal.

At the beginning of his career, Daniel Swarovski was a crystal-cutter, working in his father's factory and serving later apprenticeship with different glassworks. Very soon, he became fascinated by crystal and its ability to catch and reflect light, choosing it as the material at the base of his activity.

With his father, he produced faceted crystal stones with which he recovered copper pins to create jewellery and other accessories.

The goods were sold exclusively to an export factory, called Feix.

Then Daniel realized that the ancient system of manual polishing wasn't very satisfactory for this reason it was substituted by an automatic process, more able to meet the increasing demand.

In 1880, he went to Paris, the capital of fashion to show the new production method.

When he came back to Bohemia, he invented the first automatic machine to cut crystal stones.

However, it was during his visit to the first Electric Exhibition in 1883 in Vienna that Daniel Swarovski invented the first mechanical method to cut and polish crystal jewellery stones. He was inspired by the electric innovations presented by names like Siemens, Edison, Schuckert to use the full potentiality of crystal.

Daniel Swarovski realized that staying in Vienna would improve his studies on cutting and on assembling methods.

In 1891, Daniel Swarovski improved cutting and polishing methods making stones appearing like real diamonds. He called them “Chaton”.

The production of cut crystal stones became a flourishing industry. In capital cities like London, Paris, Vienna and New York diamonds were extremely appreciated and the business of fake stones grew up.

In 1892 he registered his invention in Prague, asking for a licence (Becker, 1995).

4.2 A new beginning

Daniel Swarovski created a very profitable activity and the choice of its location resulted fundamental. Wattens in Tirolo was the place chosen both to avoid high competition and to use the local hydroelectric power useful for machinery operations.

In 1895 he founded Swarovski firm together with his brother-in-law Franz Weis and Armand Kosmann, a businessman and customer in Paris. Daniel had the know-how, Kosmann the financial means to establish the first project for “Chaton”, a crystal stone providing an exceptional level of brilliance, consistency and precision.

Quickly crystals were applied in every field: clothes, jewellery, hair ornaments and shoe buckles.

In 1899, it was necessary to find a new brand able to represent the company for the future. As first trademark, Swarovski chose “Edelweiss”, the famous Tyrolean alpine flower, symbol of purity and beauty.

In the meantime, Swarovski's three sons grew up joining later the company: Fritz, a technical engineer, Wihelm, a chemist and Alfred, assigned to sales and distribution.

It was an efficient family business. The production expanded rapidly, and the space became limited. In 1913 Daniel Swarovski tuned a perfect formula for manufacturing raw crystal material with the purpose of achieving an unrivalled brilliance. The mission was to ennoble this material, to demonstrate its innovative, endless vitality and versatility (Hupertz, 2010).

At the beginning of the twenty century, diamonds were much used among the higher levels of society; but things were changing and fake diamond fashion became imperative. Swarovski's stones were characterized by an excellent quality.

In 1907 a new factory was equipped with necessary devices and an hydroelectric machinery. To face the increasing competition, Swarovski decided to start his own production of finished items, improving both the raw materials and the product quality.

In 1913 the business had the adequate resources to start production on a large scale. Soon the business became able to offer an extraordinary choice of stones, reaching even new markets (Becker, 1995).

4.3 Opportunities and threats

Swarovski company had to face a lot of adversities, provoked by global events such as the First World War in 1914. It had to stop its activity, in order to forge weapons and military materials. It was the unique chance to keep its workforce and to survive until the end of the war. It was an opportunity from which the founder took advantage.

In 1917 Daniel Swarovski began to develop his own grinding tools, which later, in 1919 he registered under the brand name of Tyrolit (an innovative and technical trademark covering all conceivable grinding applications). Nowadays Tyrolit is the leader in Europe among the greatest competitors.

The company had to face the economical, political and social disorder caused by the war, which brought it to choose diversification as a response to the crisis.

Swarovski business wouldn't be able to face fashion changes and the new economic situation if its production was limited only to cut crystal stones. So soon, after the First World War, it succeeded in jewellery and fashion industries, which required fake diamonds and small pearls. Its aim was to be up-to-date and reach new markets.

The entire family started cooperating with talented designers like Coco Chanel, Elsa Schiaparelli and the French fashion icon Christian Dior.

The war caused a lot of changes, and the jewellery fashion took off, becoming the expression of a modern woman able to work and even to dance, smoke and practice sport. Swarovski crystals gave women the freedom to express their personalities and desires, representing a new conception of the woman's figure.

At the same time a creative synergy developed between Swarovski and the leading jewellery workshops, like Robert Goossnes, Francis Winter and famous ateliers such as Maison Lesage.

In 1931 the company created new items: ribbons made of crystal stones, that could be applied to fabrics, shoes and every sort of accessories.

The ribbons were useful to create and to emphasize a link between fashion and crystal materials. All that had great success.

4.3.1 Diversification

Progress was also made in other business fields. In the 1920s Daniel Swarovski and his sons experimented with the production of reflective glass elements used in road safety to improve visibility. In 1950, they introduced glass reflectors under the brand name of Swareflex (leader in today's markets). More than 50 countries use them.

The line Swareflex includes reflective glass elements for horizontal and vertical warning, for pedestrian security and for special railway applications. The product portfolio was made of: metal and plastic signals, lane separators, protection barriers and reflectors (Becker, 1995).

During the Second World War, Swarovski family was forced to find new markets. In 1935, the eldest son Wilhelm developed a telescope for his private observatory. The new product Swarovski Optik (brand Habicht) was the result of the combination of visual acuity with the influence of light to which they have worked.

The company produced hunting tools and optical instruments of precision (telescopes, spyglasses of aim, binoculars) even for military purposes.

In 1956 Swarovski experimented the development of a new surface coatings for crystal. In cooperation with Christian Dior, Manfred Swarovski realized "Aurora Borealis" effect, a shimmering finish that enhanced the cut crystal sparkle.

In 1956 Daniel Swarovski died, leaving one of the most prominent Austrian industries. In 1965 the company started to analyze other relationships between crystal and light. It began to produce chandelier pendants.

In 1977, it gave birth to the brand Strass, whose targets were lighting industries that produced chandeliers.

During the 60s, the company experimented a period of rapid expansion; it started to produce artificial pearls and cut stones for every kind of jewels, selling them under the brand Swarogem.

In 1975 the company developed a new product called Hot fix, a technology used to attach crystal applications to clothes and other fabrics. Once stones are fixed, it is impossible to remove them. It is a permanent adhesive fixing method still used by famous “Ateliers” such as Dior, Ungaro or Givenchy (Hupertz, 2010).

The oil shock, occurred in 1973, might be conceived as a threat and as an opportunity. Daniel Swarovski's successors knew how to take advantage of it. The firm became more and more independent and they decided to produce its own line of finished products. It was a risky choice which implied a reorganization of the company adding an international distribution channel along with the opening of new retail outlets.

In 1976 the company launched the Silver Crystal line. Its major representative element was a mouse made of crystal; it signed a new era for the business: the era of completely finished products. The mouse was initially created putting together different pieces of chandeliers adding progressively eyes, tail and whiskers. This first element of the collection was followed by other lifelike animal figurines such as a hedgehog, a turtle and a swan.

Today the selection incorporate more than 120 collectible items. The brilliant cut crystal figurines depict flora and fauna worlds, childhood memories and Christmas themes. The new themes turned clients into collectionists.

The year 1976 marked the beginning of a new promotion strategy: for the first time crystal caught the attention as a material with which it was possible to realize interesting objects and not only fashion accessories.

Today, the Silver Crystal line includes “The Old Farm” with its chicks and geeses, dogs and cats, the architectonic “Silver Crystal City”, the King's chessboard, the crystal toy line “Dreams of youth”, the musical instruments of the line “Melodie of crystal” and the harvest of shining fruit.

In 1977 the first Swarovski jewellery collection was launched.

The Swarovski premium line today incorporates jewellery, accessories and decorative crystal objects (Becker, 1995).

4.4 Swarovski Crystal Society

Thanks to the great success, which the crystalline objects had obtained since their first appearance in 1976, the company founded Swarovski Crystal Society in 1987.

Today the SCS counts about 325 000 members. The mission has remained that of offering crystal devotees special services including a communicative platform.

The members enjoy special privileges such as the opportunity to purchase annual limited editions. The machineries used to realize special items are destroyed as a symbol of guarantee.

Other benefits include:

- The possibility to purchase special editions and exclusive objects expressly realized for some occasions;
- A free subscription to Swarovski's Magazine, a quarterly review reserved to partners offering a cross section of the crystal world which enhance the role of the firm in the world of fashion, of graven crystal and of gift and fancy goods.
- The access to the reserved area on Swarovski's portal in which privileged previews and articles are presented;
- Meetings and trips in picturesque places of Austrian Tyrol for partners;
- Personal cards;
- Repairing service offered to faithful partners.

Partners can undersign adhesion for one or three years. The registration starts when the payment is recorded and it automatically ends at the suitable expiration. Before the expiration, partners will receive a notification with enclosed application for its renewal. There isn't any charge for it.

The first special edition was that of the inseparable budgies, first piece of the series “to Give”. They are symbols of union and love appointment among two creatures.

The series “Maternity” is inspired to the interest for the maintenance of wild life and the sensibility towards all dying species from dolphins, to seals and whales.

The “Treasures of the Black Continent” are characterized by elephants and lions.

An exclusive edition in 2014 is “Cavallo Esperanza”, a Sudamerican horse.

The “criollo” can be seen as a legendary figure, characterized by magnificence and strength. Its depiction in movement encompasses a sense of freedom. The figure is represented looking towards the horizon, with a powerful head, tapering ears and strong mane and tail. Its coat can be in different colours, reaching 100 shapes.

The annual edition is proposed together with an engraved plate and the signature of the designer Anton Hirzinger.

4.5 A new era for the company

Swarovski company turned the brand “Edelweiss” into a swan: white, pure and elegant, symbol of the metamorphosis that had interested both the whole activity and the crystal in itself. Objectives and ambitions changed: the new mission of the company was to transform crystal into something able to relate better with the spirit of the moment. Creativity, design and technology became imperatives.

Fashion jewelleries were considered the most important elements in the 80s trend.

The year 1988 was marked by the acquisition of Montex, the famous parisian laboratory for fashion jewellery. Montex had operated in the luxurious fashion field, organizing important and unique events collaborating with the most important stylists like Chanel, Dior, Yves Saint Laurant and Christian Lacroix. In addition it had invented fantastique accessories for Isabel Canovas, Hermès and for Daniel Swarovski's collection too. The company had been one of the major client of Swarovski crystal stones.

After the purchase of Montex, Swarovski restored cut crystal objects, commissioning special editions of exclusive items to famous designers and architects such as Ettore Sottsass, Alessandro Mendini and Stefano Ricci.

In 1989 the Daniel Swarovski couture line was launched. The collection was created with a double aim: to tranform and to reevaluate the image of crystal and to create accessories for women (handbags, belts and jewelleries), to enhance daily simple clothes making them suitable for elegant occasions. The traditional craftsmanship and the technological progress were combined, going back to the tradition of the exclusive and personal luxury.

Rosemarie le Gallais, being interested in accessories and in their role in high fashion, took care about Daniel Swarovski Line in Paris. The selection wanted to express contemporary trends through crystal. Accessories are not only simple objects linked to fashion, they are something used to express lifestyle and personality.

In this context, the crystal lives again; it is no more considered an imitation of diamonds but it is appreciated just for its own qualities. Crystal is bright, full of life, ethereal, sparkling and mysterious, becoming a symbol of our era.

In 1992 the first Daniel Swarovski store realized by Roland Deleu was opened in Rue Royale in Paris. It tried to blend the traditional luxury and the contemporary design. The purpose of the company was to open new stores in every important capital city. After the launch of Daniel Swarovski collection, products started to be sold in elegant department stores and exclusive boutiques (Becker, 1995).

