

Luxury Today

Key factors for Success

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Luxury

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



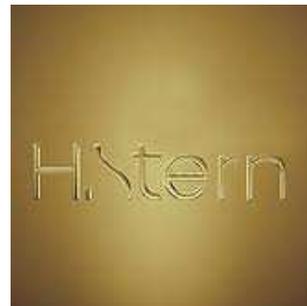
* Prof Kapferer estimation for 2010

Research

Interviews: 20 managers of luxury brands and 2 luxury consumers



PORSCHE



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



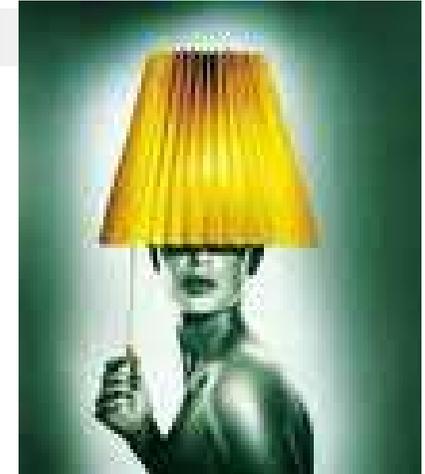
Luxury

- 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

Luxury Consumer



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 an also listening to him to 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 markers → *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

Consumer need to be surprise

Banality → Unforgettable

“At Ferreti Yatchs 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 Yatchs Portugal



Key factors for Success

■ Purpose

It has to exist

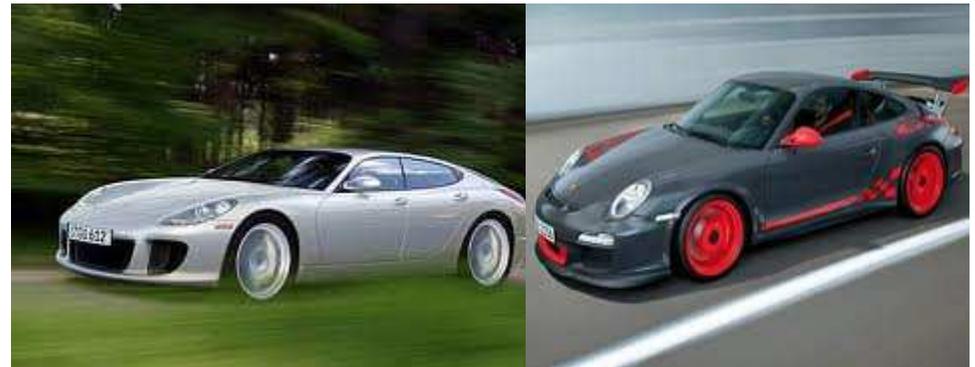
Clear presentation of the practical and symbolic attributes

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 launch to attract average stays high



Communication



- 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 use to create Buzz and feed the relationship with the client:

Corporate patronage

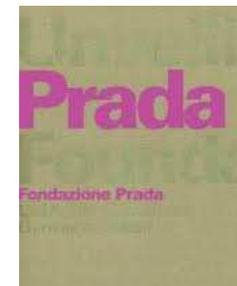
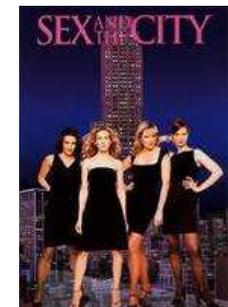
PR Events: openings, fashion shows, reward shows, festivals, ...

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

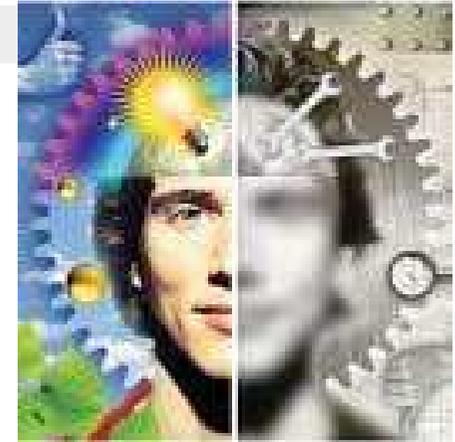
and challenges: no control on the spread information and the consumer is in total control of the information he wants to receive

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

CRISTINA DE AZEVEDO ROSA

IMPÉRIO DO LUXO

A CONSTRUÇÃO DO SUCESSO



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