



Legitimately luxurious: Creating authentic luxury brands

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Abstract In recent years, greater disparities in incomes and growth in wealthy consumers have fueled new opportunities in luxury markets. As firms launched luxury brands, some have thrived as others stumbled. One important difference between those who succeed and those who struggle, we suggest, is brand authenticity. Scholars have studied authenticity extensively, and research has isolated different sources of authenticity. How firms draw on these sources to create legitimate luxury brands has, however, received surprisingly little attention. In this article, we discuss the research on the sources of brand authenticity, and we explore how brands rely on those sources to craft authentic luxury brands. Using the examples of Canada Goose and Shinola, we illustrate how one firm drew on multiple sources of authenticity and, through the symbolism of its actions, successfully created an authentic luxury brand. We conclude with a discussion of the implications for other firms seeking to enter the luxury market.

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1. The lure of luxury

Founded in 1957 in a Toronto garage, Metro Sportswear sold woolen vests, snowmobile suits, and outerwear to the Canadian Rangers and to Canadian police departments. After changing its name to Canada Goose, the company made a stunning transformation from a niche functional

brand into a full-fledged global luxury brand, with dozens of stores around the world. Now the darling of Hollywood A-listers, the company has seen its sales surge from US \$17 million to US \$750 million in just over 10 years.

Shinola has also sought to create a thriving luxury brand. After achieving success with mass-market watch and accessory giant Fossil, entrepreneur Tom Kartsotis revived a neglected brand originally launched in 1877, creating Shinola in 2011. Evoking a vintage American manufacturing feel and setting up its factory in Detroit, Shinola began by producing upscale watches, and it

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quickly expanded to offer accessories, bicycles, jewelry, stereo equipment, and even a Shinola-branded hotel in downtown Detroit.

Like so many other firms, Canada Goose and Shinola aspire to gain a share of the growing opportunity in the US \$380 billion global luxury market (Willersdorf et al., 2020). Once dominated by small, niche producers, luxury firms have become among the world's most valuable. In 2021, as luxury sales bounced back from a COVID-19 slowdown to reach record highs, LVMH surpassed Nestlé to become Europe's most valuable company (Cormack, 2021), making its CEO Bernard Arnault the world's richest person (Dawkins, 2021).

Although many firms seek success in luxury, many fail. While Canada Goose thrives, Shinola still struggles. Even though Shinola's brand has a long heritage and its high prices convey desirability, the company recently announced plans to revisit its strategy and focus, in an attempt to ignite growth and become profitable (Frank, 2019). What explains the success of Canada Goose and others in the luxury market, even as Shinola and others like it struggle?

The success of any brand is complex, of course, but our analysis of luxury brands suggests that authenticity is a critical yet often overlooked factor. Consumers find authentic brands more appealing (Cinelli & LeBoeuf, 2020; Fritz et al., 2017), and authenticity is essential in supporting the extraordinary prices consumers pay for luxury brands (Kapferer & Bastien, 2012; Newman & Bloom, 2011; Prado et al., 2019; Sjostrom et al., 2016). In some cases, consumers pay astronomical price premiums for authentic brands. Consider violins made by 17th-century Italian luthiers Antonio Stradivari and Giuseppe Guarneri. "For hundreds of years," the *New York Times* wrote, "the best violin players have almost unanimously said they prefer a Stradivari or Guarneri instrument" (Yin, 2016). In 2013, one of Guarneri's surviving masterpieces sold for US \$10 million. In blind tests, however, concert violinists are unable to distinguish between modern and antique instruments; and when choosing an instrument blindfolded, concert violinists actually prefer modern instruments costing a few thousand dollars over the 17th-century masterpieces (Fritz et al., 2014).

Despite vast extant literatures on authenticity, luxury goods, and brands, our understanding of how firms create authentic brands is limited (Kovács et al., 2017). One obvious avenue is simply through age (Fritz et al., 2017). Some of the most valuable luxury brands, such as Louis Vuitton, Cartier, and Rolls-Royce, are indeed venerable. But Richard Mille founded his US \$1 billion luxury

watch brand in 2001, and it commands higher prices on average than legendary brand Patek Philippe, founded in 1839 (Clymer, 2021). Creating brand authenticity is surely more complex than merely possessing historical roots.

In this article, we explore how firms create authentic luxury brands. Drawing on the literature on authenticity, we examine strategies on which firms rely to create authentic brands to succeed in luxury markets. Our analysis identifies several sources of authenticity for luxury brands and illustrates how firms embrace them. We then examine authenticity's critical role in the success of Canada Goose relative to Shinola. We conclude by discussing the managerial implications of our findings and with suggestions for firms seeking to succeed in luxury markets.

