

Luxury Today – Key Factors for Success

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Abstract

Over time luxury meant different things, luxury is a conceptual and symbolic dimension mainly irrational and engages strong and intense emotions, it is multisensory. Luxury is a culture and a philosophy and therefore requires deep understanding before the adoption of business practices because its particulars are fundamentally different from other types of goods. “Luxury is above all a world of brands” (Philip Kotler). The luxury brands go beyond the object, they are built from the reputation of its creations. It is crucial to listen to the client although consumer’s attitudes and behaviors towards luxury are ambivalent and for them the most important characteristics are: quality, self indulgence and ancestral heritage. This paper identifies several key factors for luxury brand success; people, “product” (product & service), passion, pleasure, purpose and price. Globalization brought new challenges for luxury brands, which were the first to go worldwide like ambassadors of a culture and promoters of a world’s vision. Luxury and communication are consubstantial because the main roles of luxury are; to recreate social stratification, transmit style and be culturally active and communication is the most appropriate tool to achieve this. The Internet offers remarkable new opportunities and e-communication is the oxygen of luxury online presence. Today the world faces an uncommon and violent turbulence and luxury brands are challenged to demonstrate their strength. This paper has been adapted from sections of the book, *Império do Luxo – a construção do sucesso* (translation: Luxury Empire – Building Success) Lidel (2010).

Keywords: luxury, brands, emotions, people, success

Introduction

Over time Luxury meant different things, luxury is a conceptual and symbolic dimension and it is today the result of a historical evolution¹. The word luxury comes from the word in Latin “*Luxus*” which had its origin in agriculture and it meant “exceeding growth” and became the word for exceeding in general; only in the 17th century did it acquire the significance that it has today². However it wouldn’t be surprising if it was also the derivation of the Latin word “*Lux*” which means light and would be related to jewelry and precious stones¹.

¹ Luzzini D, Ronchi S (2009) Purchasing management in the luxury industry: organization and practices. Springer Science+Business Media, LLC

² Lipovestsky G, Roux E (2004) “El lujo eterno”, Anagrama (p.133)

Luxury is mainly irrational and engages strong and intense emotions, it is multisensory³. All definitions end in concepts of beauty, exquisiteness, perfection, pleasure, trendy, excellence, elegance, sophistication and exclusivity but also superiority, power, authority, distinction, showiness, ostentation, flashiness, snobbishness, etc.

The Sociovision Confremca Institute elaborated an international study² and revealed that luxury can be characterized by being distant, desired and merited, and providing a sensation of recompense, recognition and reward². Still, according to this worldwide study, luxury offers an emotional sensation of calm and tranquility on the moment of consumption. Luxury is experienced as a gathering between the “object” and a personal and private meaning of luxury which provides pleasure, comfort and harmony. Luxury is qualitative and not quantitative. For instance, the number of diamonds in a watch indicates its opulence not its beauty or aesthetics³.

Luxury

“Luxury is something that we do not need but we cannot do without” Jean Louis Queimado - Vacheron Constantin Iberia (2009)⁴.

Luxury is a culture and a philosophy and therefore requires deep understanding before the adoption of business practices because its particulars are fundamentally different from other types of goods⁵. The original function of Luxury is rooted in the social classes of societies when royals and aristocrats used pretentious consumption to demonstrate their superiority and maintain their distance from “others”. Even if this social structure is no longer dominant in the world, what has not changed is the need for the individual to show his distinction, to be admired, recognized, appreciated and respected through differentiating himself in most cases with his possessions⁵.

Today the concept of luxury has changed profoundly and it is incredibly fluid; luxury is no longer preserved for elite, people are enjoying more material comfort resulting in a cultural shift for personal achievement and aspiration through experience⁶. Therefore it could be assumed that luxury is more and more about experience and authenticity (Yeoman and McMahon-Beattie, 2010) rather than monetary value. This focus on aspiration and experience means that consumers want to improve their life mainly through personal transformation. The feminization of luxury was identifying by Danziger (2005), Israel (2003) and Gambler (1997) as; where luxury was moved from status symbols towards experience and indulgence.⁶

Luxury Brands

“Luxury is above all a world of brands” Philip Kotler⁴

³ Kapferer JN, Bastien V (2009) *The Luxury Strategy*. Kogan Page

⁴ de Azevedo Rosa C (2010) *Império do Luxo*. Lidel

⁵ Okonkwo U (2009) *Sustaining the luxury brand on the internet*. Palgrave Macmillan Brand Management (vol 16,5/6,302-310)

⁶ Yeoman I (2010) *The changing behaviours of luxury consumption*. Macmillan Publishers Journal of revenue and pricing management (vol 10,1,47-50)

The father of Marketing Mix – “The 4 P’s” - provoked a revolution in the 50’s with his model centered on the product with little competition, in those days brands weren’t important. In the 70’s, brand appears as an additional element to the product but after the 90’s of the last century, brands took the power and became a recognized signature with individuality and unique characteristics expressed by products and services⁷.

