

BRAND MATTERS

GET TO YOUR NEXT!

PREMIUM BRANDS

CHALLENGES. THREATS. OPPORTUNITIES.

Ed Delia, President of Delia Associates, participated in a panel discussion at the Luxury Marketing Council meeting in NYC. The theme of the meeting was "The New Luxury Branding: Challenges & Threats". The Q&A format led to a lively discussion with all the participants. Six questions were posed and answered by the group. Here's Ed's contribution to the event.



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WHAT ARE THE FACTORS - GIVEN THE WEB AND TECHNOLOGY - THAT ARE CHANGING THE WAY LUXURY BRANDS POSITION & MARKET?

These days, part of being a luxury brand is creating a unique experience for clients and customers. The most powerful vehicle for this is digital media, where a distinctive, brand-related experience can be created that engages a customer in a format they recognize and use every day. The most innovative companies determine the best way to use digital media to present offers while supporting the brand. They recognize that the moment a user interacts with a luxury brand's content they are starting a relationship beyond an initial purchase. This relationship can influence your brand for the next 25 years. What's more, an estimated 75% of luxury purchases made globally are influenced by at least one digital touchpoint. Luxury brands that recognize this are getting smarter about connecting the dots from digital experience to purchase to brand advocacy.

Here are some examples of Luxury Brands driving conversions and brand awareness with digital media:

Christian Louboutin's murder mystery film was an integral part of the designer's 2016 collection campaign. Timed to coincide with their new Spring Collection, the clever "whodunit" teased on social media and led inquisitive viewers to their e-commerce website. Utilizing the YouTube "shoppable" ads function, Louboutin used the video to not only gain traffic and visibility, but to directly drive conversions.

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Land Rover created an online novel called the "The Vanishing Game" that combined story, film, soundtrack, and social connectivity that resulted in a viral phenomenon. The novel contained key scenes where a Land Rover was woven into the story, many of which drew inspiration from actual Land Rover owner comments on social media. In its first week, The Vanishing Game received over 230 million media impressions, and the e-book version would soon become a #1 best seller on Amazon. It followed that by the time a prospective customer arrived at a dealership, they were so immersed in the Land Rover experience that the only thing left to do was take a test drive, and then create their own story as new owner!



Tommy Hilfiger recently introduced an in-store virtual reality experience where consumers can watch the Hilfiger Collection runway show in 360 degree, 3-D virtual reality, and then immediately shop the collection! This cutting-edge use of technology inspires the consumer as they can see the clothes in action (movement, colors, etc.) as if they are on the runway, or sitting in the audience. This dynamic approach elevates the shopping experience giving the customers a reason to visit more, stay longer, and relay the experience to others.

These and other similar luxury brand experiences show the power of creativity combined with all of today's media touchpoints. While many companies have a digital or social media presence with Facebook, Twitter, Instagram, YouTube, merely "showing up" is not a digital strategy. The best approach is a laser-focused strategy that delivers the core attributes in a unique way. By recognizing that attention is a commodity, you differentiate your brand from the herd by becoming the one that everyone is talking about.

TOMMY HILFIGER

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WHAT ARE THE THREATS TO BRANDS, GIVEN THE PRESSURES OF GENERAL TOP LEVEL DOMAIN NAMES, TO PROTECT THEIR BRANDS AND THEIR INDUSTRY SEGMENTS?

As luxury brands engage audiences on a global scale, and the Internet becomes more complex, various “dot extensions” have become available that pose a new consideration for luxury brand owners. Some of these extensions include .clothing, .luxury, .automotive, .jewelry, .fashion, and .diamonds. A preliminary search of the top luxury brands revealed that eight of the ten had reserved the .luxury extension, with Channel and Burberry being the exceptions.

So, should luxury brand owners (and their representatives) be “chasing” these new products and to what extent? In this matter level heads need to prevail. If a specific extension is on point, then consider purchasing and using it only as a vanity URL for a specific campaign that is built around the theme of the URL. Or another appropriate use would be for a microsite that redirects back to the main URL.

