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Integrating cultural and commercial strategies. Cases from the luxury perfumery industry

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Culture-based products: integrating cultural and commercial strategies. Cases from the luxury perfumery industry.

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Abstract. Today it is customary to speak of the collaborative potential of culture and business to achieve benefits in both cultural and business life. Making sense of the involvement of firms in culture, however, requires a better understanding of the link between cultural practices and projects and the development of business models. The aim of this paper is to focus on those companies that put culture at the core of their offering, with particular reference to those that can be defined as culture-based products. For these kinds of products, the creation, preservation, enhancement and transmission of a specific culture play a vital role of embedding a particular aesthetic and symbolic content in the cultural and consumption experience they offer. In order to explore the integration of cultural and commercial strategies that culture-based products seem to drive, we propose a framework of analysis, followed by an early comparative study through the investigation of a set of brands competing in the same field.

Keywords. Integrated commercial and cultural strategies; Culture-based products; Cultural activities; Retail; Luxury Perfumery Industry

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1. Introduction

Today it is customary to speak of the collaborative potential of culture and business to achieve benefits in both cultural and business life. It is increasingly claimed that culture is crucial for social and economic development and that economic benefits are broader than those relating merely to the production and consumption of cultural goods, since culture can support creativity and foster innovation in other sectors. However, not everything is so simple. On the one hand, there is a debate on the risk of the commodification, banalization, and poor protection of culture and cultural heritage, as well as on the sustainability of cultural policies in a time of public funding shortages. On the other hand, there is a question about the extent to which the public and private investment in culture is expected to generate economic and social outcomes automatically. As concerns public policies, well known issues arise on how to allocate funds and resources, how to measure outcomes, and also how to promote the participation and engagement of citizens and profit and non-profit organizations (entrepreneurs), acting individually or collectively. As concerns the private sector, namely enterprises, the question is if, to what extent, and how to respond to this "call" for more engagement in art and culture.

Making sense of the involvement of firms in culture requires a better understanding of the link between cultural practices and projects and the development of business models. As noted by Comunian (2009, 203) much of the research in the field has been insufficiently investigated "how arts and culture can be integrated in the products and become a source of added value in the production chain".

The aim of this paper is to focus on those companies that put culture at the core of their offering and business model, with particular reference to those that can be defined as culture-based products. For these kinds of products, the creation, preservation, enhancement and transmission of a specific culture play a vital role of embedding a particular aesthetic and symbolic content in the cultural and consumption experience they offer (Moreno, Santagata, Tabassum 2004; Cinti 2007; Sedita 2009; Tamma 2010).

The current exploratory research aims to investigate whether these particular characteristics influence the strategies and business system configurations of these firms and how they do so. Beginning with an in-depth case study of The Merchant of Venice, a luxury perfume brand recently launched by Mavive S.p.A. - a Venetian company heavily committed in numerous cultural and artistic activities - some evidence has emerged: a) the involvement of artists, craftsmen, and designers in the enterprise; b) the development of distribution channels and a retail strategy able to “stage” a customer experience that "communicates" the cultural meanings effectively; c) the need to operate in a globalized competitive environment, which requires interaction with cultures of different countries and regions; and d) the manner in which the symbolic/aesthetic values are created, enhanced and disseminated and therefore the ability to relate strategically with cultural organizations and media.

In order to explore the integration of cultural and commercial strategies that culture-based products like The Merchant of Venice seem to drive, we propose a framework of analysis, followed by an initial comparative study through the investigation of a set of brands competing in the same field.

2. Theoretical framework

"Today, more than ever, products determine their own market presence not only through their [functional] attributes but also through the meanings that they assume, the dialogue that they
establish with the user and also the symbolic value that they exude (Dell'Era 2010, 72).” Consumers increasingly make brand choices on the basis of aesthetic and symbolic content, as well as user interface and the context of experience. This trend has accentuated the importance for companies to embed distinct values and meanings in their business organization and product portfolio and to appropriately communicate such values and meanings to consumers (Manniche and Testa 2010, 264).