In 1995 Swarovski commissioned André Heller to create a permanent symbol of the magic of crystal: Swarovski Crystal World. It wanted to facilitate a cultural, spiritual and aesthetic experience for Swarovski customers and non-customers. The company wanted people to know the crystal history, its own philosophy and culture and to appreciate the importance of design, innovation and technology. This structure was also established to celebrate the company's first century of achievements.

It lies on an artificial hill surrounded by alpine mountains. At the entrance it is possible to admire an alpine giant with sparkling eyes and a mouth through which crystalline water flows.

André Heller and other artists have moulded the inside of the building with million of sparkling and flashing stones giving life to a work of complete art in which colours, lights, music, perfumes, water and the geometry of the space perfectly intersect, abducting visitors in a fantastic world.

In 1999 Swarovski and Golay entered into a joint venture. A new brand Signity was the result of it, the brand of precision-cut genuine gemstones. Later on, it became fully owned by Swarovski.

To provide support for business customers, Swarovski company in 2001 opened creative service centres. They offered advice on trends, inspiration and production. After a few years other branches were opened in Paris, New York, London and Dubai.

The year 2002 was characterized by a revisal of chandeliers under the name of Crystal Palace collection.

In 2003 the company developed Crystal Fabrics with countless tiny crystals, creating a delicate shimmer on a variety of tissues. The innovative product consisted of a carrier material completely covered with millions of tiny cut and round crystals which could keep resistant and extremely bright. At low temperature Hot fix glue could be applied to different types of fabrics even the most delicate ones.

The following year Xilion was developed. It was the brightest and the latest innovation of Swarovski company. It had a unique cut, allowing perfect refraction and particularly intense light distribution. Xilion had a unique brilliance and it was environment friendly.

In 2005 Swarovski “Fashion Rocks” had its premiere in Monte Carlo, a major charity Gala for The Prince's Trust that paired rock stars with top fashion designers.

In 2007 other 96 boutiques were added all over the world and the Atelier Swarovski was founded: a unique collection of crystal jewellery and accessories created by the world's most famous fashion designers.

The year 2009 marked the 20th anniversary of Daniel Swarovski collection, a new concept of store “Swarovski Crystallized” was opened on Broadway in New York. In the same year, at the “Baselworld” watch and jewellery exhibition, the company launched its first watch collection.

Today Swarovski looks at the future exploring the endless possibilities of crystal, investigating new markets like China and inventing new applications such as crystals for packaging and paper. Swimwear, lingerie, sports fashion and the electronics use Swarovski crystals. Even the car industry is starting to find ways of using crystal in their decorative design.

4.6 Crystal metamorphosis

Since the beginning of the XIX century, cut crystal had been abandoned because it was considered out of style. Thanks to Swarovski's intervention, the image of cut crystal was reevaluated. It was possible to talk about a crystal metamorphosis, a process in which something changes completely into something very different.

The company wanted to call a group of renowned designers so that they could produce exclusive objects with a museum flair.

In 1986 Swarovski firm realized a project, involving three famous architects and designers: Alessadro Mendini, Ettore Sottsass and Stefano Ricci. They changed the industrial design of daily use objects such as home articles, ceramic and plastic materials to face a new post-modern tendency. Mendini, Ricci and Sottsass created a series of 12 objects in a limited edition including chandeliers, cups, ashtrays, centerpieces and objects of art, signed by the creator and identified by a progressive number. The designers were perfectly in tune with crystal manufacturing.

Ettore Sottsass (1917-2007) was born in Innsbruck and became one of the best Italian architect and designers. Graduated at the Polytechnic in Turin, in 1947 he started his activity in Milan, where he opened his first design study, working with furnishings, ceramics and glass objects.

In collaboration with Swarovski company, Sottsass showed his particular interest for the ritualistic and mystical aspects of crystal.

His creation “Object of art” remembers a temple or sanctuary of the aztec culture. The altar, surmounted by a sphere, becomes a symbol of eternity and contemplation; in the centre there is a hypnotic red eye. Sottsass creations include also a centerpiece, small and big vases, which underline the versatility and flexibility of the material, exploring the visual contrasts among transparent and opaque crystal, between the facet geometric forms and the soft and fluid contours.

Alessandro Mendini was born in Milan in 1931 and is an Italian artist, architect and designer. By the end of the seventies, he is considered one of the renovators of the Italian design. He worked for numerous companies such as Alessi, Venini, Cartier, Swatch and Swarovski (Wikipedia, 2014).

During his long stay in Vienna, Mendini tried to better understand the cultural inheritance of Swarovski. Among his creations, it is possible to admire Trophy the centerpiece, which has the form of a neoclassic urn with important proportions which reaches the perfection thanks to facetings. Remembering the crystal glory in the XVIII century. Instead the Chandeliers remember the columns of the neoclassic art.

The last one, Stefano Ricci was born in Rome in 1950. He graduated in architecture and he was one the best known jewellery designer, working for important brands such as Bulgari. After passing a period in the field of display and packaging, he returned to jewels. Its chandelier ties soft round forms to long grooves but his real object of art is a real crystal sculpture, a swaying brook of almost liquid light.

The three designers employed three years for the realization of their objects. The intent to lift up crystal again was reached. Crystal has recovered his dignity (Becker, 1995).

4.7 Swarovski Crystal Palace

Nadja Swarovski, the Vice President of International Communications and a member of the fifth generation reinvented the design and diversity of chandeliers in a modern key. With the launch of the first “Swarovski Crystal Palace” Collection in 2002, chandeliers became a form of art thanks to the contribution of renowned designers.

Here's a list of the famous designers who worked to chandeliers revisal project.

- **Alexandre de Betak** began his career in fashion in the 1980s, working as a public relation manager for Spanish designers. He was dubbed the “Fellini of fashion” because he had collaborated with lot of luminaires as Christian Dior, Louis Vitton and Victor&Rolf. In his work, he used lighting to create theatrical effects. His achievement list includes furniture and interior design.
For the Swarovski Crystal Palace, he realized “Through Gisele”. His purpose was to create a life-size female silhouette in homage to the famous Brazilian model, Gisele Bundchen. It was built by a stainless-steel frame encrusted in black diamonds crystals, lit from above and below, the chandelier slowly rotated causing crystals to gleam and sparkle.
- **Patrick Fredrikson and Ian Stallard** considered design as a dialogue or a connection between the work and the observer. Their thoughts were summarized in this expression: “If you want something useful you can go to IKEA but the connection with the object is fundamental and vital.
In today's disposable culture that relationship had been increasily lost, they instead were able to establish a relationship and write a story.
In collaboration with Swarovski, they created “Pandora” (Figure 12). In the piece, they realized a classical chandelier in a dreamlike metamorphosis, covered with 1990 crystals. Each string was connected to a set of computer-activated gears, which erupted the form gathering it back togheter again.

In their second collaboration, they realize “Cavern”, a collection of solid furniture finished in materials such as concrete, ebonized oak veneer and leather. They want to consider crystal in a more elegant way. Their purpose is to be at the same time provocative and resolute.

- **Gaetano Pesce** is a “grande maestro” of Italian design, having created many iconic pieces of furniture over the last 40 years for many companies such as Vitra, Cassina and B&B Italia. He tries to communicate feelings of surprise, discovery, optimism, stimulation, sensuality and generosity. According to him design means to explore new shapes, experimenting with unusual materials. He likes soft, plastic and translucent elements. Initially, he considered crystal as something cold, but later on he realized it could be even warm and friendly.

“Mediterraneo” is what he realized for Swarovski Crystal Palace.

- **Gwenael Nicolas** is a French designer, who loves defining himself as an experimentalist. “Sparks” is the first flying chandelier for Swarovski Crystal Palace (Figure 13). In order to realize it, he imagined a house on a moon, a space without gravity where crystals could fly freely.

His installation is divided in two parts; the first one was filled with helium-filled balloons with illuminated crystal suspended inside them while the second contained, a 10 metre long rope of crystal, hung from the corner to corner. These two pieces complement each other, bringing visitors into an unknown territory. He wanted to challenge the preconceived notion of the object in the space, in this case the chandelier forms the space. “Sparks” is iconic, invisible and interactive. He sees crystal as something constantly changing. According to Nicolas, the purpose of the project was to show a vision of the future where technology, craftsmanship and design fuse into a positive and inspiring experience.

- **Karim Rashid** is an industrial designer. He is known for his colourful, cartoon style. According to him, design has only to solve problems but even to embellish the whole environment. The “Topograph” is an homage to Swarovski headquarters located in Wattens Austria. “Kas ans Kade” is a chandelier realized with cascading crystals and wire-like digital frames to suggest the sensuous curves and expert tailoring of a couture gown.
- **Paul Cocksedge** is considered a master of the medium of light. He works primarily with light because of its unpredictability. For his first Swarovski Crystal Palace project in 2005, he presented “Crystallize”, a piece that employed a solitary crystal to incredible effect with the help of a laser beam. It uses a single, vivid green laser beam, directed by a series of small, aligned mirrors to describe a classic diamond shape in space; the final trajectory of the beam was focused onto the single crystal hung at the heart of the diamond. The effect was hypnotic as the crystal scattered and dispersed the light in every direction. Another Cocksedge's creation in 2008 is “Veil”, a romantic illusion that doesn't need to be explain, just experienced. It is no more than a curtain of clear crystal discs, floating in the air like a blank canvas. If you observe the curtain, you can perceive the Mona Lisa.

Both of these chandeliers, presented illumination and illusion even if in different way. The first uses the light to create the chandelier, while the second give an illusion, thanks to the help of a mirror. He was enthusiast to join this venture because he was free to release his vision without constraint.

- **Ron Arad** is a designer, artist and architect. He wants to make people see things they haven't seen before, in order not to be bored.

The “Lolita” chandelier is one of the best pieces of 2004 that is possible to admire into Swarovski Crystal Palace (Figure 14).

This was a light you could send a text to from a mobile phone; this was an integration between design and technology. Even without the text function, Lolita is a beautiful chandelier: a glittering twirl of crystal spiralling gently down to a delicate point.

- **Ross Lovegrove** finds his inspiration from natural and technological worlds. He explains that the digital process gives a cultural and emotional aesthetic to products that surround us, creating values that stimulate and lift our senses.

We can find this approach in everything from cameras to cars and aeroplanes.

Lovegrove's first design for Swarovski Crystal Palace was “Swarovski Crystal Aerospace”, a solar powered concept car: he realizes how crystal could be used to enhance and to distribute light to Polycrystalline photovoltaic solar cells. Design combines the intelligence of solar innovation with the optical, technological arm of Swarovski. The car was shown as a piece of design at Milan's Salone del Mobile.

His second piece called “Liquid space” is made of 250000 crystals; it changed colour by remote-control phasing, pulsating through red, yellow, purple and blue. It reflects part of the natural and technological world, conveying a sense of future.

- **Tokujiin Yoshioka** considers design as an opportunity to transcend the banality of everyday life. His goal is to surprise people, in a simple way. He opened his studio in 2000; he worked for Hermès, realizing even projects for Nissan, Peugeot, Triade companies.

As first creation for Swarovski Crystal Palace, he realized “Stardust”, a futuristic light that resembles to a square formation of transparent floating in the air. The underside of suspended crystals acted as a screen, transmitting images and sound via projector onto the space below. Then he created “Eternal”, a giant classic-cut crystal within clear block of acrylic, sturdy enough to sit on a stool.

The third creation is “Stellar”, an artificial star made of Swarovski crystals. Through crystals he tried to express the beauty and fortuity of the growing process of natural crystal.

- **Tord Boontje** believes design should be exciting as a great film and it should communicate who we are and how we would like our world to be. He works with fluid forms derived from nature; his first chandelier for Swarovski Crystal Palace, called “Blossom” is a sparkling branch inspired by frozen cherry blossom that fizzes with luminescent flowers. Boontje agreed with Swarovski project first of all because he was attracted by the material and then because he wanted to bring romanticism and sensuality back into everyday objects.

