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Unlocking the Elegance: Strategic Rebranding and Repositioning of Niche Heritage brands in the Luxury Market

a Case Study of Musgo Real

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Abstract

Heritage brand's success and endurance in the luxury market are determined by their ability to achieve a balance between tradition and modernity. Previous research has revealed the challenges that small heritage brands suffer while migrating from premium to a luxury status, including adjusting their brand identity while maintaining their legacy. Research has highlighted the importance of brand heritage in increasing consumer trust and loyalty in the luxury industry. The primary purpose of this study is to attain an improved understanding of the strategic processes involved in rebranding and repositioning a niche heritage brand within the luxury market, in particular Musgo Real, a historic Portuguese grooming brand. The main objectives are to understand the motivations behind this strategic decision and explore the steps involved to successfully reposition Musgo Real from a premium to a luxury brand, while respecting its heritage.

Adopting a case study methodology, we conducted in-depth analysis of six semi-structured interviews to Claus Porto's employees. Findings reveal that Musgo Real's repositioning success is related to its ability to take advantage of the brand's rich heritage while enhancing its products, visual identity, and distribution strategy. The brand journey highlights the necessity of implementing selective distribution, product innovation, and storytelling to strengthen the luxury brand identity. However, challenges such as consumer price sensitivity and the integration of modern elements in a traditional brand are highlighted as critical considerations in the repositioning process.

The results of this research are of significant importance for heritage brand managers and contribute to the broader discussion of luxury branding strategy. Brands can accomplish long-term success and increased customer loyalty by embracing heritage as an essential component of brand equity and carefully managing the transition to luxury.

Keywords: Luxury brand, Repositioning, Rebranding, Heritage brand, Niche
Market

Number of words: 9999

Resumo

O sucesso e a resistência de uma marca histórica no mercado de luxo são determinados pela sua capacidade de alcançar um equilíbrio entre tradição e modernidade. Pesquisas anteriores revelaram os desafios que as marcas históricas de pequena dimensão enfrentam ao migrar de marca premium para marca de luxo, incluindo o ajuste da identidade da sua marca enquanto mantém o seu legado. A investigação destacou a importância da herança da marca no aumento da confiança e lealdade do consumidor no mercado de luxo.

O propósito deste estudo é obter uma melhor compreensão dos processos estratégicos envolvidos no rebranding e reposicionamento de uma marca histórica de nicho no mercado de luxo, em particular a Musgo Real, uma marca histórica portuguesa de cuidados pessoais para homem. Os objectivos principais são compreender as motivações por detrás desta decisão estratégica e explorar os passos envolvidos para reposicionar com sucesso a Musgo Real de uma marca premium para uma marca de luxo, respeitando ao mesmo tempo a sua herança.

Adotando uma metodologia de estudo de caso, realizamos a análise aprofundada de seis entrevistas semiestruturadas a colaboradores da Claus Porto. As conclusões revelam que o sucesso do reposicionamento da Musgo Real está relacionado com a sua capacidade de tirar partido da rica herança da marca, ao mesmo tempo que melhora os seus produtos, identidade visual e estratégia de distribuição. Nos resultados é destacada a necessidade de implementar distribuição seletiva, inovação de produtos e a capacidade para criar narrativas para fortalecer a identidade da marca de luxo. No entanto, desafios como a sensibilidade ao preço do consumidor e a integração de elementos modernos numa marca tradicional são destacados como considerações críticas no processo de reposicionamento.

Os resultados desta investigação são de importância significativa para os gestores de marcas históricas e contribuem para uma discussão mais ampla sobre a estratégia de marcas de luxo. As marcas podem alcançar o sucesso a longo prazo e aumentar a fidelidade dos clientes, abraçando o património como um componente essencial do valor da marca e gerindo cuidadosamente a transição para o luxo.

Palavras-chave: Marca de luxo, Rebranding, Reposicionamento, Marca Histórica, Mercado de Nicho

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Table of Contents

Acknowledgments	v
Abstract	vii
Resumo	x
Table of Contents	xiii
List of Abbreviations	xxi
Introduction	23
Chapter 1	27
Literature Review	27
1.1 Luxury brands	27
1.2 Transition from premium to luxury	29
1.3 Heritage brands	30
1.4 Challenges and Opportunities in a Niche market	33
1.5 Repositioning and Rebranding.....	34
Chapter 2	38
Methodology	38
2.1 Research Approach	38
2.2 Data collection.....	39
2.3 Data Analysis	40
Chapter 3	42
Results	42
3.1 Overview of the Claus Porto brand	42
3.2 Brief overview of Musgo Real	45
3.3 Sample Characterization	47
3.4 Motivations and objectives of rebranding and brand repositioning	49
3.4.1 Explore the potential of the brand	49
3.4.2 The brand was at standstill and did not have a clear and distinctive positioning.....	50
3.4.3 Niche brands and grooming for men started trending.....	50
3.4.4 Disassociate Claus Porto from the “soap brand” label	51
3.5 Steps to reposition Musgo Real in the luxury market.....	51
3.5.1 Visual Changes	51

3.5.1.1	Defining the Visual Identity of Claus Porto and Musgo Real.....	51
3.5.1.2	Eduardo Aires and the new brand identity of Musgo Real	52
3.5.1.3	Balancing Heritage and Modernity in the Rebranding.....	54
3.5.2	Strategic Restructuring and Product Development of Claus Porto’s Product Portfolio	54
3.5.2.1	Reduction and Reorganization of Claus Porto’s Portfolio	54
3.5.2.2	Enhancing Product Formulations through Strategic Outsourcing	56
3.5.2.3	Product Development focusing on Sustainability	57
3.5.3	Commercial Strategy, Distribution and Own Retail	57
3.5.3.1	Selective Distribution for Luxury Brand Repositioning	57
3.5.3.2	Discount Management as a Luxury Brand	59
3.5.3.3	Expanding Claus Porto’s Presence through Strategic Store Openings.....	59
3.5.4	E-Commerce Strategy	61
3.5.4.1	Building a Robust Online Presence.....	61
3.5.4.2	Post-Pandemic Decline and Future Growth Objective	62
3.5.5	Communication Strategy: Enhancing Brand Image and Consumer Engagement.....	63
3.5.5.1	Communication Initiatives to appeal to a Broader Target	63
3.5.5.2	Storytelling as a tool in Product Communication.....	64
3.5.5.3	Leveraging Earned Media and Organic Growth	64
3.5.6	Consumer brand perceptions after the repositioning.....	65
3.5.6.1	Pricing Dynamics and Perceived Value of the Luxury Positioning.....	65
3.5.6.2	Customer feedback related to the Repositioning.....	66
Chapter 4	.....	68
Conclusion	.....	68
Discussion and Main Conclusions	.....	68
4.1	Managerial Implications.....	70
4.2	Limitations and Future Research	71
Bibliography	.....	75
Appendices	.....	82
Appendix 1 – Identity Manual	.....	82
Appendix 2 – Musgo Real product communication example	.....	83
Appendix 3 – Claus Porto’s Stores.....	.....	84
Appendix 4 – Interview Script.....	.....	86

Appendix 5 - Content Analysis of the Interviews 92

List of Figures

Figure 1 - Achilles de Brito (in the middle) with Claus Porto and Ach. Brito company trucks.....	42
Figure 2 – Claus Porto endorsement in Oprah's Favorite Things pick (2007). ...	43
Figure 3 - Ach.Brito logo.....	44
Figure 4 - Claus Porto logo.....	44
Figure 5 - Claus Porto recent collections.	45
Figure 6 - Musgo Real product before and after the rebranding.....	46
Figure 7 - Musgo Real’s old logo and new logo.....	52
Figure 8 - Classic scent image previously and in the present.	53
Figure 9 - Musgo Real collection before the repositioning.....	55
Figure 10 - Musgo Real recent catalog.....	56
Figure 11 - Claus Porto’s world presence.	58
Figure 12 - Claus Porto’s flagship store in Porto.	60
Figure 13 - Graph of the annual growth rate of Claus Porto's online channel. ..	62
Figure 14 - Examples of Claus Porto’s media coverage.....	65

List of Tables

Table 1 - Demographic characterization of the interviewees.	48
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List of Abbreviations

SKUs - Stock Keeping Units

EDTs - Eau de Toilette

CPMTM - Claus Porto's Master Training Manual

Introduction

In the last decades, luxury brand consumption has grown significantly, driven by consumers seeking exclusivity, superior quality, and refined experiences (Fionda & Moore, 2009). However, small heritage brands that operate in the premium market often find themselves faced with the challenge of breaking into the coveted world of opulence, transitioning from being perceived as premium to achieving true luxury status, which involves a more multifaceted construct of rarity, prestige, and emotional appeal (Ko et al., 2019).

The shift from premium to luxury is complex, as premium brands emphasize high-quality and good value for money (Kapferer & Bastien, 2009), while luxury brands focus on timelessness, heritage, and distinctiveness beyond functional benefits (Kapferer, 2015). This transition requires both a change in visual identity and market perception, influencing consumer attitudes and expectations (Muzellec et al., 2003). Rebranding alters actual brand elements, whereas repositioning transforms the image to correspond to the new customer expectations (Rosenthal, 2003; Dunphy & Stace, 1993).

Heritage brands, recognized for their past, authenticity, and cultural associations, have unique challenges when repositioning. Their emphasis on tradition stimulate authenticity, which is essential for preserving value throughout time. Established luxury brands often benefit from this legacy, earning greater prestige and trust (Jackson, 2002; Wuestefeld et al., 2012; Aaker, 2004), but balancing tradition and modernity is crucial to keeping long-standing customers (Lambert-Pandraud & Laurent, 2010a; Urde et al., 2007).

Repositioning a niche heritage brand presents unique challenges. Indeed, heritage brands, operating in smaller, specialized markets, often faced with limited financial resources, smaller marketing budgets, and less global reach compared to larger luxury brands, though they hold untapped growth potential

(Dalgic & Leeuw, 1994). Their narrower focus can limit appeal to a broader luxury audience. However, McKenna (1988) noted that niche brands can capture larger market segments by leveraging their unique value propositions, such as exclusivity and craftsmanship.

The current study adopts a comprehensive approach to understand the repositioning of niche heritage brands within the luxury market, using Musgo Real as a case study. Firstly, this study seeks to broaden our understanding of the key motivations driving this transition. Additionally, it aims to deepen our understanding of the strategic steps and processes involved in successfully repositioning a brand from a premium to a luxury status. Thirdly, it will explore the crucial role that a brand's heritage plays in the repositioning process, examining how Musgo Real can balance its long-standing traditions with the demands of a modern luxury market. Finally, this is the first time such a study has been carried out about Musgo Real, in the Claus Porto company.

This research was developed within an internship context at Claus Porto and focused on two research questions: (i) What are the key motivations driving the repositioning of a premium niche heritage brand into the luxury market? (ii) What are the steps involved in the successful repositioning of a niche heritage brand from a premium to a luxury brand?

In order to address these research questions, we conducted a comprehensive review of the literature on luxury brands, heritage brands, differences between premium and luxury brands, characteristics of niche markets, repositioning and rebranding. A case study methodology was employed, focusing on Musgo Real, and qualitative data were gathered through 6 in-depth interviews with Claus Porto's employees.

Following this introduction, the first chapter provides an overview of the most relevant literature on the topics being explored. Subsequently the research

methodology will be specified. The Musgo Real case study will be presented afterwards, followed by a discussion of the main research findings. Finally, the conclusion will discuss the study's management implications, limitations, and potential fields for further research.

Chapter 1

Literature Review

1.1 Luxury brands

Over the years, defining luxury has become increasingly complex as the availability of luxury offerings has grown. Moreover, there are not enough empirical studies that investigate the meanings of luxury and its primary theoretical frameworks (Batat, 2023). In this regard, luxury prominent players like LVMH, Richemont, and Kering support definitional blurring since it allows them to incorporate attributes that transcend traditional definitions of luxury, such as craftsmanship and exclusivity.

According to the literature, customer perceptions ultimately determine whether a brand is considered a luxury brand (Ko et al., 2019; Radón, 2012). As stated by Adam Smith, luxury begins when a person purchases something that is not essential (Kapferer, 2017). The luxury label is something that must be earned, and is connected with high inaccessibility, whether virtual or real, desirability and appeal (Kapferer & Bastien, 2017).

According to Nueno and Quelch (1998), luxury brands possess a low ratio of functional utility to price and a high ratio of intangible and situational utility to price. The appealing nature of luxury brands, according to this definition, extends beyond their utilitarian characteristics, emphasizing the intangible and situational values they offer.

Luxury brands should express their unique narratives, as they are frequently selling a fantasy, which is based in excellence, status, and distinction (Kotler & Keller, 2012). This narrative can be rooted in history, as shown by Coco Chanel, or it can be entirely developed, as it happens in the case of Ralph Lauren. This

viewpoint emphasizes the relevance of storytelling as a strategic tool for luxury firms seeking to develop a meaningful relationship with customers and cultivate a distinct brand image (Kapferer, 1990).

Nueno and Quelch (1998) define luxury brands as more than just expensive products or status symbols, emphasizing that traditional luxury companies exhibit certain key characteristics. These include delivering consistently high-quality products, maintaining a rich history of craftsmanship, having a distinct and recognizable design, and ensuring exclusivity through restricted production. Additionally, luxury brands are characterized by limited distribution, premium pricing, and a global presence, blending emotional appeal with product excellence. Keller (2009) add that luxury brands are also distinguished by intangible brand associations, the use of logos, symbols, and packaging as brand equity drivers, and secondary associations linked to personalities, events, or countries.

Luxury marketing strategies must follow a very strict set of rules (Kapferer & Bastien, 2012; Kapferer & Bastien, 2017), to maintain the exclusivity while increasing volume. To do so Kapferer (2017) proposed artificial rarity tactics, such as, using premium pricing, limiting distribution, and creating special collections with restricted quantities with the collaboration of well-known designers or artists.

Kapferer (1998), Vigneron and Johnson (1999), and Dubois et al. (2001) highlight that the motivations to consume luxury goods could be divided into three groups: (1) functional motivations (e.g., quality); (2) experience motivations (seeking pleasure or hedonism); and (3) symbolic interaction motivations (connection to a group or social status affirmation).

As stated by Ko et al. (2019), premium pricing or greater quality alone cannot explain luxuriousness. Instead, the authors propose that luxuriousness is a

multidimensional construct incorporating five important elements: excellent quality, true value, prestigious image, price worthiness, and customer resonance. Vigneron & Johnson (2004) consider that luxury is a construct with five sub-dimensions: conspicuousness, uniqueness, quality, hedonism, and expanded self.

According to Kapferer (2017), new technologies present challenges for luxury brands, particularly in maintaining the luxury experience online. Brands must carefully adapt their strategies to preserve the luxury perception in digital environments.

1.2 Transition from premium to luxury

As noted by Kapferer (2017), numerous businesses want to be linked with the term "luxury", however, it is critical to distinguish between "luxury" and "premium". While both terms imply a high degree of quality and exclusivity, they have different connotations. Luxury brands' goal is to convey social stratification (Kapferer, 2014), so they focus on building symbolic value and in building consumer-brand relationships, while premium brands tend to focus more on functional characteristics.

Heine (2012) stated that premium brands aim to maintain a balance between the value they offer and the price they charge (value-for-money ratio). Their goal is often to maximize quantity without compromising perceived value (Kapferer, 2014). In contrast, luxury brands focus on achieving high levels in key luxury dimensions (like exclusivity, craftsmanship, heritage, etc.). Some luxury brands are not only meeting these high standards but are also striving to exceed the current highest levels of luxury ("top-of-top luxury level"). The distinction between luxury and premium brands is mostly a question of degree, making it

difficult to establish a firm boundary, particularly between top premium brands and entry-level luxury brands.