It has been increasingly recognized that this type of innovation can benefit from the content, information and creative ideas that the cultural sector can provide (KEA, 2009), thus the need for businesses to invest in culture and to build relationships with the cultural sphere, including artists and arts organizations (Comunian 2009, 37).

Private investment in culture is far from new. Forms of patronage and sponsorship have long supported arts and culture. However, corporate sponsorship has been considered mostly in terms of marketing objectives, as a means for brand promotion, and as an opportunity to strengthen corporate image or change the public perception of a company (…). In this sense, "the collaboration with the arts is seen as an add-on, ex-post, that simply expands the market possibility of the products” (Comunian 2009, 203). But a company’s engagement in arts and culture can also be wider and more far-reaching. Instead of a simple "add-on", it can be considered a powerful engine for the innovation of product and process.

The rise of programs for art-in-business and artful learning testify to a growing interest in the use and effects of art and methods of art making in various organizational contexts (Darsø 2005). Schnugg (2014) considers the many possibilities of bringing the arts into organisations: arts-based interventions take various forms in terms of how they are realised and how they influence organizations and their actors.

Relationships with artists and cultural organizations (as interpreters of present and future trends, tastes, languages, lifestyles) can provide creative ideas for product innovations. "This strategy aims at radically changing the emotional and symbolic content of products (i.e., their meanings and languages) through a deep understanding of broader changes in society, culture, and technology […]. Instead of being pulled by user requirements [user-centered design], design-driven innovation is pushed by a firm’s vision about possible new product meanings and languages that could diffuse in society [Verganti 2008]".

"Cultural heritage", at the local and national level, can also provide content, meanings, and know-how with which to confer identity and authenticity to product offerings. "The transformation of traditional knowledge into creative goods and services reflects something significant about the cultural values of the country and its people (UNCTAD 2008)". The increasing impact of Country-of-origin and made-in labels is very well known by practitioners and scholars [see Bertoli and Resciniti, 2013]. There is no doubt that the place of origin is an extrinsic cue that, like others (such as price and brand), can positively or negatively affect the attitudes and behavior of consumers [Bilkey and Nes, 1982; Papadopoulos and Heslop, 2002, 2003; Kaynak and Cavusgil, 1983], though the effect tends to be more influential in the perception among shoppers of specialty goods than among shoppers of convenience goods [Eroglu and Machleit and Davis, 2003; Liefeld, 1993].

Symbolic content and cultural meanings, however, can be difficult to communicate consistently outside of specific social and geographic contexts when references to culture and local distinctions are missing, therefore firms face the need to communicate and stage experiences (Carù and Cova 2007) to recreate context. "Products can create experiential value for customers, but the process of purchasing them can also be experiential in nature (Candi, Baltagui, and Riedel 2013, 282)". The choice of distribution location, as well as the creation of a particular context of experience inside the place of sale (shops, stores, corners and
outlets) can promote the product’s origin, the perception of the cultural content of goods and services, and the identity of the producer [Vescovi, 2013]. In addition, it has become crucial to offer a shopping experience full of perceptual stimuli and emotional elements. In the literature that identifies the store as a key element in the transfer of feelings and emotions [Holbrook, 1982], the role of the point-of-sale, of its layout, architecture and atmosphere, is widely acknowledged [Chechinato and Hu, 2013].

The commitment of companies to arts and culture can be considered not only as a way to develop and communicate innovative and distinctive offerings, but also as a strategy to maintain and cultivate a rich environment of unique and valuable resources. With their contribution to conservation, regeneration and exploitation of culture and cultural heritage, companies can create both economic and social value. We refer to the concept of "shared value" as defined by Porter and Kramer (2011): "The concept of shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates". The more tightly corporate philanthropy is aligned with core business strategies, the more the long-term competitiveness of the company will benefit through enhancing the context.