He loved the magical effect that derives from crystal putting a light inside it. His creation was produced in several variations: a dark version called “Night Blossom” 2003 and a spiky configuration of crystal icicles “Ice Branch” 2005.

Through his work method, he wanted to combine design with emotions, enabling crystal to be bright, sparkling and lively. From this positive experience, he realized how universal the appeal of crystal is.

- **Vincent Van Duysen** is an architect and designer of buildings and products that exhibit a sense of quietude and calm. He uses sensuous forms, subtle textures and natural materials, trying to create simplicity and comfort with few ingredients. According to him, chandeliers were originally created to be beautiful ornamental objects full of glitter and glamour. But he prefers soft, indirect and natural light.

“Cascade”, created for Swarovski in 2003, was a magnificent torrent of light, composed of delicate chains of stones intermingled with strands of LED lights.

Another creation was “Frost”, an internally illuminated beam encrusted with selected crystals set in resin. It spoke about familiar lean and formal language. This creation is linear, tactile, mobile and flexible.

He sees design as a process in which raw material is gradually purified until it reaches a point of stable equilibrium. He wants to be at the same time modern and classic, creating something timeless, durable, tactile and emotional. As an ambition he would like to realize a sanctuary, in which people can find peace and harmony, being surrounded by the nature; or maybe to design a yacht, a hotel or a museum.

He took part in Swarovski project because he likes the idea of reinventing chandelier and crystal as the protagonist of the creation. It is associated with a dream world, palaces and chandeliers, a playground for the elite; even if today it has become universal and modern even thanks to technological innovations.

- **Yves Béhar** is the founder of “Fuseproject”, an industrial design dedicated to those products which make a difference. His design language regards the way how ideas are transformed into real object in a communicative way.

The first project he realized for Swarovski was “ Voyage” coincide for JFK airport in New York. It was a five metre long high sculpture, a metaphor of the continuous human passage through the world. It had 2000 LEDs and 52000 crystals, programmed to pulse with light in response to travellers passing.

Other two creations are “ Morpheus” and “Amplify”. The first creation “Morpheus” was not static and traditional but it changed form, becoming animated thanks to the interaction with the digital interface. The second one “Amplify” showed the perfect link between technology, emotion, accessibility and sustainability. It combined one crystal and one low-energy LED light with a simple frameless, faceted paper shade; the purpose was to achieve the maximum effect with the minimum amount of materials and energy.

Generally traditional chandeliers are made of numerous lights and crystal; in this case he subverted the equation, amplifying a single crystal in order to obtain an entire chandelier.

Béhar found inspiration from the big themes of 21st century such as sustainability, social fairness and green growth for individuals and businesses. (Hupertz, 2010).



Figure.12 Pandora, 2007, Fedrikson Stallard Chandelier for Swarovski Crystal Palace

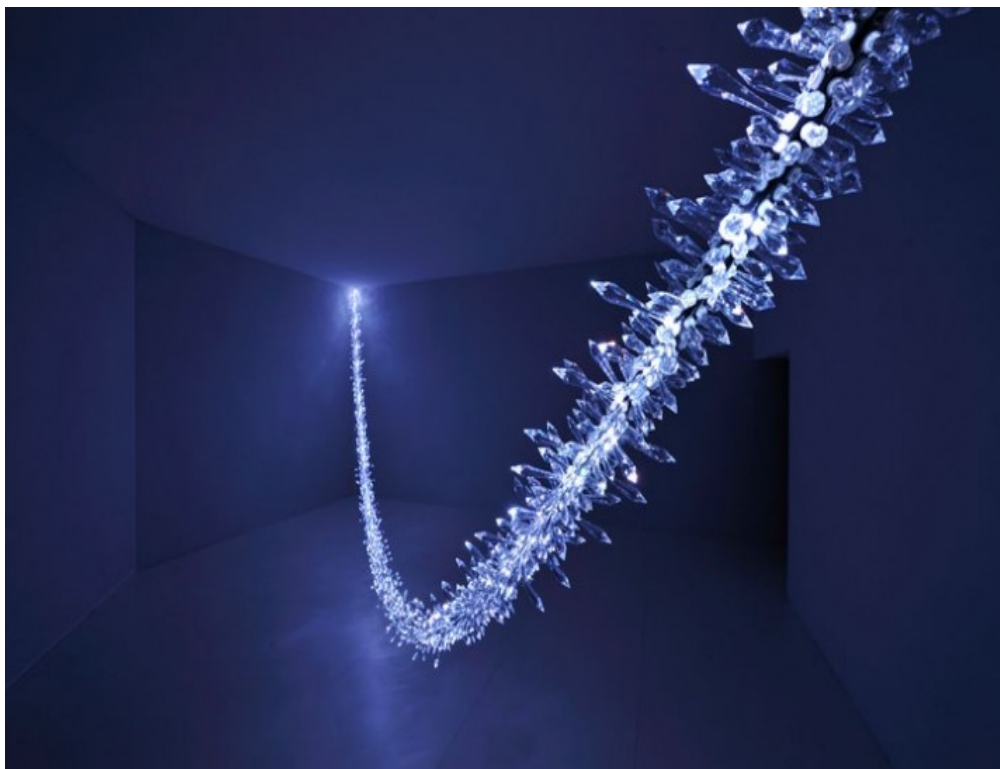


Figure.13 Sparks, 2010, Gwenael Nicolas Chandelier for Swarovski Crystal Palace



Figure.14 Lolita, 2004, Ron Arad Chandelier for Swarovski Crystal Palace

5. Marketing strategy

5.1 Company analysis

Swarovski company is a joint-stock company, currently managed by the members of the fifth generation constituting the executive board: Nadja Swarovski, Markus Langes-Swarovski, Robert Buchbauer, Daniel J. Cohen and Mathias Margreiter. The company headquarter is located in Wattens where the majority of crystal production takes place. With a total revenue of 3.08 billion Euro and 30600 employees, the Swarovski Group comprises different branches such as Swarovski Optik, which produces optic instruments of precision such as telescopes and binoculars; Tyrolit, the leading producer of grinding, sawing, drilling, and dressing tools and Swarovski Crystal Business, which designs, manufactures, and globally markets jewelry, high-quality crystals, gemstones and finished products.

Swarovski Crystal Business counts 2.38 billion of revenue, 25000 employees and 2350 retail stores worldwide, 1250 of which are retail stores directly run by the company, plus 1100 partner-operated stores.

The firm sells its products in 170 different countries with factories in 7 locations: Austria, China, Czech Republic, India, Lichtenstein, Thailand and USA.

It is now a global firm, leader in the cut crystal market and a key supplier for top designers. It has a stable worldwide consumer base and durable relationships.

With a rich history and a culture of creativity, Swarovski is engaged in different business activities. The company wants to grow and to maintain its positions for design, creativity, and technological innovation.

The manufacturing aspect is remarkable; since 2005, the company has been increasing its productive capability reducing its costs in relation to the sales rising.

Together with sales and profits, the firm has always been careful to ethical aspects. Its moral philosophy is “to give joy to the people”, adding sparkle to everyday life.

The advancement of cutting technology, the focus on continuous innovation, the relationships with designers and artists, and the global presence in the individual and business markets contribute to increase the equity of the brand, allowing a winning premium price strategy. All that has been possible thanks to the executive board competences that made the company succeed in the international circle. The founder ability of facing and reacting to adverse situations, has allowed the company to grow.

Its market development strategies have allowed the firm to be present in Europe, Australia, Asia and America. The diversification strategy lets the company become the leader in the cut crystal market with an extremely diversified offer.

The diversification strategy is pursued even considering niche markets, which the firm wants to conquer; optic tools of precision, utensils and machines for crystal cutting, polishing and grinding and safety road products are example of it.

The company has chosen Baselworld, an important annual fair concerning jewelry and watches, to introduce Vision 2020, a strategic plan announcing long-term objectives.

From now to 2020, the objective is to enlarge the customer base and the company range of products conquering greater market shares to be the leader in the fashion jewelry segment. By acquiring other brands, the company will turn into a multibrand firm. Anticipations for 2014 regard a good growth all over the world.

Other objectives are:

1. a continuous growth of the turnover and of retail outlets: Swarovski wants to extend its distributive channel using directly managed outlets, franchising shops and wholesalers. Today the company adopts a transversal market coverage model.

2. to maintain the leadership in the fashion jewelry intending to intensify its presence above all in Italy, a country with a strong affinity with fashion and important stylists. Fashion jewellery is an attractive and profitable segment characterized by scarce competition. Brands are 20-30% of the general market, the remainder 70-80% are not branded.

3. to increase the brand awareness in order to obtain a privileged position in the consumers' mind. This is possible through the revision of advertising campaigns and the restyling of boutiques according to “Crystal Forest concept”.

5. to develop new talents in house and to acquire at the same time existing brands to obtain results in the short run.

6. to grow in the watch segment. This segment was born in 2009 with the launch of woman collections, followed by male ones in 2012. It is a verticalized business that takes care about ideation, production and distributive processes. Watches will absorb 15% of the company turnover.

5.2 Target

Swarovski serves with a unique brand both final consumers and business customers with the objective of reinforcing the brand equity.

The product portfolio is wide and diversified allowing the firm to use a multitarget approach. In addition, the firm addresses even to market niches for which it realizes specific products such as products for the road safety (Swareflex), optic precision tools (Swarovski Optik) and tools for crystal cutting, grinding and polishing (Tyrolit).

The firm has a wide, diversified and international clientele with whom it wants to establish durable relationships. The promotional activities are essential to consolidate their relationships and to reach customer loyalty through their satisfaction.

Customers appreciate the product quality and the good services offered by the company. They love the crystal sparkle and its product variety.

Both, business partners and consumers around the world have shown the greatest trust and confidence in the company. The etiquette “Crystallized with Swarovski” is a symbol of quality and prestige for both business partners and final consumers. The etiquette makes products be more attractive and reliable.

5.2.1 Business customers and partners

Initially the firm operated only with business customers, after the seventies it started to carry out completely finished products in order to protect its future. From being the main supplier of crystal components for fashion and lighting industries, it evolved into a global brand for luxury products.

The target is characterized by firms belonging to the fashion field, jewellery, lighting and interior design sectors asking for gems, precious stones, crystals and accessories.

Generally the company aims to establish lasting relationships with business customers who may become essential partners.

The business activity is very important, in 2010 half of the total entries came from the sale to firms dealing with fashion, jewels and interior design.

Swarovski website includes a section only for business customers and partners, it promises to:

1. Excellence through innovation and origin

- X-Cut, an advanced optical measurement and high-precision manufacturing which delivers premium cuts rising an excellent crystals brightness.
- Hotfix glue offers a flexible and durable way to apply crystals. It is ideal for a vast array of clothing, interiors and accessories.
- Platinum Pro is a technique resistant to environmental damage from chlorine, salt water, perfume assuring durability.
- Austrian made crystals: Austria has become synonymous with quality. Daniel Swarovski established its company in Wattens, where he could find an abundance of water, used to drive machineries.

2. Premium by service and design

- Design service: with its international reputation for creative excellence, Swarovski is at the forefront of design innovation.
- Global service: Swarovski sells products in over one hundred countries, providing dedicated personal assistance.
- Application service with three core facilities: its Technical Enquiry Service, that facilitates the sharing of knowledge with customers around the world; Certified Application Partners, which offer technical and production expertise to business customers at a local level; Application Training, which trains customers in standard application techniques. This comprehensive approach means customers benefit.
- Designer edition: beginning with Christian Dior in the 1950s, Swarovski is proud of its long history of creative collaboration with artists, artisans and designers from all areas of jewellery and fashion.