According to Baicoianu (2013), premium brands target anyone who can rationally and financially justify the added benefits of the brand. The higher price of premium brands is justified by higher quality or the inclusion of specific features that set them apart from regular brands. These brands typically use broad distribution channels, employing mass communication strategies to reach a wide audience. Their production is focused on mass production, with profitability as the primary goal. In contrast, luxury brands target a narrow audience, with only a small percentage of the general population able to afford them. The price of luxury products exceeds their functional value, serving as a tool to distinguish and elevate the brand's exclusivity. Luxury brands employ highly selective distribution methods and communicate selectively, with a focus on educating their audience rather than simply informing them. Their methods of production are frequently handmade, highlighting the brand's heritage and dedication to artisanal excellence.

According to Kapferer (2014), one of the main obstacles in distinguishing between the two words is the companies' online presence. In an online context, luxury is less noticeable than in real stores. As the author said the 'luxury fantasy' is spoiled once the consumer sees the products displayed, as a result, some of the symbolic value is lost for potential clients that just became aware of the brand.

1.3 Heritage brands

Urde et al. (2007) defined brand heritage as “a dimension of a brand's identity found in its track record, longevity, core values, use of symbols and particularly in the organizational belief that its history is important”. They even stated that, a heritage brand has a positioning and value proposition based on its heritage. The

Cambridge dictionary defines heritage as “features belonging to the culture of a particular society, such as traditions, languages, or buildings, which come from the past and are still important” (Merchant, 2012).

Aaker (1996) identified heritage as a component of brand equity and according to different authors a heritage brand represents authenticity, credibility, and trust (Aaker, 2004; Wuestefeld et al., 2012; Menkes, 2010). This characteristic is considered one of the trademarks of a luxury brand and can even be the reason why specific customers have a high degree of brand loyalty and are willing to accept higher prices (Urde et al., 2007). In conformity with Rose et al. (2016) and Wuestefeld et al. (2012) perspective, brand heritage enhances customer perceived value and purchase intent through cognitive and emotional processes, it builds trust and elicits pleasant emotions.

The findings of the studies from Halwani (2021), Lambert-Pandraud et al. (2005), and Lambert-Pandraud & Laurent (2010b) support the notion that heritage luxury brands retain their worth due to the respect and favorable perceptions they evoke. The participants of those studies referred that limited distribution and scarcity of items were critical for the building of perceptions of long-term heritage value, giving examples of the Hermes Birkin that needs to be ordered a year ahead.

Numerous brands possess heritage, nevertheless, not all of them qualify as heritage brands (Hakala et al., 2011). The possession of heritage, in isolation, does not inherently generate value and does not constitute an indispensable element of brand identity, and the decision to make heritage part of brand value is a strategic one (Urde et al., 2007). For instance, L'Oréal represents a brand imbued with heritage, however it is not categorized as a heritage brand.

As stated by Kim et al. (2008) early roots of heritage have been found to favorably affect consumer purchasing behavior. Luxury brands aspiring to

expand their business are more prone to attaining success when underpinned by heritage (Riley et al., 2004).

The study conducted by Dion & Mazzalovo (2016) examines the marketing strategies employed in the revival of "sleeping beauties" – enterprises that have ceased market activity yet retain potential brand value. This rejuvenation process involves the strategic reinterpretation of the brand's heritage to evoke potential brand recall in the minds of consumers. Managers, therefore, can selectively emphasize the most pertinent facets of the brand's heritage.

Following this, brand restructuring moves aimed at revitalizing long-standing brands through cancellation, introduction of new alternatives, or core attribute modifications should be approached with caution because they risk changing completely the image of a brand making it unrecognizable to former customers (Lambert-Pandraud & Laurent, 2010a). An overview of existing literature shows that older customers are more inclined than younger consumers to buy long-established brands (Lambert-Pandraud et al., 2005; Lambert-Pandraud & Laurent, 2010b). Hence, a substantial change in the brand, with the aim of reaching a new audience, may inadvertently prove harm to the overall business.

According to the literature, heritage brands must clearly define and substantiate their history with tangible and intangible proofs. Chanel's head designer and creative director, Karl Lagerfeld, emphasized, "Make a better future by developing elements from the past" (Wuestefeld et al., 2012). As stated by Fionda & Moore (2009) to validate their past and to present it to the public, brands may publish a book illustrating their history, preserve their history through an extensive effort to buy back archive pieces and reproduce products from their archive collection. Indeed, it is key that brands validate their past and the connection with their heritage, relying on external validation from journalists, collectors, historians, and museums for additional verification and reinterpretation of the brand history (Dion & Mazzalovo, 2016).

According to Dion & Mazzalovo (2016), heritage brand managers should combine design, technology, and know-how, with factors linked with the brand's past. Such factors include significant persons from the brand's history, such as the founder, important customers, and historical figures. Furthermore, geographical characteristics, including the brand's original locations (the town or nation of origin) should be highlighted.

1.4 Challenges and Opportunities in a Niche market

A niche encompasses a more narrowly defined customer group that seeks a distinctive mix of benefits within a specific segment (Kotler & Keller, 2012). Niche marketing focuses on customers with specific needs, who are willing to pay a premium for products that best meet those needs (Kotler, 2003). Toften & Hammervoll's (2013) defined niche marketing as "the process of carving out, protecting, and offering a valued product to a narrow part of a market that displays differentiated needs".

Several studies have acknowledged that niche marketing is an effective marketing strategy, offering profitability and growth potential while typically facing less competition (e.g. Dalgic & Leeuw, 1994; Stanton et al., 1991). Furthermore, the niche benefits from unique economics that emerge as a result of specialization (Dalgic & Leeuw, 1994; Kotler, 1989).

Due to limited resources, establishing brands for small businesses is difficult. Nonetheless, there are several success stories of entrepreneurs who successfully established strong niche brands, transforming them into prominent and profitable enterprises (Kotler & Keller, 2012). Indeed, as stated by McKenna (1988), "most large markets evolve from niche markets".

Dalgic & Leeuw (1994) outlined several characteristics of niche markets. Firstly, the author stated that they must be of sufficient size to ensure potential

profitability for the company. Secondly, they should have limited competition, ideally with minimal or no direct competitors, often representing markets that are overlooked by other businesses. Thirdly, niche markets should exhibit growth potential, ensuring long-term viability. Fourthly, the target audience must have adequate purchasing power, making the market financially sustainable for the company. Additionally, niche markets often require specialized products or services, offering businesses the chance to cater to unique needs.

The Body Shop is a success case of a brand that started as a local niche marketer and evolved to an international player, by successfully identifying a niche market in the cosmetics industry, during the initial stages of their product life-cycle (Kotler, 1989). Oral-B's success in the children's toothpaste area is also an interesting case. Oral-B capitalized on a strategic competitive advantage by recognizing a specific, underserved market demand and deliberately positioned itself as a specialty brand within that sector. These examples demonstrate how a niche strategy may be used not just for uniqueness but also to penetrate or grow into broader markets, emphasizing its adaptability and efficacy as a competitive strategy (Dalgic & Leeuw, 1994).

1.5 Repositioning and Rebranding

A brand needs to choose the specific group of consumers it wants to target (e.g., age, income, lifestyle) and define the unique place it wants to occupy in the minds of its target audience, compared to competitors. Kotler & Keller (2012) defined positioning as the act of designing a company's offering and image to occupy a distinctive place in the minds of the target market. Brand positioning is a dynamic process that requires continuous adjustments to align with changing market trends, competitive pressures, and external factors. (Muzellec et al., 2003).

According to Lamb et al. (2001) a repositioning is a strategic decision that aims to change the brand image, allowing it to acquire a new position and value in the eyes of target consumers. Dunphy & Stace (1993) concluded that repositioning is a corporate transformation that involves the strategic adjustment of a firm's position in response to the changing dynamics of the external environment.

According to Jewell (2007), a repositioning seeks to accomplish a strong connection between the brand-name node and the new-positioning node (i.e., the new attribute/benefit association) in the minds of the target public, and assumes that consumers will be unable to reclaim the brand's previous positioning. Consequently, successful repositioning needs both the weakening of the previous brand image and the learning of the new positioning. However, Fuchs & Diamantopoulos (2010) observed that the execution of a repositioning strategy may result in negative effects if done incorrectly.

It is important to distinguish between rebranding and repositioning, as they are related but distinct concepts. According to Rosenthal (2003), repositioning focuses on modifying consumers or other stakeholders' brand perceptions, aiming to shift how the brand is viewed in relation to its competition or market segment. Rebranding, on the other hand, refers to changes in the brand's external identity, which may include visual elements, such as the logo, color palette, or even the brand name, but does not always involve a name change. As Muzellec et al. (2003) explain, rebranding can involve modifying the brand name, changing the brand visual identity or more minor updates in the brand's aesthetics, - depending on the objectives. In this sense, rebranding can be used to facilitate a brand repositioning by changing/refreshing the brand identity signs to ensure they are better aligned with the desired market perception.

Companies conduct rebranding projects for a variety of strategic reasons, including (Muzellec et al., 2003): increasing brand awareness; modernizing and improving brand image; clarifying the corporate brand structure; increasing the

association between the corporate brand and its main product brand;
harmonizing the international brand portfolio.

Chapter 2

Methodology

2.1 Research Approach

This research used a case study methodology, as it aimed to obtain an in-depth understanding of a specific case and the underlying consequences it carries. This approach was chosen because of its ability to deliver nuanced insights into complex phenomena, allowing for an in-depth investigation of the context, subtleties, and meanings contained within the subject under inspection. According to Stake (2003), the case study methodology is well-suited for uncovering the layers of meaning and context connected with a single phenomenon, allowing for a more thorough understanding.

Thus, for the selected case study, Musgo Real, the scope of the investigation was limited to two topics, already very broad in themselves: (i) the steps that contribute to reposition a heritage brand from premium to luxury (ii) how a repositioning should be implemented by a niche heritage brand.

A qualitative approach was adopted to collect data, as it allows the researcher to see and understand the context within which decisions and actions take place, which helps understand the rationale behind the human behaviors and the phenomena itself, or better address the specific issue (Myers, 2013). Semi-structured interviews allowed us to learn, through conversation, how things happened, why they happened, and what were the concerns of the individuals involved (Adams et al., 2014). Data was collected through six semi-structured in-depth interviews with company employees, which allowed us to collect viable and detailed information about the company.

Secondary data includes both raw and compiled data (Saunders et al. 2009). Saunders et al. (2009) stated that the three most important categories of secondary data are: documentary (written and non-written materials), multiple source (area based and time-series based), and surveys. In this study, we used documentary secondary data and the following written materials: Claus Porto archives with their history, formation manual, catalog of distributors, website, the catalog of Musgo Real products, Musgo Real communication materials and Musgo Real identity manual. We also analyzed the firm's annual reports, including e-commerce sales reports. Examples of the secondary data gathered and analyzed from the websites, social media accounts and images of the products can be found in the appendix section.

2.2 Data collection

In order to gather primary data, in-depth interviews were conducted in person between January 18, 2024, and February 9, 2024. The semi-structured script is available for review in Appendix 4. Due to its adaptability, the semi-structured approach with both open-ended and closed-ended questions was used for the interviews. Although it follows a pre-written script, this approach enables the researcher to add or remove questions based on the topic at hand, providing flexibility to explore relevant concepts that may come up during the interview (Adeoye-Olatunde & Olenik, 2021). For the purposes of analyzing the data acquired and prevent inaccurate interpretations or biased facts, five interviews were recorded with the participants' permission and only one was done without being recorded, by preference of the interviewee. Either way, transcriptions were made without any additions or modifications.

The six interviewees were selected based on the criterion of proximity to the Claus Porto brand, and therefore, to the Musgo Real brand, as well as the

knowledge they have about its history, current management and future projects. Thus, the sampling is an intentional sampling. In order to analyze the data and prevent incorrect interpretations or biased facts, all six interviews were conducted with the participants' agreement, and notes were recorded without any additions or adjustments.

2.3 Data Analysis

Qualitative data was analyzed using thematic analysis, which identifies themes and patterns of meaning from a set of data connected to the study topic (Braun & Clarke, 2013). According to these authors, seven different procedures were used in the analysis of the interviews: transcription of the interviews (1), reading through and becoming acquainted with the themes, highlighting items of possible interest (2), coding—identifying elements connected to the research question (3), theme identification (4), theme review via a thematic map (5), theme naming (6), and analysis completion (7).

Therefore, it is crucial to highlight that, regardless of the significance of the literature reviewed in chapter 1, the next sections will not directly address the analysis of relationships that may exist between data and existing theory, the focal point will center on understanding the information retrieved from the coding process.

Chapter 3

Results

In this chapter we will present an overview of the Claus Porto company, followed by a characterization of Musgo Real, to set the context for a correct understanding of the brand journey. Additionally, we will present the insights gathered through the interviews with Claus Porto employees. The findings will be structured around the motivations and objectives related to the rebranding and repositioning efforts. Finally, the chapter will detail the strategic steps taken to reposition Musgo Real in the luxury market, offering a comprehensive analysis of the brand's evolution. A more detailed content analysis is available on Appendix 5.

3.1 Overview of the Claus Porto brand

Claus Porto, founded in 1887 in Porto, Portugal, by German immigrants Ferdinand Claus and Georges Schweder, began as a small soap and perfume factory. It was later acquired and renamed to 'Claus Porto' by the company's accountant, Achilles de Brito, integrating into his company, Ach Brito, which remains family-owned (see figure 1).



Figure 1 - Achilles de Brito (in the middle) with Claus Porto and Ach. Brito company trucks.

Source: Claus Porto, n.d.

Renowned for its craftsmanship, commitment to quality and rich heritage, Claus Porto gained international recognition, particularly in the United States, largely due to the efforts of its distributors and to the Oprah Winfrey's endorsement (see figure 2).



Figure 2 – Claus Porto endorsement in Oprah's Favorite Things pick (2007).

Source: Claus Porto's Training Manual (CPMTM), 2023.

Despite its global success, the brand struggled in other markets. In 2015, because of the economic crisis and the increase of tourist interest in Portugal, Menlo Capital acquired a majority stake in Ach Brito, which owned three brands: Ach. Brito (see figure 3), serving the mass market; Confiança, catering to the middle market (sold in 2019); and Claus Porto (see figure 4), targeting the high premium market. The investment fund chose to focus on Claus Porto due to its expected growth potential. Menlo Capital's decision to change the brand from a premium to a luxury niche lifestyle positioning was thought to be appropriate given the company's distinctive characteristics. To accomplish this repositioning in the luxury market, from 2015 to 2017, the portfolio of products changed, the fragrances and formulations were improved, the packaging and visual identity

redesigned, distribution channels and points of sale reviewed, the communication and public relations approach was adjusted, and own stores were opened in Lisbon and Porto.



Figure 3 - Ach. Brito logo.

Source: Ach. Brito Training Manual, 2023.



Figure 4 - Claus Porto logo.

Source: CPMTM, 2023.

The pandemic in 2020 severely impacted Claus Porto's sales due to its reliance on physical stores and tourism, prompting Menlo Capital's exit. Sr. Aquiles De Brito, great-grandson of the founder, reacquired the company, facing the challenge of revitalizing it.

Claus Porto, historically a soap brand, is nowadays a luxury lifestyle brand, currently also offering products for the body and for the home, with four main collections - Deco, Água de Colónia, Clássico, and Musgo Real (see figure 5).



Figure 5 - Claus Porto recent collections.