We propose a framework of analysis to explore the integration of commercial and cultural strategies in firms that place culture and creativity at the core of their offering and competitiveness. The framework takes into account three interconnected levels of action:

a) the product (the value proposition);
b) the distribution and management of retail outlets;
c) the organization and participation in cultural projects and events.

Regarding actions affecting the first level, strategies take place through the process of attributing cultural meanings connected to the arts, identity, history, and traditions of a particular area or community. These processes depend strongly on the ability to translate and communicate the product's meanings in a rich, innovative and evocative way. The “essence” of the place of origin, as well as the artistic and historical content, can be embedded in the product and be told through different elements: a) the conceptual (the meanings on which the product is based and developed - Sinico, 2012); b) the intrinsic (factors that deal with the sensory and physical aspects of the product such as materials, shapes, colors, texture, weight and dimensions - Amoruso, 2010); c) the extrinsic (mainly verbal, such as the product name and the information, instructions, and/or stories incuded on the product’s packaging).

Regarding the second level, the choice of distribution channels and locations is a vector for the enhancement of brands and products as well as of their cultural identities. Points-of-sale located in historical cities and sites, different selling environments such as flagship stores, showrooms, or special brand corners, all aim at creating appropriate contexts of experience. These contexts also relate to the ability of managing the layout and atmosphere of the places of sale. Of importance in this regard are various sensory elements such as decor, color, furnishing, light design, smell, as well as the verbal competencies of salespersons, who can be more or less trained in the appropriate narrative that likewise can be captured on videos and panels as direct messages to the customer.

In the last level of the framework, we consider those cultural initiatives and projects that go beyond the practice of sponsorship and/or patronage. For companies, in fact, the promotion of cultural activities is a way to participate in the discourse, maintenance, and dissemination of culture, through their skills and products. These activities represent an opportunity to strengthen the cultural content of the brand and to better communicate the symbolic/aesthetic value of the product. These activities, all linked to the brand’s core values, may concern
promoting and organizing performing arts, organizing exhibitions and guided tours, publishing, or conducting workshops and laboratories open to customers. These initiatives can be carried out directly by the company (such as by the creation of corporate museums, which are strongly oriented to tell the story of the firm and its specific production processes) or held in collaboration with actors and organizations belonging to the world of arts and culture (such as museums, galleries, theaters, festivals, curators and artists).

The current framework is offered to make an initial comparative study that considers a set of brands in the perfume industry.

3. A Comparative study of the luxury perfume field

3.1 The field
The cases studied through the current analytical framework involve firms operating in the luxury perfume industry whose products are recognized as “historic” and potentially competitive by virtue of their history, identity, and cultural meanings. This quickly expanding industry, which has a long tradition, is now highly international, and characterized by selective distribution channels. There is also significant interest in the field of luxury perfume by the European Commission, which has identified three luxury products around which to build European cultural tourism routes in the next seven years: chocolate, jewelry and perfume.

The dynamics of the perfume sector is characterized by frequent launches of new lines (which occur in a quantity of about 500 per year in mens’ fragrances alone) capable of generating much of a company’s time and investment and producing most of its profits. Most of the industry’s energy is geared toward creating and launching new proposals in a continuous cycle, with significant effort expended on advertising and communication. The fragrance market is thus presented as highly reactive, straining endlessly to create new "experiences" and products, often in a passive-replicative way and using prepackaged formats.

3.2 Cases
The cases investigated here were chosen according to the high quality of their products, their orientation toward niche markets, and the capacity of their producers to recognize cultural activities as a strategic tool for their development and advancement. The selected cases include the companies Mavive (Venice), Rancè (Milan), Bond n°9 (New York), Durance (Grignan), Molinard and Galimard (Grasse). Each of these companies has been particularly successful in focusing its product's concept on the historical or contemporary leitmotif of its respective territory and is now committed in several cultural activities.

