

the 2009 Luxury Briefing Conference

The new luxury environment *Smart ideas for challenging times*

Dr Concetta Lanciaux, CEO, Strategy Luxury Advisors *The new era of luxury... or is it?*

Dr Concetta Lanciaux surmised that what the luxury industry needs are smart ideas for long-term success – and that **too many short-term ideas have brought the industry to where it is today.**

She took a tour through the four ages of luxury – moving from Louis XIV, who brought about the association between the French and luxury by supporting craftsmen through his court, to Louis Vuitton, who combined craftsmanship, quality and product innovation to build his brand. Then to the age of couturiers from the 1920s to 1970s, which evolved to the period from the 1980s onwards where business groups have acquired luxury brands and integrated a fashion element and professional management structure.

The problem is that the number of wealthy and middle income in the world is falling – although this is coupled with a rising class with aspirations that are stronger than ever. She suggested that to maintain sales **luxury brands now need to offer a 'wow' value.** The components of 'wow' factor are:

- 1 **Heritage values coupled with functionality**
- 2 **Individual brand style**
- 3 **A price that corresponds with the quality of the object** – people should not be asking if they can get the same thing for less elsewhere.

Other factors the wealthy are looking for are the handmade, long-lasting, items that maintain a *haute couture* model, uniqueness, a recognisable brand name, authenticity and exclusivity. Today, **luxury brands have to stress their heritage, identity and relevance.**

The **sense of connecting and belonging is also key for**

luxury consumers. Louis Vuitton's page on Facebook was noted as being a good, relevant piece of social marketing. Donna Karan has talked about reconnecting with the customer and how designers had to question the current practices of early deliveries, oversupplied stores, markdowns and the relevance of fashion shows. Donna Karan has predicted that things will soon change as the designers move away from these established models. Mark Fast has recently innovated by sending different sizes of model down the catwalk, embracing many women and showing that the brand can be right for them. Concetta Lanciaux noted that now **customers should be treated as brand ambassadors, and shop assistants should interact with them – not just serve them.**

She concluded by noting that value has become increasingly important to customers once more and that **the perceived price of an item should always be higher than the actual price.** The worth should be evident. It was outlined that the luxury industry could learn from the innovations of the food industry where many chefs are providing the same quality but for less due to having fewer frills. Lanciaux felt that the only person truly doing this in the luxury industry is Reed Krakoff, who has produced a new line of simple, classic, American luxury but with original designs and great craftsmanship. Lanciaux felt that luxury will not go through 'radical change' but 'radical renewal'. There will be a reinforcement of traditional luxury, but made more relevant to the 'now' generation through the new elements detailed.

Paul Bennett, Chief Creative Officer, IDEO *Post-recessionary luxury – what happens now?*

Paul Bennett opened by discussing the meaning of luxury. He put it to the audience that we are in the middle of a moral crisis and that our current economic situation is a reflection of this – and that we have only ourselves to blame. Until 18 months ago the British luxury industry had good reason to feel proud of itself but then the economic crisis hit. What this has done is **make people 'reboot' their sense of values, choices and morality, and brands will bear the consequences of this.**

IDEO set up a Facebook discussion on the subject of luxury and the things identified as being most important to those who joined in, were time with family, authenticity and service. So today's luxury is about designing with new needs in mind. An example of this is Bill Amberg's recent tie-up with pram manufacturer Bugaboo. It is also worth noting that 'conscious consumption' is starting to take on meaning, having now been a term bandied around since the 1980s.

1 **Brands now have to ask themselves if they have a meaningful philosophy and if they live by it – and can consumers see this?** There has to be transparency, and brands have to have substance behind the messages they are communicating. They have to walk the walk, rather than just appearing to do this, or they will be found

out. QUESTION: What does our brand mean? What are we in the business of making?

2 When it comes to service, Paul felt that Apple does it better than anybody else in the world at the moment and that it is now the benchmark for all customers. **Staff have to know about what they are selling and create true engagement** – using great people at the centre of the retail experience. In the music industry, Beck recently collaborated with fans through a website asking opinions on tracks, which he then gave out free. Brands need to stop selling and start informing and curating. QUESTION: Are we telling great stories, in great places, through great people?