2. What makes a luxury brand authentic?

Authenticity is, at least colloquially, associated with the concept of genuineness, truth, or reality. A common question would be: "Is that a real Rolex or a counterfeit?" This question suggests that authenticity is purely a factual matter, but scholars agree that authenticity is not always inherent in an object (Grayson & Martinec, 2004; Lehman et al., 2019; Newman & Smith, 2016; Peterson, 2005). A Rolex watch, for example, derives much of its authenticity from its emotional and symbolic value (Berthon et al., 2009). Its power to evoke strong psychological reactions and to serve as a status symbol depends on social reality—on a consensus of opinion. Essentially, scholars agree that something becomes authentic in three ways:

- *Connection*. Something is considered authentic depending on a connection between "an entity and a person, place or time as claimed" (Lehman et al., 2019, p. 3). In some sense, this is the concept of authenticity most similar to the colloquial use of the term. A bottle of Pétrus from the 2000 vintage is regarded as authentic so long as one can establish its provenance. Did the grapes, for example, grow in Pétrus's vineyards in the Pomerol region of Bordeaux in France? This view of authenticity is also known as indexicality (Grayson & Martinec, 2004).
- *Conformity*. Something can be authentic if it conforms to an established set of norms. Does Rick Bayless, author of *Authentic Mexican: Regional Cooking from the Heart of Mexico*, serve authentic Mexican food at his famous Chicago restaurant, Frontera Grill? He does, insofar as everyone agrees it conforms to the

norms and expectation that define Mexican food (Peterson, 2005). Scholars refer to this experience as iconicity (Grayson & Martinec, 2004).

- *Consistency.* A person or organization is considered authentic if the person or organization's internal values are reliably displayed through their observed behavior. For example, a research initiative announced by a university could be seen as authentic, whereas a large philanthropic gift made by someone who has heretofore single-mindedly pursued financial gain may come off as inauthentic (Lehman et al., 2019).

Authentic luxury brands can command extraordinary prices (Kapferer & Bastien, 2012; Newman & Bloom, 2011; Prado et al., 2019; Sjoström et al., 2016). Consumers pay between \$12,000 and \$500,000 for a single Birkin bag from Hermès, and wait years for the privilege, even though a Birkin look-alike costs less than \$200 and is immediately available (Griswold, 2020). Similarly, a well-known retailer lists Rolex Submariner watches between \$8,000 and \$36,950, while a fine stainless-steel diving watch can be had for thousands less (C.D. Peacock, n.d.). But how much of the price difference between the Birkin bag, the Rolex Submariner, and their imitators is due to authenticity, and how much arises from other factors?

The market for art offers some insight into that question. Scholars have examined the value that art lovers place on authentic works compared with forgeries or fakes (e.g., Newman & Bloom, 2011), providing insight into the value consumers place on authenticity. One painting, *The Supper at Emmaus*, illustrates this particularly well. A private collector offered the painting for sale in the Netherlands after World War II. The leading expert on Dutch art appraised the painting, found it to be the work of the Dutch master Vermeer, and even declared it Vermeer's greatest work. The Boijmans Van Beuningen Museum in Rotterdam raised 520,000 Dutch guilders in donations—roughly €5 million today—and acquired the painting. Art lovers admired it for years, beguiled by Vermeer's skill. Some years later, however, an obscure Dutch artist, Han van Meegeren, shocked the art community by confessing and proving that he, not Vermeer, had created the painting (Dolnick, 2009). *The Supper at Emmaus* now symbolizes not authenticity but fraud, deception, and greed. As such, it is now relatively worthless, even though it remains as beautiful as the day it left Van Meegeren's studio.

Like authentic art masterpieces, authentic luxury brands become valuable symbols (Berthon et al., 2009; Beverland, 2005; Humphreys & Carpenter, 2018). Individuals use these symbols to construct their identity. We are, to a large degree, defined by what we own. The brands we choose to possess silently signal to others important information about us (Belk, 1988; Berthon et al., 2009; Sundie et al., 2011). But how do Hermès, Rolex, and so many others create brands that consumers perceive as authentic symbols that sustain extraordinary prices?

3. Creating authentic luxury brands

3.1. Heritage

To create authentic brands, firms most often rely on their long-standing heritage of quality craftsmanship, rooted in a specific time period and geographic place. These historical roots provide the brand with a clear noncommercial aspect—that is, its romanticized creation story—which helps to clearly distinguish it from similar but mass-produced products.