3.3 Methods
The discussion of the cases examined in the present article, therefore, results from a qualitative research design. The in-depth case study of The Merchant of Venice by Mavive S.p.A was conducted during a year of participant observation (on average three days per week) of various managerial and operational processes, mainly in the company's headquarters in its renovated Venetian historical stores and in the site of the museum with which Mavive collaborates. For the other companies, data were collected in different ways: through a total
of 24,50 hours of recorded interviews, detailed study including three weeks of participant observation, and a direct experience of products, flagship stores, exhibition stands, and cultural activities of the firms involved.

The interviews focused on issues, problems and “mishaps” of responsibility for the cultural management of the firms -- which, in all cases, involved the manager in charge of commercial and educational activities. In a first phase of the process, the interviews were conducted in an anecdotal way, where managers problematized freely around the theme of cultural and commercial strategies, followed by a second phase of structured interviews. During the structured interviews, managers were led to analyze in more detail the actions and activities linked to the three dimensions identified in the research framework, their connections and impacts.

3.4 Findings

The following section proposes a comparison of the cases studied, giving an overview of the primary evidence that emerged.

Regarding the first level of the framework -- the product or value proposition -- companies show different strategies in terms of the way they attribute symbolic and cultural meaning to their products. Mavive, for example, has focused its recent commercial strategy on the launch of a new brand, The Merchant of Venice, a luxury line that offers an assortment of exclusive Eau de Parfum and Eau de Toilette, along with body care and household products and accessories. The brand draws attention to the timeless role of Venice in the history of the art of perfume making. The line is inspired by the “mude,” which is to say, the ancient Venetian maritime trade routes that covered an expansive area from Asia to Africa and from Europe as far as the Northern Seas. The "olfactory concept" of each Eau de Parfum is inspired by the raw material and aromas of one of the specific maritime trades. The identity of the product is also enhanced by the integration of one of the most representative and ancient arts in the history of Venice -- Murano glass production -- used by the company as inspiration for the packaging of its precious eau de parfum1. Other elements testify to and signal the place of the product’s origin, from the Burano lace that closes the bottle, the iconography of the bottle itself (specific signs and details chosen as decoration), and the color tones of the packaging. These symbolic elements, that integrate the knowledge and achievements typical of Venetian history, clearly communicate to the contemporary consumer the image of Venice in its age of maximum beauty and imperial grandeur.

Rancé, a company founded in France in 1795 and today completely Italian (based in Milan), created a line of perfumes - the Collection Imperial - inspired by members of Napoleon Bonaparte's family. A member of that family, Françoise Rancé, founded the maison, serving as official “royal warrant” and trusted master perfumer. 220 years later, the new generation leading the company insist on the cultural value of the product's ancestry, connecting that value to an historical, rather than territorial, source. Each Eau de Parfume is modeled on a female member of one of the most studied and celebrated families in history. The olfactory concept underlying the construction of fragrances evokes the personalities of these historical figures: "Let's sniff Elise", says the manager of the international trade department; "Elise was

1 Unfortunately, Murano glass cannot be used for perfume bottles due to technical reasons. Mavive has thus invested heavily in research to patent a method of glass processing able to replicate the beauty of Murano glass while at the same time being practical for use as a container for perfume.
the younger sister of Napoleon, and this is a scent that smells extremely actual: it talks about an independent woman, courageous, certain of what she wants from her life, as did Elise. [...] This other, Hortense, is instead a perfume which describes an intelligent woman, intellectual, as the other Napoleon's sister. [...] these all are very important values in the world today, they provide guidance in contemporary times". With this strategy, the firm focuses particularly on the conceptual elements of the product, both evoking a history connected to the company's origins and offering an olfactory bouquet for the Bonaparte women based on the ancient formulation invented by Francoise Rancé. The product is renewed in a contemporary and innovative way, thanks to the regeneration and innovation of the the original formula. In comparison with the case of The Merchant of Venice, Rancé devotes less attention to intrinsic elements such as shape, color, packaging, and the iconography of the bottle itself.

