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MKTG 550

Grand Seiko Case

Part I: Case Summary

Grand Seiko is a luxury watch brand owned by Seiko Group Corporation, a firm with a long and rich history. The Grand Seiko brand was launched in 1960; however, the parent company was founded nearly 80 years prior. The Japanese company began selling and servicing Western clocks and eventually began producing clocks themselves. They later entered the wristwatch market under several brand names but landed on the Seiko brand in 1924. 26 years after the first Seiko, the firm launched their Grand Seiko brand.

The first Grand Seiko product in 1960 used a mechanical movement that met the strict standards typically met by Swiss and other European companies. Around a decade following the launch, the watch industry was disrupted by the invention of the quartz movement. Heavily popularized by Seiko themselves, quartz watches offered more accurate timekeeping for a much lower price point. It wasn't long before quartz watches had most of the market. Grand Seiko has since released mechanical, quartz, and hybrid models. They excel at accuracy, which is its primary competitive advantage and were consumed by watch aficionados. Grand Seiko had their international launch in 2010. It was line priced with entry level Rolex SKUs. Distribution was a challenge at first, being a lesser-known brand. They later shuttered distribution points that carried Seiko and Grannd Seiko brands. Recently, they opened Grand Seiko boutiques and a club (GS9 Club) to hold events. This created a sense of community among customers. Recent successful products include a cherry blossom themed watch and the Kodo, which was ultra-precise and at an extremely high price point.

Part II: Problems/Opportunities

Grand Seiko is faced with several problems and opportunities. Some of these problems are specific to Grand Seiko, but many are problems being faced by the entire watchmaking industry. These include technology-enabled disruptors, brand image issues, and opportunities to expand to broader markets.

Smartwatches offer many more features than traditional watches with even more accuracy. Quartz watches offer much greater precision than mechanical watches at extremely affordable prices. Most people carry a phone with them all the time, which provides a time more accurate than quartz watches. Consumers therefore have little functional reason to purchase a watch. The category has shifted away from being a functional tool towards being a personal statement, whether it is a bold fashion watch or status symbol luxury watch. This shift has happened twice now: the first with the quartz crisis, which led to consolidation of major players. Now, smartwatches pose a similar existential threat to the watch industry. Both disruptions lead to many brands moving upmarket. The loss of functional need has created an identity crisis for brands, who sometimes struggle to find their lane and provide reasons for customers to purchase.

Their international launch showed that Western consumers associated the brand with the Seiko brand. This led to confusion and likely still lingers to this day. They even had to cut ties with most retailers that carried both the Seiko and Grand Seiko brands, fueling the confusion for consumers. The product design's usage of the word "Seiko" did not help.

One opportunity mentioned in the case is the capacity to expand into markets beyond watch collectors. This new market would, based on current consumers, be primarily younger and less focused on that status that comes with Rolex or Omega. An appreciation of Grand Seiko's precision should remain in focus, as it is their main differentiator to date.

Part III: Marketing Alternatives

Note: The following recommendations are for the United States/Western market due to lack of personal knowledge of the Japanese consumer preferences and information about the Japanese/Asian modern watch market.

One marketing alternative is a **total rebrand**, leading to dramatic changes to the product design. The specific components that could be changed include the brand name (Grand Seiko, which is presented on the watch face), primary logo (a "GS" found above the brand name on the watch face), secondary logo (a lion emblem found on the back of some Grand Seiko watches), and other design standards for the brand (fonts used, colors embraced, etc). This marketing alternative would be bold and admittedly risky. However, they could pull it off. The brand has 65 years of history, which, while respectable, pales in comparison to the more senior luxury watch brands which has existed since the 19^{th} century. Cartier, Rolex, and Omega have had more-or-less the same visual branding for over 100 years. Their international debut was in 2010. Functionally, the brand has only existed for Western consumers for 15 years which puts it in it's infancy compared to other watch brands. The Grand Seiko brand has struggled to achieve similar financial success of the European luxury brands.

Overall, the goal of the rebrand would be to embrace the brand's rich Japanese heritage. Heritage is a common organizational intangible asset for luxury goods. The brand, and parent company in general, has relied on chasing European trends and aesthetics in the past. The case mentions that their first dress watch was named after a French word. Although they incorporate Japanese culture and aesthetics, they could lean in more.

Two of their recent successes have been a cherry blossom inspired watch and a limited edition Kodo watch. Both releases allude to Japanese culture, both broadly and watchmaking. Cherry blossoms are one of the more iconic symbols of Japanese culture, at least in the eyes of a Western audience. The Kodo watch boasted ultra-high accuracy, alluding to the Japanese (and Seiko Group Corporation) legacy of accuracy in their produced timepieces. The company could lean in even more.