Hermès, an icon of the French luxury industry and one of the world's most valuable brands, illustrates the reliance on heritage. Founded in 1837, Hermès has occupied its flagship Paris space since the 1880s. The company, family-owned for five generations, began as an equestrian-goods manufacturer for Europe's wealthy. The company's first bag was designed for riders to carry their saddles, but by the 1930s Hermès offered clothing, leather handbags, and square scarves, which have since become a favorite of the world's rich and famous. While the company remains focused on leather and clothing, its product line has gradually evolved to include perfumes, tableware, stationery, decorative arts, and jewelry.

Hermès focuses on its traditional craftsmanship. As Robert Chavez, CEO of Hermès USA, said, "People want the quality, they want the craftsmanship, they want the authenticity. What Hermès represents, more than anything else, is authenticity." Even with the company's push into digital, he stresses that "technology will never replace the artisans or the craftsmanship, that is so key to who we are and to what we do" (Foley, 2020).

Over the years, the Hermès brand became associated with old-world craftsmanship, the glamorous and fashionable city of Paris, and the lifestyle of the wealthy. Backed by its powerful, authentic brand, Hermès created iconic products, such as its famous Birkin and Kelly bags. Through

this process of invention and influence, Hermès continues to reinforce its distinguishing heritage—its historical involvement in the equestrian world—and its iconic products.

Hermès's authenticity is rooted in its connection with aristocratic Paris in the 19th century, but the company has also shaped newer product categories. By creating the Birkin bag and other innovations, it has defined new product categories and created iconic products within them. Hermès thus blends its heritage with the icons it has created, which together form a powerful basis for an authentic brand (Grayson & Martinec, 2004).

For luxury brands such as Hermès, authenticity is intrinsically part of the brand. Luxury firms without such a heritage nonetheless can still create brands that draw on heritage to establish their authenticity. Consider contemporary luxury vodka brand Grey Goose. Created by American spirits entrepreneur Sydney Frank, it was introduced in the U.S. in the late 1990s as a first-ever, daring attempt to market vodka—the world's most popular and easy-to-produce distilled spirit—as a luxury product.

Before the introduction of Grey Goose, Frank (2005) recalled, "The big-selling high-priced vodka at the time was Absolut, which was \$15 a bottle. I figured, let's make it very exclusive and sell it for \$30 a bottle." The Grey Goose brand Frank invented was a purely commercial device that lacked intrinsic authenticity that could justify its price. How could Frank sustain such a price premium without intrinsic authenticity?

Frank *borrowed* authenticity. The way he saw it, "France has the best of everything. I asked a distiller there whether they could make a vodka. They said: sure" (Frank, 2005). Recognizing France's unique heritage as the home of many prestigious distilled spirits, Frank partnered with a master distiller based in the Cognac region; he used artesian spring water filtered through Champagne limestone; he packaged the vodka in a distinctive smoked-glass bottle with images taken from a painting by French impressionist painter Cezanne; and he shipped the vodka in wood crates, like top-quality French wines (Bruce-Gardyne, 2015). Though France has no actual vodka-producing tradition, consumers connected Grey Goose with France's robust luxury spirits industry (Bilkey & Nes, 1982; Steenkamp, 1990). If fine French Cognac commands a price premium, then so should fine "French" vodka.

Grey Goose illustrates the socially constructed nature of authenticity (Peterson, 2005). Ultimately, authenticity is a matter of social consensus. As Grayson and Martinec (2004, p. 299)

pointed out, authenticity is not always inherent in an object, and it is better understood "as an assessment made by a particular evaluator in a particular context." In the context of French wine and spirits, Grey Goose has linked its brand to a rich, authentic tradition. In other words, a brand has an authentic heritage if and only if people agree it does.

3.2. Founder

A company's founder can be a powerful tool to create an authentic brand. Brands derive authenticity from the lifelong passion and talent of the artisan or innovator who created it, whose name usually graces the brand, and whose physical and symbolic image is widely celebrated. Many luxury houses bear the names of their creators: Chanel, Armani, Cartier, and Ferrari, to note just a few. The story of a passionate founder provides the brand with a mythical founding figure with the requisite passion to create something extraordinary.

Consider Tom Ford, the luxury clothing brand named after its well-known founder. Among the style savvy, the Texas-born fashion designer was widely known as the creative force behind the French luxury clothing brand Yves Saint Laurent and the Italian luxury brand Gucci. After reviving Gucci, Ford launched an eponymous fashion brand, Tom Ford International.

Although lacking in heritage, Ford's new firm had something no other firm did: Tom Ford. Domenico de Sole, Chairman of Tom Ford International, describes Ford as a "creative genius" and "probably the greatest designer of the last 50 years," in addition to having "an amazing eye and amazing marketing ability" (KnowledgeWharton, 2009). Even without deep historical roots, Ford's brand sells at a price premium similar to that of established luxury fashion houses.

