CEMS BUSINESS PROJECTS
SPRING 2018

Millennials – How to stay relevant as high-end jewelry and watch maker

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1 Context of the Business Project

“Millennials are different, they care about influence more than affluence. They are no longer defined by what they choose to OWN, but rather what they choose to DO. Millennials are known to have strong values, they care about trust and authenticity. They are losing trust in big brands” - Sentences like these are often heard when people describe the next generation of consumers.

Companies need to shift their focus on millennials: they are entering the workforce, starting to make their own money while the baby boomer generation is retiring. In 2027 there will be 1.9bn millennials compared to 0.9bn baby boomers. Moreover, they will inherit the wealth from their parents and grandparents.

In short, they become the most important consumer group and companies need to learn how to cater their needs.

This shift is especially apparent in the USD 70bn global watch-making and USD 148bn jewelry industry.

Therefore we, at A.T. Kearney, aim to understand how high-end jewelry and (Swiss) watch makers can successfully compete for millennials that constitute the next generation of consumers. This Business Project should focus on key consumer trends and assess implications for the manufacturers.

The main research question will be: How high-jewelry and (Swiss) watch makers are becoming/staying relevant for millennials?

Our aim is to develop 1-3 jointly branded white papers out of the project.

As CEMS alumni, we value your time and want to make the best out of it. Thus, we established a project set up that is of mutual benefit. You will get insights into how we work and access to our internal network. This includes working on our laptops with our slide format (so we can use your results directly as we are not interested in doing a “dummy” project) or opening our network and internal IC (intellectual capital) for you to access.

Additionally, we provide you with weekly feedback and coaching by two consultants. They will guide you, show you how we as consultants work and ensure that the quality of the results meet the high expectations of your “clients”, which are our subject matter experts (incl. Principals, Partners) – and not to forget the fun aspect at all times, of course…

We expect much, but so can you – we are looking forward to having a great Business Project together and aim to win the Business Project of the Year Award once again!

2 Content of the Business Project

This project will focus on key consumer trends, and assess implications for high-jewelry and watch manufacturers. Students are expected to explore the relevant international consumer base (yourself) and develop recommendations for high-end jewelry and watch makers how to stay/become relevant.

We expect a holistic perspective including the distinctive steps of the customer journey and the luxury value chain.

In this explorative study, we want you to consider at least aspects from a consumer and a manufacturer side and derive best practices:

- **Brand/engagement**
  - To what extent do consumers value brand assets, and what is the impact on purchasing decisions, like for example:
    - History of the Brand,
    - Presence in the ultra-segments (e.g. Haute Joaillerie, Haute Horlogerie)
  - Independency of the company vs. part of conglomerate
- Do brands own an emotional territory (e.g. Rolex about legendary moments, Patek about being “old money”)
- How does the offering of entry products impact the desire to acquire high-end luxury (e.g. sterling silver collection of Tiffany)
- How to engage with millennials? Is an online presence (e.g. Instagram) enough?
  - ...

- **Product**
  - Do functional benefits matter?
  - What is the emotional benefit of acquiring and owning high-end jewelry? How is it different for watches?
  - How will technology disruption affect the industry?
  - What about vintage watches?
  - Is sustainability a key product feature?
  - ...

- **Distribution**
  - Where, when and how do they want to shop?
  - To what extent are watch/jewelry makers already adapting to the needs of millennials?
  - ...

These aspects are not exhaustive. We want you to think broad and independent. After all, it is all about you!

### 3 Approach

In general the teams can use the whole variety of supporting methods:

- Literature research, document, benchmark analysis
- Interviews and surveys
- Workshops
- Focus group
- Field observation and tests

### 4 Output

The CEMS team will deliver:

- **Mandatory**: Presentation to representatives (after a preliminary ‘test run’ presentation to the Academic Advisor)
- **Mandatory**: Summary of project results including an appendix with the findings from research (interviews, statistics, etc.), format: tbd
- **Mandatory**: Project plan, including responsibilities and milestones
- **Mandatory**: Weekly progress reports to the Academic Advisor
Mandatory: Learning Journal with self-evaluation and evaluation of team members (to be handed in to the Academic Advisor)

☐ ...

5 Requirements for the Business Project and Performance Evaluation

Requirements for this Business Project:
- Proficiency in English
- Excellent PPT and Excel skills
- Prior consulting experience helpful

General requirements:
- Professionality
- Participation at kick-off meeting and final presentation is mandatory
- Active participation in every workshop and meeting
- Analysis under the guidance of Academic Advisor
- High-level outputs
- Workload is not predefined, depends also on the requirement of the project (clue: 15 ECTS = 400h workload = half semester)
- Learning journal

Students performance is evaluated by the CP and Academic Advisor along the following criterias:
- Practical quality: Added value, creativity, impact, feasibility
- Academic quality: Depth of argument, plausibility, methodology, transfer of theoretical knowledge
- Process management: Information flow, efficiency, overcoming obstacles, ability to cope with limited resources
- Social competence: Teamwork, intercultural skills, communication, independence and maturity

6 Responsibilities

Corporate Advisors:
- You will interact on a weekly basis with Frederic Dittmar and Maximilian Borchert (Consultants)
- Inputs to be received from Bram Peeters (Manager)
- Core senior consultants we do the project for: Markus Stricker (Managing Partner Swiss Office), Victor Dijon (Principal), and potentially additional Principals/ Partners.
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7 Costs

The following costs are expected to occur (will be reimbursed at the end of the semester by the Corporate Partner):

☑ Travelling expenses
☐ Printing costs
☐ ...

☒ Printing costs
**8 Timetable**

**Note:** The timetable shows only the blocked timeframes proposed by the Academic Advisor to discuss the project with the CEMS team. The meetings with the client will be coordinated directly through the CEMS Business Project Team and the CP Advisor.

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Task</th>
<th>Place</th>
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</thead>
<tbody>
<tr>
<td>Week 8</td>
<td><strong>Kick-off meeting</strong></td>
<td>Students briefing (compulsory)</td>
<td>HSG</td>
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<td></td>
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<td>Confidentiality undertaking is signed</td>
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<tr>
<td>Week 9</td>
<td><strong>Initial meeting</strong></td>
<td>Preparation and expert examination of project plans</td>
<td>HSG Office Academic Advisor</td>
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<td></td>
<td>- Proposal Confirmation incl. costs, project schedule is handed in</td>
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<tr>
<td></td>
<td>- Confidentiality undertaking is signed</td>
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<tr>
<td></td>
<td>- Discussion of individual method, project schedule</td>
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<td>- Discussion of team coordination</td>
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<tr>
<td>Week 11</td>
<td><strong>First presentation of the project plan, schedule and procedural method (25%)</strong></td>
<td>Discussion of the project adjustment</td>
<td>HSG Office Academic Advisor</td>
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<td>Week 14</td>
<td><strong>Intermediate presentation (50%)</strong></td>
<td>Presentation of the results, internal feedback</td>
<td>HSG Office Academic Advisor</td>
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<td>Week 17</td>
<td><strong>Presentation (75%)</strong></td>
<td>Presentation of the results, internal feedback</td>
<td>HSG Office Academic Advisor</td>
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<td>Week 20</td>
<td><strong>Official rehearsal</strong></td>
<td>Presentation of the results (possibly with attendance of the client)</td>
<td>HSG / company</td>
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<td>Week 21</td>
<td><strong>Final presentation</strong></td>
<td>Presentation of the results (compulsory)</td>
<td>Company</td>
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<tr>
<td>Week 21</td>
<td>Project delivered and feedback</td>
<td>Full documentation for Client and HSG</td>
<td>HSG</td>
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