Luxury Today
Key factors for Success

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Luxury

- Luxury market = 2 trillion € *
- Millions of people
- Creativity
- Innovation
- Happiness

* Prof Kapferer estimation for 2010
Research

Interviews: 20 managers of luxury brands and 2 luxury consumers
Luxury

“Luxury is something that you do not need but you can not do without” Jean Louis Queimado, Vacheron Constantin Iberia

- It is personal
  For some it provides Calm, self-esteem, harmony, beauty
  For others it is a synonymous of Power, status, Excellency

- It is everywhere
Luxury

- It is irrational it deals with emotions

- The French institute Confremca did a survey and identify the most related words to Luxury:
  
  Recompense
  
  Recognition
  
  Reward
Luxury Brands

- Luxury is essentially a world of brands
- A study of the French institute Cerna concluded:
  - Luxury is the sum of all luxury brands
  - A brand becomes a luxury brand when recognized by its peers
- It is the unite of analysis of Luxury
- It has to be recognized, have a high level of notoriety and be global
Professor Bernard Dubois (and colleagues) did an international survey (20 countries) on consumers and identified the following behaviors in relation to Luxury.
Luxury Consumer

- Elitists:
  - Luxury is good
  - Must be reserved to small and refine elite (them, likely!)
  - Special education is required and implies good taste
  - Selective distribution
  - Expensive
Luxury Consumer

■ Democrats:

Positive attitude: Luxury is good
Accessible to as many people as possible
It is not synonymous of good taste
No special education is required
It is not an instrument of differentiation
It is a personal recognition
It is not necessarily expensive
Luxury Consumer

- Distant:

  Luxury has no meaning

  No utility or relevance

  Expensive and useless

  Related to show off attitudes

  Apologists of more taxes for luxury
It is crucial to establish a permanent dialogue with the customer, however

“There are two ways to go bankrupt: not listen to the client and also listening to him too much” (Kapferer 2009)

So LB have to achieve a perfect balance between distance and mystery with a trustful and friendly relationship with the client
Key factors for Success

- **People**
  - A permanent dialogue with
    - Internally (HR) ➔ brands ambassadors
  - Education and training is an investment
  - Good conditions (facilities, financial, healthcare, environmental, etc.)

- **External** ➔ *stakeholders* (clients, suppliers, potential consumers, *opinion makers*, trendsetters, …)
Key factors for Success

- **Product & Service**

  It is the representation of dream, happiness, fulfillment, reward, etc

  Has to have a symbolic and functional side

  Outstanding quality (materials, process, design, etc)

  Integrity: integrate tradition with the best technological innovations

  Limiting access and create desire (*Hermès*)
Key factors for Success

**Passion**

Passionate consumers use luxury as a tool of self expression

“I want to know more” ➔ Specialists ➔ Collectors ➔ Opinion makers ➔ Trendsetters

“Ferrari is a brand of passion, has a magic, a fetish! Our customers are true experts, for many years I have been working with Ferrari and every day I am amazed by the amount of information that our customers know, it’s fantastic! they know everything”

Luís Pessanha, CEO Ferrari Portugal
Key factors for Success

- Pleasure
  - Luxury is experimental
  - Good experiences provide emotional and sensorial fulfillment
- Banality ➔ Unforgettable

“At Ferreti Yachts we organize summer group trips, for 3 or 4 weeks, last one was to Italy. We join a set of customers, we elaborate an itinerary, we organize and coordinate the entire program and provide our customers an unforgettable journey that alone would be too complex to achieve.”

Filomena Bom GM at Ferreti Yachts Portugal
Key factors for Success

- **Purpose**
  
  It has to exist
  
  Clear presentation of the practical and symbolic attributes
  
  The symbolic value is variable for each person

- **Successful diversification**
  
  Strong reputation
  
  Establish credibility
Key factors for Success

- **Price**

  “the price is the exchange value of the product/service but what makes luxury is the symbolic value” Kapferer (2009)

  The stronger the symbolic value, higher the price it can set

Consumers expect Luxury to be: Expensive and Exclusive ➔ barrier to entry

  “Accessible” products are launched to attract average stays high

  (Louis Vuitton)
Communication is the system whereby the "project" brand is presented to the market.

- A tool for the luxury brand to: promote its values, inform, create emotions, feelings, concepts, images, opinions, etc.

- To be effective has to use a “sensory” language (verbal, visual, auditory, etc.)
Communication

- Several tools are used to create Buzz and feed the relationship with the client:
  - Corporate patronage
  - PR Events: openings, fashion shows, reward shows, festivals, …
  - Product placement
  - Advertising
  - Stars
  - Art and Solidarity
Communication

Internet & social media provide new opportunities: No barriers of time or location; diverse combinations for different realities and clients and challenges: no control on the spread information and the consumer is in total control of the information he wants to receive.

LB with creativity, originality and interaction hold the curiosity, attention and interest of the customer.

Key: define objective, clarify message, decide: who, where, how
Concluding

- Luxury brands must based their actions in heritage, high quality, creativity and permanent innovation

- Communication is fundamental

- Success = People + Values:
  - Respect
  - Truth
  - Honesty
  - Service
  - Profitability
  - …
What is Luxury?
It is a word without a precise idea,
is like saying "Climates of East and West"
in fact, there is no East or West because there is no point where Earth rises and lies down;
or if you prefer each point is East and West.

The same happens with the Luxury
is either everywhere or does not exist. “

Francois-Marie Arouet, dit VOLTAIRE