Source: Claus Porto's catalog, 2023.

The brand has two Lisbon stores and one in Porto, and enjoys a global presence, with its products available in prestigious stores and boutiques in around 50 countries.

3.2 Brief overview of Musgo Real

Musgo Real was selected as the case study due to its unique position as a Portuguese grooming brand undergoing a transition from premium to luxury. It is a men's grooming collection within Claus Porto - "(...) *Musgo Real is a brand within a brand, it is recognized in Portugal more than Claus Porto*" (MM). Launched in 1936 nestled within the prestigious Claus Porto portfolio, Musgo Real stands out for its heritage-inspired products aimed at the modern gentleman (see figure 6).



Figure 6 - Musgo Real product before and after the rebranding.

Source: Claus Porto's catalog, 2016; Claus Porto's catalog, 2023.

An analysis of Claus Porto's archives and interviews revealed that Musgo Real was historically perceived as an elegant and classic men's care line, positioned in the high premium market with luxury potential - *"(...) the brand image was a bit conservative"* (LC); *"the positioning was grooming for men, in the intermediate sector (...)* The repositioning positioned it even higher" (FG); *"I consider that Musgo Real has always been in the grooming market as a high premium brand, not fully luxury"* (DM). It targeted older audiences, mainly senior adults over 50 years old - *"(...) we were in a slightly older age group and we wanted to lower that"* (LC).

In the past, the brand relied on traditional marketing channels and distribution methods, that the older public still has some memory of. However, by the time of rebranding, these efforts had diminished, and product promotion was mainly through partners and distributors. Musgo Real offered volume discounts to distributors rather than customers. The absence of physical retail outlets further limited direct consumer engagement opportunities, with discounts primarily being available at the factory store.

In the 1990s, under Sr. Aquiles' leadership, there was a renewed appreciation of Claus Porto's history, which influenced subsequent efforts to integrate

heritage into the brand's identity. The integration of heritage into Claus Porto's packaging design was exemplified by the inclusion of the "Claus Porto since 1887" in the logo. In 2015, the designer Eduardo Aires was tasked with redesigning Musgo Real's identity to align with Claus Porto's rebranding and repositioning.

3.3 Sample Characterization

Table 1 summarizes the participants' demographic characteristics, providing a brief but concise picture of each individual's profile. Interviewees are four women and two men, aged between 33 to 47, living in Portugal and with Portuguese nationality. Regarding the level of education, four interviewees have a bachelor's degree and two a master's degree. The number of years that the interviewees are employed in the company goes from 3 to 11 years.

Interviewee	Interview Date	Duration of the interview	Gender	Age	Nationality	Country of Residence (CoR)	Level of Education	Company's Role	Time in the company
1 (MM)	16/01/2024	82 minutes	Female	47	Portuguese	Portugal	BSc	Head of Communication	since 2017
2 (FC)	23/01/2024	55 minutes	Female	33	Portuguese	Portugal	MSc	E-commerce manager	since 2021
3 (JM)	30/01/2024	55 minutes	Male	38	Portuguese	Portugal	BSc	Head of Sales	since 2020
4 (DM)	06/02/2024	34 minutes	Female	44	Portuguese	Portugal	BSc	Head of Quality, Innovation and Sustainability	since 2013
5 (LC)	06/02/2024	61 minutes	Female	37	Portuguese	Portugal	BSc	Product Marketing Manager	since 2014
6 (FG)	06/02/2024	38 minutes	Male	46	Portuguese	Portugal	MA	Creative Director	since 2015

Table 1 - Demographic characterization of the interviewees.

3.4 Motivations and objectives of rebranding and brand repositioning

In 2015, Claus Porto began its strategic rebranding and repositioning to revitalize the brand and align with evolving luxury consumer preferences. An analysis of company documents and interviews reveals several motivations behind this move, discussed further below.

3.4.1 Explore the potential of the brand

Claus Porto's employees acknowledged Musgo Real's rich heritage and extensive portfolio as key growth opportunities, with access to historical products, logos, and packaging useful for revitalizing old designs. The imperative of honoring the brand's history while innovating to attract new audiences was emphasized by the interviewees - *"Honor the past but look to the future (...) Maintain general lines (...) Anyone who looks at the products knows right away that it is Musgo Real"* (FC).

The need for innovation and positioning Claus Porto in the luxury market was supported by the interviewees, who believed the brand already had the potential for this segment - *"We always considered that we had the capacity to be luxury, we are aware of the portfolio that we have, (...) the richness, originality and differentiation that this gives us"* (LC).

This potential gained international recognition in a Financial Times article calling Claus Porto a "sleeping beauty", in other words, as a brand that is no longer active but still has equity and can be leveraged by reinforcing the brand's heritage emphasizing the opportunity to leverage Claus Porto's heritage through a rebranding effort.

To achieve this transition, Musgo Real needed to establish a standardized brand identity and align it with Claus Porto's retail stores. By consolidating

branding elements and articulating a cohesive brand identity, Claus Porto would be able to effectively position itself in the retail landscape, attracting and retaining customers while reinforcing its status as a distinguished luxury brand.

3.4.2 The brand was at standstill and did not have a clear and distinctive positioning

In the early 2000s, Claus Porto succeeded in the US market but struggled to replicate this in other regions. Over time, market changes, such as the rise of shopping centers and online shopping, negatively impacted local commerce, reducing the brand's visibility - *"Claus Porto disappeared over time because it didn't keep up with the times (...) the market really changed a lot"* (FG).

Interviews revealed that Claus Porto was in a stagnant phase, failing to position itself as a true premium or luxury brand - *"I think we were neither one nor the other, and that was precisely the problem"* (LC). Strategic investment was later encouraged by the current CEO, Aquiles de Brito.

3.4.3 Niche brands and grooming for men started trending

The rise in male grooming and the growing popularity of niche brands provided an opportunity for Musgo Real - *"Grooming for men (...) particularly in the USA (...) has grown significantly over the last 10 years (...) as reflected in Google search trends"* (FC). Nowadays, there is a substantial demand for male grooming products, even in traditionally less grooming-conscious markets like Asia, indicating a shift from past stigmas and highlighting the increasing importance placed on grooming. Consumers, saturated with well-known brands, sought new products and experiences - *"When the market is saturated (...) people look for different things"* (MM). Musgo Real capitalized on this trend by rebranding and

repositioning to tap into the growing male grooming market and expand into perfumery.

3.4.4 Disassociate Claus Porto from the “soap brand” label

Musgo Real aligns with Claus Porto's brand trajectory, as noted by interviewees - *“Musgo Real is following the movement of the entire brand”* (MM). While soap remains the iconic product, the brand has expanded into products such as Eau de Toilettes (EDTs), aftershaves and shaving oils - *“Claus Porto continues to sell a lot of soap. At Musgo Real, soap is less relevant”* (MM). This shift reflects a strategy to meet changing consumer preferences, emphasizing fragrances over traditional soaps - *“Your core product will also determine your positioning in premium or luxury”* (MM). By focusing on fragrances, Claus Porto seeks to elevate its luxury image, cultivating an aura of exclusivity and desirability, attracting discerning consumers and enhancing its market position.

3.5 Steps to reposition Musgo Real in the luxury market

3.5.1 Visual Changes

3.5.1.1 Defining the Visual Identity of Claus Porto and Musgo Real

The board decided that to reposition the brand in the luxury market it was necessary to make a slightly change on the visual identity of both Claus Porto and Musgo Real. This implied having a well-defined brand identity, because previously the brand was recognized by several logos and different typographies. The creation of Claus Porto’s own stores increased the relevance of creating a standardized brand identity that would guide the retail protocols.

Claus Porto's Head of Communications highlighted that the rebranding of Claus Porto and Musgo Real products was done at different times due to the need to prioritize some changes over others - *"(...) image rebranding was done jointly (Claus Porto and Musgo Real collection) (...) product rebranding was not. We preferred to first change what was actually bad (...) Musgo Real of all the collections was the one that had less problems."* (MM).

3.5.1.2 Eduardo Aires and the new brand identity of Musgo Real

The renowned Portuguese designer Eduardo Aires played a key in the rebranding of Musgo Real, drawing inspiration from the brand's historical archives, the designer redesigned the logo, the packaging and the colors of Musgo Real (see figure 7) - *"(...) Eduardo Aires developed the logo (...) he had access to our old books"* (LC).



Figure 7 - Musgo Real's old logo and new logo.

Source: Claus Porto catalog, 2016; CPMTM, 2023.

The visual identity of Musgo Real underwent a significant transformation in 2016 (see appendix 1). According to the Musgo Real Identity Manual (2016), the

change would have to value the brand's past, adapting it to the shapes, colors and materials of the future, so the new logo adopted a more contemporary aesthetic to align with a modern, masculine, and exclusive brand image – “(...) *maintaining the same elements, hierarchy and character of the previous image*” (Musgo Real’s Identity Manual). Although the redesign was profound, it aimed to create a cohesive identity that would function across various applications, from digital channels to packaging designs. Specific attention was given to the Musgo Real crown, which was simplified through geometric elements to reflect a cleaner and more masculine look. Additionally, the typographic design was rooted in the Muller font, drawing inspiration from the 1950s and 1960s Musgo Real packaging. This choice enhanced the logo’s expanded character, echoing the heavy, curved forms that were a hallmark of the brand’s vintage identity. Through these careful updates, Musgo Real’s visual identity was refined to be both timeless and relevant in contemporary markets (see figure 8).



Figure 8 - Classic scent image previously and in the present.

Source: Claus Porto catalog, 2016; CPMTM, 2023.

3.5.1.3 Balancing Heritage and Modernity in the Rebranding

Having in mind the rich heritage of the collection and the awareness it had among the Portuguese, subtle adjustments were implemented, ensuring existing consumers could still recognize Musgo Real, while simultaneously attracting a new audience and revitalizing the brand - *“(...) maintaining the brand’s overall image and its vintage identity, Eduardo Aires modernized the logo, typography, color code and product appearance”* (MM); *“Claus Porto choose to do small changes to not change the story and the heritage inherent to the brand.”* (FG).

3.5.2 Strategic Restructuring and Product Development of Claus Porto’s Product Portfolio

3.5.2.1 Reduction and Reorganization of Claus Porto’s Portfolio

Claus Porto embarked on a comprehensive restructuring of its product portfolio with the aim of reducing the Stock Keeping Units (SKUs) and reorganizing the catalog - *“The catalog was reorganized, the lines we were going to create were defined, within each collection we dropped many lines, in this exercise candidates (lines) were chosen to move forward with new products”* (FG). By the end of 2017, Claus Porto reduced the total SKUs from 306 to 165. Among these, 65 SKUs (40%) underwent reformulation, reflecting the company's commitment to product refinement and optimization.

This reduction impacted the Musgo Real collection, focusing on identifying emblematic products and refining the olfactory concepts. Simultaneously, new products were launched, and fragrances were reformulated to enhance their appeal (see figure 9).



Figure 9 - Musgo Real collection before the repositioning.

Source: Claus Porto catalog, 2016.

During the early reorganization, Musgo Real’s six lines were reduced to four. In 2019, the Black Edition, a younger and bolder line, was launched, marking the first step in expanding Musgo Real’s portfolio. The positive results encouraged the brand to increase its fragrance offerings, as noted by Claus Porto’s Head of Sales - *“The best-seller was the classic scent, followed by Black Edition, which motivated us to expand to EDTs”* (JM). Over the next years, three new lines were introduced, and two older ones with lower awareness were removed, resulting in a portfolio of five lines, four of which were recent: Black Edition, Alto Mar, Puro Sangue, and 1887. The iconic Classic Scent was retained for its revenue and heritage significance (see figure 10) - *“We considered discontinuing it (...) but as it’s been here since 1936, it’s a link to the past, and discontinuing it would mean losing our heritage”* (MM).

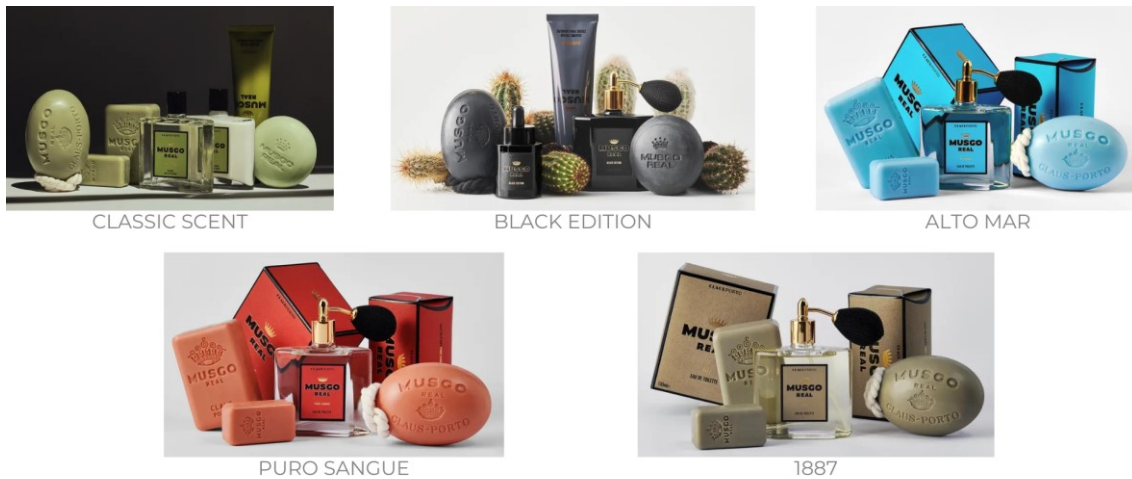


Figure 10 - Musgo Real recent catalog.

Source: CPMTM, 2023.

3.5.2.2 Enhancing Product Formulations through Strategic Outsourcing

The formulations of the products influence their haptic qualities, tactile characteristics, and efficacy in skin cleansing or hydration. According to Claus Porto's Head of Quality, Innovation, and Sustainability, the initial rebranding phase saw only slight improvements in Musgo Real's fragrance formulas, keeping the products essentially the same but with a new visual identity. This contrasts with other Claus Porto collections, where fragrances underwent significant changes.

Musgo Real's reformulations began in 2021 with the hiring of Roger Schmid, an external cosmetics expert. His role was to help Claus Porto offer more competitive fragrances by advising on market positioning, strategic partnerships, product reviews, and improvements - *"Roger gave us guidelines on how to reposition the brand with distinctive fragrances, boosting formula revisions and improvements"* (DM). The expert introduced the brand to perfumer Daphné Bugey, who launched three new lines between 2022 and 2024 - Alto Mar, Puro Sangue, and 1887. Daphney Bugey drew inspiration from old Claus Porto fragrances, but was

given creative freedom to adapt them to Musgo Real's essence, giving the collection a distinctive character and better positioning in the market. This allowed the brand to compete effectively and diversify its sales portfolio, shifting focus from soaps to a wider range of products - *"We achieved longer-lasting, more complex fragrances, which allowed us to compete at the level we aim for"* (DM); *"Sales distribution across categories is now notable, with significant disparities beyond just soaps"* (MM).

3.5.2.3 Product Development focusing on Sustainability

Claus Porto's new positioning strengthened its commitment to sustainability and community support. The formulas aim to be clean, and packaging uses eco-friendly materials - *"The papers are Forest Stewardship Council (FSC) certified (...) we developed a soap packaging system without glue or varnishes, making it 100% recyclable"* (DM). The brand also built strategic partnerships, such as with a Portuguese algae company to create Alto Mar - *"We are now working with local partners to develop formulas"* (DM). The algae extract is locally prepared, and production takes place at Ach.Brito, ensuring a fully Portuguese production chain.