Luxury brands often invest in maintaining links with their founders decades and even centuries after their deaths, which complements heritage-based authenticity. For example, Chanel has created and funded a series of large-scale museum exhibitions around the world, celebrating—to the point of sanctifying—the life of its founder, Coco Chanel (1883–1971), portraying her image as a fashion icon (reinforced through a careful selection of imagery and stories) in noncommercial settings (Kapferer, 2014).

By remaining faithful to the vision of a charismatic founder, a brand can demonstrate consistency and, as a result, authenticity (Lehman et al., 2019). Moreover, the founder provides a

connection through its brand to consumers. The brand becomes an expression of the vision of the founder, so long as the firm remains faithful to the founder's vision. The original connection to the founder and consistency over time thus help in creating an authentic brand.

In some cases, firms can borrow a founder to create authenticity. Such is the case with the famous Dom Pérignon Champagne. A French Benedictine monk and winemaker, Pierre Pérignon (1639–1715) has long been revered as the legendary inventor of sparkling wine.¹ In the 1930s, when Champagne house Moët & Chandon launched a prestige cuvee—a champagne that represents the producer's best vineyards and winemaking capabilities—the company bestowed the brand with Pérignon's name, thereby linking their new cuvee with the mythical creator of Champagne and drawing on the monk's apparent authenticity.

3.3. Extraordinary users

Brands can establish their authenticity by relying on those who use their products as social proof of their authenticity. Almost all luxury brands rely on their users in some degree to create and maintain awareness of and desire for the brand (Kapferer & Bastien, 2012), but not all users can contribute to a luxury brand's authenticity. Extraordinary, groundbreaking individuals, such as scientists, athletes, explorers, divers, pilots, and other highly skilled professionals can convey authenticity. The noncommercial aspects of their achievements are critical to their ability to elevate the brand to more than a mass-market alternative. With no commercial motives to undercut their extraordinary achievements, these users elevate the brand beyond others.

The power of users can be found in the psychology of essentialism that is reflected in the writings of Plato and of John Locke. Humans have believed for centuries that certain entities can contain the essence of another human being. The essence may be invisible, inherent, and difficult to remove, but it can be passed from one individual to another (Gelman, 2003).

Panerai has created such an authentic connection with its luxury watches. Established in Florence in 1860 as a watch retailer, Panerai started producing watches for the Italian navy in the early 20th century. The company developed a

unique radium-based powder to make watch dials luminous, an innovation that eventually led to the creation of its Radiomir diving watch in 1938. Panerai continued to supply the Italian navy with Radiomir watches, and later with the more advanced Luminor models, until the relationship finally ended in the 1970s. Since then, Panerai mainly focused on producing dive tools, aerospace components, and radio equipment (Naas, 2018).

In the 1990s, new CEO—and former Italian navy officer—Angelo Bonati witnessed the growing demand for Rolex's specialty diving watches and realized Panerai too could create a luxury brand based on its professional military watches. Commercial success was initially slow, as Panerai lacked the established marketing and distribution power of Rolex. This changed when in 1997 the company was acquired for a mere US \$1 million by the Vendome Group—now a part of Swiss luxury giant Richemont—which provided the knowledge and tools to transform Panerai into a sought-after luxury watch brand. Panerai's most desirable models continue to be contemporary versions of their classic Radiomir and Luminor models.

Bonati describes the results of his firm's branding efforts as follows (Springer, 2016):

Panerai is a brand with authentic values. We've preserved the distinctive identity of that historic watch style that was completely different from anything else in the watch market. We respect the DNA and the form and function of that original product.... We maintain our identity by trying to be as true as possible to our roots.

User-based authenticity can also be borrowed, such as in the case of Rolex. Founded in 1905, Rolex acquired a reputation for pioneering a series of watchmaking innovations, including the water-proof watch (1926), the self-winding watch (1931), and the first watch to include a date (1946). These innovations helped Rolex establish heritage-based authenticity, which it enhances by associating its brand with groundbreaking individuals.

According to Rolex chairman Bertrand Gros, this strategy was the brainchild of Rolex's founder, Hans Wilsdorf, who had "an obsession for excellence and performance, and linked us with achievements like climbing mount Everest, and the descent into the Mariana Trench" (Sabada & Bernal, 2018, p. 237). By linking Rolex with people of great achievement, the brand borrowed authenticity from credible and noncommercial sources, such as Sir Malcolm Campbell (breaker of the land speed record), Sir Edmund Hillary (the

¹ This notion itself is possibly a myth created in the 19th century by Champagne manufacturers for commercial reasons.

first person to summit Mount Everest), and the professional divers of COMEX (a French deep-sea diving company).