The fact is that most people are programmed to type “dot com” in their browsers. There is also significant evidence that the search engines give priority to top level, .com names. Avoid chasing or worrying about all the name variations and also avoid negative dot extensions (e.g., Taylor Swift recently bought the .porn and .adult versions of her name URL).

Luxury brands should invest in positive energy towards positive ends. No matter how many URL’s or negative URL’s one purchases; someone will always come up with a “dot com” work-around. So avoid this “tail chasing” and concentrate your efforts on forward, brand positive steps. If a domain dispute arises, use the Uniform Domain Name Dispute Resolution Policy (UDRP) established by ICANN (Internet Corporation for Assigned Names & Numbers) to resolve discrepancies regarding registration of domain names.

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INFLUENCE AND OPPORTUNITIES OF ONLINE BRAND TRANSPARENCY

USED TO BE BRAND WAS ALL – NOW IT’S THE PRICE OF ADMISSION – GIVEN INCREASING SKEPTICISM/CYNICISM OF CONSUMERS OF TRADITIONAL ADVERTISING MESSAGES, AND THE INCREASING NEED TO DELIVER FLAWLESS CUSTOMER SERVICE – BRANDS ARE UNDER THE MICROSCOPE AS NEVER BEFORE.

Everything and everyone is under the digital microscope today. Luxury brands need to continue to define their reality in their own unique way and stay true to their luxury status. The days of establishing a brand name and merely banking on brand name loyalty are over.

The leading brands have mastered the balancing act of providing consumer convenience while maintaining a unique luxury experience. They then increase penetration by offering greater convenience through online access. Finally, they distinguish their brand from the competition through original, innovative digital content and engagement.

It’s not about ramping up the digital to stay current, but rather thinking about the best ways to “integrate” digital. The smarter luxury brands deliver the message through content that is meaningful and customer-focused. Luxury is not just about price or quality, but about craftsmanship, sustainability, service. Today’s consumer wants to know the company behind the brand, and see what’s “under the hood.”

British designer **Paul Smith** uses Instagram to share his “personal journey.” Rather than solely focusing on his brand and fashions, he uses the popular platform to share what inspires him every day, giving his followers a glimpse into the real Paul Smith. Whether it’s great candid photos or daily inspiring musings, a connection is fostered that eventually ties together the man, merchandise, and customer.

Paul Smith

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In a similar fashion, **Dolce & Gabbana** offered behind the scenes access to their customers and fans. At the 2015 Milan Fashion Week, the designer encouraged models to shoot selfies and post them on Instagram. Rather than featuring the standard, “wooden” runway scene with expressionless models, Dolce showed the human side of the event and its people in a manner that fans could relate to.

DOLCE & GABBANA

“**Inside Chanel**” is the fashion house and perfume giant’s self-portrait that offers glimpses of the origins of the company, its evolution, and the personalities who have represented the brand over the years. This engaging movie weaves together founder CoCo Chanel, brand ambassadors like Marilyn Monroe and Catherine Deneuve, and signature products, creating a luxurious brand experience for the consumer.

CHANEL

“**Luxury is not just about price or quality, but about craftsmanship, sustainability, service.**”



BALANCING TRADITIONAL AND DIGITAL MEDIA OUTREACH

HOW ARE LUXURY BRANDS INVESTING DIFFERENTLY IN THE WAY IN WHICH THEY MARKET THEMSELVES ACROSS THE MARKETING MIX: PR, WEB, LOYALTY, TRADITIONAL ADVERTISING, NICHE MEDIA, SEGMENTATION TO NICHE AUDIENCES, IN STORE TECHNOLOGY, AND OUT OF HOME?

The luxury market spend is forecast to grow 4-5% over the next two years. Although traditional media will still have its place, much of this spend will be in digital social outreach platforms like Facebook and Instagram. The average person spends close to four hours a day online, so it is up to luxury brands to “go to where the fish are” and engage their audience with the right content for the right media. Brands also need to be able to measure results so their efforts are in the right place.