3. Compliance with integrity

- Advance crystal: Swarovski's patented lead-free formula changes crystal DNA still offering the same sparkle.
- Clear: Clear is Swarovski's internal compliance program which summarizes the chemical requirements of regulations regarding restrictions and prohibitions of the substances. Swarovski requires all suppliers to fully declare the raw materials used and to take part in the CLEAR program.
- Oeko-tex: customers can have confidence in Swarovski's products considering that the majority of Swarovski's product range is certified according to the Oeko-Tex Standard 100 Class II. This quality label sets limits for potentially harmful substances in textile products, particularly those that are in direct contact with the skin.

Customers and partners list includes:

Marie Laure Chamorel, Manufacture de Monaco, Mestre, Modelabs, Snow Lotus, Jolidon, Lise Charmel, Schumacher, Gizia, Via delle perle, Jacques Lemans, Jenavi, Infinite, Crystalp, Peacebird, Chan Luu, Nude, Moschino, Mariner, Jaspal, Zinas, Arçelik, Bluemarine, Nolte, Vrettos Vrettakos, Motyle, Cango & Rinaldi, Bean Pole, Figueras, Jolidon, Maison Lejaby, Modeschule, Jenny Packham, La Perla, Prouna Jewelry, Luminosa, Ikks, Artini, I.D Sarrieri, Lloyd, Central Saint Martin, Bogner, ITL, Silvecraft, Anne Fontaine, Pepe Jeans, Bait Hanayen, Donghua University, Gabriele Frantzen, House of Sillage, Royal College of Art, Hanayen, William Sharp, VDP, Shana London, Otazu, Artini, Pedro Garcia, Uno de 50, Dimitriadis, Accento Squisito, Pretty Ballerinas, Desigual, YES, Hyères, Shiny Crystal, Roberta di Camerino, Borsalino, BFGU, Oliver Weber, Marlies Dekker, Henri Bendel 1895, Montagut, Marmara University, Media Design Hochschule Stuart, Weizman, Otazu, Valerie, 14U, Jon Richard, Flair, Salsa, Samsung, International talent support, Hognl, Valentine, Silver Jewellery, Shenkar, Prelude, Absorba, Finkeldei, Vitra, Maison Lejaby, Zina, Prouna Jewelry, Im, Karavay, Notting hill, Escada, Jaspal Jewels, La Salle, Anton, Heunts, Serdaneli, Bretz, Esmodakarta, Unisa and Acrila.

The majority of these firms have close collaborations with Swarovski firm. They deals with clothes, shoes, lingerie, jewels, interior design, sunglusses and accessories.

An example of current partnership is the agreement with Lapo Elkann Group, called Italy Independent for the realization of precious sunglasses addressed to a sophisticated and demanding public who look for exclusive and special products.

Thanks to this collaboration, three I-LUX sunglasses models have been developed for 2014/2015 autumn-winter season. The frontals are decorated with the newest and brightest Swarovski crystals, realized according to Xirius 1088, which introduces new levels of brightness, aesthetical excellence and duration.

Another collaboration involves Edra firm for the restyling of armchairs and couches, which are entirely covered with fabrics made with Swarovski Elements.

In addition to business customers, Swarovski offers a wide distribution network, made up of loyal and fair suppliers and retailers.

On the company website¹, there are instructions and modules to fill in to become official partner in the distribution and retail spheres.

¹ www.swarovski.com

5.2.2 Final consumers

The firm turns to women, men and juvenile categories indiscriminately. Initially the company created jewels and accessories just for woman, only later it has introduced male collections in couture, fashion jewelry and watches segments. Swarovski is also very appreciated by the young because it knows how to combine the elegance of crystal to modern tendencies.

The company is above all woman-oriented. Women have always had indissoluble bonds with fashion. Simple crystals are applied on clothes and accessories to turn ordinary things into extraordinary ones.

A particular consumers are collectionists, who join the Swarovski Crystal Society. They share passion for crystal material and mainly for Swarovski figurines. Today its members amount to 325 thousand in the world, of which 48 thousand in Italy, a club which is second only to that of the USA and Australia.

From the simple concept of function, collectionism focuses on the concept of uniqueness. Collections represent our inner identity, our values and wishes.

There are studies conducted by the firm that shows how markets and consumers perceive the brand meaning in different ways.

The consideration of the brand at a global level varies according to different countries. For Europeans, it is an old brand associated with its figurines even if it is always related to elegance and glamour. In the East world instead, Asian consumers see it as a young brand characterized by good taste, elegance and glamour.

These differences reflect the different socio-demographic structure of buyers.

In Asia, the typical Swarovski consumer is a person belonging to the “elegant” cluster, described as a “young and trendy” person. In Europe, respondents describe a “mature women” as Swarovski target.

All that is attributed to a more selective distribution and a higher evaluation of crystal among the younger Asian generations.

5.3 Product variety

Swarovski company has a wide, deep and diversified product portfolio, able to best suit different demands. The company holds an inconceivable portfolio, that other enterprises are not able to offer.

It is characterized by Swarovski Elements division, which offers precious stones, single crystals, jewels, accessories, lighting and other elements to fashion firms and the Consumer goods business division which creates and distributes finished products (jewels, clocks, accessories, figures) to final consumers.

Swarovski is an extremely innovative and fashion reality; in “traditional” sectors in which it operates as jewellery, fashion, furnishing and home accessories, it appears as innovative and competitive through the continuous launching of new colours, new cuts and new application methods. Its assortment is characterized by unique, elegant and ordinary products along with exclusive, limited edition and museum quality items such as luxury cars and interior design furnishings covered with millions of crystals. Good taste and aesthetic interests dominate the Swarovski products.

Market development and diversification strategies allow Swarovski to be present everywhere on new profitable horizons.

Today, profitable sectors that mostly contribute to the company turnover (2,33 million) are: crystal sales, jewelries and fancy goods segments in addition to fashion division that represents 55% of the group profitability and the watch sector that could absorb more than 15% of the future billing,

The company is also interested in market niches still maintaining a small production of optic precision tools (Swarovski Optik), tools for crystal cutting, polishing and grinding (Tyrolit) and products for the road safety (Swareflex), perfect examples of diversification. Products are sold all over the world through a capillar efficient distributive network.

Focus on Swarovski portfolio

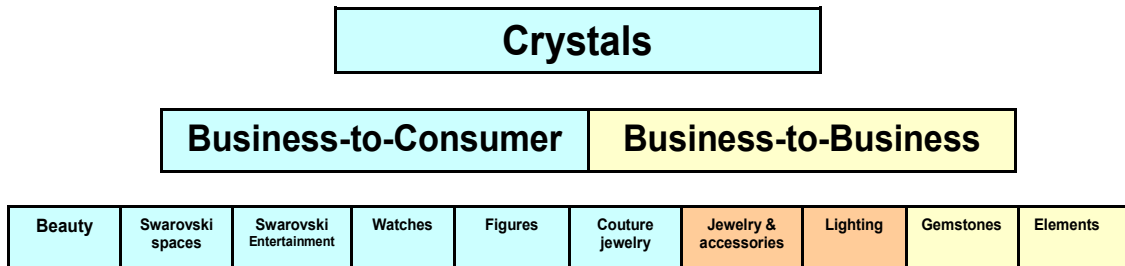


Figure.15 Swarovski selection for both final consumers and business customers

1. Beauty

Swarovski idea of launching a fragrance goes back to 2003. For Swarovski, entering the world of perfume and beauty products corresponded to a real strategic opportunity. It represented the intent to extend its portfolio bringing more femininity and sensuality. For the first time, the company wanted to bring the brand to life beyond crystal with more emotional creations that people could wear.

Perfumes are a sort of invisible jewels which carry a deeper emotional charge. They represent an opportunity to add something new to its brand universe.

Aura by Swarovski is the final successful result of the company collaboration with Clarins Fragrance Group, which has always been characterized by determined approaches, creativeness, marketing and communicative capabilities.

The fragrance is addressed to women, especially to Asian women, who ask for luxury and quality. Aura was a success for both Swarovski and Clarins Group, which caught the opportunity to join the Asian market for the first time.

Swarovski wasn't interested in using crystals as mere decoration for bottles but, starting from the essence it wanted to express a sense of lightness that only crystal can create. The idea of creating a fragrance and make-up jewels is totally innovative.

Now, the company is able to offer a wide range of products to perfumeries and departments stores loving the idea of creating a Swarovski universe in their corners.

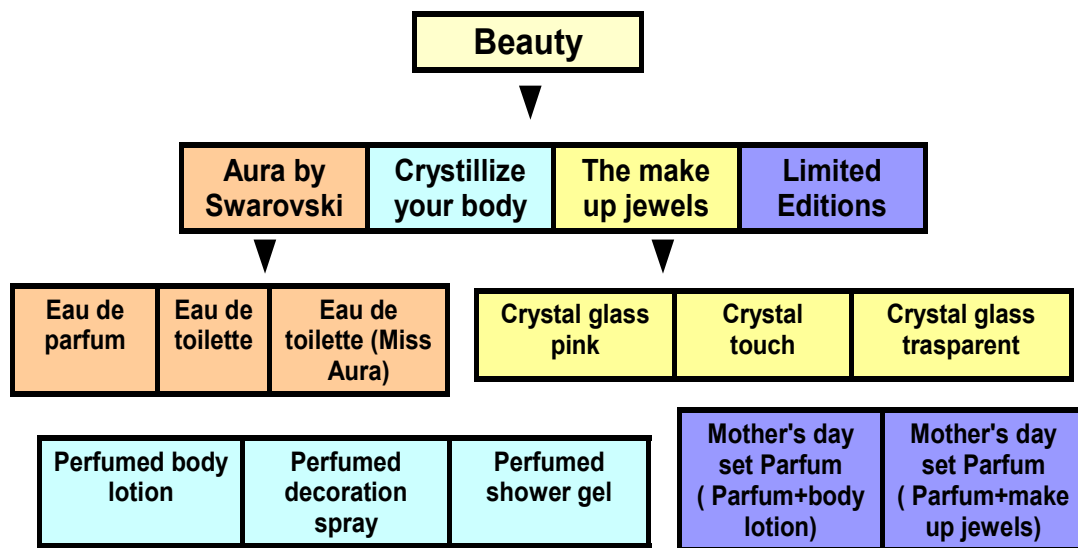


Figure.16 Swarovski Beauty selection

Aura by Swarovski

- **Eau de parfum**
- **Eau de toilette:** the goal was to translate into a language of fragrance the aura of light that Swarovski creates through the crystal. The result is a fragrance made of amber and white musk. The bottle, designed by Gwenaël Nicolas is asymmetrical and faceted to diffract light in dazzling clarity, with nuances that vary subtly depending on the weather. The shape of the bottle is ultra-modern and sublimely simple.
- **Miss Aura by Swarovski:** according to the firm definition, Miss Aura is a lucky charm fragrance unfolding an aura of good fortune around the woman wearing it. A swarm of butterflies is designed on the pink bottle.

The make up Jewels

Make-up jewels are embellished with genuine micronized Swarovski crystals.

- **Crystal glass pink**
- **Crystal touch**
- **Crystal glass transparent**



Figure.17 Swarovski make up jewels

Crystallize your body

This selection includes products for the body care. These products suggest to the firm opinion the power to lighten women as if with crystals.

- **Perfumed body lotion**
- **Perfumed deodorant spray**
- **Perfumed shower gel**

2. Swarovski Spaces



Figure.18 Swarovski Spaces

- **Swarovski Kristallwelten:** it is a premise open in 1995 to celebrate the first century of the firm. It brought moments of wonder to over twelve million visitors from everywhere in the world. It is a museum showing work of art realized with crystals. The firm wants people to know its history, its materials and its philosophy.
- **Swarovski Innsbruck:** it is a retail store, representing the enchantment of Innsbruck town. It is possible to find famous and exclusive jewellery collections, accessories, optic precision tools, crystal figurines and souvenirs available only at Swarovski Innsbruck, Swarovski Wien and Swarovski Crystal World.
- **Swarovski Wien:** it is one of the largest Swarovski store in the world, where you can find the same offer as Swarovski Innsbruck.

