

## THE TRANSFORMATION OF LUXURY

As the economy limps along, luxury brands and marketers should be concerned that consumer confidence among the affluent has dropped 18 percent, reaching rates that have not been this low since the middle of the recession in 2007 and 2008, [according to a study](#) from Unity Marketing.

But the real story is less about the figures and more about who is driving them. We watched as luxury's power was turned on its head and suffered an image problem. While luxury certainly isn't dead, and in fact, is coming back at the elite affluent level, the characteristics, behaviors and tastes of the consumers driving spending continue to change. Here's what we see happening...

### LUXURY MARKETING LANGUAGE

Using the word "luxury" has been a hot topic among marketers. On its own "luxury" has joined other debased words like "gourmet" and "spa" to the extent that some see fit to add a distinguishing modifier such as Haute, Ultra, or even HNW (high net worth) Luxury. In other circles, it became 'a four letter word' as we saw the psychology of luxury buyers shift – the affluent felt awkward spending conspicuously, while so many others were in pain. For others, it was more about a change of perception - it simply wasn't cool to be spending lavishly on luxury.

Even in emerging markets, care needs to be taken with the use of the word. The Chinese government took the word 'luxury' very seriously. Public (outdoor and broadcast) advertisements in Beijing that promote luxury products are [now banned](#) (imposing a \$4500 fine) from using the term "luxury." The reasoning: the law is designed to protect social harmony, or the "increasing chasm between the rich and poor."



So, rather than luxury, we're now selling exceptional quality. Rather than pampering, we're selling wellness, stress management and rejuvenation. We're now in the business of exclusivity, discretion, bespoke, privacy and one-of-a-kind experiences. Consumers are also willing to pay more for provenance, making a brand story the core of a product, instead of a word, message, celebrity or fancy logo.

The quintessential traits/ attributes of luxury will always be authenticity, heritage, quality, craftsmanship and service. These all embody true value. But now we have other "must haves" such as 21st century desires for new design and simplicity (the Future Laboratory calls it *Heritage Modern*), and 21<sup>st</sup> century values of sustainability and social conscience.

And we'll continue to add to luxury's vocabulary: *time saving* for the time starved; *functionality* and *technology* for greater *productivity* are becoming parts of luxury lifestyles. iPhones and iPads are prime examples, and it comes as no surprise that there are [projections](#) that Apple's meteoric rise could soon see it overtake oil giant Exxon-Mobil and become the world's largest company by market value.

## WHAT'S TRENDING IN MARKET NICHEs

- **Kids** have become a significant new revenue stream that's growing with a vengeance. It seems that kids (as with pets) are recession proof and parents are forking out the big bucks on everything from designer clothing and six figure playhouses, to private jet travel to summer camp.

High-end, glamorous, and colorful Children's collections are a growth area for fashion houses, smaller versions that still embody a brand's essence. Inspired by Jeanne Lanvin's own daughter, Marguerite, [Lanvin Petite](#) features 25 super-luxurious pieces for girls: signature jewels, ballet flats, and sumptuous tulle dresses. Versace, which is well-known for its iconic Greek frieze and Medusa symbols, will be reinterpreted for their childrenswear line using more amusing, fun prints and more child-friendly fabrics. Burberry has also garnered attention for its new children's ad campaign that is stylish, cute, and features more color vs. its more adult lines, with conventional prints and neutral colors.



[Private jet travel](#) was a popular choice for sending kids to camp this summer. The nation's wealthier families cut out the car ride and arduous logistics of traveling to remote, rural summer camps. So much so that private planes are jamming up the runways at small rural airstrips from Virginia to Maine. There are even a number of companies in Europe and the US making high end playhouses that can cost as much as \$200,000 such as replicas of real houses, pirate ships or treetop hideaways.

Luxury hotels are increasingly creating exclusive luxury services aimed at children. Inside [Trump Las Vegas](#), there's no chirping of slot machines or smell of smoke. There's also no nightclub nor posh celebrity restaurants. Not the ideal scene for the typical Las Vegas customer who is coming to party and gamble, but it's a niche market the Trump is trying to fill: a family-friendly Las Vegas luxury hotel. The [Ritz Carlton, Berlin](#) has VIK's, Very Important Kids program - the 'ultimate luxury hotel experience for children'. From miniature Mercedes Benz's to whizz around the lobby, to child friendly china and petite gold furniture. [Plaza Athenee in Paris](#) has redecorated entire rooms to please the children. They have created Barbie-themed rooms for the girls and gadget-filled Hot Wheels rooms for boys. And an increasing number of hotels have introduced the service of 'baby butler' to warm the milk, change the diapers or rock the crib. Throughout August, the eclectic [Rubens at the Palace Hotel](#) is transforming one of its conference suites into a complimentary mini cinema just for its younger guests.

- **LGBT's.** The Pink Dollar, an expression used to signify the above-average earnings of the lesbian, gay, bisexual and transgender (LGBT) community has long been the object of attention for luxury marketers. Travel operators trying to shrug off hard times are waking up to the vast potential of gay and lesbian tourism, including the new and burgeoning market for same-sex weddings and honeymoons as more states/countries allow gay marriage.