Bond No. 9 offers a perfume line, Scents of New York, that shapes each fragrance in the collection on a single neighborhood of New York city: "More than selling a perfume," says the international trainer of the company, "it is similar to selling a piece of New York city, with its neighborhoods so colorful and scented, different from each other. The city has many souls, each neighborhood is distinguished by a different character, and a different set of odors in the fragrances. One of the goals of our line is to be able to capture the souls of neighborhoods, marking a kind of olfactory footprint, and describing their specific characters and imaginary". Bond No. 9’s collection, therefore, is a product presenting strong extrinsic cultural characteristics: not only does the name of the line express very clearly the link with the different cultures of the city, but the name of the company itself, referring to its headquarters in Soho, celebrates it. The conceptual element is single and clear: in this case, the company focuses on the relationship with the urban landscape and the contemporary cultures of various urban districts rather than on the city’s past.

Moving to the second level of the analytical framework -- the distribution and management of retail outlets -- all the companies considered in this study adopt a multi-channel distribution, each with a clear tendency of identifying symbolic locations for their selling points. Some decide to distribute perfume mainly in museums and/or with stores located in sites of historical importance. Durance, Molinard and Galimard, for example, companies whose product concepts are based on the use of recipes and traditional herbs from their respective territories of origin, built their flagship stores in their own renovated nineteenth-century factories. Rancé has an agreement with a main circuit of national museums and castles in France, creating a direct connection between historical heritage and their product line. In this way, Rancé perfumes become almost part of a visit to one of France’s museums. Other companies decided to strengthen their products’ cultural meanings by locating their stores in historical or artistic cities and neighborhoods. Mavive, for example, capitalized on its Venetian location by situating their flagship stores in renovated apothecary shops of seventeenth and eighteenth centuries, characterizing their direct points-of-sale by monumentality, specific aesthetic properties, and plenty of control. The flagship stores of Bond n° 9 are located in the West Village and Midtown Manhattan, recalling the Pop Art movement that unfolded in these areas. With their location and interior design and furniture, these points-of-sale suggest that, roughly fifty years earlier and not far from their current location, Claes Oldenburg opened his designer boutique “The Store” and Andy Warhol established his studio, the “Factory”. Spacious, colorful, shaped in Manhattan's typically elongated interiors, the retail format of Bond n° 9 welcomes the buyer in an energetic and dynamic mix of shapes and colors, which are also reflected on the perfume bottles. Mavive
decided to ambient their flagship stores in ancient renovate old chemists of the '600 and '700, these direct points of sale are characterized by monumentality, by plenty control, by specific aesthetical potentiality, given by the historical nature of the spaces.

Regarding the strategies at the third-level of analysis -- the company’ participation in cultural projects and events -- the picture is multifaceted. Almost all of the companies included in this study choose to engage in cultural activities, not only in terms of product development and marketing, but also – and often explicitly – in order to enhance the visibility of their own processes and commercial territory, thereby preserving their respective cultural associations. *(Mavive, Durance and Molinard, for example, openly declared this intention.) Mavive organizes various cultural activities and engages in very different cultural enterprises, the first of which was the creation of a Perfume Museum in collaboration with the Municipal Museums Fundation of the city of Venice. The museum presents the history of perfume in Venice in an interactive way, by creating numerous sensory stations, reconstrucing a replica of an historic perfume laboratory, and exhibiting valuable artefacts such as ancient books and bottles. The company is also strongly committed to enhancing the vitality of this museum by organizing workshops, family games, seminars and conferences that continuosly attract new audiences.

*Durance*, a French firm founded beside the Castle of Grignan, not only restored and turned the old factory into a museum; in addition, it decided to participate in the *Festival de la Correspondence* held in Grignan: "we decided to collaborate because Grignan is a small municipality, which has only two excellences: Madame de Sevigner, and the fact that it was the historic theater for the growing of fragrant flowers and herbs, which over the centuries has given rise to various activities of artistic perfumery", says the sales manager, stressing the company’s strong bond with its territory of origin and its traditions.