3 It is also **important that brands trust their customers in opening the brand up online.** There are companies in the public domain where this works very successfully – Flickr is self regulating, while most Wikipedia posts are entirely well-meant. QUESTION: Are we prepared to unclench and let go?

There is a broader world out there, and **the competition is not always who you expect.** And that's before you start to do battle with the luxury brands of tomorrow.

Giles Deacon, Designer, Studio Giles

Taking luxury out of its comfort zone

Giles Deacon talked about his decision as a British designer to move his shows to Paris. Since making the move away from London his sales have increased by 42%, indicating that however loyal brands are to London, **Paris still represents a bigger part of the global fashion scene.** More buyers still come to Paris than London which, for a young brand, leads to greater exposure and greater credence. He also explained that while it is important that the British fashion industry supports young designers, when first working in the fashion industry he had found it very useful to have travelled and worked in different countries. Deacon felt that to be commercially successful it is **important for young designers to have worked abroad** to get a feel for what customers want in different parts of the world and broaden their commercial horizons.

However as a British designer he felt that **provenance of materials and manufacture was hugely important** and tries to work with UK companies. Amongst there are family silk-weavers Stephen Walters, but he also feels that the Made in Italy label is still important in signifying quality. Deacon thinks that now, more than ever, people are looking for quality and value. He also talked about **brands needing to be specific about what they do**, saying that five years ago everybody was doing the same thing but now brands need to be more focused on the particular specialties that people look to them to provide.

He was generally positive about the state of the fashion industry and felt that it was looking forwards in terms of design and craftsmanship. However discussing how far a brand could push the boundaries he pointed out that whatever a designer did they had to be mindful of their bottom line in order to be able to pay staff. This involves first working out what they want to do,

and then to what extreme they want to prove it.

He believes that most stores do understand their customers and do not underestimate them, and that **good sales staff (eg at Barneys) provide a crucial interface between the customer and the designer, as they know what lengths, colours and styles the customers want. Designers need to meet them, talk to them to find this out**, and to explain their products and fabrics so that the sales staff can pass this information on to the customer.

Talking about collaborations, he said that he felt that the New Look collection has not damaged the brand as some might think, but instead has driven the accessibility of the name and built brand awareness. He believes that when approaching such projects, designers should aim to create the best-quality product they can within the sector they are operating.

The first Giles Deacon online store is about to launch and Deacon believes that technology is a useful sales channel as it is convenient and fits with customers' working lives, but that **a beautiful store environment will always be effective.** Deacon is also looking for premises for freestanding stores but has said that he would like to go down a non-conventional route, possibly combining the store with art and music.

Other new Giles Deacon projects include a cycling apparel collection in partnership with the 14 Bike Co – a bespoke bike company – as there is now new demand for stylish and functional cycling clothing. Following on from his collaboration with Smythson, Deacon has a new stationery line coming out in Harvey Nichols in January, is to continue working with Cutler & Gross on eyewear collections and is interested in collaborating on a fine jewellery line.

Jeffrey Miller

The emerging new paradigm – what it is and why luxury cannot afford to ignore it

Jeffrey started on a note of optimism by saying that now is not the beginning of the end but merely the end of the beginning. He observed that 2010 should be exciting as the end of the first decade of the new millennium given that these times often lead to new trends and excitement. But not today. Instead he envisages 2012 – touted as an apocalyptic year by the Mayans – as being a new start. It will signify the end of things as we know them, with time, evolution and social and technological change all speeding up, and the threats of polar melting and technological meltdown. And the new marketing paradigm will not wait until 2012.

Current luxury brand marketing needs to be rethought.

The gimmicks of gift cards and benefits are merely a misuse of language and customer service is an oxymoronic message. We are bombarded by marketing on taxi cabs, bins and everywhere. To protect any spark that is there, we must forget everything that we've learned, the exploitation, the bombardment and the 'Mad Men' tactics.

The banks inundated us with special offers and accounts until they were no longer banks. So we had to bail them out. Now they are using phrases like "We speak human" to regain trust.