New York's tourism industry and hotels are cheering the state's [newly approved same-sex marriage legislation](#) as both are putting global marketing campaigns in place to attract homosexual couples who can now legally wed there. With predictions that thousands of gay couples will bring their wedding parties (and dollars) to the city, luxury hotels across the city from The Westin New York at Times Square to the InterContinental New York Barclay have unveiled special offers for couples (its Worth the Wait Gay Wedding package comes complete with rainbow wedding cake).

- **Aspirational.** While reports abound that aspirational 'trading up' is over, luxury marketers still need to consider them as opportunities for new revenue streams and new ideas. A good example of how this works effectively: [The Metropolitan Opera](#) is offering live broadcasts of performances in movie theatres around the world. This is brilliant initiative on several levels - not only does it generate revenue and introduce potential new clients to the opera, but it builds the brand worldwide as viewers, potential tourists to New York, see the caliber of the performers and sets at The Met. Miami's New World Symphony followed suit with their outdoor [Wallcasts](#) - performances projected on the outer wall of the concert hall – offering new audiences a chance to enjoy performances (many first timers), bring a picnic, and sit in the hall's lovely park.

## TECHNOLOGY IS REVOLUTIONIZING LUXURY'S COMMUNICATIONS STRATEGIES

Beyond ecommerce, social media and digital apps, there's a tech trend called [augmented reality](#) (AR). If you haven't heard of it, get ready — you'll be hearing plenty about it soon.

It's a 3D experience that enables consumers to virtually try on luxury goods. As luxury shoppers become increasingly tech-savvy, augmented reality as a marketing tool can improve the luxury digital experience, in essence emulating the store experience. Its digitally forward, it's interactive and it puts the product in the "hands" of consumers, all without tarnishing a brand's luxury image.

In retail, AR allows luxury e-shoppers to virtually try on glasses, rings, and watches both online and in-store. Boucheron increased its web traffic by 50%. Watchmaker Tissot set up an AR display so that window shoppers outside London's Harrods and Selfridges could "try on" their watches from the sidewalk. Afterward, sales in Selfridges' Tissot boutique rose 83%. Other brands who've embraced AR include Garrard, which created an interface to let passers-by virtually try on a tiara outside their London store window, and Hugo Boss, which set up an augmented reality game, also outside their London store, in which players could win discounts.

In publishing, British society magazine [Tatler](#) is incorporating an AR jewelry feature to accompany its website relaunch and September issue release. Meanwhile, BMW [shows off its cars' interiors](#) by having customers print out a piece of paper and hold it in front of a webcam.

Louis Vuitton capitalized on AR with the [Amble mobile travel app](#) where users could discover places of interest near their current location. It also draws on information provided by Louis Vuitton City Guides, as well as suggestions from celebrity friends of Louis Vuitton suggesting their favorite picks for major cities around the world - e.g. check out director [Sofia Coppola's New York City picks](#).



## PRINT IS MAKING A COMEBACK

Remember the old adage that every reaction has a counter reaction? As marketers struggle with exponential growth of Internet advertising, luxury advertisers are once again focusing their attention back to print. Print has always been a cornerstone marketing channel of the luxury industry. Today's focus is on quality versus quantity, meaning that brands would rather get a targeted message out to the right people than use a 'spray and pray' approach. Print media campaigns can be highly targeted to consumer demographics and psychographics.

More evidence that luxury print issues have been booming as of late: News Corp.'s *Wall Street Journal* and *The New York Post* audiences will have a new supplement titled [Apples to Oranges](#), a magazine focused on bridging similarities between New York and southern Florida. Additionally, *W* magazine's August issue reflects the rebound of the luxury market - the first 36 pages boasts two-page spreads from brands such as Prada, Calvin Klein, Chanel, Louis Vuitton, Gucci, Christian Dior and Burberry.

Print is where brand storytelling begins. Louis Vuitton recently tapped actress Angelina Jolie to benchmark its [Core Values campaign](#), targeting wealthy jetsetters. The campaign is being pushed mainly through print. Luxury brand marketers are in the storytelling business and the Core Values campaign is a travel and adventure story that ties in with its spokesperson - The tagline reads: "A single journey can change the course of a life. Cambodia, May 2011." A physical and emotional journey is one with which the actress can personally identify.

Luxury travel also has a renewed confidence of print: American Express is teaming with Starwood Hotels & Resorts' Hawaiian locations to introduce a bar code in print publications that leads consumers to an optimized site with travel deals at the properties. We also enjoyed a great new print campaign from luxury hotel [The Brown Palace](#), which is bringing a classy 30's era look back to advertising. The ambitious [campaign](#) from the historic hotel located in Denver, Colorado beckons to its past with a stylish font and cocky yet clever copywriting over the beautiful images of the hotel providing the backdrop.



We didn't  
invent  
Luxury.  
We actually  
we kind of did.

When The Brown Palace opened its doors in the heart of Denver, it was in a class by itself. Every year, it finds new ways to delight. Spa treatments drawn from the hotel's own artesian spring. One of the West's most extensive wine cellars. Water that falls like rain from the ceiling of black marble showers. No hotel captures the spirit of a city like the Brown. Let it capture you as well.



321 17th Street, Denver, CO 80202 • 800-321-2599 • [BrownPalace.com](http://BrownPalace.com)