The brand name under this rebrand should invoke the company's history. Strong contenders could include "Kintaro" or "Seikosha". Both names invoke heritage, which seems to be valued in the luxury world by consumers. The two names are also Japanese words, further cementing a shift towards embracing Japan's unique culture. "Kintaro" would be a reference that would need to be explained, but lore can be important in luxury. It creates a "if you know, you know" effect that draws consumers to the brand. "Seikosha" would likely be a safer name, given it includes the word Seiko in it. As for logos, the company could draw inspiration once again from their past. A design inspired by the clocktower in Kintaro's town or simply the brand name written in Japanese characters would provide a stark contrast to their European competitors.

Other branding changes could reinforce this embrace of Japanese heritage and culture. The text on each watch, from the brand name to the specs on the back of the watch, could be written in kanji (Japanese characters). The brand could use quartz as a material for the exterior of the watch (an homage to the company's major contribution to the watchmaking world). They could use colors and styles tied directly to Japanese culture and art.

This has one more potential benefit: the ability to bring back the current Grand Seiko brand for special editions. Watch collectors and consumers might find a greater appreciation for the current brand in a few years, driven by nostalgia. Rebrands, especially for more historic brands who do it carefully, often provide solid earned media for the brand.

It is worth addressing the case's proposal of potentially using their Credor brand. In my opinion, this would be misguided. Credor is a luxury dress watch brand, which is a category that is less likely to appeal to younger consumers who might be buying their first luxury watch. A luxury watch, dress or not, is now more than appropriate for formal events. The alternative to a luxury watch is typically no watch or a smart watch (or maybe a bold, often colorful, fashion watch). This leaves less room for the more refined and often more subtle dress watch category. The functional aspects of a watch are nearly entirely irrelevant at this point. Wearing a $8,000 dive watch is more than appropriate for an upscale event. Nobody at the cocktail party will think you are about to scuba.

A second marketing alternative is to **re-evaluate and re-vamp partnerships**. This is an area that the case did not mention much besides the boost the brand received from being a timekeeping sponsor of the 1964 Tokyo Olympics. Partnerships can shape brand identity due to associations with other brands, especially in the watch market. Their peers, namely Omega and Rolex, excel at this. Rolex's partnerships with tennis Grand Slams, The Masters, iconic athletes, and other higher-class institutions shape the brand's prestigious image. Omega's relationship with the James Bond franchise as well as NASA and the

Olympics instill their image as a brand for those who love adventure. Grand Seiko's partnerships seem to be lacking in comparison. Among other things, the right partnerships have the power to build brand community, energize the brand, and maintain brand relevance.

Partnerships for Grand Seiko should reflect their desired brand image and draw their target customer. The case mentions that the brand has resonated with younger generations who might not be into the status symbols of Omega and Rolex. Their success with the tech community echoes this. The case refers to these customers as "geeky" and "younger". This clientele would be a good fit for a micro-influencer strategy. The brand could partner with small to medium sized content creators or public figures (artists, entrepreneurs, musicians, filmmakers, etc. People too small to be on the radar of Rolex or Omega but have thousands of eyes on them.). This approach would familiarize younger audiences who are involved in niche-subcultures who are adjacent to Grand Seiko's customer base. Broadly speaking, subcultures that are at that intersection between artisan craftsmanship and cutting-edge technology.

One specific strategy could be to gift custom engraved watches for public accomplishments (often a reason why a modern consumer would purchase a wristwatch). This could be anything from an IPO for a tech founder to the launch of an art gallery for an up-and-coming artist. A free product could go a long way in terms of visibility. And if the recipient decides to sell it, it will be a one-of-one item that builds hype in various niche communities. This would be affordable and could also remind or educate younger customers on reasons why people have historically purchased watches (accomplishments, life events, celebrations, etc).

Another potential partnership strategy could be to lean into the rise of anime. Anime is one of the most popular genres of content and is becoming increasingly popular among Western audiences, thanks in part to streaming. The obvious connection between anime and Grand Seiko is that they are both icons of Japanese culture. However, the connection is deeper than that. Both anime and GS sit at that aforementioned intersection of art and technology.

The third marketing alternative is to **undergo massive SKU rationalization.** 200 SKUs is far too many. Although Limited Time Only SKUs create hype and build awareness, the brand should have a core assortment (around 5 standard models). Having fewer models is a great way to establish associations consumers have with the brand. Once the brand has a couple of iconic models, they can tweak and deviate from there. The names should invoke the brand and need not follow the standard (confusing for outsiders) naming conventions. The common playbook is to have a couple standout models that fit in the following categories: GMT, Dive, Chronograph, Aviation, etc. The brand can lean on those classic functions but should not be afraid to innovate, especially if they are seeking the "non-watch aficionado" market. Even experimenting with more modern functions for office work (most people who buy dive watches are likely not diving). The brand, in my opinion, leans too heavily on European watchmaking traditions. They should be more adventurous and less afraid to separate from the pack. It is what their target customer likely wants and what could draw customers towards them.