TV and print are still relevant, but particularly the latter needs to find a way to be more relevant to current and emerging generations. Luxury brands are still engaging in print, but they are adapting it to the demands of the new consumer. For instance, Vogue magazine is leveraging Shazam’s new visual recognition technology that enables consumers to click and purchase right from print pages. The Wall Street Journal has also engaged this technology. In fact, last year’s WSJ’s women fashion dedicated issue was their biggest ever, and the September issue of the WSJ magazine leveraged click to purchase technology. In the end, dynamic brands that bring their message to the right audience through digital channels can supplement that message with print and other traditional advertising formats; it’s a win-win combination.

VOGUE

WALL STREET JOURNAL

“Luxury brands are still engaging in print, but they are adapting it to the demands of the new consumer.”



ATTRACTING & MAXIMIZING THE MILLENNIAL CUSTOMER

HOW WILL THE MILLENNIAL SEGMENT IMPACT LUXURY BRANDS?



Millennials (or Generation Y) consumers (aged 18-34) will be the largest generational segment in luxury market in the US between 2018 and 2020. Luxury brands are clamoring for the attention of this segment, especially the HENRY (High Earners Not Rich Yet) demographic. These are the future affluent who are establishing lifelong brand relationships (or avoidances) as they move through their day.

Mobil outreach is obviously a critical tool for the Millennials and mobile commerce is expected to grow 30% by 2019. But simply purchasing is not enough for the millennial consumer. They have an ever growing need to be an integral part of the brand and buying experience. Today's consumer is looking for social validation. Whether it's being retweeted or repinned, millennials are responsive to all kinds of creative ways to "selfie-celebrate". The audience is more interested in the richness of the experience, the story behind the brands and products, and they will open their wallets when the experience meets their social criteria.

Examples of the new experience-based spending include Designer Karl Lagerfeld's in-store photo booths that enable customers to apply 'Karl-inspired' filters to 'selfies' before sharing them on social media. In addition, the Emilio Pucci Scarfie app allows users to personalize selfies by adding a Pucci scarf to the shot before sharing. The app then automatically adds a clickable link below each "look" that redirects consumers to Pucci's e-commerce site.



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EXPANDING LUXURY BRANDS INTO GLOBAL MARKETS

WHAT IS THE IMPACT OF A “SMALLER WORLD” & GLOBALIZATION ON INDIA’S, AFRICA’S, AND CHINA’S EMERGING ECONOMY & LUXURY MARKET?

Targeting the affluent in these countries has its logical start in the airports. Big brands can gain considerable knowledge by assessing the demand for luxury goods in these busy hubs, and build awareness via reputable local businesses that are trusted by customers.



India’s luxury market is growing in response to rising prosperity in major cities, which is driving a transition from black market to formal market commerce. Of particular interest to the Indian luxury consumer are five-star hotels, fine dining, electronic gadgets, luxury personal care, and jewelry. These segments performed well in 2015 and are expected to grow by 30-35% collectively over the next three years. In fact, Hermes of Paris became the first international brand to establish a flagship store in Mumbai and opened another store in New Delhi in April 2016. Big ticket items like SUV purchases are also gaining momentum as 18-20% growth in this category is expected over the next few years.

The future for the luxury market in China also looks bright. Chinese consumers are among the most savvy and well-connected groups in the world. They consult more digital resources than other regional consumers when making a purchase. However, more than 2/3 of Chinese luxe buying is done out of country in Paris, Milan, London, NY, and Tokyo, as these destinations can offer more than 50% in savings due to exchange rates, tax refunds, and other discounts. The Chinese prefer to combine luxury buying with cultural events (fashion shows, horse races, etc..) and brands like Chanel are among the preferred names. The Chinese consumer is also greatly influenced by brand endorsements from “key opinion leaders”, celebrities, and influencers that promise an improved quality of life.



The number of African millionaires is expected to grow globally at the fastest rate of all regions. The African market is underpenetrated and there is a growing consumer appetite for luxury goods. Demand for luxury watches, men’s clothing, and leather goods in Africa is being driven by the higher spending power of men. As the expansion of wealth continues in Africa, forward thinking companies have a great opportunity to establish their brands in growth oriented African countries such as Ivory Coast.

We’re here to help. Call **908.534.9044** (and ask for Ed) or email **edelia@delianet.com** and we’ll be in touch with you directly to discuss your brand, and how to best position it on LinkedIn for next level success.