3.4. Summary

Our analysis suggests that luxury firms create authentic brands by drawing on connections, conformity, and consistency (Grayson & Martinec, 2004; Lehman et al., 2019; Newman & Smith, 2016; Peterson, 2005). To do so, firms harness their heritages, the continued influences of their founders, and associations with exceptional users, as shown in Figure 1.

As the figure suggests, firms appear to combine their heritages, founders, and users to forge authenticity, yet each firm blends its authenticity differently. For example, Hermès and Panerai both rely on their heritages. But while Hermès benefits from its celebrity customers displaying its fine leather goods, it does not rely on them to reinforce the brand's authenticity, as Panerai relies on its Italian navy users.

4. Canada Goose and Shinola: Establishing authenticity

How does our discussion of the sources of luxury brand authenticity help explain the success of Canada Goose compared with Shinola? Both Canada Goose and Shinola have established heritages. Shinola reportedly paid US \$1 million for a brand created in the late 1800s, and Canada Goose has been producing its winter wear for over 60 years. Through heritage, both brands have cultivated connections with the past, just as do Hermès, Chanel, and Rolex, even if Canada Goose and Shinola still lack the fame of these luxury icons.

Neither Canada Goose nor Shinola rely on their founders, but both brands have connected with extraordinary individuals, as Panerai and Rolex did. Celebrities and politicians, including Neil Young and former U.S. president Barack Obama, have toured Shinola's Detroit factory and praised the company's attempt to revive the city. And cold-weather professionals, such as the scientists of the United States Antarctic Program, polar

Figure 1. Creating brand authenticity

	Heritage	Founder	Extraordinary Users
	✓	✗	✗
	✓	✗	✗
TOM FORD	✗	✓	✗
	✓	✓	✗
<i>Dom Pérignon</i> 	✓	✓	✗
PANERAI 	✓	✗	✓
 ROLEX	✓	✗	✓

Legend

 Historical
  Borrowed
  Not a source of authenticity

explorers, and mountaineers, are known to depend on their Canada Goose parkas for warmth.

Like venerable luxury brands, Canada Goose and Shinola both operate in three worlds—providing functional, emotional, and symbolic value (Berthon et al., 2009). Their products sell for prices that are familiar to luxury buyers. Shinola stainless-steel watches can retail for US \$1,500, while similarly priced Canada Goose parkas have recently become prime targets for robberies in Chicago and Boston (Nittle, 2019).

Despite these similarities, Canada Goose thrives as Shinola struggles. A more careful analysis of the history of both brands provides insight into both firms' efforts to create authentic brands, as well as the different outcomes of those efforts.

4.1. Canada Goose: Authentically Canadian

In the 1970s, Metro Sportswear first started producing down-filled parka jackets under its own brand, Snow Goose. After becoming popular in Scandinavia, the company discovered another firm was using that brand and chose the name Canada Goose instead. In the decades that followed, production of Canada Goose parkas remained in Canada, and quality was always an important consideration (Reiss, 2019).

In 2013, CEO Dani Reiss sold 70% of the company to a private equity firm, which helped fund Canada Goose's transformation from a niche functional brand into a global luxury fashion brand. In 2014, the company began selling directly to consumers through an e-commerce platform, and in 2016 the first retail store opened in Toronto. In the past few years, the company's product lines have expanded to lighter jackets, winter accessories, and knitwear (Gallagher, 2018). The fuel that enabled this incredible growth and transformation was primarily Canada Goose's historical authenticity, coupled with a strategic use of borrowed authenticity.

The company has a long history of producing in Canada. In the era of outsourced textile manufacturing, the decision to keep production in Canada was a crucial move for building its heritage-based authenticity. While Canada does not have a history of luxury clothing per se, it is known for its high production standards and extremely cold weather. Solidifying Canada as the brand's country of origin sent a strong signal to consumers regarding its heritage of manufacturing high-quality winter products (Bilkey & Nes, 1982; Steenkamp, 1990).

In addition to its intrinsic authenticity, Canada Goose has built a connection to exceptional users of its winter wear. For years, the company has

provided high-performance jackets to the scientists of the United States Antarctic Program—whose logo is now incorporated in the badge that graces every Canada Goose parka—as well as to explorers and winter sports athletes, such as Laurie Skreslet (the first Canadian to summit Mount Everest) and Lance Mackay (a Canadian Yukon dogsled race champion). Such extraordinary people helped cement the perception in consumers' minds that Canada Goose products were the real deal.