Therefore it is easy to accept that there is no luxury without brands³. The exception that confirms this rule is diamonds which are loved and admired in themselves, their nature size and purity, even if the jeweler is often a prestigious and luxury brand.

“Luxury objects are objects of luxury brands.” (Kapferer 2009)³.

The luxury brands go beyond the object: they are built from the reputation made from their creations (objects and services) within the social elites and trendsetters. A recognized signature of all the stunning and beautiful distinction in the product and the service, thereby the luxury brand has a particular significance: it relates a social and cultural stratification and makes the wearer someone distinctive. Consequently the luxury brand is a social indicator and creates distance.³

Brands in luxury are most relevant since they are used as a social marker. In democracy people are free and equal, so they use components to differentiate themselves socially³. Within the limit of their financial means, they employ luxury as an instrument of social stratification.

Consequently luxury brands are a symbolic desire to belong to a social class, most of the time superior, even if this aspiration is rarely assumed. Thus something that can be a social reference can become a luxury brand but the one who ceases to be a social signifier loses its luxury status.

Money only measures the wealth of the buyer and not his elegance. However the codes of luxury are cultural and to be successful it is fundamental for luxury brands to first encode social distinction, that way luxury brands exchange money into a culturally sophisticated social stratification³. The luxury brand is therefore the social and cultural visa for the product and the person.

A luxury brand is often a signature of the person whose name it bears, its founder⁸. The creator precedes the brand, has a history and social, cultural and geographical roots therefore the luxury brand is a real and living person. Like its founder the luxury brand progressively builds its reputation and its network of followers over time³. Gabrielle Chanel died in 1971 but Coco Chanel is still living.

Consumer

⁷ Chevalier M, Mazzalovo G (2008) Management et Marketing du Luxe. Dunod

⁸ Garcia S.C. (2003) El universo del lujo. Instituto de em+presa McGrawHill (

“There are two ways to go bankrupt: not listening to the client and also listening to him too much” (Kapferer 2009)⁹.

It is crucial to listen (impartially) to the customer and never forget that “you” are not the customer. However luxury brands have to remain truthful to them and resist client’s demands when these do not correspond to the precise vision of the luxury brand⁹.

Today consumers contradict themselves and confuse the best market research because they are a complex and ambivalent. It is essential to listen, interact and serve the consumer; this is the focus and the foundations for success and competitiveness of luxury brands.

In Professor’s Bernard Dubois (and colleagues) research (2001)¹⁰, consumer attitudes towards luxury were analyzed and several characteristics, attitudes and types of consumers were identified. This important research brought relevant information about the luxury consumer.

In the first study (personal interviews) six facets and characteristics of luxury emerged¹⁰:

- Excellent quality: the mental association between luxury and quality is powerful and sometimes synonymous. Consumers use two indicators to build their opinion: exceptional nature of the materials or components used and the delicacy and skill involved in the manufacturing and delivery processes. Interviewers assumed that the elaboration of luxury goods and services calls for considerable expertise with every detail being important. They expect total perfection, extreme refinement and the product or service to perform perfectly during a long time. They also feel it is an opportunity to become refined, unique and joyful;
- Very high price: by comparison with non-luxury options or based on the absolute value of price, it is considered a logical consequence of the excellent quality associated with luxury and it is an inherent and accepted characteristic. It is interesting that the justification of a high price for a high quality is also a validation for the purchase and use of luxury goods. The high cost became acceptable considering the predictable longevity of the item even if it is also a barrier to accede luxury.
- Scarcity and uniqueness: clearly, real luxury items cannot be mass-produced and should have restricted distribution. Luxury shops are perceived as important sources of experiences and therefore value. Luxury should be unique and reserved for a “happy few” providing exceptional experiences and emotions;