3.5.3 Commercial Strategy, Distribution and Own Retail

3.5.3.1 Selective Distribution for Luxury Brand Repositioning

Claus Porto's Director of Communications emphasized that selective distribution is vital for repositioning a brand in the luxury market, as a brand cannot be considered luxurious *"if it is in every corner and accessible in every store"*. Therefore, Claus Porto adopted a selective distribution strategy, reducing distribution to align with its new luxury image - *"We voluntarily reduced*

distribution” (MM); “(...) our old partners (...) had a positioning which was not consistent with the new positioning” (JM).

A careful analysis led to the elimination of sales points inconsistent with this positioning, it was common to find barbershops selling Musgo Real products. Contracts with distributors whose positioning diverged from the new brand’s ethos were cancelled. To enhance exclusivity, the brand should only be available in more sophisticated places, for example, upscale retail outlets and luxury stores. Hence, the brand chose not to display its products in a large Paris department store, as this could have deterred more exclusive stores such as Galleries Lafayette.

Claus Porto curated a new distribution network that matched its higher prices and luxury positioning, partnering with prestigious retailers and grooming specialists, reducing many of the countries to which it exported - “(...) we don’t want to be mass marketed (...) but we need a minimum presence” (JM). Nowadays, the brand is found in luxury stores, large department stores and retail chains in about 50 countries, including ‘Neiman Marcus’, ‘Nordstrom’, ‘Bergdorf Goodman’ and ‘Liberty London’ in the UK (see figure 11).

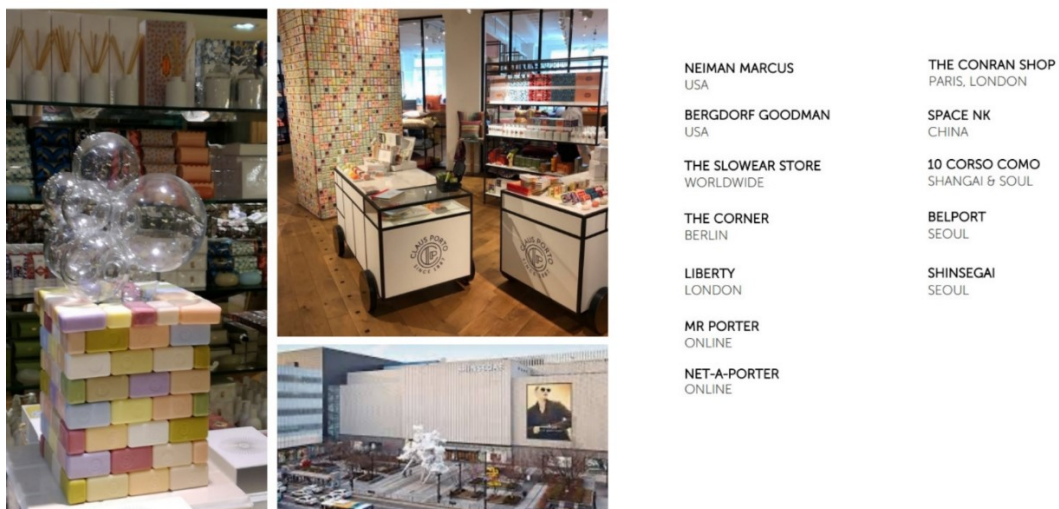


Figure 11 - Claus Porto’s world presence.

Source: CPMTM, 2023.

3.5.3.2 Discount Management as a Luxury Brand

The brand's pricing strategy was adjusted to reflect its luxury positioning, limiting discounts to Black Friday. The interviewees referred that, although luxury brands do not usually offer discounts, the economic difficulties in 2022 required the use of these promotional tools – *“2022 was a complicated year and that’s why it was necessary”* (MM). This decision resulted in the most successful Black Friday sales to date in the mentioned year. However, these discounts were applied selectively to certain products, preserving the overall image of exclusivity. In addition to Black Friday and apart from the "gift with purchase" (GWP) strategy in the online channel, Claus Porto offers a welcome discount of 20% to new customers, encouraging them to register and stay connected with the brand. This strategy has a very high conversion rate and is an effective tool for customer acquisition.

3.5.3.3 Expanding Claus Porto’s Presence through Strategic Store Openings

To strengthen and expand its presence in Portugal and abroad, Claus Porto's board decided to open their own stores (see appendix 3). In September 2016, the first store opened, in Lisbon. A second store was opened in Lisbon years later in 2021.

In June 2017, a flagship store in Porto was opened, in one of Porto’s main shopping streets, Rua das Flores, featuring a traditional barber service and a museum designed by Eduardo Aires, showcasing the history of Ach.Brito and Claus Porto, displaying documents, images, and items related to significant events in Claus Porto's history, having in addition an exhibition showing the evolution of Claus Porto logo and Musgo Real identity (see figure 12).



Figure 12 - Claus Porto's flagship store in Porto.

Source: Claus Porto's website, 2024.

The purpose was also to open stores internationally, leading to the opening of the New York store in 2018, in Elizabeth Street, Manhattan, which, according to the interviews, was relevant to build international brand awareness. Despite winning 12 design awards and being recognized as one of the world's 10 most beautiful stores it wasn't a success due to several factors, such as the low brand awareness in a highly competitive street, inadequate service compared to the Portuguese stores, and the pandemic, which ultimately led to its closure - *"Luxury brands rely on excellent service, you have to hire the right people and provide the desired service and the service was not according to our expectations (...) then the Pandemic (...) sealed its fate"* (MM).

3.5.4 E-Commerce Strategy

3.5.4.1 Building a Robust Online Presence

When Menlo Capital Investment Group entered the company, it was recognized the brand's need to establish a strong online presence. Therefore, an online shop was created, along with partnerships with luxury e-commerce retailers. In 2016, the Claus Porto website was launched, designed to offer a luxury experience through simplicity in the purchasing process, visuals, and product-focused landing pages - *"Luxury perception online is conveyed through the simplicity of the website, photographs, the creation of specific landing pages to support product launches and the simple words used"* (MM). Optimizing the brand's mail-order processes was an early goal.

Claus Porto continuously refined its online presence to align with its luxury brand image, selecting the right online partners and establishing relationships with luxury editors and buyers. For example, in 2017, Claus Porto was enlisted in the luxury online fashion retailer Net-a-Porter.

According to the responsible for the e-commerce channel of Claus Porto, there was a modest growth in early sales (10% average annual growth), but pandemic lockdowns led to a major website improvement and relaunch in 2020, featuring a minimalist design, high-quality images, and the creation of specific landing pages for product launches that highlighted their added value through detailed and high-quality content, as customers couldn't directly engage with the products physically or experience their fragrances - *"You can distinguish the brand in any page of the website, (...) the Claus Porto language, quality of content and presentation when we show each of the products, (...) we are able to justify the added value of the product (...) in the online channels we don't have the smells or the physical product, so we can justify it based on the content and details"* (FC). Therefore, everything was done to improve customers online experience and convey

associations to luxury. The simplicity, paired with carefully chosen words, reinforced the brand's elegance and exclusivity. The result was a growth in online sales of over 100% in 2020 in relation to the previous year (this was a period of high online activity worldwide). The increase of investment in Google and Facebook advertisements contributed to maintain the growth in the following year, though at a slower 10% rate.

3.5.4.2 Post-Pandemic Decline and Future Growth Objective

From 2022 to 2023, Claus Porto's online sales declined due to post-pandemic effects. According to the responsible for the e-commerce of Claus Porto, the decline was due to a strategic shift in the brand commercial policy, reducing promotional campaigns (see figure 13).

Nonetheless, Claus Porto aims to reverse this trend in 2024, with a realistic growth forecast for the online channel set between 7% and 10%.

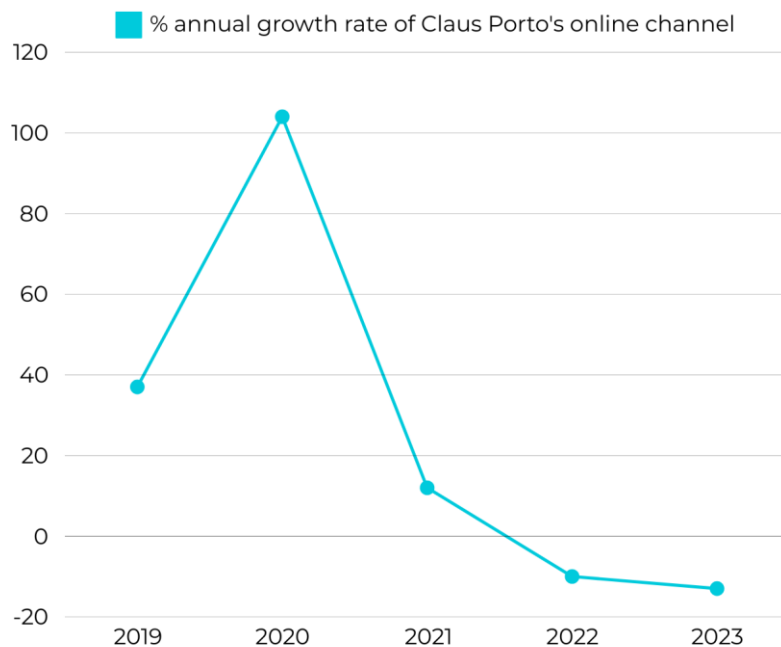


Figure 13 - Graph of the annual growth rate of Claus Porto's online channel.

Source: Claus Porto, 2023.

3.5.5 Communication Strategy: Enhancing Brand Image and Consumer Engagement

3.5.5.1 Communication Initiatives to appeal to a Broader Target

In the past, Claus Porto products were promoted by distributors, giving the brand little control over in-store display and promotion, and brand-led campaigns were rare. After rebranding, an online and offline communication strategy was introduced to increase awareness of the new positioning and visual identity. This strategy was crucial in positioning the brand within the luxury niche segment while appealing to a modern audience, preserving the brand's traditional roots - *"Our target is a customer who values tradition, culture, arts, heritage"* (FC). The new Musgo Real fragrances expanded the brand's multigenerational appeal, attracting both younger and older customers - *"We want Musgo Real to appeal to men in general, so we developed younger fragrances"* (DM). This strategy attempted to engage a sophisticated male audience without rigid psychographic restrictions.

Digital initiatives, such as Google and Facebook ads, along with new photography campaigns, have been pivotal, particularly for Musgo Real. For example, the 130th-anniversary book, launched in November 2017, reinforced the brand's luxury status by showcasing its legacy and capturing sophisticated consumers' interest.

According to the interviewees, the opening event of the Porto store was a significant milestone, generating media attention and attracting international journalists, representing a major investment in the brand's image. The marketing strategy post-rebranding continues to emphasize sustainability and craftsmanship, reflecting current modern consumer values.

3.5.5.2 Storytelling as a tool in Product Communication

Since the rebranding, Claus Porto has emphasized its heritage through storytelling, a key tool to ensure a strong emotional connection with its target consumers and reinforcing its luxury image - *“Storytelling is fundamental (...) to guarantee luxury and give the brand an aura”* (MM). According to the Head of Communication, storytelling is central to the brand’s communication strategy - *“The heritage of the brand is crucial and used in all storytelling. (...) we never communicate without mentioning our history”* (MM). This approach shaped Musgo Real’s new product lines, with each product connected to the brand’s past or elements of the brand’s identity, such as Alto Mar, Puro Sangue, and 1887, enhancing the brand’s luxury narrative (see appendix 2).

The brand’s emotional and sensory tone is highlighted in product communication, particularly around fragrances, aiming to create a deeper connection with consumers. Visual storytelling on the website also supports the brand’s heritage and luxury image and is essential to keep customers engaged - *“We use images with history to show our brand identity”* (FC). To implement this strategy, historian Sónia Couto conducted a detailed study of Claus Porto’s past, uncovering unknown aspects that expanded the storytelling potential and led to the creation of the Porto store museum. This rigorous documentation of the brand’s 130-year history ensures an accurate and authentic narrative, allowing Claus Porto to successfully communicate its legacy.

3.5.5.3 Leveraging Earned Media and Organic Growth

The brand’s communication channels include social media (Instagram, Facebook), newsletters, partnerships, and press kits. Claus Porto avoided traditional paid marketing, focusing on earned media, organic growth, and storytelling aligned with its luxurious heritage and brand purpose. Press

releases, social media posts, and events communicated the new visual identity, attracting coverage from journalists, bloggers, and influencers in renowned magazines like The Financial Times, Monocle, and Wallpaper, all without financial incentives, thus enhancing brand awareness and trust (see figure 14).

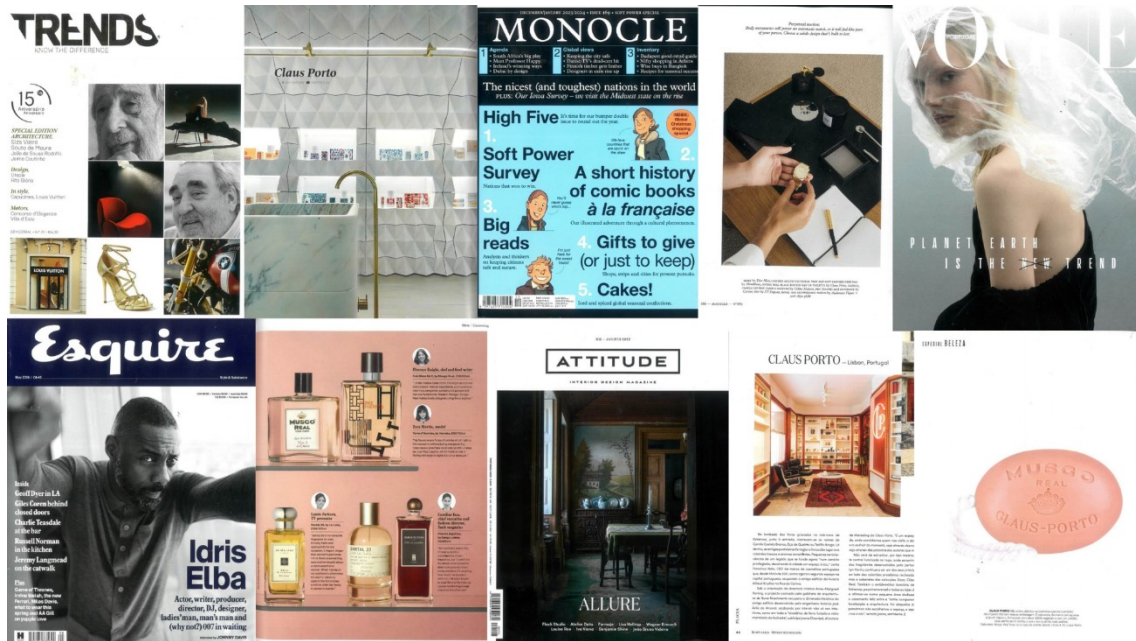


Figure 14 - Examples of Claus Porto's media coverage.

Source: CPMTM, 2023.

3.5.6 Consumer brand perceptions after the repositioning

3.5.6.1 Pricing Dynamics and Perceived Value of the Luxury Positioning

The transition to a luxury brand involved raising prices, which alienated some long-time customers. Despite efforts to retain them, many domestic consumers, accustomed to lower prices, criticized the increase. Foreign customers generally reacted positively, but Portuguese consumers, due to established expectations and lower purchasing power, were more critical - *"Some consumers still don't understand (...) it's curious that foreigners react well, the Portuguese don't, perhaps because they are used to lower prices (...) the purchasing power of the Portuguese did not*

keep up with this rise in prices” (MM). This highlights the challenge of balancing quality improvements with customer price sensitivity in luxury branding. Although the repositioning was presented with significant improvements, aligned with the brand’s new luxury status, customers had to get used to the new, more exclusive, brand positioning that induced a rise in prices.

