

# Disruption, Change and Reinvention

Luxury Market Outlook 2017

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unity  
MARKETING



# Time for Luxury 2.0

We have your  
guide!

Over 600  
responses

Qualitative &  
Quantitative  
data



# 7 Key Trends Identified

Descriptive & Prescriptive Research

A dramatic black and white photograph showing the lower legs and feet of a person in a business suit, falling upside down. The person's feet are in the foreground, while their legs extend towards the background. The background features a city skyline at dusk or dawn, with several skyscrapers illuminated. The sky is filled with large, dark clouds. The overall mood is one of instability and risk.

# Disruption

What you said

# Disrupters Doing It to Us?



- *“Digital marketing/ social media is the most powerful trend. It has changed how customers get information and how they make decisions.”*
- *“Amazon and the commoditization of everything”*

Technology  
Innovations

External  
Influences

Disruption

# What Causes Disruption

External Influences

Regulatory  
changes

Acts of God

Macroeconomic  
trends

Technology

Solving old  
problems in new  
ways

# Disrupters? Effect not Cause

- Amazon, et. al., offer new solutions to old problems
- Consumers are driving disruption



# Heritage & Tradition Giving Way to Immediacy and Now

- *“A move towards show-now, buy-now, more accessible luxury for a wider audience and more responsive to trends and customer demands.”*





# Luxury Under Assault



- Conspicuous consumption
- Indulgence
- Exclusivity
- Elitism
- Extravagance
- Wealthy 1%



- Practical
- Functional
- Inclusive
- Good quality
- More affordable
- Democratic

# Traditional Luxury Out of Touch

*“There is no question that there is more money out there than ever before and it wants to be used yet the name of the luxury game needs to change - It’s not about the brands, it’s about the people and how you make them feel - status over others is so passe!”*

*“The idea that luxury matters less and less to young people is a concern, as they will define what luxury means versus brands defining it via marketing efforts.”*