3. Gemstones

Swarovski is the leader in precision-cut genuine gemstones and created stones. Its products are characterized by manufacturing excellence, quality, innovation and precision. It offers a unique and well-balanced selection of stones, which can be applied on bridge jewellery, watches and lifestyle electronics.

The assortment ranges from affordable precious and coloured gems to Zirconia. Stones are cut and polished in Swarovski’s factories to maintain the strictest standards to meet the most stringent criteria of colour, quality, size and shape. Now the company is also synonymous of premium quality in genuine sapphire, rhodolite, peridot, amethyst, citrine, black spinel, genuine topaz, marcasite, along with zirconia and synthetic stones.

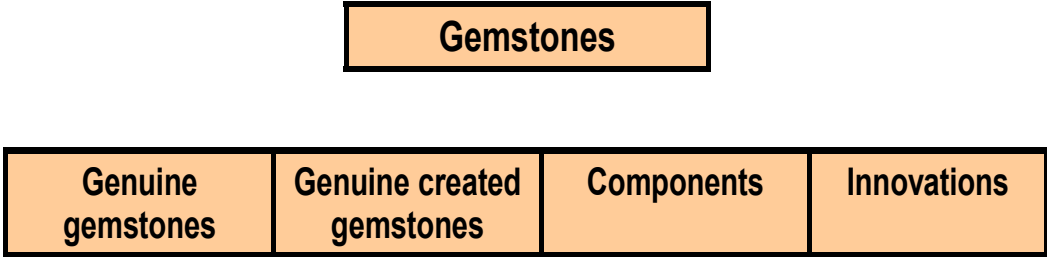


Figure.19 Gemstone selection

- **Genuine gemstones:** a genuine gemstone assortment is rich of colour, shapes and cuts. Swarovski stands for precision cutting. The selection includes: Zapphire, Topaz, Amethyst, Citrine, Peridot, Rhodolite, Smoky Quartz, Spinel and Marcasite.
- **Genuine created stones:** this line focuses on the reduction of stone breakage, simplifying the production process, its planning and costs. It includes Zirconia, Synthetic Spinel and Alpinite Castable.
- **Components:** components are set with Swarovski's Genuine Gemstones and Created Stones. They are not merely limited to jewelry applications having proven to be cost effective and time saving. It is an excellent method used to apply stones in difficult materials such as stainless steel, titanium, leather and many others.

4. Lighting

Swarovski lighting products and crystal solutions for sophisticated architecture.

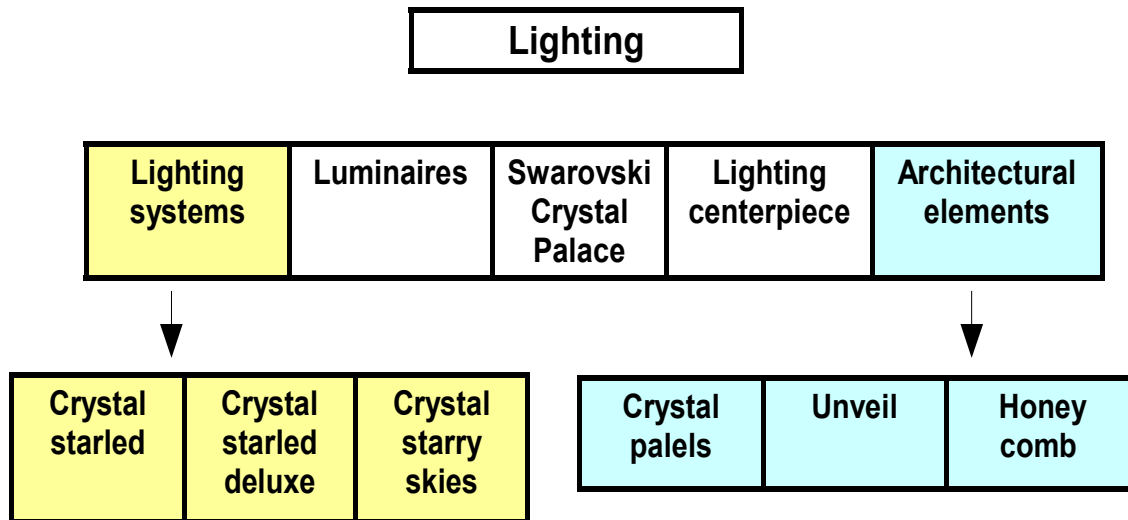


Figure.20 Lighting products

- **Lighting systems:** Swarovski's lighting systems with LED and fiber optic lighting are able to fascinate. They are increasingly used to create atmosphere in large and small spaces. Flexible lighting solutions, multiple application possibilities, simple maintenance - just a few advantages of LED and fiber optic lighting.
- **Luminaires**
- **Swarovski Crystal Palace:** it is a collection representing a restyling of chandeliers, which become an example of art.
- **Architectural elements:** architectural elements create brilliant and unique effects. They are individually designed works of art.

5. Figures

Swarovski figures appeared in 1976, when the firm decided to join the finished product market. The first example of figurines was a mouse made with remaining chandelier components. Today the selection includes 120 crystal creations, which depict flora and fauna worlds, childhood memories and Christmas themes. Every year special edition figurines are realized for collectionists, who join Swarovski Crystal Society.

Figure categories

- **Animal world**
- **Acquatic world**
- **Asian symbols**
- **Birds & Butterflies**
- **Bo Bears & Kris Bears**
- **Chinese Zodiac**
- **Crystal Myriad Masterpieces**
- **Disney**
- **Hello Kitty**
- **Merry Christmas**
- **Sparkling flowers**
- **Sparkling Treasures**

6. Jewelry & Accessories

Sparkling fashion accessories turn the ordinary into something extraordinary.

Jewelry categories

- **Beads**
- **Bracelets**
- **Broaches**
- **Charms**
- **Cuff links**
- **Earrings**
- **Men's collections Necklaces**
- **Pendants**
- **Rings**
- **Sets**

Accessories

- **Fashion accessories:** they include cardholders, handbag charms, key rings, mobile phone accessories and sunglasses.
- **Home accessories:** they include candleholders & tea lights, hanging ornaments, picture frame, tabletop, vases, bowls and boxes.
- **Electronic accessories:** they include smartphone accessories, stylus and USB accessories.

7. Couture Jewellery

An exclusive collection of crystal jewellery and accessories from the world's fashion and jewellery designers.

8. Watches

The company creates watches for both women and men. Swarovski company has joined the watch segment since 2009. Initially, it introduced watches for women, with a price that varied from 200-800 Euro. In 2012 the male collection was launched, being characterized by a higher price (til 1000 Euro). Watches are Swiss made as symbol of guarantee.

9. Elements

It is the brand for high quality crystal elements by Swarovski. Designers and manufacturers refine their products with these elements. The “Made with Swarovski Elements” label serves as a sign of authenticity and the highest standard of crystal design.

- **Crystals:** Xirius 1088 is Swarovski most brilliant crystal element. It intricates gemstone-like cut, rich color, and enhanced foiling have combined to produce an exceptionally durable new generation of crystal, taking it one step closer to the diamond. It is made according to the Advanced Crystal standard, the new DNA of crystal.
- **Advanced Crystal:** it is a new innovative lead-free crystal composition complies with current laws and regulations governing the use of certain substances in finished products in the most relevant segments of our customer’s business. It has been patented by Swarovski in the US, Japan, and 16 European countries.

10. Swarovski Entertainment

Swarovski Entertainment is Swarovski's film division, which collaborates with established industry partners and exceptional talent to develop, finance and produce original and artistically accomplished feature films with international box office appeal. It aims to express Swarovski's philosophy, identity and creative essence through moving images to enchant and inspire audiences around the world.

- **Romeo & Juliet:** it is a William Shakespeare's epic tale of love. With an all-star cast including Hailee Steinfeld as Juliet and Douglas Booth as Romeo the story is revitalized on screen by writer Julian Fellowes (Downton Abbey) and director Carlos Carlei (The Flight of the Innocent). An ageless story from the world's most renowned author is re-imagined for the 21st Century in the lush traditional setting it was written. Every generation deserves to discover this lasting love.

5.4 Diversification fields

Swarovski company extended its brand universe developing new and different activities from those of the core business. Tyrolit, Swarovski Optik, Schonbek and Swareflex are three examples of the company diversification ability. They are niche markets on which the company has focused. All these brands have been created to come out of numerous adverse situations as the two World Wars or the Oil shocks. The diversification strategy gives the company the opportunity to survive and to flourish reaching new markets. In this way Swarovski has become the current colossus, leader in every sector, in particular in the cut crystal market and in the fashion industry. Today, the company still keeps a part of these tools production.

Tyrolit: in 1917 Daniel Swarovski developed his own grinding tools, registered later under the brand name of Tyrolit (an innovative and technical trademark covering all conceivable grinding applications). Tyrolit concerns tools for crystal cutting and grinding. This has been a diversification opportunity for the company, which allows to join the jewelry and fashion industries, which are profitable markets requiring fake diamonds and small pearls. Nowadays Tyrolit is the leader in Europe among the greatest competitors.

Swareflex: in the 1920s Swarovski company introduced the production of glass reflectors under the brand name of Swareflex (today's market leader). The selection Swareflex includes reflective glass elements for horizontal and vertical warning, for pedestrian security and for special railway applications. The product portfolio is made of: metal or plastic signals, lane separators, protection barriers and reflectors. These elements are used in more than 50 countries.

Swarovski Optik: Swarovski Optik has been another success of the company diversification intent. The company produces optical instruments of precision such as telescopes and binoculars. They come from the combination of visual acuity gained with the influence of light.

Schonbek: it was founded in 1870 in Bohemia, being today the largest manufacturers of crystal chandeliers in North America. While Schonbek is a leading consumer brand amongst fashion homeowners, the company creates chandeliers even for blockbuster films and high profile commercial projects around the world.

5.5 Price

Swarovski offers products with middle-high prices introducing itself as a luxurious trademark. Price levels depend on the manufacturing and crystal faceting.

A diversification strategy allows to offer unique and appreciated products.

The uniqueness is at the base of diversification; a unique product should have real or perceived characteristics you can't observe on similar items on the market. In this way, people pay a higher price for the add value they perceive.

There are exclusive products with stellar prices, addressed to consumer niches which look for quality, uniqueness, innovation and excellence. But there are even products with moderate prices, affordable for a good clientele portion. Luxury products permit to realize high profit margins and fast growing brand segments. They are characterized by premium price, useful to define products with a low frequency of purchase. The premium price is the maximum price difference that the manufactures can apply. Swarovski company uses a premium price strategy to prevail on its competitors.

Looking at the portfolio, it is possible to esteem prices of the Beauty, Jewellery & Accessory, Watch and Figurine fields.

As regards beauty, talking about make-up jewels, body lotions and perfumes, prices vary from a minimum of 20 to a maximum of 80 Euro.

Jewels as bracelets, earrings, necklaces, rings, sets, pendants and charms cost more than 75 Euro except for beads that is possible to pay even less of 50 Euro, with the possibility of personalizing your products.

Fashion accessory prices vary from 50 to over 300 Euro. Home accessories cost more and you can find vases, bowls, picture frames from 40 to 800 Euro. Electronic accessories range from 40 to 100 Euro.

Female watches have prices fluctuating from 200 to 800 Euro, while male collections cost a little bit more, prices can reach 1000 Euro.

Figurines are particular objects with different prices. The faceting influences their price which varies from a minimum of 50 to an amount of money exceeding 500 Euro. There are exclusive or particular figurines with very high prices as 11000 Euro.

5.6 Distribution

Swarovski firm operates in the international sphere, being present in various sectors from jewellery and fashion, to art and architecture up to interior design. The stylists, artists and designers' contribution is fundamental to increase both the value of crystal material and the brand.