CEO Reiss commented on the importance of authenticity in Canada Goose's transformation into a luxury brand. In a 2019 article, Reiss (2019, pp. 2, 4) highlighted that:

[M]any customers in Europe and Asia do indeed care where goods are produced, especially high-value ones. I saw firsthand that they had a passion for authentic, high-quality, Canadian-made outerwear (after all, who knows cold better than Canadians?), and I suspected that over time, people would come to care about provenance even more deeply. If "Made in Canada" did become important, and we stuck around while all these other companies left, we would eventually have a huge competitive advantage.... I realized that although we couldn't sustain the cost of domestic manufacturing in a world where people bought one \$299 coat and kept it for a decade, we could do so in a new environment where outerwear was treated as a luxury, coveted and collected, just like high-end watches or cars. The Swiss had Rolex, the British had Range Rover—Canada could have Canada Goose.

Canada Goose's successful transformation into a luxury brand has coincided with the firm's growing sales and profit. In 2008, the brand was practically unknown to consumers who did not live in extremely cold climates, and annual revenue was around US \$17 million. By 2020, Canada Goose was an established luxury brand operating dozens of stores around the world, with annual revenue surpassing US \$754 million and net income hitting a staggering US \$115 million (Canada Goose Holdings, 2020). According to Deloitte (2020), these incredible financial results made Canada Goose the fastest growing luxury company in the world in both 2018 and 2019.

The company still faces several strategic obstacles, such as the seasonality, particularity, and durability of its parkas; animal rights issues regarding the fur and Goose down used in those parkas; and relative lack of success in other,

nonparka product lines. Nevertheless, it remains one of the few brands that managed to successfully climb over the luxury industry's authenticity-based barrier to entry in recent years—a feat that another aspiring luxury brand, Shinola, has not been able to match.

4.2. Shinola Detroit: Motown luxury

Shinola was created by Bedrock Manufacturing, a Texas-based private equity firm backed by watch mogul Tom Kartsotis. In 2011, Bedrock reportedly acquired the name rights to Shinola, a shoe-polish brand established in 1877 in Rochester, NY (Park, 2019). A brand with a long heritage, Shinola may have reached its peak awareness during World War II, when its shoe polish was distributed to American troops across the globe. Over the years, the brand faded from consumers' memory.

The revived Shinola brand now evokes the city of Detroit, Michigan, and vintage America. According to Kartsotis, he saw Shinola as “not another watch company, but rather a vehicle for job creation” poised to “bring manufacturing jobs back to America” (Welch, 2016). He thus chose to make Shinola products in Detroit, helping revive a city that was once a hub of American manufacturing. Another factor for choosing Detroit was probably more economic in nature: the notion that U.S. consumers' patriotism and nostalgia for a bygone era of American manufacturing would make them gladly pay more for products made in Detroit (Avery et al., 2020).

Initially, Shinola produced watches priced in the US \$500–\$1,500 range, but the company quickly expanded to offer leather bags and accessories, bicycles, jewelry, stereo equipment, and even a Shinola-branded hotel in downtown Detroit. Rather than focus exclusively on watches—his area of expertise—Shinola's founder saw the brand as an opportunity to involve himself “in multiple product categories...that have a similar brand message, that people would enjoy” (Crain's Detroit Business, 2016). According to its former CMO, Shinola could even “make a toaster, as long as it's well made, and made in the US” (Avery et al., 2020, p. 10).

The company grew quickly, and by 2015 it was reported to have US \$100 million in sales (Green, 2016). In 2016 however, Shinola began to experience problems. Although its watches were labeled Made in America, they were actually assembled in the United States using foreign-made parts. As a result, the U.S. Federal Trade Commission ruled Shinola could no longer label its watches as Made in America (Naas, 2016).

In July 2019, the company announced a refocus of its business strategy for future operations, which included introducing more affordable product lines—including the Detrola watches, priced at US \$395—cutting roughly 5% of its Detroit workforce (Frank, 2019), and outsourcing most of its leather operations overseas (Wimbley, 2019). In 2020, Shinola closed its stores in Toronto and London, ending its international operations, which once spanned three continents (Avery et al., 2020; Shinola, n.d.). Shinola financials are not public information, but according to various past interviews and company statements, the company has yet to turn a profit (Hegel, 2017; Park, 2019).

4.3. What went right—and wrong?

What explains the success of Canada Goose and the struggles of Shinola? First, Canada Goose drew on its historical authenticity. When deciding to transform Canada Goose into a global luxury brand, the company linked its brand with a decades-long heritage of making high-performance winter coats in Canada. Knowing the importance of this link, Canada Goose continues to focus on parkas and is cautious to avoid stretching its brand to areas that would undercut its credibility. In addition, Canada Goose complemented its intrinsic authenticity with a credible and successful use of borrowed user-based authenticity. Explorers, mountaineers, and winter sports athletes often choose the Canadian jacket that is known for high-performance warmth.

