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Luxury Briefing: Why luxury brands are diversifying their categories

BY DANNY PARISI • NOV 17, 2023 • 7 MIN READ 



This week, a look at the luxury brands getting into new categories, including how they’re making the shift and what’s driving the move. Scroll down to use Glossy+ Comments, giving the Glossy+ community the opportunity to join discussions around industry topics.

Chris Echevarria always knew he wanted to design more than just footwear. Aside from his brand Blackstock & Weber — known for its \$500 loafers recently worn by Brian Cox of HBO’s “Sucession” in a viral outift — he’s been wanting to break into menswear design for more than three years now.

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But in the luxury industry, specialization is often seen as a hallmark of quality, he said. Category expansions can be a source of new revenue and allow a brand to grow, but they also come with the risk of diluting the brand's image as an expert in whatever category they're known for.

Exchevarria's solution was simple: He started a sub-brand. Academy, his menswear brand, launched on November 17 as a separate brand with a separate website and branding from Blackstock & Weber. It's also priced a bit higher than Blackstock & Weber, with a coat costing \$1,200. But behind the scenes, it's the same design and marketing teams working on both. For Echevarria, this approach is the best of both worlds. It allows the menswear designs to stand on their own, but it's also no secret that the two brands are related. Academy is advertised on Blackstock & Weber's site, for

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example.

Echevarria compared his approach to how Ralph Lauren — one of his biggest influences — created subbrands like RRL, Purple Label and Polo to help differentiate between different wings of the business.

“Ralph probably could have sold the stuff from RRL under Polo or under Ralph Lauren, but in order to create the world that he wanted to create, he had to do multiple brands,” Echevarria said.

“Blackstock & Weber is a shoe brand, and I want to keep it that way.”

Echevarria’s approach is just one way that luxury brands are approaching diversification and category expansion. Thanks to the pressures of inflation and an uncertain economy, coupled with the rising demand for luxury brands to become everything brands, the luxury space has been

expanding. Just this year, Gucci got into fine jewelry; Louis Vuitton announced its intention to compete with the high-end Swiss watch industry; multiple luxury fashion players like Victoria Beckham and Moda Operandi started selling beauty; and Dolce & Gabbana revealed plans to get into both real estate and skin care in the next few years. Opening up new revenue streams can, in theory, protect brands from sudden changes in a volatile market by spreading out risk.

But luxury category expansion is not limited just to brands. Bal Harbour Shops, a luxury shopping center in Miami that features brands like Balenciaga, Audemars Piguet and Alexander McQueen, is one of the luxury retailers that have started to diversify its revenue streams, as well. The shopping center dropped its first branded apparel collection in October. It's made up of streetwear-inspired sweatsuits and

designed in-house by Bal Harbour's creative team.

According to Carolyn Travis, head of marketing and media at Bal Harbour, the collection came about after the shopping center started to make face masks branded with the Bal Harbour logo and black-and-white color scheme during the pandemic. The masks themselves were given away to customers for free, but Travis soon noticed them popping up on fashion resale sites. The fact that people cared enough about the Bal Harbour brand on its own to seek out the masks gave her the confidence to pitch a whole line of branded merch even though it was outside of the company's usual wheelhouse.

The price of the pieces in the collection, ranging from \$55-\$225, is below the luxury price point of most of the stores in Bal Harbour Shops. But Travis said this is one of the benefits of category

expansion for the luxury space.

She cited a recent luxury roundtable that Bal Harbour held with executives from 15 different luxury companies, all of whom mentioned the need to have accessible options separate but related to the higher price point pieces as a way to bring in new customers.

“Every luxury brand there was creating entry-level products,” Travis said. “Look at Aman [Resorts, a luxury hotel and real estate company.] They’re selling high-end condos and hospitality, and yet they’re also selling entry-level cosmetics and apparel.”

Aman’s online store has skin-care and cosmetics in the \$200-\$500 price range, along with accessories like bathrobes and candles all for under \$1,000.

“You can come to Bal Harbour and spend \$30,000 at Chanel and then have a \$30 lunch here, and those

two things feel like part of the same experience,” Travis said. “Luxury brands can explore all sorts of categories, as long as it’s on brand. If you do it in a way that feels like an extension of what you already do, then you can play in a lot of different categories.”

Louis Vuitton is one such brand that has been able to spread into a vast number of categories beyond its original focus on luggage and leather goods. It now backs hotels, restaurants, haute couture and jewelry, among other product categories. But its most recent effort toward diversification comes from its watch category. Louis Vuitton already sells watches, but they tend to be considered “fashion watches.” The same goes for watches made its contemporaries, like Gucci, as opposed to the genuine horological collector brands like Rolex, Patek Philippe and Vacheron Constantin. Louis Vuitton watches sell on the resale

market for a few thousand dollars, with some for under \$3,000, while a brand like Vacheron Constantin regularly sees prices reach above \$50,000. While both are watches, they are different categories in essence.

But in July, Louis Vuitton signaled its intention to shift gears, significantly reducing the number of watch models it creates and increasing the prices of the few remaining models. It cut 80% of the models and increased the prices from around \$4,000 to more than \$20,000 on average. The intention is to reposition its watches as ones that can compete with those classic Swiss collectors' brands.

Tim Stracke, CEO of watch marketplace Chrono24, said that, unlike many brands that try to break into the high-end watch space, Louis Vuitton may be one of the few brands with the resources and versatility to

actually do it.

“Even though some luxury brands may be very well known in the fashion industry, it takes a long time to build a pedigree within watches,” Stracke said. “It’s not just a marathon, but a few marathons. But they do have the financial means, they have the power, and they know the luxury customer. It’s possible that, in 5-10 years, they will have that pedigree in watches.”

Stracke cited Montblanc, a company originally known for its fountain pens, as one that has made the successful transition into being a coveted collector’s watch brand. Montblanc started making watches in 1997, but it wasn’t until 2015 with the release of the Heritage Spirit Orbis Terrarum watch that it cemented its place as a competitive watch brand. Still, Stracke noted, Montblanc is a relative newcomer compared to the centuries of experience that

some other brands like Vacheron Constantin have.

For Echevarria, there's one final important point pushing luxury designers to try new things. When asked about the target demographic he envisions for Academy, he said he didn't have an answer.

"I honestly don't really think about that," he said. "The fashion that I like evokes a certain feeling, and I'm trying to create something that evokes a feeling in the people who wear it. That's how I think about fashion."

Fashion, especially high-end fashion, is driven by design, and the companies involved bank on the creative vision of the designers they hire. Unlike many industries, in which data rules all and no decision can be made without first consulting focus groups and data sets, luxury fashion often lets the inspiration of the creative director

lead. Of course, if the board doesn't see positive results, that creative director could be let go — but luxury fashion is still in the business of setting trends rather than following them. This means that designers are encouraged to follow their muse and try new things.

“The job [of a designer] is to translate ideas and feelings into garments,” Echevarria said. “You do that through your designs and through your materials, no matter what category you're in. And if you do that right, you'll find your audience, regardless of age or demographic or anything like that.”



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