The brand’s Head of Sales acknowledged that while the brand achieved luxury status through quality and pricing, more work is needed to shift market and distributor perceptions, particularly among existing customers - *“(…) for those customers who already knew Musgo Real, the transition is more difficult”* (JM). Interviewees suggested greater investment in marketing and communication to enhance brand awareness and image.

3.5.6.2 Customer feedback related to the Repositioning

Claus Porto's Head of Communication notes that while customers are generally satisfied with Musgo Real's repositioning, as confirmed by the sales data, there is nostalgia for discontinued products, highlighting the challenge of modernizing a historical brand without losing its essence. The Head of Sales adds that distributors and shops provide positive feedback, and despite higher prices, they continue to support the new offerings. The interviewee emphasized the successful shift from colognes to EDTs, and that, despite the significant price rise, sales did not decrease, confirming customer acceptance of products with enhanced value - *“When a brand is truly luxury, the customer won't say it's expensive, it's luxury”* (FC).

Chapter 4

Conclusion

Discussion and Main Conclusions

In this study, we explored the motivations and processes to achieve a successful strategic rebranding and repositioning in the luxury market made by a niche heritage brand, Musgo Real, a Portuguese grooming brand endorsed by Claus Porto. The research provided valuable insights into the motivations and strategies followed during the transition of a premium brand into the luxury market. Through an in-depth analysis of the literature and the case study, this research has demonstrated that this transition requires a careful balance between maintaining brand heritage and embracing modernity to align with the evolving luxury market dynamics.

The literature review highlighted that luxury brands must be distinguished by a combination of high quality, exclusivity, and symbolic value (Nueno & Quelch, 1998; Kapferer, 2017). These elements, coupled with strategic storytelling and heritage-based branding (Urde et al., 2007; Kapferer, 2012), contribute to the creation of a strong emotional connection with consumers, elevating the perceived value of luxury. Musgo Real's repositioning strategy fulfills these requirements. According to the findings of this study, the brand leveraged its vast heritage to enhance its position in the luxury grooming for men sector, drawing upon its historical authenticity while modernizing its products and visual identity. The strategic redesign of packaging, product improvements, changes in distribution and communication, were critical in this process, echoing the importance of storytelling and heritage in reinforcing luxury brand identity (Batat, 2023; Kapferer, 2017).

The findings also highlighted the motivations behind Musgo Real's repositioning, including the potential for heritage brands to access new consumer segments and the opportunity to capitalize the growing demand for grooming products. These motivations align with the literature that identifies niche brand expansion as an opportunity in competitive markets (Kotler & Keller, 2012; Dalgic & Leeuw, 1994). Additionally, the findings corroborate the relevance that niche marketing strategies have for luxury brands (Dalgic & Leeuw, 1994; Kotler & Keller, 2012). By focusing on a specific, underserved market of high-end male grooming, Musgo Real effectively tapped into a growing consumer segment, leveraging both its heritage and luxury positioning to build long-term relationships with consumers willing to pay a higher price for the brand's offerings. This is consistent with Kapferer's (2017) argument that niche luxury brands can thrive by targeting specific market segments with specialized, exclusive offerings.

Moreover, the transition from premium to luxury, as discussed in the literature (Heine, 2012; Kapferer, 2014), often involves a strategic shift in both product offerings and market positioning. In Musgo Real's case, this shift was evident through the refinement of its product portfolio, emphasizing fragrances to increase the brand sophistication, the introduction of high-end grooming lines, and the adoption of a selective distribution model. The successful introduction of selective distribution and premium pricing strategies supports Kapferer's (2017) conclusion that artificial rarity and exclusivity are critical for luxury brands to sustain desirability. These changes were key to solidifying the brand luxury positioning while maintaining its long-standing heritage. The brand repositioning strategy complies with the theoretical distinction between premium and luxury brands, where the latter focuses on scarcity, craftsmanship, and exclusivity, as opposed to purely functional value (Kapferer, 2014; Baicoianu, 2013).

Kapferer (2014) emphasizes that offering discounts undermines the exclusivity central to luxury brands. Musgo Real, while generally avoiding discounts to uphold its luxury image, participated in Black Friday sales due to financial challenges. However, discounts were selectively applied to maintain its overall image of exclusivity and prestige. This decision highlights the delicate balance between addressing immediate financial needs and preserving long-term luxury brand positioning.

As discussed by Urde et al. (2007) and Halwani (2021), heritage brands must carefully balance tradition and modernity to avoid alienating loyal consumers (Lambert-Pandraud & Laurent, 2010a). Musgo Real's rebranding process encountered similar challenges, particularly when it came to refining product lines and redesigning visual elements without compromising the brand's historical identity. The designer Eduardo Aires made efforts to preserve Musgo Real's core identity, while introducing modernized product lines, like the Black Edition, Alto Mar and 1887.

Overall, the results confirmed that the successful repositioning of Musgo Real as a luxury brand required strategic alignment with the core principles of luxury branding, as outlined in the literature, including exclusivity, heritage, and experiential marketing. The brand's ability to blend its rich history with modern consumer expectations reflects the importance of heritage as both a differentiator and a tool for creating perceived value in the luxury market.

4.1 Managerial Implications

Taking into consideration the literature review, the interviews conducted and the analysis of the different documents, we were able to develop a relevant case study that provided several managerial implications for Claus Porto and other heritage brands aiming to reposition in the luxury market. Firstly, the strategic

role of heritage in brand positioning is crucial. Musgo Real's success relied on leveraging its historical identity while modernizing its products and brand image through storytelling to attract new customers. Managers should balance emphasizing the brand's legacy with incorporating modern design, as suggested by Kapferer (2012) and Urde et al. (2007).

Additionally, the study highlights the importance of selective distribution and premium pricing as key strategies for luxury brand positioning. Musgo Real's move to selective distribution channels enhanced its exclusivity. Managers should limit distribution to high-end retail outlets and luxury department stores to strengthen the brand's luxury image.

Furthermore, the study emphasizes the role of product innovation for luxury repositioning. Musgo Real's new product lines and formulation improvements highlight the need for continuous innovation to stay competitive. Investments in product development and collaborations, as Musgo Real did, are essential to enhance quality and differentiate from competitors.

Finally, the importance of digital strategies in the luxury market is undeniable. Musgo Real's struggle to establish a strong online presence mirrors the industry's challenge of maintaining luxury status in digital spaces. Brands must focus on delivering high-quality content and ensuring the online experience reflects their exclusivity. Overall, positive customer feedback in both physical and online stores suggests Claus Porto is effectively repositioning Musgo Real. To achieve full luxury brand recognition, the company must continue these good practices in the coming years.

4.2 Limitations and Future Research

The study had some limitations, which could have influenced how its findings were interpreted. Firstly, it focuses on a single case study, which limits the

generalizability of the findings to other heritage brands undergoing similar repositioning efforts. While Musgo Real provides a compelling example, future research could compare different brands within the grooming or broader luxury sector to identify patterns and broader industry trends.

Second, for the development of this case study, we relied on a small sample of interviewees, chosen based on their relevance to the case study and their presence at Claus Porto company during the research period. The sample of interviewees was limited to Claus Porto employees, some of whom had only being in the company for two years and were not involved in the repositioning process from the start. Hence, this may have resulted in a biased understanding of the repositioning process. Future research should include also interviews with consumers (Portuguese and foreigners) and external stakeholders, such as distributors and retail partners, to gain a more comprehensive view of the brand's repositioning process, its challenges and implications.

Additionally, this study does not directly evaluate how Musgo Real's shift from premium to a luxury brand affects brand perception, loyalty, or purchase behavior. Understanding consumers' reactions to such a transition is crucial for evaluating the overall success of the repositioning strategy. Future research could investigate how these repositioning influences consumer attitudes, emotional connections, and long-term loyalty, offering insights into the success of luxury branding for niche heritage brands.

‘Declaration of Generative AI and AI-assisted technologies in the writing process’

During the preparation of this work the author used ChatGPT in order to reduce the number of words, given that its vast and relevant content has exceeded the limitations in terms of word count. Hence, it was necessary to take advantage of this tool to reduce the words in some specific parts of the MFA, without removing valuable information for a good understanding of the work. After using this tool, the author reviewed and edited the content carefully and takes full responsibility for the content of the publication.

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Appendices

Appendix 1 – Identity Manual



The redesign of the Musgo Real's brand identity has the starting point an image with almost 100 years of history and with a strong presence in national imaginary. As a timeless product, classic and luxury, it would be unlikely a graphical solution that does not value the continuity of past values, adapting shapes, colors and materials for the future.

LOGO

The Musgo Real brand logo is developed in a logic of sequence, keeping the same elements, hierarchy and character of predecessor image. It is, however, a deep redesign: all the shapes were discarded and replaced by a drawing contemporary who tries not only solve problems composition present in the image previous, as well as a closer proximity of the brand to a current, masculine context, and exclusive.



TYPOGRAPHY

The typographic design came from the Muller font, designed by Radomir Tinkov and published by Fontfabric in 2015, in a approach to the typography present in old Musgo Real packaging from the 50s/60s of the 20th century. The redesign took on a more expanded character and with logo features used in old packaging, such as the weight and curves of the letters.



CROWN

The redesign of the Musgo Real crown arises from the process of synthesis of its previous version. It has been simplified ornamentation, highlighting to simpler and more geometric with a more contemporary and masculine.



Figure 1 - Musgo Real Identity Manual. Source: Claus Porto, 2013.

Appendix 2 – Musgo Real product communication example

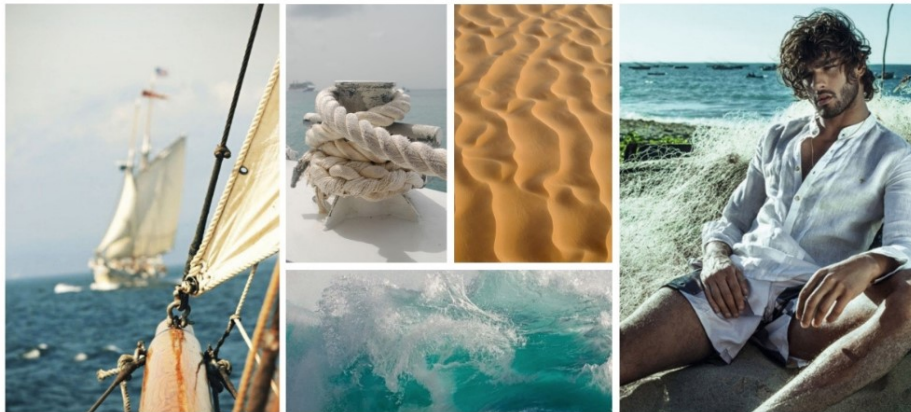
THE INSPIRATION



The sea represents endless possibilities, infinite hope, and a higher power. It will always be the starting point, an arrival pier, the horizon as far as the eye can see.

The Musgo Real Alto Mar line is a tribute to the sea. A celebration of the desire for adventure and freedom that has always been a part of the Portuguese soul.

THE INSPIRATION



MARITIME / PORTUGALITY / OPEN SEA / FREEDOM / ADVENTUROUS

INTRODUCING THE NEW MUSGO REAL FRAGRANCE



MUSGO REAL ALTO MAR – EDT – 100ML

Invigorating and refreshing, Musgo Real Alto Mar Eau de Toilette is an ode to the Sea and its endless possibilities. Elegant and bold, this perfume builds on nine decades of Musgo Real Heritage, while incorporating the spirit of a new generation.

The Musgo Real Alto Mar fragrance opens with the lightness of calone and mint, combined with a hint of anise. As it evolves, the heart reveals the strength of the aromatic combination of rosemary and absinth with jasmine. The base notes combine exquisitely fragrant woods – sandalwood and cashmere wood-, with the sweetness of tonka and the power of vetiver.

The result is a vibrant and fresh fragrance, elegant, contemporary.



Figure 1 - Guidelines to communicate the Alto Mar line. Source: Claus Porto's Master Training Manual, 2023.

Appendix 3 – Claus Porto's Stores

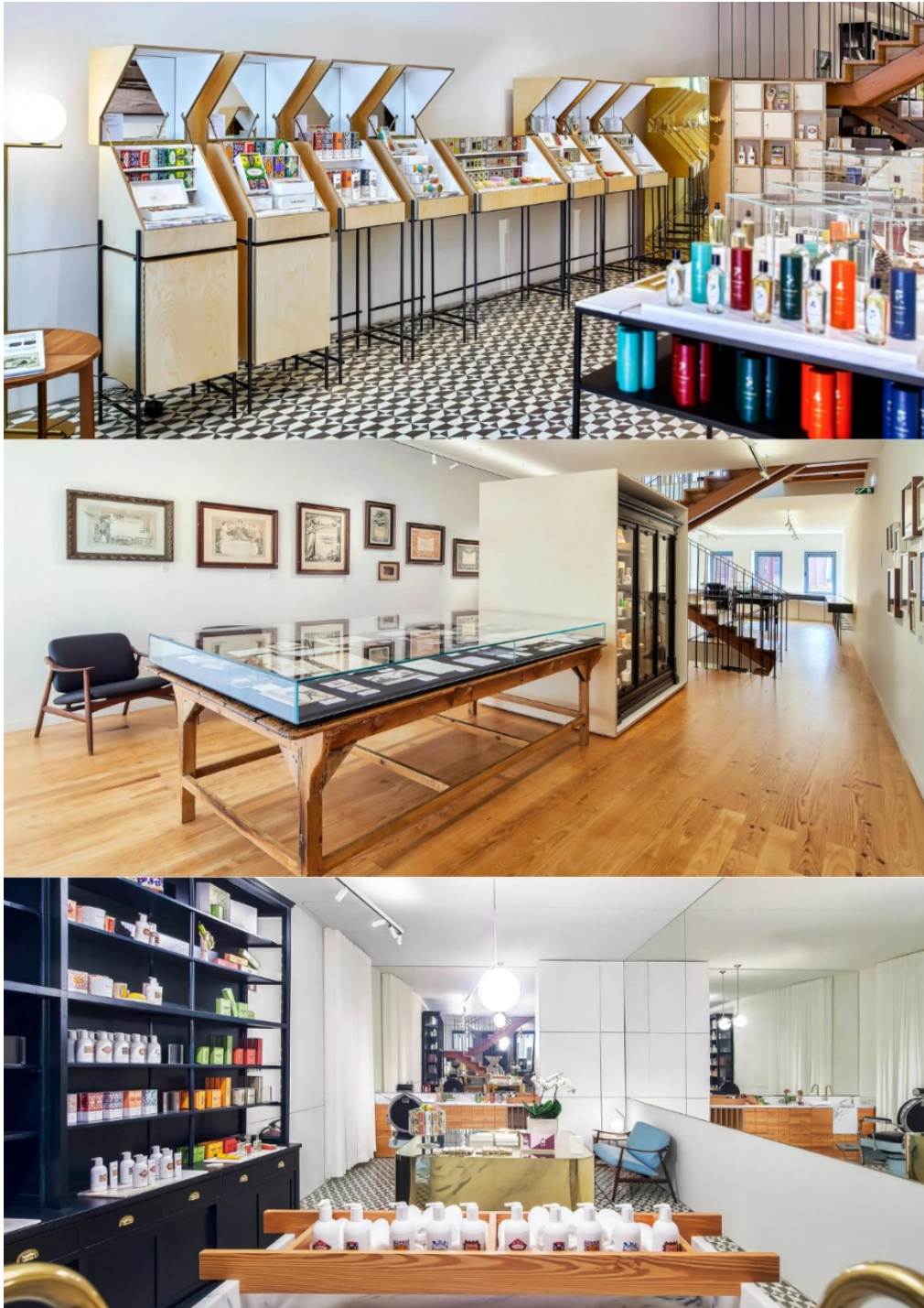


Figure 1 - Claus Porto store in Rua das Flores, Porto. Source: Claus Porto's website, 2024.