Some people are getting rich but most are not. Most customers are suffering from the fall-out of 'affluenza' and £3,000 for a dress does not sit well. Dualism doesn't work any more; everything is up for re-evaluation and we are all in this together. **We need to return to tradition, craft, elegance, service and restore charity – original luxury values. Luxury does not Twitter, it soars.** We must move away from self-

destructive narcissistic dreaming. Here are points to remember:

- 1 Paper waste will be the new plastic and its days are numbered. Luxury shopping bags will appear on eBay. Eliminate the paper trail.
- 2 Oil is over. We will discover that we are as much of the problem as the solution.
- 3 Social networking is getting there, but still about exploitation. Online shopping will become unsustainable as the oil runs out.
- 4 BRICs: so much projected, but an earthquake, terrorism or epidemic could blow this out of the water unless brands integrate and execute beautifully.
- 5 Contempt must end – for different cultures, women and lapsed customers. Sincere is the new shocking.
- 6 Surprise people. This could win luxury consumers where other things fail.
- 7 Impeccability. Choose what you are. Clean up your act and get your house in order. Think enlightened branding.
- 8 Restraint is very luxury. Don't chase projections or copy competitors. Go into brand rehab and refine your message.
- 9 Union. Build collaborations like Jil Sander and Uniqlo, Stella at Gap, Jimmy Choo at H&M. Get everybody on the same side and work together
- 10 Emptiness is not the same as denial. It is a threshold that is all about the new 'less is more' paradigm. It is about flushing forgetfulness and allowing yourselves to remember.

BREAK-OUT GROUPS

Connecting with the luxury customer in 2010 – conducted by the following editors and journalists...

✓ Condé Nast Traveller	Sarah Miller	Editor	✓ Luxury Briefing	Catherine Macdonald	Editor
✓ Contagious	Katrina Dodd	Editor	✓ Luxury Briefing	Kate Patrick	Associate Editor
✓ FT How To Spend It	Gillian de Bono	Editor	✓ Monocle	Andrew Tuck	Editor
✓ Harpers Bazaar	Lucy Yeomans	Editor	✓ SHOP Magazine	Emma Cheevers	Editor
✓ Intelligent Life	Tim de Lisle	Editor	✓ The Telegraph Mag.	Michele Lavery	Editor
✓ LS:N Global	James Wellman	Editor	✓ The Times & Luxx	Anna O'Sullivan	Head of Luxury

David Rowan, Editor, *Wired*

At the cutting edge – a radical re-think of what luxury could be doing in the digital world

Twitter has now done a deal with Google so that Twitter entries come at the top of searches. This means that you cannot ignore the power of technology. The internet is ubiquitous and smart mobile devices are already the norm. The next generation will experience this more, and they have a built-in interface between their brain and a computer so their brains are 'networked'. We are even at the stage where emotion can be tracked by technology now. X-box will be launching a programme that recognises this in 2010 and artificial intelligence is now everywhere.

A new generation of luxury professional is using key words, optimising searches and connecting with a new generation of customer. Those asking why this matters have to realise that **your brand is now what Google says it is**. 42% of customers get their product information from the internet, and that number is growing. If you don't help the customer to make their decision, then somebody else will. Other people will write about your brand, which can give you the worst publicity ever or alternatively some that money can't buy.

Some brands are already prominent on social networks – but **you have to have a strategy**. Those who are effective include Coach, which ran an online tote design competition. This led to 6.5m page views, 114,000 votes and 3,000 designs generated. Burberry's *Art of the Trench* has helped the brand to spread the word and engage and MAC's picture tweets from the fashion shows drew much attention. Louis Vuitton uses US Twitter to deliver a controlled message that publicises what it does and through Facebook it has a consistent story. BMW sent a text to Austrian customers about snow tyres and 30% responded by buying. You can no longer just say that it is wrong for the luxury sector as so many high-value items are now sold online.

Things to do:

- 1 Build emotional attachment to your brand
- 2 Make your site linkable
- 3 Evangelise your loyalists
- 4 Tell customers about your inventory – in real time
- 5 Live your brand
- 6 Sample new products online and build on the feedback
- 7 Create excellent expectations
- 8 Identify any potential crisis early
- 9 Give them all the information they could want
- 10 Be useful, informative, entertain, engage

... Collect revenue!

DON'T

- Neglect loyalists
- Sell aggressively in a social networking context
- Do undeclared PR, eg a false blog
- Assume that digital is a fad
- Feel that you need to be everywhere

DO

- Be transparent
- Add value
- Be considerate
- Be creative
- Monitor feedback

Martin Brudnizki interviewed by Suzanne Trocmé

Creating durable design – a time to be bold?