Lacking historical authenticity, Shinola borrowed authenticity for its luxury brand. Inconsistent decisions, however, undermined the legitimacy of those efforts. First, reviving a luxury brand requires consistency with the past to establish authenticity, such as in the case of British luxury icon Burberry (Ahrendts, 2013). Shinola originally produced shoe polish, not watches, and had no connection to the city of Detroit or to luxury products in general. In short, the brand lacked a source of authenticity and relevance for modern consumers (Brown et al., 2003).

Second, choosing Detroit for a luxury brand appears inconsistent with the tradition of Detroit. Known for its role in the golden age of American manufacturing, Detroit is linked to producing Fords, Chevrolets, and Jeeps, not luxury watches or leather goods. European consumers were particularly puzzled by the company's Detroit connection. “For me, [Detroit] doesn't really mean anything, because I don't connect clocks with Detroit”, said one resident of Stockholm,

while others associated Detroit with “the car industry” or, simply, “bankruptcy” (Margolis, 2016).

Choosing Detroit might have enabled Shinola to evoke American consumers’ nostalgia and desire to see a revitalized rust belt, but such moral or patriotic loyalty has its limits. When an imported product is perceived to be of higher quality than a domestic one, consumers generally prefer the imported product (Elliott & Cameron, 1994). So while Americans may have a soft spot for Chevy and Ford, if they are in the market for luxury cars, they will probably look to Germany or Italy, not Detroit.

For Chinese consumers, an important group of luxury buyers, Detroit lacks any sense of nostalgia and carries little meaning. On the contrary, given the current tensions between the United States and China—intensified further by the COVID-19 pandemic—Chinese consumers may even develop negative associations with proudly American brands like Shinola, which can be very difficult to overcome (Verlegh & Steenkamp, 1999). In the 1990s, for example, Chinese consumers held negative views of Japanese products, following military and economic tensions between the two nations (Klein et al., 1998). Canada Goose, on the other hand, owes much of its incredible growth in recent years to Chinese consumers: Almost 40% of the brand’s 32 stores are now located in China and Hong Kong (Canada Goose, n.d.).

Third, Shinola hastily expanded from watches into unrelated areas, such as bicycles, electronics, and hospitality, in just 5 years. By expanding so quickly, Shinola suggested that profit, rather than quality, was its top priority. In contrast, 7 decades into its existence and well into its rebirth as a luxury brand, Canada Goose maintains a creative and commercial focus on parkas. While the company experiments with other, related winter clothing for growth purposes, it does so without raising questions about its dedication to its parkas (Spiggle et al., 2012).

Shinola invested heavily—and succeeded—in creating a distinguished vintage product design and luxury-like store experience. Shinola failed, however, to establish its brand as extraordinary, rare, and authentic. Shinola’s patriotic attempt to revive manufacturing in Detroit, however sincere and noble, failed to attract typical luxury consumers. Instead of Hollywood celebrities, fashion experts, and social media influencers, the brand became popular with politicians looking to capitalize on its patriotic ambitions. For example, among the brand’s most famous promoters is 74-year-old former president Bill Clinton (Watson, 2016).

In contrast, Canada Goose became a luxury brand with a solid and established intrinsic foundation, as well as a well-managed borrowed-authenticity strategy. Unlike Shinola, Canada Goose’s story reinforced its reputation as the winter gear used by Canadian professionals and relied on for warmth by polar scientists and explorers. Canada Goose also reinforced its luxury status by establishing a lasting and valuable relationship with Hollywood. For over a decade, the brand invested in product placement and film festival sponsorship, and even more importantly, it sent its parkas to cast and crew filming in cold locations. Thus, A-list celebrities such as Emma Stone and Bradley Cooper were seen wearing them on and off the set, and a genuine affection for the brand developed within Hollywood circles (Syme, 2017). As a result, Canada Goose gained valuable status and luxury brand legitimacy.

5. Luxury brands as authentic symbols: Managerial implications

For some firms tempted by the growth of luxury markets, success may appear merely to require raising prices and relying on a long-established brand. But as the experiences of Canada Goose and Shinola suggest, success for new players in the luxury game requires far more.

First, creating an authentic luxury brand requires more than just heritage. Both Canada Goose and Shinola drew on heritage. But while Canada Goose successfully drew on additional sources of authenticity to make its brand modern and unique, the symbolic meaning of the Shinola brand remains unclear to luxury buyers.