⁹ Kapferer J.N., Bastien V (2009)The specificity of luxury management: Turning marketing upside down. Palgrave Macmillan Brand Management (vol. 16, 5/6,311-322)

¹⁰ Dubois B, Laurent G, Czellar S (2001) Consumer rapport to Luxury: analyzing complex and ambivalent attitudes. Cahier de recherche n° 736

- Artistic and “polisensuality”: luxury is perceived as an experience for the senses; beautiful to look at, pleasant to hear, smell, taste or touch. It implies a self concept of delight and happiness;
- Ancestral heritage and personal history: luxury brands need to have a legend or a story to tell. Anchoring in the past sustains a long relationship and feeds confidence. Tradition and longevity create immortal symbols of human creativity and intelligence;
- Superfluosness: luxury’s first attribute is that it is not useful, on the contrary its value must be based on non functional qualities.

The study also identifies four aspects of consumer attitudes towards luxury¹⁰:

- Mental reservation and excessive conspicuousness: the high prices are perceived as indecent and show-off attitudes are condemned, conspicuous consumption by the “nouveaux-riches” may degrade the value of the luxury brand. However interviewers indicated that they only buy luxury for the intrinsic qualities and never to impress others;
- Personal distance and uneasiness: some consumers are intimidated and feel very distant from luxury’s world nevertheless they still look for a way in and wish to be part of it;
- Involvement:
 - Pleasure and deep interest: consumers use strong words to define luxury: passion, extreme, deep love, amazing, fascination, unique, surprise, dream, enchantment, etc. For some of them rarity adds to pleasure and luxury is associated with festive events;
 - Sign of value: consumers may choose to use luxury to express messages about themselves and to reveal a bit of who they are. The strong symbolic content of luxury converts the client in a message that brands have to learn to read.

The second study (2001)¹⁰ was based on the above identified characteristics towards luxury and consumer attitudes, and consisted in a large survey (20 countries) to identify the groups or segments of luxury consumers.

For all the respondents’ luxury was perceived as being of better quality and pleasant, it is bought with pleasure and also revealing of whom the individual is. It was possible to categorize three types¹⁰ of groups:

- Elitist’s group: luxury is good and must be reserved to a small refined, sophisticated and educated (them, likely) elite. Luxury implies “good taste” and allows them to differentiate from others. It is certainly very expensive and can’t be mass-distributed;
- Democratic group: tend to think that luxury must be easily accessible to people and can be mass-distributed. To appreciate luxury goods no special education is required and this group do not see luxury as being reserved to

refined people. In addition they consider that it is not a synonym of good taste or an instrument of differentiation and it does not necessarily have to be very expensive. This group is very positive towards luxury;

- Distant group: even if they do not have a markedly negative attitude to luxury, they feel it is “another” world in which they do not belong. Personally they are not attracted to luxury, they do not identify any attribute, value or relevance to it and they think it is useless, too expensive and suggest that luxury should pay more taxes.

A major conclusion of both studies is that consumer attitudes and behavior towards luxury are ambivalent following an attraction/avoidance pattern (sometimes occurring within the same person). However the most important characteristics are: quality, self indulgence and ancestral heritage, these attributes define luxury to consumers and are fundamental to communicate with them.

“For me luxury derives from three key factors: exclusivity, quality and brand, and in that order of importance. I buy luxury because it gives me pleasure and because I can, up until certain levels of course, and depending on the nature of the goods. My last purchases were: Louis Vuitton’s glasses, Carolina Herrera’s clothing and Loewe’s accessories. The reason I bought it was because it gave me pleasure to buy them even though I did not need any of them. Some were gifts.” Vasco Marques Correia luxury consumer (2009)⁴

Key factors for Success

As said before most people seek ways to pull themselves up in different levels; cultural, social, economic, etc. Luxury is one of the ways to achieve this goal and luxury brands are its tools. The use of luxury is perceived as a reward and recompense but also as a symbol of success and achievement.

To preserve its status, the luxury brand must dominate its client in the sense that it is a reference and an authority to him/her⁹. In order to be successful it is essential to achieve a perfect balance between a distant and mysterious connection with a trustful and intimate relationship with the customer.

Therefore it is imperative to establish a permanent dialogue between customer and brand, known as “image through action”¹¹. The luxury brands tell their story and the accuracy as the story is told by others defines the success of the relationship. The luxury brand has the responsibility to begin and feed a personal connection with the client and will be capitalize by the consumer’s per-to-per communications⁹.