# Luxury Isn't a Brand or Price Point – It's a Mindset

# Chances of Getting Traditional Luxury Back? Nil!





# Consumers Have Changed

- Expectations
- Demographics
- Shopping Behaviors
- Values
- Service Demands



# Adapt to the New Style of Luxury

- Branding
- Marketing
- Advertising
- Retailing

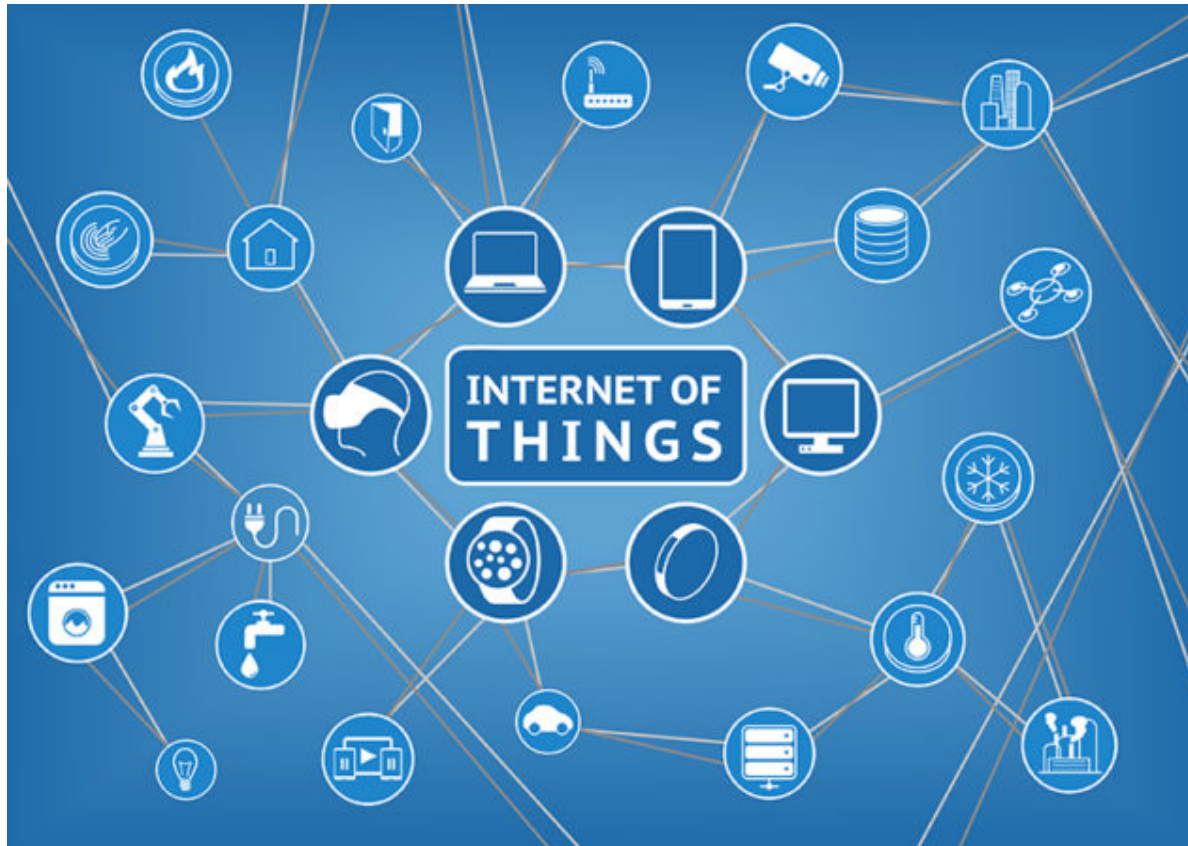


# Change

What You Said

# Change Coming at Warp Speed

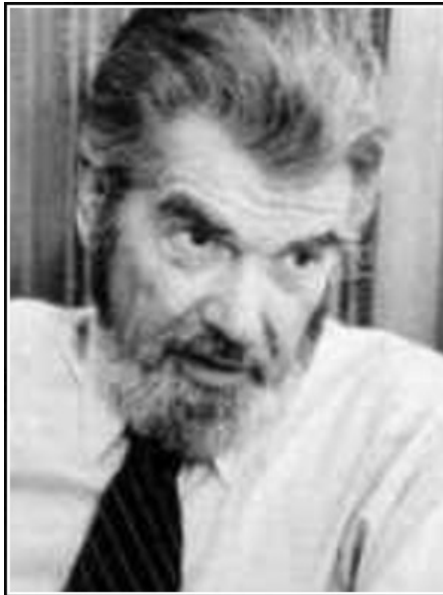
*“The pace of change is difficult to keep up with even for a company that specializes in digital (influencers, media, digital habits, competition online) ... . We constantly need to adapt and rethink our strategies.”*





# Change Only When It Hurts Enough

*“My concern is that the luxury industry doesn't adapt as fast as it should. Brands tend to hide behind the macro-economic factors such as oil price drop and currency fluctuations. With the changing demographics and digital usage of the new luxury consumers, the brands need to speak a different language.”*