The distribution channels used by the company are characterized by:

- Company-owned and franchise stores: The company's products are available in more than 1250 Swarovski boutiques and 1100 partner boutiques. Most of them are situated at prime shopping locations in inner cities and high-end malls.
- Swarovski Crystal Society (1987) is constituted of passionate collectors, who have access to unique pieces, receiving constantly magazines from the company. Through magazines, they can make their purchases.
- Swarovski Crystal World was created in 1995 with the aim to allow employee, local communities, business customers, and consumers to experience crystal in a multisensorial way. It provides remarkable sales success: over 30% of the visitors buy in the adjacent store, in comparison with 10% of customers buying in regular stores.
- Shopping online: on Swarovski website, everyone can buy the same products available on retail stores with the possibility of personalizing the items.
- Swarovski outlets: the company is also interested in outlets because products should have two lives, one in the principal net of shops and the other in secondary ones. On Swarovski website, there is an online-outlet where you can find products from previous collections with 30% discount.

The sale success obtained is partly due to the adopted capillary and dynamic distributive system, that includes shops directly managed by the company, franchising outlets and wholesales considering the jewelry and fashion sectors.

There are Swarovski retail shops which sell exclusively products with its own brand, defined as single brand outlets; then there are corners and jewelleries that include in their assortment some articles of the Swarovski collections. In this case, the conservative channel of jewelleries starts to give space to this brand, recognizing its additional value.

The retail outlet is the fulcrum of product strategies; it is possible to find an exceptional brand awareness, an extraordinary reception, luxury, taste of beauty and attention to details in addition to a wide range of products with a high quality.

Two are the concepts behind the outlet realization and fitting: a more traditional concept (Figure 21) and an innovative one (Figure 22), which is called Crystal Forest, a new concept that will be applied within 2016 to all Swarovski shops.

The traditional concept foresees simple, regular and reduced spaces. Shops are generally located in the city center and in the commercial malls which have a greater visibility. Spaces are dressed with adjacent crystal windows in which products are exposed. The predominant colours are red and blue used to reduce the shop dimension.

The punctual lighting on products is the key factor that allows to create a magic and pleasant atmosphere. The central area is devoted to new accessories and novelties.

The pleasant and coherent atmosphere is reached thanks to a series of elements: the technological innovation, the transversal positioning of the brand, the brand awareness, the internationalization, the multichannel distribution and the clear image of the insignia which lead to consumers' belief and trust. The sale personnel has to interact with clients to understand their demands and needs; it has to appear careful, polite and ready to solve any kind of problem.

Recently, visual merchandising has been developed; it is a free selling method which doesn't require sale assistants. It facilitates the customer selection and purchase of goods through the five senses. This technique puts products in the retail store along with format, lighting and design choices.



Figure.21 Swarovski outlet in Pisa, the traditional concept

The innovative concept “Crystal Forest” highlights Swarovski's affinity with nature and the infinite possibilities of crystal to provide a multi-sensory shop experience through prism elements that catch light and reflections from outside the store; texture walls featuring reflective white prisms to create the illusion of an organic crystal forest; a play of light on different materials enhancing the sparkle of the store. Fascination towards the brand comes from the possibility of creating ones own personalized products. A neutral space characterized by white colour and light, giving more value to products. This new concept application has increased entries, purchases and middle slips.



Figure.22 Swarovski outlet in Dubai, Crystal Forest concept

5.7 Promotion

Swarovski trademark is characterized by a significant brand awareness all over the world, even due to the communication mix used by the firm. It is supported a lot by advertising campaigns with the aim of increasing the firm and its products awareness; building a positive image useful to add meaning to products in order to augment their value; identifying potential clients, trying to conquer and then to maintain them; developing strong relationships amongst retailers inside the distribution channel.

Through the communication mix, Swarovski company wants to communicate its mission “ We add sparkle to people's everyday lives” and its values including being responsible, vigorous, imaginative and passionate.

- Being responsible means showing an interest towards the company and the impact it can have on others.
- Being imaginative means to be open-minded and innovative in creating unique product designs and solutions for consumers and customers.
- Being vigorous means to be dynamic and powerful. The company leverage the strengths and benefits of its global organization, it empowers colleagues to be effective, efficient and to work as a team in order to achieve profitable results.
- Being passionate means to strive for consumer and customer loyalty by continuously surprising and amazing them and create long-term relationships with business partners.

The communication mix includes: television publicity, website, social media, online spots, tutorials, blog, magazines, advertising posters, events and sponsorships.

An example of television advertising campaign is offered by the 2013 publicity campaign (Figure 23), reproducing the supermodel Candice Swanepoel as super glam action heroine shimmering in a blaze of Swarovski elements. This campaign features a modern and strong woman, confident and in control, wielding crystallized fantasy sport accessories, including a motorbike helmet, skiing goggles and dumbbells, each blazing with the reflected light of thousands of Swarovski Elements.

The concept behind the campaign was designed to reflect the brand attitude and the versatility of Swarovski Elements as an innovative ingredient across the creative industries from jewellery, fashion, accessories to lighting and interior design.



Figure.23 Swarovski advertising campaign 2013

Nowadays, the testimonial of the company is Miranda Kerr, an Australian supermodel who is present in TV campaigns, on the Net and in magazines.

Stardust Bracelets, Swarovski new creations are presented by Miranda Kerr. The aim of the campaign is to recreate the three dimensional effect on jewellery using colours, crystals and mixing techniques. A tutorial is shown to illustrate the new magnetic lock.

The company uses web marketing, a well-done, exhausted website for both final and business consumers, online spots, blogs and social media such as Facebook, Twitter and Youtube, through which the firm is extremely followed.

5.8 Competitors

Swarovski is the market leader and there isn't a very high competition. Besides this, numerous are the firms able to join the market because the entry barriers are not huge. The company realizes considerable scale economies, which can't be easily reproduced. Threats come from countries characterized by lower labour costs as Egypt, China and India, which are able to furnish the same products but with inferior prices. Business customers are stimulated to buy from Swarovski competitors because they can have great savings. Swarovski develops "Made with Swarovski Elements" labels to face the problem. They are a guarantee of authenticity for clients, avoiding to lose them. In addition it opens new productive establishments in this countries where labour costs are inferior.

In terms of competition, Swarovski is far ahead of its peer in the consumer market. No other brand has the same notoriety and price levels. Numerous are the firms in the world that use crystal in their activity but no one can be compared to Swarovski. Generally, the majority of these firms produces and sells only home accessories without having the same range of products. Another point is that while Swarovski operates with cut crystal, the other companies use plain and elaborated crystal but not faceted.

Researches show that company using crystal in their activity are: Cash Crystal, Kosta Boda, Lalique, Lenox, Marquis by Waterford, Orrefors, Reed and Barton, Riedel, Rogoska Crystal, Royal Dultun, Schott Zwiesel and Waterford.

Among these, Lalique French enterprise can be a Swarovski potential competitor. It was founded in 1885 by the jeweller René Lalique. The firm is located in the city centre of Paris, rue Royale, and it produces a vast range of luxurious products, as for instance jewellery, perfumes, furnitures and design with rather elevated prices, that in some cases overcome those applied by Swarovski. It operates in the luxurious market, its products are really work of art, while Swarovski seems to be a more commercial brand which realizes beautiful and fancy objects. Lalique doesn't boast a strong market diversification strategy but it tries to differentiate.

Lalique has called the attention in the 1900 thanks to its own Exposition Universelle in Paris that counted more than 50 million visitors. The made of bronze, iron and glass objects exposed were useful to position Lalique as one of the most important company in the luxury and french design sector. At the beginning of the nineties, Lalique has introduced its first perfume; René Lalique used to realize perfumes bottles. Today Lalique collaborates with a series of important designers, among which Zaha Hadid, who planned two vases.

The firm has a strong tradition and a rather rich and diversified assortment which includes:

- Decorative items: vases, sculpture bowls, desk accessories, perfume bottles, boxes, tableware, lithograph and art books).
- Perfumes for both men and women, exclusive perfume bottles and candles.
- Jewellery: fantasy, fine and bridal jewellery.
- Interior design: tables and luminaires.
- Art: artistic creations by Zaha Hadid (who worked for Swarovski too).

5.9 Initiatives

Swarovski company pursues corporate responsibility since 1895. The objective is to maintain tradition adding sparkle to people's everyday lives, while protecting natural environment and seeking a rich legacy for future generations.

Through Swarovski Foundation, the promoter of the company demonstrated a strong humanitarian instinct towards people and local community. Since then, five generations of the Swarovski family reinforced the commitment to charitable giving within the community, environment, health and culture. The Swarovski foundation has been created to support charitable projects considering three pillars:

1. Fostering culture and creativity: the company tries to promote art, advancing education, supporting cultural institutions and innovative projects with cutting edge talent. An example is the Restoration of San Giorgio Statue in Venice. The restoration project is important to preserve one of the key example of Palladian architecture in order to support creativity and culture.

2. Promoting wellbeing and human rights: the Swarovski Foundation supports initiatives on women's empowerment, access to health and education. Swarovski is proud to sponsor Life Ball, the charity event dedicated to raising awareness of HIV and AIDS. Through a project called “Pink hope”, the company renovates its committment towards the cancer fight. Sale proceeds coming from the “Pink hope” collection and Slake bracelets will be given to support the initiative.

3. Conserving natural resources: Swarovski supports environmental projects to promote the conservation, the protection and improvement of the physical and natural environment. The Waterschool program is an example. The aim is to teach children and their family the importance of sustainable water management. Water has always been a key element in the firm production, culture and philosophy.

The founder, Daniel Swarovski decided to move to Tyrol because he was attracted by its readily available supply of water useful to generate electricity for machineries.

In 2014, the company has started to be interested in water-energy nexus. Water and energy are essential for every aspect of life: social equity, human health and economic sustainability.

In the fashion field, Swarovski joined the Fashion Rock event in 2007 (Figure 24), an annual international charity event, which features fashions by the world's top designers being presented to live performances by popular music at the Royal Albert Hall in London, which gathered among others Armani, Chanel, Dolce & Gabbana, Yves Saint Laurent and Stella McCartney. Uma Thurman and Samuel Jackson presented, Alicia Keys, Lily Allen, Jennifer Lopez and Timbaland performed. Designers created special pieces using Swarovski crystals, and the singers and presenters wore them.

As regards architecture, art and design, another venture involves Swarovski Crystal Palace project. At this project renowned designers such as Ron Arad and Tord Boontje participated to reinterpret classical chandeliers. Each year, these artists create new, avant-garde chandelier designs.

In the jewellery sector, Swarovski appeared as the exclusive crystal sponsor for one of the world's most eagerly anticipated events: the 2012 Victoria's Secret Fashion show (Figure 25). Over one million Swarovski Elements were incorporated into 14 fabulous creations. The extravagant runway show also featured 28 pairs of iconic Victoria's Secrets Angel wings, exquisitely jewelled couture centerpieces encrusted with Swarovski Elements.



Figure.24 Jennifer Lopez, Fashion Rocks 2007 in collaboration with Swarovski



Figure.25 Miranda Kerr, Victoria Secret's Show 2012 in collaboration with Swarovski

For the next year 2015, numerous will be the amazing initiatives supported by the company. First of all the new opening of Swarovski Crystal World with lots of surprises.

In the fashion field, Swarovski Collective 2015 Application will take place to celebrate the 15th anniversary of 150 fantastic collaborations with renowned fashion artists as Christian Dior, Gucci, Victor & Rolf, Givenchy and Christofer Kane.

Considering crystals, there will be new collections of shape, colours and effects from Swarovski for th season Fall/Winter 2015/2016 including the launches of Vision round & fancy stones (which combine the uncomplicated appeal of simple cut with the playfulness of mirrored reflectors), new colours as Smoky mouve effect and crystal paradise shin, Starlet flat back and curvy flat, pavé thread rings, crystal fine mesh and queen baguette with cross beads.

6. The Italian Case

Despite the economic crisis, Italy is still considered a strategic market for Swarovski firm thanks to its deep bonds with fashion and luxury markets.