People

The value of people in the luxury world is beyond concepts or words, it is crucial. Luxury brands sell someone before they sell something⁹, that’s why human resources

¹¹ Winsper J (2007) The 6 P’s of Luxury Marketing. Winsper Inc

are vital, each one is a permanent “ambassador” of the brand (from the CEO to the doorman)⁴.

A luxury product is passed on (rather than sold) by a “given” person to a “given” person⁹; this one-to-one relationship is a key factor for the accomplishment of the luxury brand.

The most prestigious luxury brands devote most attention and investment on education and training of their employees⁴. It is crucial to create and feed a personal, emotional and affective relationship between the customer and the “ambassador”. The success of the established relations is materializing by brand loyalty and purchase.

In our impersonal and cold world customer looks for attention, consideration, friendship and whom to trust. The “ambassador” must congregate all of these requirements (and more) to be successful in his goal that is to: “make the customer happier”, because a pleased client is a loyal one and most important of all, he becomes himself a positive “ambassador” to potential clients.

Personal advice in the luxury world is imperative, most of the time the customer looks for advice from the people he trusts. The “ambassadors” fulfill this role and the luxury brand will be as successful as the quality of his ambassadors (internal and external)⁴.

“In Four Season's group we apply the model of the three P's: People, Product and Profit and in this order. This is the foundation of our product differentiation based on luxury, tradition and consistency in 84 hotels located in 42 countries. All of us are trained to guess the wishes of clients and we look forward to personalize the experiences lived by our customers. The success of our group is a reflection of the quality of our human resources; we seek and train the best professionals. It starts in the recruiting process where we evaluate the potential for integration into our culture. I am the keeper of our group's culture and I interview the final candidates in order to filter out potential discrepancies and inadequacies. Our culture seeks the happiness of everyone from employees to customers” Guilherme Costa CEO of Ritz Four Seasons hotel in Lisbon (2009)⁴.

The effect of a positive and agreeable luxury brand consumption experience on brand loyalty and on brand risk was studied by Younghee Song (and colleagues) (2012)¹² on a sample of 200 males, (aged 25-54) who had purchased luxury brand suits. It concluded that brand affect increased significantly the level of brand trust, as brand trust augmented notably brand loyalty and decreased brand risk. However, brand affect was not significant either in the enhancement of brand loyalty or in the reduction of perceived brand risk.

¹² Song Y, Hur W-M, Kim M (2012) Brand Trust and affect in the luxury brand-customer relationship. *Social behavior and personality*, 2012, 40(2), 331-338

The authors¹² conclude that these results highlight that the brand affect on its own is not enough to built brand loyalty and that proper brand management specially focus on brand trust, is necessary to successfully maintain longer-term customer relationships.

Product

Everything begins with the “product” (that is to say product or service, which is redundant because, in luxury, an object is always accompanied by a service). What does the product need to become a representation of dream, pleasure, happiness and fulfillment? In fact, a luxury “product” is a complete holistic experience, lived in a multi-sensory way by the client³.

The luxury product corresponds to a dream but always comprises a symbolic side and a functional side. Recovering Professor Bernard Dubois’s study¹⁰ (2001) it is possible to identify four key characteristics intrinsic to a luxury product.

Luxury is synonymous of Excellency so its products must be of outstanding and exceptional quality at all levels. Creative process based on innovation and originality it is a must. The high quality materials and the production methods (high incorporation of manual labor) used and the presentation must always reflect *le savoir faire* of the brand. A good example is Louis Vuitton Malletier with its perfect handmade suitcases.

The luxury brands create authenticity around a myth with values that are the origin of lineage of “products”. Even recent brands can build a history based on lineage and inheritance like Ralph Lauren. Brand legend gives deepness to the luxury brand and timeliness to its “products” by heritage and continuity³.

Preserving integrity is also essential for luxury brands¹⁰. It can be achieved by ensuring stylish and esthetic constancy, committing to traditional production practices and by using history and culture in communication. Adapting to its time and remaining consistent is a challenge for the luxury brand, the balance between these two aspects will sustain its success. Ferrari launches new models periodically with improvements and new elements however a Ferrari remains unmistakable in the street.

Luxury is something that has to be earned. In luxury “products”, the greater the inaccessibility, the bigger the desire was indicated³. Time is a key dimension in luxury, waiting for something makes people enjoy it even more. Luxury brands have to know how to put up the necessary difficulties to increase desire and needs to progress constantly in practices of distributing rarity. A good example is the “3” years’ waiting list for a crocodile’s Birkin (Hérmes).

