

Lapping up luxury

Roderick White examines some of the trends in luxury, and identifies the role of branding in successful luxury marketing

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THE CONCEPT OF luxury is as old as trade itself. Indeed, one of the theories about the origin of trade is that it began with the giving of prestige and valuable presents between rulers in early societies. So, maybe it is older.

For economists, luxuries can be identified - broadly - as products or services with a high income elasticity: demand for them rises as incomes rise. More conceptually, luxuries are defined in dictionaries as 'inessential, but conducive to pleasure and comfort' - a definition that allows the full range, from 'life's little luxuries' to really conspicuous opulence.

Wealth

Luxury has always, in fact, been associated with wealth, and the more extreme the wealth, the greater, by and large, the luxury. If someone 'has everything' it is well recognised that it is hard to find anything to give them.

And, as wealth in the industrialised world (and among at least the upper echelons of society in the less-developed world) has grown, more and more of us can afford, or at least reasonably aspire to, possessions and experiences that were once the exclusive preserve of the super-rich or the super-powerful (usually the same thing).

Meanwhile, the wealth of the super-rich has in recent years risen to such astronomical heights that it requires great creativity to devise products or services that can realistically tempt them: the difficulty is well illustrated by websites such as www.luxuries4millionaire.com which has some difficulty in distinguishing between millionaire-level luxuries and something a good deal more ordinary.

All of this raises a complex series of problems for those tasked with selling luxuries. What were once truly luxuries have often become 'mass luxuries' - quite expensive, but readily accessible to a substantial proportion (albeit still usually a minority) of a given population. Do you go with the flow, and gratefully accept that you can now sell in greater volume than ever before? Or do you worry that your carefully nurtured place way up the status pecking order is being eroded - as has happened, for example, to Burberry, at least in the UK?

Is it any more a sensible strategy to extend your luxury brand's geographical reach in order to skim off the frothy wealth that surfaces all over the world in pockets of varying depth but uniform affluence? As millionaires become two-a-penny, do you raise your sights and confine your efforts to billionaires? Can you restructure

your brand so that it comes in different grades, each suitable to a carefully delineated scale of indulgence?

Sooner or later, any marketer faced with problems like these turns to Maslow and his hierarchy of needs. If we look at the top of the 'triangle', beyond the status symbols that exercised us in the latter half of the 19th century, we see a category of needs labelled 'self-actualisation' (or some such). Is this a clue?

Experience

Certainly, if you read the (quite limited) literature on luxury marketing, one clear trend within it is the shift from 'luxury product' to 'luxury experience': the recognition that if you no longer have any real need to spend money on fantastically expensive goods, however they have been refined and refurbished, it may be possible to separate you from your money by offering you ever-more-exotic (or outre, or louche, or extreme - whatever takes your fancy) processes and experiences.

At its simplest, this may merely be the retail solution: making the sheer business of buying anything so pleasurable that the whole exercise provides its own justification - the 'pleasure and comfort' of the dictionary definition. At its wildest, it may lead to the sort of decadent debauchery exemplified by Des Esseintes in Huysman's *A Rebours (Against Nature)*, to take just one excellent, if obscure, example from literature.

This, of course, does make a key point. These days, the creation and marketing of genuine, high-end luxury is, increasingly, a work of imagination, in which the marketer has to deploy a wide variety of wiles to titillate the potential luxury buyer's progressively more jaded palate.

But this is clearly not the only strategy open to the purveyor of high-quality and expensive goods or services. As has been hinted at earlier, the ability to pay what may appear unnecessarily high prices to get something that has a suitably powerful aura or cachet is no longer confined to the super-rich. There is a huge market out there that can be lured into paying a little more for what is perceived as superior, exclusive, rare, special.