*Galimard* and *Molinard* decided to restore their original factories and open private museums. In addition to these cultural structures, both companies undertook corporate cultural activities to promote educational practice activities. Working with tourist information points, each created private “Ateliers des Parfumes" in which tourists and curious visitors can learn the art of perfume-making by master perfumers in the creation of fragrances. Now priced services in their own right, these activities have become true, self-sustaining business units that can generate economic value for both companies. *"First of all, these cultural activities are important for the image of the brand,"* says the coordinator of cultural activities and of Molinard's Atelier Des Parfums; *"it means providing a full service: not only propose the perfumes, but also explain how they are made through a pedagogical approach [...]The “cultural” in our products is the territory. We are the only company of Grasse which has been recognized by the government as 'patrimoine vivant' ".

*Rancè’s* commitment to cultural engagement is focused on two primary activities: first, the management of the family’s archive and secondly, a small private company museum it makes available by reservation only. These cultural activities rise to the level of important business tools when buyers, new suppliers and new potential customers visit the company and witness the historical foundation on which the brand has established its cultural strategy. Moreover, for the bicentennial celebration of the death of Josephine Bonaparte, Rancè collaborated with the Castle of Rueil-Malmaison on events marked in the calendar of the year of celebration. The company’s participation in the cycle of cultural events associated with Bonaparte, together with its participation in another round of events for the Imperial Jubilee on the island of Elba, produced, according to the manager, a strong quantitative and qualitative impact on
the "image and reputation of the company, but especially on the sale of products in the Imperial Collection".

4. Conclusions: direction for future research
This initial empirical evidence leads us to conclude that a product strongly characterized by a mix of symbolic features, imbued with cultural values as well as utilitarian and functional ones, depends on specific cultural actions to be communicated and sold. All the companies producing culture-based perfume and interviewed for this study declare tangible commercial benefits from their promotion of the cultural aspects of their products, which they underscore by linking to them specific cultural elements in their stores and through their participation in cultural initiatives. We can also conclude that the companies demonstrate the use of all levels of the cultural and commercial strategies examined in this study, even if they do so to different degrees. Day by day, the companies are increasing their level of awareness about the role of cultural engagement, declaring their desire continue their investment in the cultural field. While these elements of our theoretical framework appear to inform the strategies of these companies, other broader implications of the investigation are still deserving of attention. None of the managers interviewed, for example, raised the issue of the consumers’ perception of the companies’ participation in cultural activities or on the formats or impacts of the various distribution sites. None of the companies, likewise, claimed to be engaged in trying to strengthen the connection between the three levels of action, instead seem to conceiving each as an independent strategy. In this regard, the companies’ investment in cultural activities and awareness of specific cultural processes seems still to have room to fully mature. Another issue for companies to address is redundancy. The desire among one of them, Rancè, is to lighten its stores from their intrinsic historical elements for fear of over-emphasis: "communicating the cultural value of our brand and products is very important for us", says the manager, "but now we have the opposite problem: a heavy wealth of history, or perhaps an historical value recounted too vehemently, put at risk our product to be perceived like old-style. There is a perceptive risk, for us, in being culture-based: the historical and cultural element could dull the perception of the clients on the consumer product itself". Another important issue that emerges for companies relates to authenticity: "In the world of the perfumery niche, some try forcibly a cultural and historical identity they have not .... if the past does not exist, it is better to focus on other things, not on fabrications and exaggerations" says the manager of Rancè.

The limits of this research are in having treated a discrete number of cases: for future investigations, it will be important to increase both the size and the richness of the data. Methodologically, it will be valuable to interview a larger number of managers and coordinators in various capacities within a given company in order to collect more nuanced interpretations of the same phenomena.

Furthermore, the current study does not consider the online distribution and promotion of products, a dimension that deserves further investigation. The current research also focuses on a single sector (the perfume industry). Future research should expand the field to other areas and other culture-based products while, as noted, investigating consumer perceptions.
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