Passion

The pursuit of luxury is often a passionate attempt and luxury customers can be very passionate consumers. Frequently it is their passionate nature that has put them in a position to access luxuries that comprise their lifestyle¹¹.

Passion drives the consumer to know more and become connoisseurs, specialists and collectors¹¹. They might devote years researching about their “passion” and they know more about the brand than almost anyone else. In fact, the only people who can truly teach things to a collector is (often) another collector, that’s why passionate persons gather, they seek others to share their passion and knowledge.

The virtual, online world, gives an all new importance to the communities of passionate consumers as it eliminates time zone and distance barriers. These groups, either large or small, are highly powerful and growing daily in influence. They generate word-of-mouth buzz therefore luxury brands have to be attentive to detail and be present to constantly feed these communities.

With internet penetration increasing rates the functions of online expand beyond information exchanges and include services and communities¹³. This new reality provides fantastic opportunities for luxury brands but it can turn on as serious threats if not properly monitored.

In the internet the consumer is in total control of receiving and interpreting messages from luxury companies but also for deciding their legitimacy, endorsing them (or not), spreading their approval (or not) and generating discussions about the luxury brand while influencing millions around the world in a matter of hours and often minutes. The challenge for luxury brands is to use social web to engage luxury clients in a permanent and enduring dialogue¹³.

At the individual consumer level, supporting passionate clients also means indulging customers in what may appear to be irrational and impulsive behaviors. A luxury car company may fly a technician just to service a client, this kind of consideration and attention generally pays back in loyalty, reputation and word-of-mouth recommendations.

In the social network Facebook, one can find pages of all luxury brands, clubs and passion customers and collectors.

Pleasure

Luxury is experiential. Luxury brands provide a sensory fulfillment beyond the functional attributes of the product or service¹¹.

“When a person buys a service, he purchases a set of intangible activities carried out on his behalf. But when he buys an experience, he pays to spend time enjoying a series of memorable events that a company stages to engage him in a personal way” Pine and Gilmore (1999)¹⁴.

¹³ Okonkwo U (2009) Sustaining the luxury brand on the Internet. Palgrave Macmillan Brand management (vol.16, 5/6, 302-310)

¹⁴ Atwal G, Williams A (2009) Luxury brand marketing – the experience is everything. Palgrave Macmillan Brand Management (vol.16, 5/6, 338-346)

Luxury brands have to understand the sensory markers that their different customer's best respond to and determine how to express those markers. Luxury "products" need emotional marketing to give them that other dimension where customers are seen as emotional beings focused on achieving pleasurable experiences.

Luxury is to charm and surprise, so magic and "irrational" must be permanently there, the sensory experience is the most important. The focus is on customer experiences and luxury brands used different aspects either in the form of extravagant stores, limited editions or restricted services⁴.

To be successful the luxury experience has to express a lifestyle message and provide pleasure to its customer by a personal experience where; the customer senses the magic, is surprised, feels loved and unique.

"At Yatchs Ferreti 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 general manager at Yatchs Ferreti Portugal (2009)⁴.

Purpose

Luxury is often associated with superfluity and only used as a means to spend money and show wealth, this supposition is incomplete. The luxury products always comprise a functional side and a symbolic one.³

The most difficult is to separate the functionality aspect that justifies its acquisition and the dream that it carries³, even *Pièce Unique* (Goldfish – Genève) - the most expensive mobile phone in the world - makes phone calls. In other words luxury must be both excellent in function and form.

The luxury brand has to balance practicality and pleasure and keep in mind that the product appeal is different for each client¹¹. A single "product" may lead to very different luxury items according to the different dreams of customers and potential clients. Therefore it is always possible to create and launch new products without damage or cannibalizing existing goods or services³.

Price

The price is the exchange value of a product, but what makes luxury is the "symbolic value" (Kapferer 2009)³.

The word luxury suggests invariably the concepts; expensive, exceptional quality, prestige and dream. In other words, luxury is translated in a product or a service with a high symbolic and relative value difficult to quantify, consequently the stronger the symbolic value of the luxury brand, the higher price it can set.