Figure 2 - Claus Porto's store in Rua da Misericórdia, Lisbon. Source: Claus Porto's website, 2024.



Figure 3 - Claus Porto's store in Rua do Carmo, Lisbon. Source: Time Out Lisboa, 2021.



Figure 4 - Claus Porto store in Manhattan, New York (closed in 2019). Source: Claus Porto's archives.

Appendix 4 – Interview Script

Good afternoon/good morning, my name is Sebastião Santos and I am 22 years old. I'm a Master's student in Marketing at CPBS, and I'm writing my thesis on the repositioning of niche heritage Brands in the Luxury Market, analyzing the case of Musgo Real, a Portuguese men's personal care brand. The objective of this study is to understand the motivations and steps to successfully reposition a niche heritage brand from a premium brand to a luxury brand and the impact of this strategy on consumers' perception of the brand.

Age:

Nationality:

Country of Residence:

Level of education: Highschool; Bachelor (BSc); Master degree (MSc/MA);
PhD;

1. Brief characterization of the interviewee

1.1 Can you provide a brief overview of your role and responsibilities at Claus Porto?

1.2 How long have you been associated with the brand?

1.3 What is your professional background in the company?

1.4 What was your professional background before joining the company?

1.5 Did you know the brand before joining the company? If so, what was your perception about the brand's image?

1.6 Do you use Musgo Real products in your daily life? If so, why your preference for this brand? If not, what is the reason?

1.7. What, in your opinion, is the difference between a premium brand and a luxury brand?

2. Overview of Musgo Real:

2.1 Can you give me a brief overview of the history of Musgo Real and its positioning in the market?

2.2 Can you explain the evolution of the Musgo Real brand in the "grooming for men" market over the years?

2.3 How do you describe Musgo Real products?

2.4 Does the brand have its own website? When did you start focusing on e-commerce?

2.5 What are the biggest challenges the brand faces for the future?

3. International presence

3.1 Is the brand present internationally?

3.3 What's the criteria for selecting certain international markets?

3.3 Did the brand repositioning have any impact on the brand's internationalization strategy? (e.g. changes in distribution)

4. Competition

4.1 Who are the brand's main direct and indirect competitors?

4.2 Are you concerned about the entry of new relevant competitors into the market, or is it difficult for a new brand to enter and establish itself in this market?

4.3 How do you consider the power of products that are not in the luxury category (normal and premium) and how they affect the brand?

5. Musgo Real before the rebranding and repositioning

5.1 What were the brand's values, mission and vision?

5.2 Did you identify weaknesses or negative aspects in the brand, its image, marketing strategy?

5.3 Why did you consider it to be the right time for repositioning?

5.4 Why reposition the brand from a premium brand to a luxury brand?

5.5 Musgo Real's rebranding and repositioning were done together?

5.6 What was the previous positioning of the Musgo Real brand?

5.7 What was the brand's previous target audience? (demographic, psychographic and geographic)

5.8 How did the brand promote its products?

5.9 Did Claus Porto apply any type of discount or promotions?

5.10 Did the brand take advantage of the fact that was a heritage brand in their communication strategy, or in other elements of the marketing mix?

5.11 What was the distribution strategy adopted?

5.12 Regarding the brand's previous product portfolio, is there anything you would like to highlight?

5.13 Were there other significant changes to the brand's product, pricing, distribution or communication strategy during the pre-repositioning period?

6. Rebranding and repositioning process

6.1 When did the repositioning begin? Who was involved in this process?

6.2 What were the main reasons that led to the decision to reposition the brand?

6.3 How was the repositioning and rebranding carried out? Could you describe the main steps or phases involved in the repositioning process?

6.4 What were the changes to the brand's visual identity (logo, slogan, etc.)?

6.5 Have you considered a more drastic change? (e.g. name change)

6.6 In addition to the changes to the brand's visual identity, what else has been changed?

6.7 (If not mentioned in the question above) Was there any specific consideration or adjustment to Musgo Real's product offerings (portfolio),

distribution channels (e.g. e-commerce strategy) or communication strategies so that they were aligned with the new luxury positioning? If so, what changes have occurred?

6.8 Were there any specific challenges faced during each stage? If so, how were they addressed?

6.9 Were there any unexpected changes or adaptations to the initial repositioning plan? If so, which one and why?

6.10 What is the current positioning of the Musgo Real brand?

6.11 What is the brand's target audience?

6.12 Can you discuss the role of heritage in the repositioning of Musgo Real, and how this element was used to position the brand as a luxury brand?

6.13 What is the new marketing strategy adopted by the brand?

6.14 How does the brand manage to convey the perception of luxury to its customers through e-commerce?

6.15 What is the brand's current communication strategy? What channels do you use to communicate (social networks, newsletter, etc.)?

6.16 Can you highlight any innovative approach adopted to distinguish Musgo Real in the luxury market?

6.17 What is Claus Porto's new pricing policy? Do they apply any type of discount or promotions?

6.18 How was a seamless transition to luxury ensured without alienating existing customers?

6.19 How was the repositioning and identity change communicated? (e.g. campaigns, etc.)

6.20 What limitations did you feel as a small company with a low budget?

7. Stakeholders brand perceptions after the rebranding and repositioning

7.1 After repositioning, do you consider that the brand is now perceived as luxury instead of premium?

7.2 How have consumers responded to the brand's repositioning? Did you get any feedback from consumers? And if so, what key insights emerged?

7.3 What key performance indicators (KPIs) do you use to measure the success of repositioning?

7.4 What is the feedback from other stakeholders regarding the repositioning?

7.5 Was any study carried out to measure the impact of rebranding and brand repositioning?

7.6 Can you share any notable improvements or challenges in terms of sales, brand recognition or in terms of another important indicator of brand response?

7.7 Are there future plans or strategies to reinforce Musgo Real's positioning in the luxury market?

7.8 How does the brand intend to maintain its heritage while evolving in the luxury sector?

8. Overall reflections

8.1 Is there anything else you would like to share regarding the repositioning of Musgo Real and/or the brand's journey in the luxury market?

8.2 Looking back, is there anything you would have done differently in the repositioning process?

8.3 What lessons were learned from this experience that could be valuable to other traditional, niche heritage brands contemplating a similar transition?

Appendix 5 - Content Analysis of the Interviews

Table 1: Overview of Claus Porto and Musgo Real

Dimension	Category	Relevant Citations
Characterization of Musgo Real	The relation between Claus Porto and Musgo Real	<p>MM: “Musgo Real is a brand within a brand, it is more recognized in Portugal than Claus Porto. (...) The new strategy of Musgo Real follows the Claus Porto strategy. The strategy was changed to include a selective distribution, new positioning, product requalification and strong storytelling.”; LC: “The rebranding and repositioning was made for both Claus Porto and Musgo Real, but at different times.”; JM: “Musgo Real is a brand within a brand. Many people know Musgo Real but don't associate it with Claus Porto.”</p> <p>MM: “Claus Porto was founded in 1887, it’s the first fragrance house in the Iberian Peninsula. Musgo Real was founded only in 1936. Previously there were grooming products within the brand, but Musgo Real only appeared later.”</p>
	Description of the Musgo Real collection	<p>JM: “Excellent products, and I’m not saying this because I sell these products, (...) high quality products, especially with this new update of fragrances that took place since two years ago. (...) If we compare the brands with the same positioning, Musgo Real probably will stand out due to its history, its age, (...) a relevant masculine collection, even with the new fragrance revolution, (...) with a very complete collection of products that you use on a daily basis, basically you can do your whole routine just using Musgo Real’s products. (...) Since 2020, I have been using Musgo Real products in</p>

		<p>rotation. (...) it's a century-old brand that reinvented itself, remains resilient, high quality and with competitive products."</p> <p>FC: "It's interesting because the products have a great ability to build customer loyalty. (...) an inside joke we have is that the shaving creams are very good but should last less, in other words, customers are happy, but the product last a too long time. (...) I don't know anyone who didn't immediately notice the quality of the product. (...) Quality is what distinguishes us from competitors, and our products are very attractive for creating routines, (...) when the male audience is loyal to a product, they keep buying it."</p> <p>DM: "(...) in terms of quality, we seek very high quality for Musgo Real and we have formulas that are already very consolidated, (...), and we know that they will meet our customers' preferences. The shaving cream is excellent, it performs very well. We also have a shaving soap, which is a differentiating product, (...) not all brands have it and this also ends up giving a vintage connotation to our brand, at the same time meeting the new trend of solid formulas, which are more sustainable and environmentally friendly, with low sugar content and water."</p>
	<p>Musgo Real's future plans</p>	<p>FC: "In this new quarter, prices will be reevaluated to increase."; JM: "In the future we are planning price increases to improve margins."</p> <p>MM: "In 2024, there will be the launch of a new line of essential care for men. (...) we will reinforce the brand in terms of products."; LC: "Claus Porto will invest in grooming with the Essentials line, included in Musgo Real, (...) we want to start having body care products and accessories as much as possible, (...) everything that fits into lifestyle and daily use and perfumery. obviously."; FC: "Claus Porto will</p>

		<p>continue investing in the products that define us, that made us stand out, as the Black Edition (...) there was a gap in the portfolio in men's care, (...) we are trying to increase the portfolio and complete it, in this case with other grooming products for men.”; FG: “In the future there will be the creation of a new Essentials line, which serves as a complement and support to other collections, completing the range, (...) it will be scentless.”; DM: “The consumer is concerned not only with image, but also with treatment and personal care. Therefore, I believe that Musgo Real will have to enter skin care and also keep up with general sustainability trends.”</p>
<p>Claus Porto and Musgo Real before the rebranding and repositioning</p>	<p>Previous brand image</p>	<p>FG: “I remember Ach.Brito and Claus Porto because their products were noticed in the Portuguese market, (...) it’s brand etched in Portuguese memory.”</p> <p>LC: “I firstly knew Claus Porto from the Oprah Winfrey show and some promotional campaigns with giant soaps, but that was a long time ago. Overall, the brand image was a bit conservative.”</p> <p>JM: “Claus Porto was a traditional, national brand. (...) I remember the old Musgo Real products.”</p> <p>FC: “Musgo Real was a line of men's care that stood out for being elegant, classic and timeless.”</p>
	<p>Positioning</p>	<p>MM: “A brand of men's premium shaving products.”</p> <p>LC: “When I came here (2014), we already had a lot of development in grooming. In other words, we could say, we already had a defined positioning at the time; we had a lot of regular consumers.”</p> <p>FG: “The positioning was grooming for men, in the intermediate sector. (...) The aim of the repositioning was to position the brand higher.”</p>

		DM: "I consider that Musgo Real has always been in the grooming market as a high premium brand, not fully luxury."
	Target	MM: "Men, senior adults. I would say between 50-65 years old."; LC: "(...) we were in a slightly older age group and we wanted to lower that. (...) we really wanted to reach all potential age cohorts, but we were aware that we were targeting an older public, (...) the 50 to 60 years old."
	Communication campaigns	MM: "Claus Porto and Ach.Brito had television advertisements and some campaigns, (...) I remember seeing a photo of an event where there was a big man, with extensive and fake legs, giving soaps to a crowd and a display of a giant packaging of Musgo Real(...), but I think this was in the 70s; at the time of the rebranding there was nothing like that, there was occasionally some public relations work to promote the products, but all was very simple."
	Discounts & promotions	MM: "We offered discounts, in terms of sales to distributors not to the end customer, (...) Now we have physical stores and at that time we only had a small factory store, if discounts were made they should have been applied to distributors' sales."; LC: "Big discounts were only offered at the factory store."
	Relevance given to the brand heritage	MM: "The brand heritage was not valued at the beginning, but from the 90s onwards, with Mr. Aquiles (current CEO) and with an American partner who valued the brand history a lot, it started to be very important. (...) later the packaging started to incorporate a logo with "Claus Porto since 1887". (...) Therefore, the appreciation of history precedes the rebranding."

Table 2: Motivations, objectives and challenges of rebranding and brand repositioning

Dimension	Category	Relevant Citations
Motivations	Explore the potential of the brand	<p>MM: "The idea of the repositioning was stimulated by the potential that was recognized in the Claus Porto brand. The Menlo Capital investment group saw enormous potential in the brand. (...) It started with the Financial Times article, which classified the brand as a 'sleeping beauty' in cosmetics. (...) Claus Porto had a fantastic story, but the products needed to be improved to put the brand in a higher positioning (...) there was potential and there was a lot to work on, but the products really needed a boost, hence the focus on product improvement. (...) the other aim was to develop a distinctive brand identity for Musgo Real to prepare the brand for the creation of our own stores. (...) The simplest thing in the world, which was a training manual on products and how to talk about them, didn't exist. (...) The brand needed to become luxury, and for this it was necessary to have the appropriate product portfolio, the visual identity and distribution strategy of a luxury brand. (...) The strategy to move from premium to luxury was based on two key elements of luxury: substance and status. To increase Claus Porto's substance, the product portfolio, visual identity and packaging design needed to be reworked."</p> <p>LC: "(...) we always considered that we had the capacity to be luxury, we are aware of the portfolio that we have, the products, the richness, originality, and differentiation that this gives us. (...) we are a company with more than 130 years, and I think that gives us this know-how and this ease."; FC: "(...) honor the past but look to the future (...) Anyone who looks at the products knows right away that it is Musgo Real."</p>

		<p>FG: “(...) the old administration wanted to reposition Claus Porto and revitalize the brand.”</p>
	<p>The brand was at standstill and did not have a clear and distinctive positioning</p>	<p>LC: "The company was in a stagnant phase and needed to grow, (...) at the time the board told us that the company needed investment. (...) Before, we were just trying to reach luxury, (...) I think that it was precisely one of the reasons why the CEO wanted to attract investment, (...) he was aware of our difficulties, (...) we were trying to move towards luxury, but we were still in-between a premium and luxury position, (...) I think we were neither one nor the other and that was precisely the problem.”</p> <p>FC: Claus Porto disappeared over time because it didn't keep up with the times, it lost awareness, and the market really changed a lot. (...) there were a lot of changes with negative consequences, (...) the shopping center phenomenon, given that the commerce in Portugal tended to be smaller and local (...) this was tumultuous for the company.”</p>
	<p>Niche brands and grooming for men started trending</p>	<p>MM: “At that time, the demand for niche brands was increasing, consumers were looking for different things. When the market is saturated with well-known brands and at a time when the economy is going through a positive phase, people look for different things (...) Culturally in Portugal, men thought it was effeminate to use grooming products. Over time, personal care has increased and is now accepted and in high demand. It's about taking care of yourself and treating yourself well. Nowadays there is a lot of demand by men, just like it happens with women.”; DM: “(...) the grooming for men's market is on a growing trend. Therefore, it was undoubtedly a good opportunity.”</p> <p>JM: “Over the last 4 years, what I've seen is a greater demand for grooming products, even in markets that traditionally shouldn't be as strong in grooming, as the Asian markets. (...) At the same time, in Europe, we continue with the gradual growth of the sector, where more and more, men</p>