Swarovski Internazionale d' Italia S.p.a is a joint-stock company located in Milan and constituted in 1968. It has a unique shareholder, being managed by Swarovski Europe Holding B.V (a subsidiary company wholly-owned by Swarovski International Holding A.G. located in Nederland).

With 137132,50 million turnover and 2732746 million net profit in 2013, Italy is the fourth Country for billing after USA, China and France and the second one for sold pieces after the United States.

The company success depends above all on its capillary distribution; there are 260 single brand retails, almost 11% of the total world (2350 sale points) and a net constituted by 700 sale points considering corners and jewelleryes. The firm pursues growth through retail outlets retraining according to Crystal Forest concept, that has increased entries, purchases and middle slips (Euro 120).

The firm is very interested in discount outlets to get rid of unsold products and to sell previous season collections. Swarovski has placed discount outlets in Seravalle, Vicolungo, Fidenza and Noventa di Piave, with new expansion horizons.

Since 2012, in Italy, Swarovski has started to invest more in the enlargement of retail stores. Constantly new sale points are opened in the greatest cities of Italy.

Milan is an example of it. Last September, in Vittorio Emanuele street, the first flagship of the company was inaugurated. It has become one of the ten most important shops in the world giving Swarovski firm an unbelievable visibility in sight of the Expo 2015, a very important exhibition also for jewels, watches and home accessories. Milan outlet is characterized by Crystal Forest concept, with fifteen showcases, always open (362 days a year), with about 350-400 thousand visitors and 70 thousand slips. The local clientele is meaningful mainly for Italian shops.

In Italy, the firm has a strong net of loyal distributors with whom it has established durable relationships.

It would like to repropose the same distribution model in China and India where Swarovski is investing a lot above all in new product launches that perfectly meet local demands and in the openings of new outlets.

As regards Italy, the brand awareness is elevated reaching 84%.

The activity concerns import, export, fancy goods, fashion jewellery, precious, semi-precious and synthetic stones, watches and optic tools.

The most appreciated sectors are couture, fashion jewellery, watches and interiors.

Jeweller's shops are conservative channels, which have decided to market Swarovski brand for its notoriety. The brand is recognized as one of the first five jewellery brand and the first one in the fashion jewellery field. Price is a key factor that makes the company leader in the segment. The firm sells products to jeweller shops with prices ranging from Euro 200 to 1000.

The most appreciated and sold jewels are bracelets and earrings, which can be personalized according to customers' taste. They are extremely appreciated because they complete the outfit, being proper for all occasions.

Swarovski Group knows fashion jewelry segment potentiality so it intends to intensify its presence. In Italy, the fashion field is above all followed by women, an elegant and refined target, which has become the most important European market.

Miranda Kerr, the Australian model is the new testimonial of the firm; she is an international woman, a traveller, a mother and a worker, who reincarnates the model of an active woman being not afraid to show her personality.

The company wants to have a dominant position in the Italian consumer imaginary.

The watch segment has been characterized by the launches of woman collections in 2009 followed by male collections in 2012. Prices vary from Euro 200 to 1000. Swarovski has also introduced a line that breaks with masculine jewellery's traditional canons. There is a new watch repositioning observed in the new advertising spot, which has Eva Riccobono as testimonial. The Supermodel, actress and television conductor wears a masculine watch underlining the idea of an elegant, refined and self-confident woman.

6.1 Swarovski Internazionale d' Italia S.p.a findings

As various times underlined, Italy is a strategic market for Swarovski firm in which it intends to expand its activity. The importance of the country concerns the distributive aspect: the retail outlets on the territory are 260 around 11% of the total².

In Italy, there are not any productive establishments, which are situated in lower labour cost countries such as Austria, China, Czech Republic, India, Liechtenstein, Thailand and USA. Italy represents a market for final sales.

The business represents around 6%³ of Swarovski turnover considering the crystal business; it is not a very high percentage but however it is satisfactory comparing our geographical dimensions and our billing to that of USA and China. Remarkable data points that Italy is the second country for sold pieces after the United States. This means that Swarovski products are extremely appreciated by Italian consumers, that's the reason why the firm wants to intensify its presence in our territory through retail outlet openings, boutique restylings and investments in the advertising sphere.

Swarovski Internazionale d' Italia S.p.a budget sheet⁴ 2013 is a useful document to understand more about the firm ordinary management at national level. It is a remarkable and exhaustive document allowing a trend analysis within a wide temporal horizon ranging from 2004 to 2013.

The year 2008 is our reference point, after that it is possible to observe a light decreasing trend of the general activity considering the present period of negative economic conjunctures.

2 The total amount of Swarovski retail outlets in the world wanders about 2350, 1250 of which are directly run by the firm and 1100 are partner-operated stores. In Asia retail outlets are 770, in North and South America they are 480, in Europe 1100, 260 of which are Italian single brand outlets.

3 Such percentage is given by the quotient among Swarovski Internazionale d'Italia S.p.a annual turnover (2013) Euro 137.132.509 and Swarovski crystal business annual billing (2013) of Euro 2.330.000.000, all multiplied for 100.

4 Swarovski Internazionale d'Italia S.p.a Budget 2013 has been retrieved from the Aida database (accessible from the athenaeum of the Economy and Management Department). The Budget is constituted by the followings documents: Patrimonial State, Economic Account, budget indexes and the financial profile and employees.

6.2 Business analysis from 2004 to 2013

Swarovski Internazionale d' Italia S.p.a is a firm characterized by a constant growth despite a general decreasing trend of its activity from 2008 till today.

Since 2004, there has been a production cost⁵ and value⁶ rise, that have brought to an increase of the added value⁷ and of the operating result⁸.

The increase in production value comes from turnover rises: this means that company sales have increased in times. From 2004 to 2007 the sale proceeds have raised by 40%⁹ reaching figures such as Euro 171.819.208. After that there has been sale proceeds light fall due to the economic crisis, till 2013 year of positive trends.

The production cost rising is due to an increase of raw material and services costs along with labour costs, which have doubled in 2013.

The labour cost increase comes from new constant assumptions, which show Swarovski interest in the Italian business.

Raw materials are entered as completely finished products remarking the importance of Italy in the distributive field; on the other hand in Italy there aren't any productive establishments.

The year 2008 represents a year of light worsenings: the sale proceeds, the EDBITDA¹⁰ and the net profit decrease but, on the whole, results are positive.

5 The production cost includes flat costs and service costs, amortizations, depreciations and funds.

6 The production value is characterized by sale proceeds and performances, other proceeds and inventory changes of finished products.

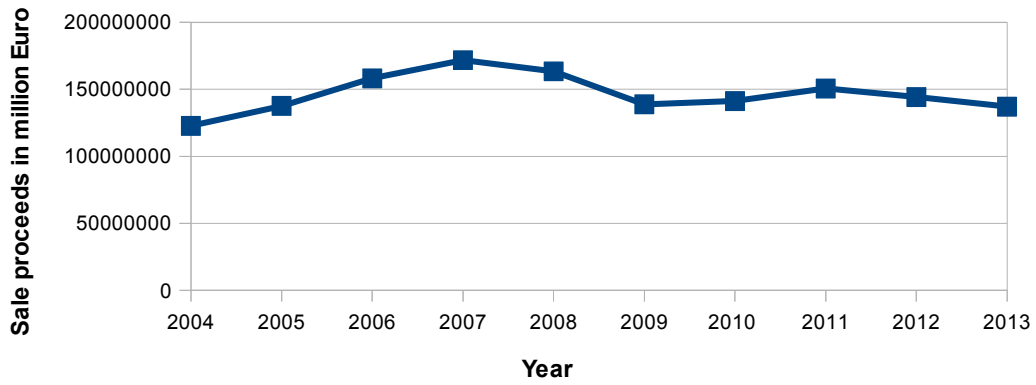
7 The added value is the wealth produced by the firm which has to cover inside costs. It is the result before the coverage of labour costs.

8 The operational result, called also EBIT (Earnings before interests and taxes) comes from the difference between the production cost and the production value; it expresses the income that the firm is able to produce before the reward of the capital, considering both the capital of bystanders and the proper capital.

9 The percentage has been obtained through a proportion considering 2007 turnover of 171.819.208 million multiplied for 100 separated for the invoice of 2004 equal to 122.729.639.

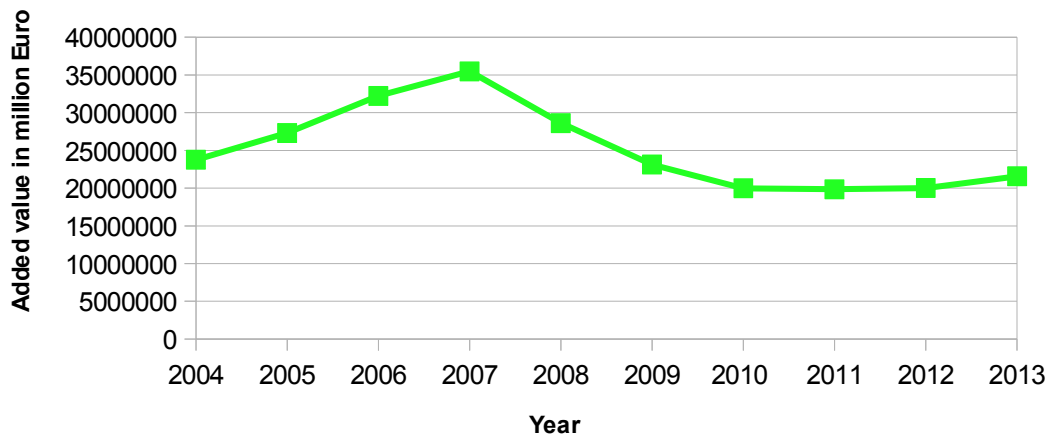
10 EBITDA are earnings before taxes, depreciations, amortizations, funds, ordinary and extraordinary business management.