Nevertheless the price is still a decisive operational decision and it is done by successive steps³. Firstly one is to understand the competitive environment and “perfectly” balance functional and dream parts; secondly the luxury brand has to sell the “product” and thirdly be very attentive to the reaction of the final client. If the signs are positive it is acceptable to raise the prices by adding some improvements, through this mechanism the luxury brands adjust the prices and identifies the optimal value³.

Customers expect luxury to be expensive, high price creates a barrier of entry, increases exclusivity and desire¹⁵. By increasing prices luxury brands lose the bad clients and became interesting for others⁹, however the brand must be careful not to fall into a niche.

To let new clients enter the luxury brand universe, it is interesting to launch more accessible products (or services) as long as the average prices of the whole range stay higher.

The price must preserve some secrecy. Therefore all communication must make an effort to position the product at the highest possible without mentioning directly the price. That is one of the difficult aspects for luxury brands on the use of internet as a distribution channel³.

Communication

What would be the world without communication? Unimaginable! In today's world everything is communication; brands and their logic are always present⁷.

Globalization brought new challenges for brands in general and to luxury brands in particular, which were the first to go global as ambassadors of a culture and promoters of a world's vision³.

Luxury and communication are consubstantial because one of the main roles of luxury is to recreate social stratification and communication is the most appropriate tool to achieve it. Additionally luxury is a transmitter of taste and must be active at a cultural level³.

Brand luxury is a personal pleasure and a means of distinguishing from others³. The consumer who purchases luxury as self expression will appreciate creativity, if he looks for status he will be receptive to proofs of prestige and social success, but if the client searches for experiences he is attentive of brand's patrimony, heritage and myth.

Luxury brands are a universe and have their codes, Kapferer (2009)³ identified nine; the figure of the creator (Chanel), the logotypes (D&G), the visual symbol (Gucci), the repeated motif (Burberry), the brand color (Tiffany), the favorite material (Prada); the cult of detail (Roll Royce); the constant hymn to the manual work (LV) and a way of

¹⁵ Fionda A.M., Moore C.M. (2009) The anatomy of the luxury fashion brand. Palgrave Macmillan Brand management (vol.16, 5/6, 347-363)

doing things (Ferrari). These codes are present in communication but also in the entire universe of the brand (stores, package, etc.)

Luxury brands communicate to create and built the dream and to revive its values³. The “product” and the luxury brand universe are spoken of in a dreamlike way, consequently communication has to be adequately vague so that many people can identify with it and find their personal part of the dream.

On the other hand, luxury communication has to; reflect brand values, provide factual information, and transmit emotions and states of mind as well as to be memorized⁷. How can it be achieved?

For luxury communication to be effective it must employ a “sensory language” (verbal, visual, auditory, etc.) extremely refined, creative, imaginative, highly coded and symbolical but never direct³. Every word, image, sound, etc should nurture all of the brands imaginary and be a mirror of its universe. Asking clients it is an important way to measure qualitative impact. In fact clients are always delighted and flattered to be consulted because it makes them feel special and that their opinion counts.

As referred above luxury seeks participation and an active relationship with the client, so Public Relations events are an efficient tool as well as corporate patronage. Nevertheless the luxury brand should not disperse in multiple events or sectors but concentrate in a single universe in which can develop a very strong image by applying its entire available means to it⁹, like Volvo Ocean Race or Grand Prix de Diane (Hermès).

Advertising is not the most important vector of luxury to legitimize brand’s position as a cultural transmitter and a creator of taste and social distance. Luxury companies increasingly utilize different combinations of direct communication¹⁵ such as; fashion shows, entertainments/reward shows, PR events, global events, celebrity endorsements, direct marketing, to develop its relationship with the customer and seduce others.

When Brazilian H. Stern jewelry brand was launched in the United States one of its actions was to dress show business stars for several editions of events like Oscar’s, Grammy’s, etc. On the other hand events are simultaneously exclusive and unique, powerfully translating values to which only a minority is invited. Off course the luxury brand must be very creative at these events so that the buzz around it provides an enthusiastic and exhaustive media coverage (much more efficient). For example the openings of the Louis Vuitton’s mega stores in Champs Elysées or Soho or Shangai were covered by the media for weeks. Or the buzz around Chanel’s advertising movies; hiring the movies stars of the moment, the best director and so on offered much more visibility than the spot itself.

Luxury and art preserve a constant and intimate connection³. Art, by its essence aspires to eternity: the piece will survive the creator and his time. This is how luxury attempts to signal that it is not simply a functional item. Today, following the pioneer Cartier

and his *foundation pour l'Art Contemporain*, all the major luxury groups are, through their foundations, most important patrons of all types of arts. It is a bright approach to the exclusive and influential elites allowing permanent communication with them.