Drawing on multiple sources of authenticity, however, is just the start of creating an authentic luxury brand. Crafting a unique, meaningful, and symbolically valuable luxury brand is a more complex enterprise than creating a successful mass-market brand. For mass-market brands, firms align their actions to support the brand and deliver the functional value promised to consumers (Keller, 2012). Decisions about tactics and alignment of actions are largely determined by questions of efficiency and effectiveness.

In the case of luxury firms, however, much of the value is provided on the emotional and symbolic dimensions (Berthon et al., 2009). Therefore, every action the firm takes can communicate something to customers, potentially reinforcing or undermining the emotional and symbolic meaning of the brand. Questions of efficiency and effectiveness must, therefore, consider the symbolic consequences of any choice. Shinola’s decision to

manufacture its watch movements, and later its leather goods, outside the United States may have been efficient, but it undermined the Shinola brand as a symbol of the revival of American manufacturing. Firms seeking to establish new luxury brands need to recognize that the symbolic component of brand building is critical to the success of any new luxury brand. By word and by deed, companies can either reinforce or undermine the symbolic meanings of their brands.

The symbolic dimension of luxury brands also suggests a different role for marketing strategy in luxury versus mass markets. In mass markets, strategy is often described as *market-driven* (Kohli & Jaworski, 1990). Market-driven firms seek to understand consumers, share information within the firm, and respond to buyers. To embrace this approach, some firms change their organizational culture (Carpenter et al., 2014; Gebhardt et al., 2006). Firms that achieve greater market orientation provide greater return to investors compared with less customer-focused rivals (Homburg & Pflesser, 2000). Amazon founder Jeff Bezos has embraced the concept, expressing his hope that Amazon will become the most consumer-centric company on Earth and thus drawing great attention to the approach (Infinite, 2002).

In contrast, our analysis suggests a very different role for luxury marketing strategy. Rather than respond to consumers, luxury firms create brand symbols that *influence* consumers. In the language of marketing strategy, luxury firms embrace a market-driving rather than a market-driven approach (Carpenter et al., 1997; Humphreys & Carpenter, 2018; Jaworski et al., 2000). Creating authentic symbols that convey social meaning is fundamentally about shaping consumer perceptions, but it also involves shaping the perceptions of individuals more broadly. By exemplifying powerful principles like local grassroots production and noncommercial use by professionals, Canada Goose created an authentic symbol that consumers use to construct their identities and to signal their identities to others. From this perspective, luxury brands rely more on teaching customers than on responding to them, shaping social reality in the process.

Luxury brands can also be an important, if overlooked, source of competitive advantage. The traditional view suggests that firms gain a competitive advantage if they possess unique resources that rivals cannot easily imitate (Besanko et al., 2017). Competitive advantage, in other words, arises from resources within the firm, under the control of the firm. Firms gain by amassing resources their competitors cannot imitate. Our

analysis, in contrast, suggests that authentic luxury firms create competitive advantage by crafting symbolic value—that is, authentic luxury brands. These brands, of course, exist in the minds of consumers, beyond the control of the firm. Once created, these brands appear remarkably powerful. Just as consumers pay more than US \$10,000 for a Rolex Submariner when more accurate watches are available for thousands less, Canada Goose commands premium prices for its winter wear. Just as with the Rolex, imitating the Canada Goose parka is relatively simple. Imitating its authentic brand is virtually impossible. Looking beyond the firm, creating valuable symbols and authentic luxury brands can therefore create remarkable competitive advantage.

6. Conclusion

Luxury firms once catered to a small group of lucky customers. Much has changed. Luxury brands have grown to be among the most valuable in the world, which has attracted new interest and new competitors. As firms have launched luxury brands, some have thrived as others stumbled. Successful luxury brands are authentic in the sense that they offer something extraordinary, evoke emotions, and are legitimate status symbols.

Scholars have studied authenticity extensively, and research has isolated different sources of authenticity. A connection, conformity to expectations, and consistency over time can all create authenticity. Our analysis suggests that firms create authentic brands by drawing on these sources. They do so by harnessing their heritage, the continued influence of the founder, and an association with exceptional users.

Crafting valuable symbols requires special attention to the symbolic dimension of a firm's actions. Our analysis of Canada Goose and Shinola suggests that every action the firm takes conveys symbolic meaning, which reinforces or undermines the emotional resonance of the brand.

Firms that create authentic brands enjoy meaningful advantages. They command premium prices, providing financial resources that rivals cannot access. Authentic brands can shape consumer tastes and produce lasting competitive advantage, suggesting that the rush to create new luxury brands will continue.

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