

# Huburt watches case study essay



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This paper will highlight how Hublot watches use the elements of the marketing mix to target its position and to achieve its competitive force. The essay is composed of two main parts. The first part includes the analysis of the segmentation and target of Hublot watches and its major competitors.

The second part is adopting marketing mix (4P) to illustrate how the company differentiates itself from competitors to satisfy customers, then to enhance its market share percent and sales. Background Currently, luxury product can be found everywhere and the demand of them is high (Kapferer and Bastien, 2008: 311). Each company wants its products to be positioned as luxury. The concept of luxury should be attractive and fashionable, especially the luxury watches, which take up a significant part of luxury brands, such as Rolex, Omega, Cartier. In the 1970's, nearly 1000 watches companies and 55000 place of work vanished, many analysts recognized that the Swiss luxury watch-making industry was dead because that it lost the electrical revolution and failed tough competition from cheaper Japanese watches as well. Nevertheless, by means of the development and application of new technology and materials, luxury watch industry reborn, and lots of new brands has been created.

Hublot watch is one of them which was founded in 1980, then being famous as the watch of European royalty. The positioning of Hublot watches is clear since it was founded, which focuses on the high-end luxury market. Hublot is one of the most significant symbols of modern luxury that not only owes its success in traditional watchmaking, but also in a daring which may have seemed unthinkable: the first level of luxury watches with the rubber bracelet.

Luxury also possesses the ability to break codes and to transcend accepted concepts.

It is a young luxury brand but as well an innovation brand in luxury watches market. Hublot started its business by producing the top level watches which made of natural rubber in the watch making history (LVMH annual report, 2008: 44). In that period, other luxury watch brands (Rolex, Omega, etc) were using the gold or leather as the major materials. Therefore, this material innovation was not only catching customers' attention, but also differentiate Hublot from other brands.

Furthermore, the innovative and unique products allow Hublot to sell at a very high price. In fact, the average price of Hublot watches should be \$27, 283 which is much higher than Omega and Tag Heuer. In the mid 90s, rubber became the favorite material by renowned watch making companies as the creations of the time. Hublot watches followed this creation and reinforced this status as the great classics. As to Hublot, instead of a fashion phenomenon, rubber ideally represented a life style, a philosophy and a brand image. Currently, Hublot provides kinds of watches with excellent quality which are innovative, differential and combining fusions of materials like natural rubber, ceramics, technological metals, precious metals and diamonds.

The famous Big Bang collection involves models equipped with technical complexity, integrating traditional metals and automatic movements (ibid). Besides, Hublot launched a new Big Bang collection for female which was issued at the last Basel watch fair with great success. Although the new

product line develops well, Hublot does not give up the traditional product line that has been recently redesigned by using rubber, gold, ceramics and natural zircon. Due to its innovative and unique products, Hublot became more and more popular in luxury watch market.

There is a research which shows that Hublot is the luxury watch brand with its own Facebook page with most fans. Market segmentation is of great importance and is highly respected by managers because that the selection of the appropriate target markets should be much more significant than developing the marketing projects (Dubois and Duquesne, 1993: 35). Hublot segment its target market by demographics which illustrate different customers' attitudes. According to Dubois et al. 2001 : 35), there are three types of customers. The first is " Elitist's Group", customers in this group state that luxury product must be small educated, sophisticated and refined.

And it should differentiate itself from others. It is indeed expensive and cannot be mass- distributed (ibid). The second type is " Democratic group" that customers in this section consider the luxury should be mass-distributed and accessible to consumers. To appreciate luxury goods no special education is required, this section do not consider luxury should be reserved to refined people.

Additionally, they think that it s not the word of good taste or differentiation, it is also not necessary to be expensive. The customers in this section has being positive to luxury (ibid). While the last section should be the " Distant group", which means customers do not have a negative attitude towards luxury, they consider luxury is another world where they do not belong to. In

fact, luxury does not attract them, also they cannot find out any value, attribute or relevance, especially useless and too expensive. They report that more taxes should be paid from luxury (ibid). Thus, based on the customers' attitudes, Hublot mainly focuses on the "Democratic group" which can be shown in Appendix 1 (Gautschi, 2005: 9) and Appendix 2 (ibid).

Hublot's products are accessible luxury. This segmentation takes up more than a quarter of market value in 2003, which means there is vast number of opportunities for Hublot. Furthermore, it also develops some products to meet the demand in Elitist's Group. It can be seen clearly from Appendix 1 and Appendix 2 that there are many brands in this segmentation (Omega, Tag Heuer, etc), thus, the competition should be drastic. This paper will discuss how the Hublot face the competition in the following section.

Based on the segmentations, Hublot focuses on the accessible luxury watch market, but there have vast number of competitors in this segment.