Martin Brudnizki talked about redesigning The Caprice – the 27-year-old iconic London restaurant – at The Pierre in New York. The Caprice had been the only restaurant that he had ever thought about recreating, and about how he would recreate it. When you move it across a continent **you also have to understand the location and surroundings and respond to this**. Also, how every sense can be stimulated within this space as a restaurant is not just a visual thing. There was also a challenge in that the space provided to recreate the Caprice was not great. His approach was to take the black and white, invert the colours to suit the new space and reflect light though using polished materials and shiny surfaces.

Brudnizki feels that the product is the main event when designing. **The designer is only about creating the background and packaging, so it is critical to go in with a low ego**. Hospitality is an interesting field to work in as designing a restaurant is one of the most difficult things you can do. You need to think about service areas, dining comfort and social areas as well as creating a space that people want to return to. Good restaurant design should also have longevity – like a classic Chanel bag design it is something you need to be able to tweak but also has a consistent DNA. In the case of The Caprice this involved replicating the black-and-white David Bailey photographs and the famous bar hardware from London.

It is also important that any hotel you create is part of the city and the neighbourhood it is in, which should duly influence the art, architecture and design of the hotel. **You can't just dump any design in any city**. Much of design is about humility: understanding the brand, sourcing locally, and getting the city on your side.

Martin Brudnizki said that he went to the shops rather than internet shopping as he preferred face-to-face interaction. In the same way that **restaurants should have longevity, so should a shop**. A shop is a space to sell things, but it should be the product that stands out rather than the store design. When designing it is also about looking at how the customer makes the journey through the space and thinking about where the product is placed. One example of this was John Pawson's seminal store design for Calvin Klein in New York where the product did the talking. But you also need to be upfront and not pretend that you're not selling.

Discussing design in general, he said that good design is not about reinventing the wheel – and it is often best to keep it simple. It is more about thinking about a shape or material, then moving it on. Risk is important but as a designer you have to know when something is right and push it to a point where you feel comfortable. However you also have to listen to the client and their needs, or as a designer you don't have a product.

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BOKKS London, which launched in November, brings together the world's leading luxury brands, designs and experiences with a unique personal gift design and delivery service. Five gift ranges – BOKKS Collections, BOKKS Curated, BOKKS Privé, BOKKS Refined and BOKKS Epic – ensure that it can meet any customer's request, from the spontaneous romantic gift to a meticulously masterminded epic gift of adventure. The BOKKS client service offering includes gift 'imagining', hunting and collecting, BOKKS gift luggage and surprising deliveries with a modicum of theatre. www.bokks.co.uk

Steve Grant, Euro RSCG Luxe

Social media – putting it to work for luxury brands

Some luxury brands may say that social media is not for them, but maybe they should consider this: in the week leading up to the conference there had been 6m new blog posts, 28m tweets on Twitter, and \$1.3m spend on Facebook ‘accessories’. Some brands think that the internet is a magical opportunity – consumer generated content which involves no work. This is not going to happen. Then there are those who see the internet as the dark side, viewing it with fear, uncertainty, doubt and a loss of creative control – which makes them angry.

The luxury paradox is that the product provided by luxury brands has to be exclusive and aspirational, but at the same time appropriate and obtainable. When it comes to taking a technology based approach to addressing this, just showing up is not an option. **Social media is an activity, not a destination.** It takes strategy and longitudinal action. Luxury brands have to ask themselves: ❷ Why do you want to go? ❷ What are you trying to solve? ❷ What consumer conversations would you like to have?

However not showing up is not an option either. You need to have a dog in the fight, even if it is just a little cute one. The rules are:

❶ **Listen** – observe, orient, decide, act. People will talk in a way that they never would in a focus group.

❷ **Encourage the right kind of conversation.** Jaguar released a series of films on Youtube explaining new design shifts in Jaguar models – this intellectualises and humanises the design process. This was then sent to influential bloggers so that they understood what Jaguar is doing.

❸ **Think big** – and differentiated. Louis Vuitton produces content that is shown exclusively on Facebook. This rewards consumer engagement.