Sale proceeds in absolute value



Graphic.1 Sale proceeds of Swarovski Internazionale d' Italia S.p.a, 2004-2013

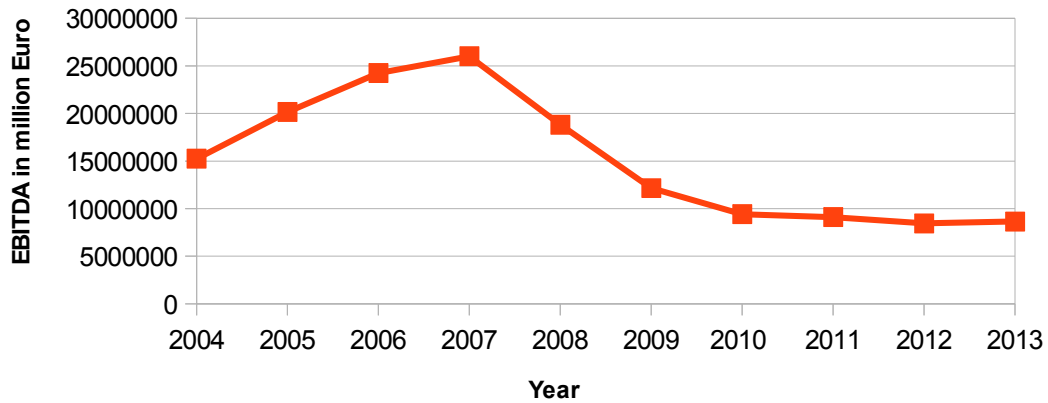
Added value



Graphic.2 Added value of Swarovski Internazionale d' Italia S.p.a, 2004-2013

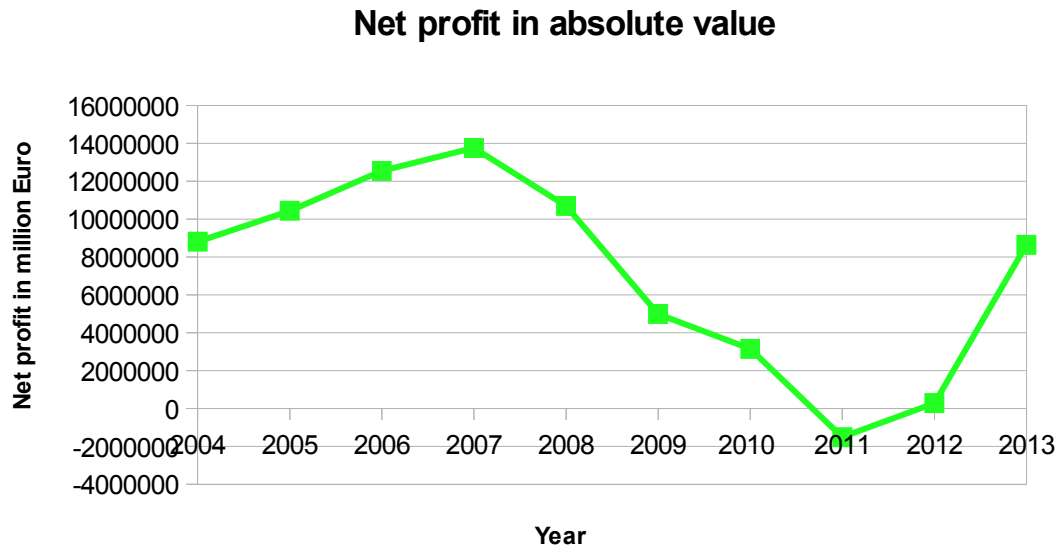
EBITDA in absolute value

Earnings before interests taxes depreciation amortization



Graphic.3 EBITDA of Swarovski Internazionale d' Italia S.p.a, 2004-2013

The graphic above shows the profit before interest, taxes, amortizations, ordinary and extraordinary management. EBITDA is the gross operating margin providing a measure of the firm wealth obtained through the operational management. In this case the trend shows high values till 2007 to inferior ones in the next years. The lowest datum is observed in 2012 where there has been sale proceeds fall in comparison to the previous exercise.



Graphic.4 Net profit of Swarovski Internazionale d' Italia S.p.a, 2004-2013

This graphic shows the net current profit realized in the years. From 2004-2007, the profit has always been rising, reaching major values in 2007, when sales have increased. From 2008 on, the profit decreased meaningfully, leading to a loss in 2011. The loss was due to the extraordinary area management. Profit decrease depended on a diminution of operational results, fluctuating sales, added value and EBITDA. In 2012-2013 values turned to be positive but inferior compared to previous years.

Where did the loss in 2011 come from?

In 2011 the company recorded a loss due to an extraordinary management, an event that doesn't regard the firm typical management. Extraordinary burdens and previous exercises taxes were responsible for the loss (it is not possible to make hypothesis owing to the lack of the Integrative note document, which would have given more information). At the moment, the loss has not been covered despite the firm has obtained profits in the last years.

In conclusion, we can affirm that the Italian business is remarkable for Swarovski activity. Swarovski Internazionale d'Italia S.p.a is a well-established firm with an increasing added value, despite recent light decreases. It is a stable firm, with a good profitability, able to generate wealth. The loss observed in 2011 doesn't burden on the firm, which has achieved positive results in the last years.

The sale proceeds are good and in growth. The firm is flexible and immobilizations don't weigh on the total activity. Italy is a country where the distributive aspect prevails. The net patrimony finances 23% of the invested capital, the remainder 77% is sponsored by outsiders. In the last years there have been generally positive trends; the continuous retail outlet openings, the increase of employees in the retail structures and the restyling of the existing boutiques show the wish to remain and to still invest in the Italian market, defined a strategic market by Swarovski.

7. Conclusions

Swarovski is a family run business with a great notoriety. It is the leader in the cut crystal market and the principal supplier of crystals in the world. It mainly operates in the luxury jewellery sector, making crystal the material at the base of its products and its philosophy. Crystal is extremely flexible, it can turn ordinary things into something extraordinary.

Swarovski firm pursues diversification, market development and premium price strategies, which allow it to maintain and to improve its position on the market as other firms do.

It is a historical firm with a long tradition and strong values, succeeded in dominating the market thanks to constant innovation and workmanship.

Innovation is the key of success for those enterprises which want to be competitive. Investing in research is vital for firms as Swarovski that intends to consolidate a leadership. Innovation concerns new product development and their future launching, the improvement of materials and productive processes to get excellent results.

During its history, there have been meaningful positive and negative moments that allowed the firm to grow: the choice of the location (Wattens), the exploitation of hydroelectric energy for machineries operation, the two World Wars and the Oil shocks, which urged the firm towards diversification.

Diversification is the most complex and risky competitive strategy, which asks for constant marketing and productive technology investments to get a unique positioning in markets through an offer characterized by differential elements in terms of both functional and symbolic attributes for which buyers afford to pay more. Swarovski is an excellent example of it; the firm develops different activities and a wide, deep and diversified product portfolio that best suit different demands.

The portfolio is constantly adjourned through new products launches, continuous restylings, new colours, cuts and forms. The firm addresses even to market niches, originating businesses different from the ordinary ones: road safety products, optic precision tools and tools for crystal manufacturing, grinding and polishing.

The premium price strategy allows the enterprise to consolidate its position among its competitors. Competition is rather scarce in the case because there are not any enterprises able to reproduce its same business.

As regard its industrial activity, a threat can come from countries with lower labour costs, characterized by enterprises able to furnish perfect imitations with meaningful savings. Swarovski responds by developing “Made with Swarovski Elements” labels, symbol of guarantee and authenticity for its customers and by opening new productive establishments in the same countries.

The market development strategy allows Swarovski firm to repeat its products on new markets, exploiting its technological abilities and investing in the marketing function. The firm adopts some standards which it usually reproduces in the world. Such standards can be observed in the product assortment, in the retail store aesthetics and in communication.

Europe is a consolidated market for the brand whereas the Asian market is a developing reality. The firm intends to grow all over the world, particularly in Italy and in other markets such as India and China.

Swarovski production consists mainly of jewels, watches and fancy accessories all women-oriented. But male segments are on the grow.

Women have always had inseparable bonds with fashion, they appreciate product good taste and the attention to details. Swarovski brand plays an important role in the affirmation of the modern woman concept. Women have job careers, they are self confident, they love beautiful items, which they want to show. A meaningful revolution embraces countries in which women's freedom has always been mined by social and moral restrictions.

Its international presence allows the firm to study different markets and demands. In this way new products can be developed join later the brand universe. Aura fragrance by Swarovski has been realized initially for an Asian target and then for the whole world.

Another interesting aspect to analyze can be the firm method followed to put new products in its assortment, exploiting other people's extreme ideas such as the intent of affixing crystals on funerary objects.

In the fashion sector, famous stylists as Coco Chanel, Elsa Schiapparelli, Christian Dior have been the first to join the firm, seeking for close collaborations to increase the brand value allowing crystal use in different fields.

The company pursues the same objectives all over the world to increase its turnovers, its volumes and its market shares. Objectives are:

- to increase its presence in the fashion jewellery and in the watch segments;
- to improve its brand image;

- to acquire existing brands to have results in the short run;
- to wide its clientele and its distributive net through the opening of new retail outlets, the exploitation of new sale channels as online shop and the restyling of boutiques.

Through the Italian case analysis, it is possible to affirm that in Italy, new retail stores are constantly opened and their number is increasing. The Italian business weighs 6% on the firm turnover considering the crystal business. Our country is the fourth for turnover after USA, China and France and the second for sold pieces after America. The Italian activity is profitable, its invoice and its net profit is constantly growing despite the economic crisis.

In general it is possible to affirm that the jewellery sector hasn't been struck a lot by the negative economic situation. Italy is a strategic market for its deep bonds with fashion and luxury brands. The country is relevant for its distributive net, characterized by 260 single brand shops (11% of the global number), besides 700 among corners and jewelleries that markets these products. Corners in malls and airports are very appreciated locations for Swarovski boutiques. In Asia sale points are around 770, in America 480 and in Europe 1100. Swarovski brand is already affirmed in our Continent where it has become part of our ordinary lives, an objective which the firm intends to reach even in the rest of the world.

Italy has a well-established distributive system characterized by loyal retailers. The firm wants to translate this model into China and India, where it is concentrating its investments.

In Italy the firm doesn't have any productive establishments, which are located in China, Czech Republic, Thailand, Austria and in other countries. Brand perceptions vary: Asians perceive Swarovski brand as a luxury, youth and trendy trade mark. Europeans see it as an old-fashioned, elegant and refined brand proper for mature public.

The Indian market sets as one of the principal market in addition to Brazile and Mexico ones, counts 5% on the firm global billing. In India and in China, the firm wants to open new retail stores in first locations as luxury hotels and malls with the objective to wide the clientele. The online shopping is becoming a reality in which the firm intends to invest.

As regards adversting (advertising campagnies, spots, magazines and the web), it is possible to notice perfect similarities among the countries. The communication is equal all over the world what changes is only the language.

Beyond profit and volume objectives, Swarovski pursues humanitarian and charitable intents as the cultural goods restoration, campaigns to support important illnesses and fashion events.

The firm has numerous strengths without being free from weaknesses. In order to occupy every productive field, it sometimes exaggerates in using crystal in items such as toilets or luxury cars, bordering the absurdity.

Sometimes the impression is to pay too much for something with low value, comparing crystals to real diamonds. The possibility to expand itself, its business, its assortment and its customer base are challenges faced by Swarovski.

From the case analysis, it is possible to see how Swarovski reality represents an example of a leader enterprise, which adopts competitive strategies that allow it to penetrate in complex markets, getting dominant positions and profitable results. It has a unique brand with which it serves every consumer target. It adopts standards that it proposes all over the world, pursuing the same objectives; in this way its experience can be transposed and wide to other realities, other sectors and countries.

Figures

Figure. 1 Tatlin Diamond, Mario Cananzi and Roberto Semprini, 1989

Figure. 2 Getsuen Diamond, Masanori Umeda, 1990.

Figure. 3 Flap Diamond, Francesco Binfaré, 2000

Figure. 4 Sushi Diamond, Fernando and Humberto Campana, 2002

Figure. 5 Damier Diamond, Francesco Binfaré, 2003

Figure. 6 On the Rocks Diamond, Francesco Binfaré, 2004

Figure. 7 Isis toilet from Jamal Wright Bath Designs

Figure. 8 Diamond Bathtub, Lori Gardner

Figure. 9 Collection 2014 for female

Figure. 10 Asian Collection “Tutelary Spirit–Lovemagpies”

Figure. 11 Swarovski jewels: Stardust Collection, Pisa retail outlet

Figure. 12 Pandora, 2007, Fedrikson Stallard Chandelier for Swarovski Crystal Palace

Figure. 13 Sparks, 2010, Gwenael Nicolas Chandelier for Swarovski Crystal Palace

Figure. 14 Lolita, 2004, Ron Arad Chandelier for Swarovski Crystal Palace

Figure. 15 Swarovski selection for both final consumers and business customers

Figure. 16 Swarovski Beauty selection

Figure. 17 Swarovski make up jewels

Figure. 18 Swarovski Spaces

Figure. 19 Gemstone selection

Figure. 20 Lighting products

Figure. 21 Swarovski outlet in Pisa, the traditional concept

Figure. 22 Swarovski outlet in Dubai, Crystal Forest concept

Figure. 23 Swarovski advertising campaign 2013

Figure. 24 Jennifer Lopez, Fashion Rocks 2007 in collaboration with Swarovski

Figure. 25 Miranda Kerr, Victoria Secret's Show 2012 in collaboration with Swarovski

Graphics

Graphic. 1 Sale proceeds of Swarovski Internazionale d' Italia S.p.a, 2004-2013

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Graphic. 3 EBITDA of Swarovski Internazionale d' Italia S.p.a, 2004-2013

Graphic. 4 Net profit of Swarovski Internazionale d' Italia S.p.a, 2004-2013

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