The role of branding

This, arguably, is where ambitious brand marketers should be playing, because brands, if they are about anything in this field, are about justifying and supporting the decision to spend that little bit more for what may actually be a fairly routine purchase. ▶

In the US, the Pew Research Center (I) has for many years asked a sample of Americans about the luxury or necessity status of a range of consumer durables and related services. Over the years, there has been an inexorable trend towards 'necessity' status for all the items covered by the survey. However, when you consider each of these products, in each of the markets, there are, clearly, several strata, ranging from the economy model at one end to the luxury version at the other. Typically, the luxury segment is relatively small in volume, but very significantly more highly priced than the average. And, very often, it is a growing segment.

It is here that a combination of quality (of materials, manufacture), design and branding enables buyers to satisfy their desire for something that is both exclusive and looks it - and (perhaps ever-so-discreetly) says it. And it is here that branding can provide the leverage to make satisfying them a commercial prospect.

These days, too, there are added tricks you can play with branding in this area. The upsurge in the marketability of social responsibility clearly carries great possibilities at the luxury end of many markets. That is why - for example - organic foods have managed to obtain massive price premiums over their more industrial equivalents. It's the combination of an ethos that happens to be attractive for a range of more or less practical reasons with an experience that may (arguably) be superior that justifies the cost. Indeed, while the actual eating experience may not be in any obvious way superior, the experiential reward for making the purchase in the first place, and thus contributing - maybe - to saving either the planet or, simply, your family, makes up the difference.

It may be stretching things slightly to describe the satisfaction of being holier-than-thou as a luxury, but in a world in which moral codes have tended to lose their potency it certainly looks a bit like it.

Room for luxury

It is tempting - and probably right - to conclude from all this that there is scope for luxury brands in almost every market category. Indeed, in most markets luxury brands, in the sort of sense outlined, actually exist. They do not always do enough to truly justify their ambitious positioning, in which case they languish as expensive minority offerings with no real future.

But it rarely takes more than a little imagination to begin to stake out a possible luxury positioning in a given market. In fact, it would make a good marketers' parlour game...

And, as a counter to the 'everyone is comparing prices on the internet' school of thought, it certainly has an appeal.

All it needs, arguably, is a bit of genuine entrepreneurship, allied to a real commitment to luxury values. •

1. *Luxury or necessity? Things we can't live without: the list has grown in the past decade.* Pew Research Center, 2006.



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Communicating luxury to the masses

Using the fast-growing, affluent masses of India as an example, Shaziya Khan, vice president and strategic planning director at JWT, addresses the paradox of how to market 'exclusive', luxury brands (seen to be used only by a few) to mass markets, without losing their prestige and elite image.

Shaziya Khan, *Admap* 474, July/August 2006

Luxury cars: different and purchased differently

Craig Kleber, planning director at Y&R and Wunderman in Irvine, California, discusses the issues involved in the question 'How do wealthier people buy luxury cars?' He concludes that traditional buying models are inadequate, and that tailored approaches are required for different people and different brands.

Craig Kleber, *Admap* 472, May 2006

Luxury brands: setting the record straight

Pamela Danziger, founder of Unity Marketing, reports on research into the factors that influence purchasing of luxury brands. Surprisingly this indicates that the brand name is not the key influence for many purchases. Danziger then goes on to explore the role of branding in luxury marketing, and the challenges it faces.

Pamela Danziger, *Admap* 453, September 2004

Trading up: the democratisation of luxury

What academics have been calling 'the democratisation of luxury' represents a profound shift in consumer behaviour that is going to fundamentally affect the way brands in certain categories are marketed. Diageo's Syl Saller describes how she sees the trends that give the drinks business the opportunity to build both margin and brand equity.

Syl Saller, *Market Leader* 25, Summer 2004

Steaming ahead with Orient-Express.com

Describes how Orient-Express (from 2001) successfully used the internet to promote luxury travel, how the site was built, and used as a portal for relevant luxury hotels, with easy booking facilities. Conventional advertising has been made 'redundant', so the cost of customer acquisition is much lower. Ten golden rules for creating and capturing value online are listed.

Peter Matthews and Brian Tickle, *Market Leader* 25, Summer 2004