According to the World Watch Report (2012: 8), Omega takes up 15.4% of the market share which is the second of the luxury watch brands, and its "Seamaster" model is the most searched model in the world in 2012 (WWR, 2012: 12). Another competitor Tag Heuer takes up 5.

5% of the market share. While compared with both two competitors, Hublot only has 1.72% of the market share (WWR, 2012: 8). Additionally, Appendix 1 illustrates that Omega set its target market combine the lifestyle watches and specific watches.

Tag Heuer's target market is the sports watches. Based on the data of WWR (2012: 15) that the replica sports watches take up the most market demand.

Therefore, Hublot mainly target the watches market. Nevertheless, in order to differentiate from these two competitors, Hublot also pay attention to the lifestyle watches and specific watches. In order to achieve the positioning of the market, Hublot intended to compete with its competitors to gain market share.

This paper will discuss these according to the marketing mix Product There are many aspects to illustrate how Hublot differentiate itself from competitors and to achieve the positioning. The first point is its special design. As this paper mentioned before, Hublot watches are special designed that all of the watches have the band of natural rubber. Therefore, the unique watches are easy to recognize and to differentiate from Omega and Tag Heuer. The second point is keeping innovation.

As a new born in the luxury market, Hublot treat innovation as its sprite and core competitive element. The innovation can be reflected in its new materials and new products such as a new scratch-resistant material called Magic Gold, and a new collection dedicated to Grand Complications. LVMH Annual Report, 2010: 43). Furthermore, Hublot watches are famous due to its concept of combining high-tech and precious materials. That can lead customers to recognize it is a high-end luxury watch brand.

Because of its special design and top quality, Hublot earns some significant prizes, such as, the Geneva Watchmaking Grand Prix in 2009 and Walpole Award for Excellence in 2010 (LVMH Annual Report, 2009: 42, LVMH Annual Report, 010: 43). These prizes can enhance its brand image of the most prestigious luxury brands. In order to enhance Hublot's positioning as a

luxury brand, it developed a number of high-end watches with precious stones which increase its market share a large margin. In addition, Hublot also develop some female watches to gain the female watch market share.

Compared to Omega and Tag Heuer, Hublot only provides four types of models: Classic Fusion, Big Bang, King Power and Masterpieces. While Omega and Tag Heuer offer vast types of models, for example, Tag Heuer provides 10 models includes Carrera, Targa Florio, Link, Microtimer, Alter Ego, 2000 Series, Kirium, Kirium Fl, Formula 1, Monaco and Monza. The research found that watch purchasers can be confused due to the large number of different watch brands, and each brand are distinguished merely via the very tiny differences (Mitchell, and Papacassiliou, 1997: 169).

Currently, the vast number of luxury watch brands and the similar designed products has contributed to consumers' information overload. Therefore, the limited collection and special designed products can be the very first two factors, and which can be used by Hublot to differentiate itself from other ompetitors to gain the market share. Price The position of Hublot is the high-end luxury watch so that the high-price strategy has been adopted.

The average price of its products is much higher than Omega and Tag Heuer. Customers can generally recognize the expensive products equal to high quality and good taste. Furthermore, they also consider the expensive products can reflect their social status. Although, the number of its potential customers may be limited, it is still beneficial for Hublot's brand image. On the other hand, both Omega and Tag Heuer adopt an accessible-price strategy.

Although numbers of their products are extremely expensive, most of their products' price is acceptable. An acceptable price can attract more customers, however, it is also a limitation for these brand especially when they want reposition to a high-end luxury market. That is a significant factor that can help customers to differentiate Hublot from Omega and Tag Heuer. Both of Omega and Tag Heuer want to gain the market share of the high-end segment so that they intend to increase the prices and to decrease the volume but with an increase in sophisticated products (Gautschi, 005: 53). This indirect proof that Hublot makes a right position of the high-end luxury watches market.

Place The supply chain for Hublot is quite stable, especially when it gets acquisition by LVMH. In 2008, Hublot constructed its manufacturing plant Nyon which can guarantee the amount and the quality of its products. The manufacture is seen as vital for the future development. Moreover, one of Hublot's priorities should be the manufacture of UNICO movement (LVMH Annual Report, 2009: 46). In order to achieve its positioning, Hublot adopts a highly selective distribution network.

It has achieved benefits and growth from this strategy. While Omega and Tag Heuer adopt a mass distribution strategy. Although, this strategy can possess more customers, it also can be harmful for the brand image. Currently, customers have a common view that a thing is valued once it is rare. Thus, the strategy chosen by Hubot is suitable for positioning.

The strict control of the inventory at retailers can be useful for Hublots as well. Hublot begins to expand its market to some new countries where



Hublot does not possess the distributor, such as the new opened boutiques in Shanghai, Geneva and Kuala Lumpur ( LVMH Annual Report, 2008: 45).