		<p>give relevance to the way they dress and their personal care.”</p> <p>FC: “The grooming for men, in terms of online presence, particularly in the USA, has grown significantly over the last 10 years, as reflected in Google search trends (...) I remember in particular in the US market, (...) I researched trends in the cosmetics and beauty market and the answer was that there was a big demand in the men’s category.”</p>
	<p>Disassociate Claus Porto from the “soap brand” label</p>	<p>MM: “Your core product will also determine your positioning in premium or luxury. The average price of a soap here is about 15 to 16 euros. Can you talk about luxury when you have that average price? Perhaps you can compare it with supermarkets selling for 1 euro. It's difficult to talk about luxury when you're talking about something as prosaic as soap. But it's easier when you're talking about a perfume. (...) our goal is to reinforce the brand as a fragrance brand.”; LC: “(...) the main objective was to have an increasingly broad catalog, with more products from different categories, making people come to us not just because of the soaps, but because of many other products.”</p> <p>LC: “(...) our slogan is ‘Creating art with fragrance since 1887’ (Claus Porto).”</p> <p>FG: “Claus Porto, is perceived as a soap brand, but historically it was not a soap brand, so we needed to dissociate soap from the brand. (...) Musgo Real has the potential to go global if that happens.”</p>
<p>Challenges</p>	<p>Maintain customers interest in the brand</p>	<p>MM: “Living up to consumer expectation is difficult (...) when we launch as consistently as we did last year (2023). We launched three Eau de Toilette’s and now the plan is to launch an entire line, (...) the consumer will be waiting for more. Therefore, we will need to respond to expectations (...) we will need to develop marketing campaigns to maintain the customers interested in the brand</p>

		<p>and we will have to continually launch new releases.”</p> <p>DM: “(...) with the departure of Menlo Capital, all Musgo Real projects were put on hold because the launches were scheduled to take place in 2022 and were postponed to 2023. (...) we thought about launching products in 2022-2023 and we ended up moving everything to 2023. (...) There was also a change, in the strategy, in the way we communicate, because, given the company's financial constraints, we did not have the budget that was initially forecasted.”</p>
	<p>Increase the distribution network, while respecting the new positioning</p>	<p>JM: “One of the biggest challenges is, without doubt, increasing the distribution network. Our distribution network, when I joined, was expanding, (...) some strategic mistakes were made that later influenced the relationship with some distributors (...) only with a broader distribution we will we achieve a higher volume, and, thereby, be able to improve quantities, margins and investment. It's all related. Therefore, the challenge is exactly that, to increase wholesale sales. (...) Suppliers have high power due to the minimum productions, (...) low quantities are a big challenge.”</p> <p>LC: “We need to make an effort to increase sales and brand awareness, and, consequently, increase the size of the company.”</p>
	<p>High competitive marketplace, with low entry barriers</p>	<p>MM: “There are several competitors that will enter the market, and this can be complicated for us, particularly in the national market. (...) Granado especially, because the CEO of Granado that is responsible for the international expansion was our CEO for some time, during the rebranding process. (...) therefore, it is someone who knows the company and the rebranding well, so they should have more knowledge about the next steps that we will follow.”</p>
	<p>Supply constraints and high</p>	<p>MM: “We don't have enough quantities to be big players. (...) it's one thing to place an order for 50.000 and the factory will dedicate its whole</p>

	<p>competition in online communication</p>	<p>production to produce the candles for me. Another thing is asking our supplier for an order of 1.000. (...) Claus Porto pays higher price because it makes small orders and it's always going to be left behind because of brands that order 20.000 or 30.000 or 50.000 unites. (...) we are in the hands of the supplier in a sort of way. (...) We work with national companies, which is an added value for the brand, even in terms of communication (...) we have a much smaller ecological footprint, for example, when we work with local suppliers, and we help to provide work to locals. (...) Our storytelling is spectacular, but local suppliers have much less production capacity and response speed than a producer in China. (...) it's very romantic to say 'All our packaging is made in Portugal', but we pay three times more because we make it here."</p> <p>MM: "The brand is in the hands of the supplier, for example, (...) when there is a shortage of paper, this actually has happened to us, do you think they will harm Hermès or Claus Porto?"</p> <p>FG: "(...) other problems in our path were the recent lack of stock of pumps to the fragrances in 2023. (...) The fact that we are a niche brand and that we order small quantities is a challenge, (...) it gives us little margin."</p> <p>FC: "We also sell B2B, (...) to distributors and then to multi-brands, and these customers have their own online stores. We have to fight even in the online environment of our own products, even in terms of advertisements. In other words, the product is ours but we have to pay more than the distributors so products appear on our site instead of theirs."</p>
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Table 3: Steps to reposition Musgo Real in the luxury market

Dimension	Category	Relevant Citations
Visual Changes	Defining the visual Identity of both Claus Porto and Musgo Real	<p>MM: “In a first phase, from mid-2015 to the end of 2017, the team took important steps to transform Claus Porto into a luxury niche lifestyle brand.”</p> <p>DM: “One of the first tasks done was the rebranding of the visual identity of Musgo Real.”</p> <p>FG: “The brand visual identity is not standardized. (...) This brings problems, in terms of brand recognition, in all different products the brand identity is not established, many different logos on different products, in the rebranding we changed this.”</p> <p>MM: “The rebranding was done jointly (for Claus Porto and Musgo Real), the product rebranding was not. (...) there is a justification (...) when the Menlo Capital fund arrived there was so much to change that the board preferred to first change what was actually bad and Musgo Real of all the collections was the one that had less problems, and represented a good market share.”</p> <p>LC: “The first phase was the logo. (...) We aimed to have our own stores and therefore we would need to have appropriate retail material, so it was necessary to improve logos, packaging, etc. (...) for both Claus Porto and Musgo Real.”</p> <p>MM: “The visual identity and packaging design of Musgo Real, the men's line, were reformulated by the designer Eduardo Aires. (...) maintaining the brand's overall image and its vintage identity, he modernized the logo, typography, changed</p>

		<p>the colour code slightly and the product appearance. (...) We continue to have a very similar packaging and visual identity, the changes done were small changes, such as the new soap offered in a rope packaging.”</p>
	<p>Eduardo Aires and the new brand identity of Musgo Real</p>	<p>MM: “Claus Porto rebranding and repositioning started in 2015, Eduardo Aires was the designer hired to rebrand Musgo Real.”</p> <p>LC: “(...) the designer Eduardo Aires developed the logo. At the time, he had access to our old books, because he was doing the chronology of the brand at the museum, with me. (...) He started by making the logo, then he made the packaging, proposed the colors which shouldn’t be so classic anymore; in the past there was much more pastel, he tried to make the lines of the brand more appealing for other age groups, (...) He chose the paper and then went on to develop the packaging. (...) he did the projects for the museum, which included the technology showcases (...)”</p> <p>Musgo Real Identity Manual: “As a timeless product, classic and luxury, it would be unlikely a graphical solution that does not value the continuity of past values, adapting shapes, colors and materials for the future.”</p> <p>Musgo Real Identity Manual: The Musgo Real brand logo is developed in a logic of sequence, keeping the same elements, hierarchy and character of the previous visual identity. It is, however, a deep redesign: all the shapes were discarded and replaced by a more contemporary design which tries not only to solve</p>

		<p>composition problems in the previous visual identity, but also to help the brand to appeal to the male target and be more exclusive. Considering the different brand applications, it was necessary to design several different versions for different scales, communication materials and reproduction finishes. Regarding the physical packaging, for example, it requires significant detail in the design and high-quality finishes, and this is not the case in the digital reproduction. (...) The redesign of the Musgo Real crown results from a synthesis of the original crown. It has been simplified, and is now a simpler and more geometric figure, with a more contemporary and masculine design.</p> <p>Musgo Real Identity Manual: The typographic design came from the Muller font, designed by Radomir Tinkov and published by Fontfabric in 2015, in an attempt to adapt the typography present in the old Musgo Real packaging from the 50s/60s of the 20th century. The redesign took on a more expanded character and included logo features used in the old packaging, like weight and curves accentuated letters.</p>
	<p>Balancing heritage and modernity in the rebranding</p>	<p>FG: “The brand’s basic elements are the same since the 20s. Eduardo Aires redesigned the Musgo Real typographic logo. (...) Claus Porto choose to do small changes to not change the history and the heritage inherent to the brand.”</p> <p>FC: “We remain faithful to what has distinguished us for over 100 years. Modern products but with classic characteristics from the past. A modern angle on something that is old.”</p>

		<p>MM: “Musgo Real took an image change and repositioning, but the product itself didn't change, (...) the quality of the product, did not change, the formulas remained the same, that was basically it. (...) At Musgo Real we started the formulations changes in 2022. The project was on standby for a while because we were in that period of uncertainty in the company, (...) the objective was to start work in 2021 but we only started in 2022.”</p>
<p>Strategic Restructuring and Product Development of Claus Porto's Product Portfolio</p>	<p>Reduction and reorganization of Claus Porto's Portfolio</p>	<p>MM: “Claus Porto as a whole reduced its lines. (...) At the end of 2017, Claus Porto reduced its SKUs from 306 to 165, reformulated 65 SKUs (40%), increased the price by more than 20% and more than doubled its lifestyle and fragrance SKUs from 12 to 28.”</p> <p>FG: “The catalog was reorganized, the new collections were defined, within each collection we dropped many lines, in this exercise candidates were chosen to move forward with new products. (...) Then we created a system for the standardization of the various lines that supports the olfactory concept of the collection. (...) we wanted to give depth to each line.”</p> <p>DM: “In Claus Porto, from 2015 onwards, there was indeed an investment in rebranding (...), the portfolio was changed in terms of product offering. (...) The reduction in portfolio allowed the brand to acquire a different image (...).”; LC: “(...) one of the first things that was done was to increase and improve the range of products and increase prices.”</p>
	<p>Refinement and innovation in the Musgo Real Collection</p>	<p>FG: The changes at the Musgo Real collection started at the same time. The packaging of the collection was redesigned, (...) lines were removed and new products with higher quality were</p>

		<p>launched. This was a process lasted for several years, what happened in 2015 and 2016 with the Deco collection (a collection offered by Claus Porto) is happening now with Musgo Real, (...) new and reformulated fragrances are being introduced. (...) Due to the size of Claus Porto, it was not possible to do everything at the same time and quickly.”; MM: “The six lines of Musgo Real were reduced to four.”</p> <p>MM: “Classic scent will always be associated with older people, (...) We considered discontinuing it (...) but as it has been here since 1936, there is a relevant link to the past, and discontinuing it would mean losing our heritage”; FG: “(...) The plan is to keep Classic scent and increase the portfolio.”</p> <p>DM: “In 2019, there was the launch of a new, younger and bolder line, the Black Edition. The launch of the Black Edition is undoubtedly a milestone for the brand's positioning (...); JM: “The best-selling was the classic scent, the second was the Black Edition, which was the one that gave us the motivation to move forward with an increase in EDTs (Eau de Toilette).”; MM: “Before we had colognes and we are currently working with the perfumer Daphne to launch EDT's, because we realized with the launch of the Black Edition, that there was a very interesting opportunity here.”</p>
	<p>Enhancing product formulations through strategic Outsourcing</p>	<p>MM: “Musgo Real is following the movement of the entire brand. (...) If you see what happens today, Claus Porto continues to sell a lot of soap. At Musgo Real, the relevance of soap is a little lower, because are relevant products, aftershaves, shaving oils, etc. (...) The collection is</p>

		<p>growing and expanding, incorporating the perfume category (...) sales distribution across categories is now notable (...)."; JM: "(...) now with the new Eau de toilettes we have a lot of distinctive fragrances, without being commercial. (...) This is also what sets us apart from a premium brand. The type of fragrances we offer are pleasant, people like them, but they are not "mass" fragrances (...)"</p> <p>DM: "(...) the fragrances were improved to achieve a better olfactory performance (...) it was just a technical improvement. There was a slight improvement of the concentrated fragrances as well, (...) in 2017 (in the Musgo Real collection). (...) then an expert from the cosmetic industry started to work with us, (...) there was a match here between Claus Porto, Musgo and Roger Schmid, who was supporting us by giving us consultancy for about 2 years, starting in 2021. (...) Roger gave us advice on market positioning, strategic partners, product review and product improvement. (...) It was Roger who introduced us the perfumer we work with now which is Daphné Bugey and, therefore, he gave us guidelines on how to reposition the brand with distinctive fragrances, boosting formula revisions and improvements. (...) In 2022/2023 there was effectively a change in fragrances and a stronger positioning of the Musgo Real in the fragrance segment. (...) In other words, the fragrances were reformulated by a perfumer and, this time, when I say reformulated they were actually changed from scratch. Taking inspiration from the original fragrances but giving the perfumer the freedom to create and adapt according to the Musgo Real essence, (...) we achieved longer-lasting,</p>
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		<p>more complex fragrances, which allowed us to compete at the level we aim for.”</p> <p>DM: “The perfumery market is very competitive. So, the development of fragrances that are differentiating and at the highest level in perfumery is the priority. The offer is high, therefore, we had to be at the highest level to be able to compete with the other luxury and niche brands.”</p>
	<p>Product development focusing on Sustainability</p>	<p>FC: “Now the focus relies much on sustainability, for example packaging sustainability, (...) materials with the environment in mind. (...) Sustainability requires efforts to change various product components. The pace of change regarding what is acceptable by the market is increasingly fast. (...) Be aware of trends, transparency of product sources, etc. (...) Those that don’t do this will no longer stand out.”</p> <p>DM: “We are now working with local partners to develop formulas. We developed Alto Mar in partnership with a Portuguese company here in the Ílhavo area, which carries out algae aquaculture here in our country. The extract is also prepared in Portugal and the manufacturing is also done here by us, at Ach.Brito, (...) we have a very small, very local distribution chain, which reduces the carbon footprint and favors the development of local partners. (...) There was one problem related to sustainability that we had, the Musgo Real, packaging wasn’t environmentally friendly, so it was completely revised. The papers are Forest Stewardship Council (FSC) certified (...) we developed a soap packaging system without glue or varnishes, making it 100% recyclable”</p>

		<p>DM: All consumers, men and women, are concerned about having a sustainable packaging that allows refilling, that can be reused, and formulas that are as effective as possible, without waste, without empty spaces, without expendable water content. (...) Therefore, solid formulas will always be a trend for our brand and skin care is a bet for the future.”</p>
<p>Commercial Strategy, Distribution and Own Retail</p>	<p>Selective distribution for aluxury brand repositioning</p>	<p>MM: “In the present, Claus Porto has a selective distribution, because brand elevation demands this. It is another thing that needs to be done when you are elevating the brand. You can't claim to be a luxury brand and then be at the drugstore on the corner. (...) The new strategy of Musgo Real follows the Claus Porto strategy. (...) I worked with the designer and with the creative director at the time to build a system that could then be replicated in the various points of sale, so that in any point of sale, regardless of whether you are in the US, France or England, you can find the product exposed in exactly the same an ensure a common language is used.”</p> <p>JM: “Due to the repositioning and rebranding, the previous distribution had to be completely abandoned, because our old partners, all of them, had a positioning different from the new brand positioning (...) we had to create an entirely new distribution network, so that it was compatible with the new price and product positioning that we were designing. Our focus has been on negotiating with specific grooming partners with more capabilities than us.”; MM: “We voluntarily reduced distribution. Our team reviewed all the contracts with distributors in Portugal and around the world, and terminated most of</p>

them. (...) I remember we had contact with Merci Paris but they work like a large department store and you can't have the brand there because otherwise Galleries Lafayette, for example, wouldn't want you, because you're in a place that is exactly the opposite of what they want to be (...) to secure some points of sale we needed to cut others. (...) The brand had to be exclusive and only available in the right places. Another example is that it was common to find barbershops selling Musgo Real and what was done was to remove or choose some very selected partners."