❹ **Creativity counts.** Look at the *Art of the Trench* website. Great work, very sharp, allows people to participate and opens the door to the brand. They feel like they are collaborating in something they feel passionate about and taking a curatorial role. Very energising.

❺ **Show up and tell your story.** Help the consumer to identify

the brand and then decide that it is right for them. Good examples of this include the May Fair Hotel’s clips on Youtube using Cheryl Cole. Youtube is the world’s second-largest search engine – people like video content. They also like celebrities and find the May Fair’s clip authentic, intimate, friendly, chic and has celebrity content.

❻ **Offer a singular brand experience.** Virgin Atlantic take this opportunity through Twitter, promoting customer service, offers and deals. And all in the flirty, friendly tone people recognise from Virgin. A person representing Virgin takes responsibility for the brand and is responding all the time. They have been entrusted with this – and no tragedies have occurred.

❼ **Be passionate about your brand.** Look at what you’re doing right, and tell people about it. Print ads are not good for addressing social credentials but social media can be. Perrelet watches has a blog about the charity work the brand does. The internet is eternal and your misdeeds last forever, but so do your good ones.

❽ **Social media is about people** – people participation, both consumers and employees. The founder of Montagne hotels uses Twitter to make direct contact with consumers, telling them he’s in the bar in a particular hotel at that moment and they can talk to him there and then. This shows a commitment and willingness to be transparent.

❾ **Everybody’s participation counts.** Christopher Bailey thanks viewers for watching Burberry shows online and says, “I’ve read every one of your comments.” This makes viewers feel he is sincere and cares.

❿ **Change and evolve.** If you want to know what’s going on in the tech world go to South by Southwest Interactive where new technology is unveiled and discussed. Listen to your consumer to find out what is coming next. Technology is continuously being reinvented and you need to be there. The participation also builds creativity. So... don’t be afraid, be aligned to your strategy, social media is a practice, follow the ten rules, connect to your consumer and connect them to each other. Start with listening – **don’t do anything without listening!**

Tyler Brûlé, Founder and Editor-in-Chief, Monocle

Four-dimensional luxury – giving new depth to your brand

Tyler Brûlé believes that **the world of retailing is changing and brands have to take a multi-channel approach.** He talked about Japan, claiming that it is not totally depressed for luxury brands, but it has changed so that now it is about craftsmanship, provenance and quality.

The phenomenon that is the Echiré French butter store in the Marounouchi area of Tokyo regularly sees 500 people queuing around the block to buy \$5 croissants. Stores such as Isetan are putting artisan chocolatiers and candy stands on their ground floors instead of cosmetics.

He cited the example of *Monocle* at a time when other print media are struggling. It is now available in 84 countries, mainly through a focus on subscriptions rather than newsstand sales. It has just achieved its first issue to attract over \$1m in advertising, and experienced its best year ever. However this has been done from being multi-dimensional, from using 10 different paper stocks for the magazine, to film and video on the website and a wide variety of supplements. Brûlé is not a big fan of social networking for brands and said that Twitter needs to get off the world stage... many brands are involved who should know

better.

Monocle makes a point of highlighting innovative businesses in its *Inspirational Companies* supplement, which featured names including Tokyo Mobile Coffee, and Rimowa, the German luggage company which offers an ongoing repair service and has a partnership with Lufthansa allowing vintage trunks to be shipped to and from their owners within days. Success is also about the personal touch. According to Brûlé people fly via Germany in the hope that Frau Wakamoto will be a stewardess on their Lufthansa flight. This sort of personal attention can make up for many other flight shortcomings. Autonia in Milan is a retail superstar as nobody else can sell like them. It’s amazing to watch, and makes you realise that all most stores need is the right people on the floor – most stores do not in fact ‘sell’ to you.

The *Monocle* shops were founded as an afterthought, providing an alternative to buying the magazine under striplights in WH Smith. These have been a success, turning over £6,000 in a 100 sq ft space on a Saturday afternoon. As well as the first Marylebone shop there are now stores in Los Angeles and at Dover Street Market. Tokyo, Hong Kong and Toronto stores are also all coming up.

Martin Raymond & Chris Sanderson, The Future Laboratory

Last brand standing – who will flourish in the new luxury environment... and why

For an expansion of this presentation, please see page 23