Internet offers remarkable new opportunities for communication; e-communication is the oxygen of luxury online presence¹⁶. Luxury brands do not control their online presence and the information that is passed about them but the community is able to filter everything they received and are in command of what they want. What can a luxury brand do in this scenario?

Uché Okonkwo (2010)¹⁶ advises luxury brands to communicate effectively online. Several steps are pointed; first the luxury brand has to define an objective to communicate and determine the message that it should pass on. The next step is to understand its target audience online, then identify the websites where people meet or visit. The next step is to build the format of the message that individuals will most likely respond to. Finally, evaluate the quality of the website and its level of relevance and produce a communications program.

Subsequently there is the format and content of the communication itself. Important decisions to be made in this regard are related to the type of communications such as advertisements, exclusive events, private online shows, competitions and raffles and so on¹⁶. Creativity and originality is fundamental to hold the attention, curiosity and interest of the customer so he'll decide to read the message sent.

As reported by Okonkwo (2010)¹⁶ to be successful communicating online is not sufficient to place banner advertisements on media websites or reproduce the advertisement images on the brand's website. It is imperative to have an integrated approach to creative and cross-communication that is both interactive and engaging because the real online consumer has to be reached, enchanted, surprised and informed through rich content and be affiliated with a two-ways exchanges.

To illustrate a successful social media operation let's look at Louis Vuitton's re-opened New Bond Street shop in London in May 2010¹⁷. It did very well because they understood that social media should not be used as an end in itself, but as a new and extremely powerful communication tool where your community does all the work.

Louis Vuitton enabled users who were Facebook fans to be a part of this exclusive crowd as they live streamed the event on their Facebook page. They succeeded in engaging with their community by living the Louis Vuitton dream.

They first got people excited by releasing a small amount of information about the event through their Facebook fan page. They also created an event on Facebook that was

¹⁶ Okonkwo U (2010) *Luxury online*. Palgrave Macmillan

¹⁷ *Luxury and social media site* (<http://luxurysocialmedia.wordpress.com/2010/05/26/louis-vuitton-or-how-to-master-the-art-of-social-media/>)

similar to an invitation that fans would receive to go to the actual event and spread the word on their Twitter account.

They enabled all the fans of Louis Vuitton to see the London “*Maison*” Opening, live from the Red Carpet on Facebook.

During more than 3 hours, Alexa Chung was the speaker to introduce the new Louis Vuitton “*Maison*” and interviewed many of the very exclusive guests, asking them about the brand and what it represents for them.

A Facebook app dedicated to this special event was created on Facebook. This very clever app was live streaming. It offered the possibility to update fan’s status with news about the event, comment on the video – and thus interact with worldwide users reinforcing the feeling of belonging to a community. The camera allowed taking pictures from the live show. These pictures were then sent to a new Facebook album created on fan’s profile. What is extremely clever is that this album would – as something new – directly appear on fan’s news feed, exposing Facebook friends to this incredible quality content.

This example should clearly be watched by other luxury brands – whether they are focused on High Fashion or not, as it provide key learning on how these brands can master the art of social media.

Clearly the internet is a precious tool that allows different combinations to communicate with different realities and clients. Globalization introduced a new variable in luxury brands equation because the same brand can have different significance and meaning according to the country. Louis Vuitton in Asia is the top symbol of success and social achievement, in Europe is perceived as creative genius when loved and “*passé*” or “*show-off*” when not. Brands are therefore transformed by being international so luxury brands must adapt their communication as well.

The Future

Today the world faces an uncommon and violent turbulence; severe crisis in Europe, instability in United States and accelerated growth in Asia and South America. The situation presents challenges and opportunities for brands in general and for the luxury brands in particularly.

The luxury brands that successfully prove the exclusive qualities of their products, their irrefutable heritage, their refined creativity, their astonishing innovation and their unique experience will pass through beautifully and will emerge stronger than never. It’s a regenerating process at all levels. It may seem contradictory but luxury brands have to go back to their roots and renew the magic and beauty of the brand by reinforcing the myth through permanent creativity and innovation. The luxury consumer has to be seduced constantly.

In fact, the extraordinary results of the most important luxury groups are encouraging and reveal that so far challenges have been transformed in great opportunities.

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