JM: "We are a niche brand in terms of positioning and product availability, (...) we don't have mass products; you won't find Musgo Real in all stores, therefore, this means that you are in a niche market that targets a very specific type of customer. (...) In normal situations we have some selection criteria for certain markets. For example, we are not going to sell our product in Mali because we know that the purchasing capacity for the product will be very small. (...) we don't want to be mass marketed and present in all markets, but we need to have a minimum presence, (...) we end up going to highly industrialized or developing markets. Opening a boutique in Luanda, Angola, would make sense if we had an appropriate effort-benefit ratio. (...) we chose to go to the US market, to invest in European countries and Eastern countries that have been growing because they have a high purchasing power as a result of the rapid development they are experiencing. Asia is also a great option, because it also has a very high purchasing capacity, the Middle East, also for the same reason. (...)

		<p>in a lesser extent, South America.”; Claus Porto Formation Manual: “Claus Porto can be found in luxury stores, large warehouses and retail chains in about 50 countries from the US to Japan, through China, Australia, France, UK, Mexico, South Korea, Germany, Austria, Switzerland and Russia.”</p>
	<p>Discount management as a Luxury Brand</p>	<p>MM: “We only do discounts on Black Friday. Luxury brands should not make discounts. 2022 was a complicated year and that's why it was necessary to do discounts. It was worth it because we had the best Black Friday ever (...) We only applied discounts to selected products, not the entire brand.”; JM: “Our policy is to never use discounts, because a luxury brand should never make discounts. The only exception is Black Friday and gift with purchase (GWP)”</p> <p>LC: “Our discount policy is based on offering gift with purchases (GWP), Black Friday and 20% off for first customers in the website”; FC: “On the website we have a welcome discount of 20% in the first order, to encourage customers to provide their details and stay registered in the customer base, (...) it is the source with the highest conversion percentage. (...) For this year, 2024 this strategy continues but will be reevaluated. (...) for the rest only Black Friday discounts.”</p>
	<p>Expanding Claus Porto’s presence through strategic store openings</p>	<p>MM: “The presence in the country of origin had to be well thought out and executed. To gain a strong position in the country, the former board decided to open its own stores. (...) One of the missions was to improve and prepare the brand for the creation of its own stores. It was necessary to train teams, prepare store operating manuals, in other words, all of the processes that involved retail that did</p>

not exist. (...) the idea was not only to open points of sale in Portugal, but also points of sale abroad, which later happened. (...) The company did not have qualified staff and also did not have the necessary structures and materials to operate either in its own stores or with partners. For example, there was no brand communication system at the point of sale (...) we didn't even have rules regarding how the way the products should be displayed at the point of sale, we just sent the products to the distributors and the products would be displayed in the point of sale without any type of pre-defined organization."

MM: "The first Claus Porto store was opened in September 2016, in Rua da Misericórdia, Chiado, in the center of Lisbon. (...) In June 2017, Claus Porto opened a flagship store in Porto's main shopping street, Rua das Flores, with a museum that tells the history of the brands Ach.brito and Claus Porto."; **LC:** "During the rebranding we opened the Lisbon store in 2016, and we immediately started doing retail protocols (...)"

MM: "We intended to open our stores in other parts of the world, but that ended up being a big challenge. (...) international expansion of own retail was difficult, (...) we opened the New York store in 2018, (...) it was a bumpy year, we were not happy with the timing. (...) I don't classify it as a failure because it gave us visibility, it won 12 design awards, and we were considered one of the 10 most beautiful stores in the world in 2018, which gave us a lot of exposure. (...) Operationalization was not easy due to several factors, such as geographical distance, low brand

		<p>awareness on a high competitive street, a street with all the big players around, staff was a big challenge, as one of the things that makes all the difference in a luxury brand is the service; you have to hire the right sales staff to provide the desired level of service and this didn't happen. And then of course the Pandemic. (...) sealed its fate."</p> <p>LC: "Distributors became much more curious about the brand after the rebranding and even more so when we opened the Porto store, because opening that store was an investment very different from the Lisbon store, (...) It's a whole building with a museum in it. The story started to be told in another way."</p> <p>JM: "In Claus Porto the company's own stores represent 45% or 40% of global sales."</p>
<p>E-Commerce Strategy</p>	<p>Building a robust online Presence</p>	<p>FC: "The website was created by the Menlo Capital Investment Group due to their focus on own retail, online and physical, (...) opening physical and online stores was the objective, (...) 2016 was the date of the first Lisbon store and also the online store."; MM: "The brand has had its own website since 2016, the website was relaunched in 2020 in the middle of the pandemic after some improvements."</p> <p>FC: "In general, the website started quite timidly, but then it had a growth of 10% per year, reaching the year 2020 with a growth exceeding 100%, due to the lockdown, (...) we had an exponential growth due to the pandemic. (...) In the following year online sales grew 10% over the best year ever."</p>

		<p>MM: “The perception of luxury in an online environment is passed through the simplicity of the website, photographs, with the creation of specific landing pages to support product launches and through the use of the simple, high-quality text.”;</p> <p>FC: “What distinguishes our online channel is the quality, simplicity and elegance of the images used in the website, in other words, we have a simple structure, (...) simplicity is luxury. The few contents we have are high in quality, (...) we try to have cross-style image consistency, ensuring that customers can easily identify the brand in any page of the website, (...) the Claus Porto language, quality of content and presentation when we show each of the products, (...) being able to justify the added value of the product in the online store, (...) in the online channels we don't have the smells or the physical product, so we should support their quality based on the content and details.”</p>
	<p>Post-pandemic decline and future growth objective</p>	<p>FC: “In 2022-2023, we started to see the post-pandemic effects (...) digital starts to decline. In 2023 the decrease is due to a change in the commercial policy, (...) we stopped running campaigns apart from Black Friday resulting in less revenue attributed to the online channels. (...) The objective for 2024 is to grow and reverse the direction that our online store is taking. The growth forecast for the online channel is expected to be between 7% to 10% in 2024. The goal has to be realistic.”</p>
<p>Communication Strategy: Enhancing Brand Image and Consumer Engagement</p>	<p>Communication initiatives to appeal to a broader target</p>	<p>LC: “Claus Porto’s marketing strategy is the same since the rebranding, (...) we have tried to adopt a sustainable stance due to the current situation, we are aware of our limitations, (...) lately we have been focusing on sustainable and artisanal with connections to our history. (...) the company uses social media, newsletters,</p>

	<p>online ads, and magazines to promote the brand.”; DM: “(...) in the past, Claus Porto’s products were promoted through the distributors.”</p> <p>LC: “The rebranding and repositioning were communicated through press releases and social media, but the opening of the Porto store generated more excitement in the media, because that it was a key milestone for the brand, (...) we held a huge event at the store, invited journalists from all over the world, (...) we organized various events in the city which required a big investment also.”</p> <p>MM: “We have opted for new photographic campaigns, because Musgo Real had never had one year like we had this year (referring to 2023).” There was no storytelling in Musgo Real, the story that was told was that it was created in 1936 but there were no micro narratives associated with each fragrance. (...) Now storytelling is being reinforced.”</p> <p>FC: “Our target is a customer who likes tradition, values culture, arts, heritage, a well-travelled person, (...) who likes to discover and try new products.”; FG: “(...) different product lines cover other audiences. Musgo Real is for people, who don't like banal things.”; LC: “The brand is positioned as luxury, (...) we (Claus Porto) want to reach the 25 to 50 men age group, (...) to be a lifestyle brand, (...) obviously try to attain some younger audience, too.”; FC: “In terms of investment strategy in digital we always look for men between 24 to 55 years old, (...) the most interesting group for us is between 30 to 40 years old, (...) men interested in traveling and culture, (...)”</p>
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		<p>DM: “At this moment, we want Musgo Real to appeal to men in general, so we developed younger fragrances, a bolder image, an image campaign in line with this, youthfulness.”</p>
	<p>Heritage/Storytelling as a tool in Product Communication</p>	<p>MM: “Storytelling is fundamental, (...) to ensure we acquire a luxury image and give the brand an exclusive aura (...) stories should also help to build closer relation with the heritage (...) when I was writing the story of the Alto Mar, Puro Sangue line or even 1887, it had a lot to do with this previously existing heritage. (...) There was no storytelling in Musgo Real, the story that was told was that it was created in 1936 (...) Now there is a reinforced storytelling. (...) The heritage of the brand is crucial (...) you never communicate the brand without mentioning our history.”;</p> <p>LC: “In our way of communicating, we always use storytelling.”</p> <p>FC: “We try to communicate in an emotional and inspirational way. At the product level, the most technical focus is in the fragrance, (...) we have to explain the mood the product induces. (...) We use images with history, to show our brand identity. (...) The entire website demonstrates the heritage so to speak.”</p> <p>DM: “The brand heritage is effectively part of the brand DNA, being an inspiration for the development of fragrances and the storytelling that supports them.”</p> <p>LC: “A person was hired to analyze the entire history of Ach.Brito and Claus Porto, her name is Sónia Couto. She carried out a study and an inventory of everything that happened with the brand since the beginning. Actually, it was through Sonia’s</p>

		<p>work that we found several interesting things. After learning about the true history of the brand we could tell it to the public, (...) that's how the museum was born. (...) 130 years of history is a lot and people are not alive to tell it, therefore, we would only be able to tell the real story through the museum (...)"</p>
	<p>Leveraging Earned Media and Organic Growth</p>	<p>MM: "The brand's current way of communicating is through social networks, such as Instagram and Facebook, newsletters, partnerships and press kits. (...) We do not do paid advertisements. Magazines talk about the brand organically."</p>
<p>Consumer brand perceptions after the repositioning</p>	<p>Pricing Dynamics and Perceived Value of the Luxury Positioning</p>	<p>MM: "We tried to maintain the quality of the products, maintain some features of the brand, but we inevitably alienated consumers once the prices increased. Even today, customers say that the brand has increased its price, and things like 'I used to buy this brand for x and now it is unaffordable'. (...) "Some consumers still don't understand. (...) There are still many consumers who accuse us of being too expensive, (...) it's curious that foreigners react well, the Portuguese don't, perhaps because they are used to lower prices. As the purchasing power of the Portuguese has not kept up with this rise in prices, they are the first to point the finger at us."; LC: "The rebranding and repositioning was seen as an improvement, customers who were already consuming were notified of the improvements, obviously prices went up, but the quality followed. (...) The Portuguese complain about prices and say we are too expensive. (...) Few people are aware of what a positioning is and sometimes don't understand the prices and value of the brand."; JM: In our own stores about 85% of our customers are tourists."</p>

JM: “The price is already in the luxury segment, but the market's perception still needs improvements, probably due to the previous positioning, (...) they think we are expensive, (...) we need to invest in marketing and communication to increase our brand awareness. The new customer has a good perception of the brand, but is prone to comparisons. For those customers who already knew Musgo Real, the transition is more difficult.”

JM: “(...) When we made the transition from colognes to Eau de Toilettes (EDT) we went from 68 euros in the case of colognes to 95 euros for EDT's and sales didn't drop, people embraced the price increase, they saw that the product was better.”

FC: “I maintain contact with customers and they perceive us as luxury. (...) I realized this by contacting customer support via email.”

MM: “We have a low brand awareness (...) we are not yet at a level that allows you to increase the price drastically. At Claus Porto we still do not have the necessary brand awareness to venture into having the product at such a high price.”; **JM:** “We are still at that stage where our products are not as expensive as our competitors or as those practiced by the ones we want to be compared to, but they are already well above what is the price that the typical customer expects. Consequently, we are still at that stage where a price increase can have a negative influence on the purchase. (...) because our brand awareness is not yet strong enough so that we can charge the prices we want and we don't even know how to do it. Therefore, the investment that

		<p>we have to make, above all, is in marketing and communication, making the brand stand out, making people aware about the brand, and then sales will follow.”</p> <p>MM: “(...) with the entrance of the fund there was a historian, Sónia Couto, who came to clarify the history of the brand and she was here working for a long time and discovering relevant facts about the history.”</p>
	<p>Customer feedback related to the Repositioning</p>	<p>MM: “Overall, consumers seem satisfied with repositioning of Musgo Real, as reflected in the sales. (...) The regular consumer felt an upgrade, but there was nostalgia for some discontinued products.”</p> <p>JM: “Distributors give positive feedback apart from certain products that need improvement, our stores also have positive feedback.”</p> <p>FC: “I handle customer complaints and manage the Claus Porto online channel. There were no significant customer feedbacks on price increases (...) Most concerns were about high transport costs and product discontinuation. When a brand is truly luxury, the customer won't say it's expensive, it's luxury.”</p> <p>JM: “In terms of sales, from 2015 to now, sales have practically doubled. Having in mind that in 2015, we had three brands. Claus Porto, Ach.brito and Confiança. This last one was sold in 2019. Therefore, since 2020, this turnover has been solely based on Ach.brito, Claus Porto and the private label.”</p> <p>FC: “The customers have a good perception about Claus Porto, (...) customers see us as a luxury, but more as a</p>

		gift product rather than a daily routine product. Then Musgo Real becomes interesting as it is the brand with the greatest potential in terms of customer loyalty.”
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Table 4: Other valuable information taken from the Interviews

Dimension	Category	Relevant Citations
Interviewees personal opinions	Distinction between premium and luxury brands	<p>MM: “Quality itself cannot justify this distinction. What luxury has the most is “allure” (aura); what makes a brand a luxury brand is the design, history, craftsmanship and rarity. (...) It's the aura that surrounds the brand, which is made up of many things, it's not just quality, you get the quality by improving the materials. (...) For example, you have spectacular shoes and wallets being made in Santa Maria da Feira or São João da Madeira, they are beautiful, but you look at them and say, this is not a luxury. It's not the quality, because it's good. These are shoes that last a lifetime, but they aren't luxury products. Luxury is not just quality, it is design, it's the story behind the products. It's mastery, it's “allure”. (...) but why so expensive? Because there is a whole story, a whole mystique, there is a whole aura around that brand, the rarity and something else. Manual production is relevant (...) the way the product produced. If a product is mass produced, it's never that luxurious, because rarity makes an item become a luxury item.”</p> <p>LC: “(...) for me, luxury is the inaccessible, both in value and availability.”</p> <p>JM: “Premium brands and luxury brands differ because of the difficulty of acquiring the product and due to their availability, in the case of luxury. (...) It has to do with more than price and quality, it has to do with the desire and ability to acquire, related to availability, (...) we aspire to have, (...)”</p>

		<p>Tissot versus a Rolex watch, (...) Tissot you can buy, Rolex you aspire to buy, (...) luxury environment is different.”</p> <p>DM: “For me, a luxury brand is a brand that has to be impeccable in terms of quality, (...) with a different image, (...) it’s on a higher level, with selected advertising, it is not everywhere and has a more selective strategy.”</p>
	<p>Lessons learned with the repositioning and rebranding</p>	<p>MM: “The main lesson is to value the unique identity of the brand and to tell our story ourselves, making our story known to the consumer. We do not bow down to financial interests, (...) for example, making bags in China, we do not make that mistake. (...) this would lessen our products, (...) we need to stay loyal to the brand and to what it represents.”</p> <p>LC: “Everything can be achieved with time, dedication and good planning. (...) It’s important to invest in teams.”</p> <p>FC: “I can currently understand the need to reposition, (...) it was essential to take advantage of the value of this brand, the Classic scent and Musgo Real were very important. (...) Looking back, it would be impossible to think of a universe in which we would not rebrand and expand the brand.”</p>