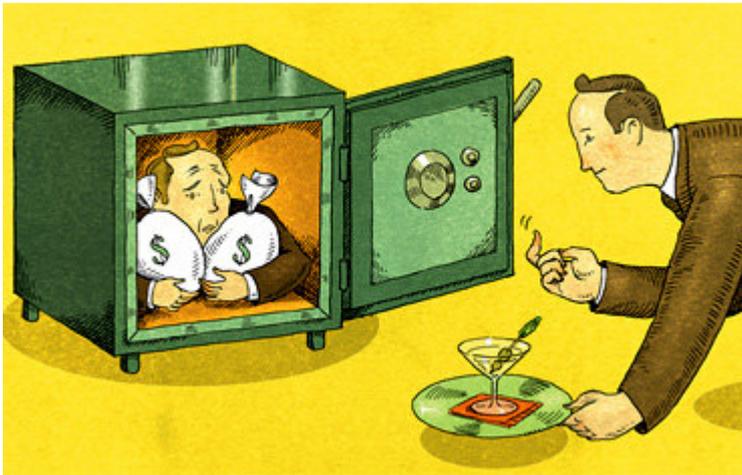


How to Sell Luxury To Penny - Pinchers

Burt Helm



Nowadays, even affluent Americans are thinking twice before hitting the mall. A recent Gallup survey showed that 49% of people making \$90,000 or more a year rated economic conditions as "poor," a 23-point increase since early September.

That has companies scrambling to tweak their marketing messages. Forget the usual talk of indulgent luxury. Instead, companies from General Electric (GE) to Lexus (TM) are employing sober, left-brain pitches—special deals, useful features, long-term savings. "There are plenty of high-end brands that sell themselves on the 'I-buy-it-because-I-can' idea," says Hayes Roth of brand consultant Landor. "They'll have to temper that."

Imagine trying to sell half an ounce of anti-aging eye cream for \$145 a pop. That's the challenge facing La Prairie, the luxury Swiss skin-care company. Paul Wilmot, who handles public relations for La Prairie and other tony brands, has been pitching the editors of fashion and beauty magazines in the hopes of working the luxe potion into the gift guides that appear in December issues. His spin: The cream contains ingredients usually available only in pricey prescription ointments. "No one wants to look like an idiot who just bought something because it's expensive," says Wilmot. "So La Prairie makes an intellectual case."

Last month, GE began selling its new Profile washer-and-dryer set, which costs a very plush \$3,500. The ads feature the stylish machines in eye-catching cherry red, an appeal to what GE marketer Paul Klein calls the style-conscious "iPhone (AAPL) consumer." But the ads focus more on down-to-earth practicality—specifically, technology that doles out the optimal amount of soap and water per load. "We know electricity costs are going up," says Klein. "And we know water scarcity is a problem." GE is also encouraging retailers to explain how the machines will save customers money by being gentle on their clothes, extending the life of their garments.

"TIME TO BE MORE RATIONAL"

For years, Toyota Motor's (TM) luxury brand has run pre-Christmas "December to Remember" commercials featuring a loving spouse giving his or her significant other a new Lexus wrapped in a big red bow. The company assumes there are still enough people out there with sufficient loot to put such pricey baubles under the tree, so you will see those ads this year, too. But Lexus is also hedging its bets. In mid-September it began running ads with the tagline "Lowest Cost of Ownership." That's a reference to Lexus' decent fuel economy, durability, and resale value. "It's definitely a time to be more rational," says Dave Nordstrom, Lexus' North American marketing chief.

A couple of years ago, discount brands got into the luxury game, too. Even Hyundai Motor, Korean king of the econo box, aspired to move upscale. Now the automaker is trying to sell entry-level luxury in the worst car-selling environment in memory.

Hyundai's response: Depict more snooty rivals as over-priced. In its ads, Hyundai is taking pains to note that its new Genesis sedan (\$33,000) has the same sound system as a Rolls-Royce Phantom (\$300,000-plus). "If you'd rather have money than a hood ornament," goes the ad, the Genesis may "look even better than a Rolls-Royce."

HELM, Burt. How to Sell Luxury To Penny-Pinchers. **Business Week**, New York. Disponível em: < http://www.businessweek.com/magazine/content/08_45/b4107060250193.htm>. Acesso em: 2 dez. 2008.

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