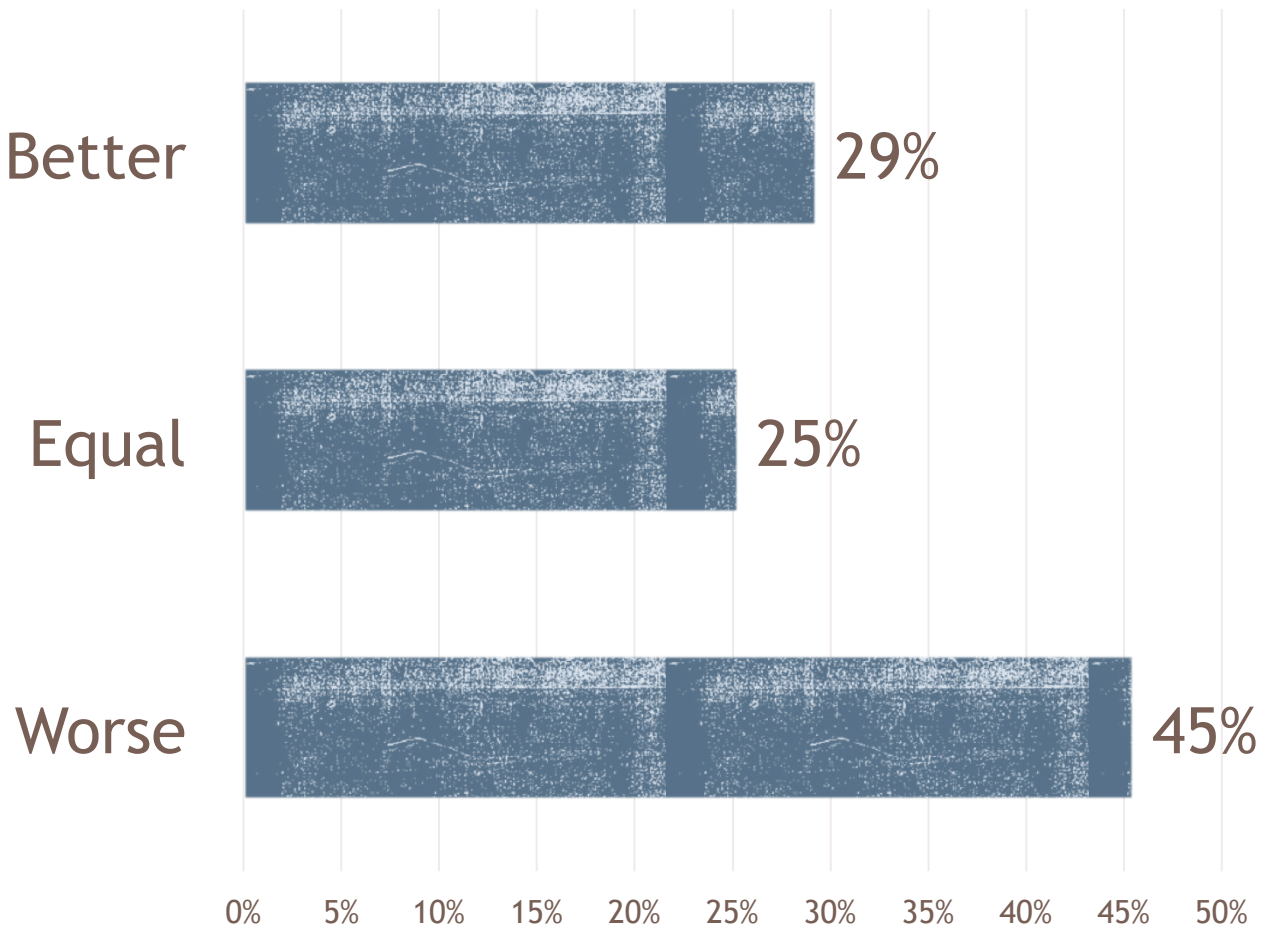


In spite of warnings, nothing much happens until the status quo becomes more painful than change.

— Laurence J. Peter —

AZ QUOTES

To what degree do you feel business conditions in the luxury market overall are better, equal or worse now compared to a year ago?



**Hurt  
Enough  
Yet?**



*“The change in how consumers define luxury and the new path to purchase is dramatically redefining the marketing strategy. Luxury brands must be very agile and innovative in order to gain the favors of the new luxury consumer. Finding the right balance between innovation and tradition is a challenge for many brands.”*

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# **Find the Balance between Innovation & Tradition**

# Innovation



What You Said

- *Diversify our portfolio and as well finding new paths to market, this help us to develop our market and find new customers and as well ways to market our products.”*
- *“We have to diversify more instead of relying on few - now decaying - segments.”*
- *“Brands are diluting their value by losing control of their distribution as they seek to please stockholders, trading short-term revenue goals versus protecting their brand equity.”*
- *“New products, new channels, ease of cost comparison, product and service differentiation, change management, senior management quality.”*

## **Innovation Strategies**

New Products

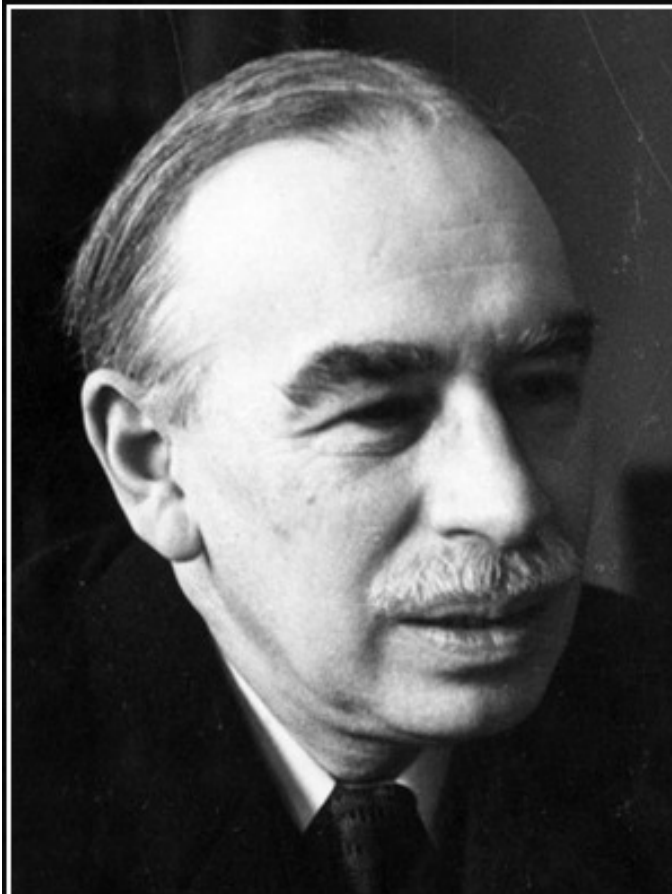
New Place

New Price

New Promotion

# Reinvention

Can't solve new problems with old ways of thinking



The difficulty lies not so much in developing new ideas as in escaping from old ones.

— *John Maynard Keynes* —

AZ QUOTES



# Your Prescription

My Recommendations



From ...

To ...

**Product**

**Experience**

**Place**

**Everyplace**

**Price**

**Exchange**

**Promotion**

**Evangelism**

**Forget the  
4Ps**

**Embrace  
the 4Es**

# Turn Your Product into an Experience

- Diversify Experientially
  - Through 1H2016 LVMH's traditional luxury leather and fashion goods business dropped 1 percent. Its highly experiential goods categories grew: perfumes and cosmetics (+8.2 percent) and wine and spirits (6.5 percent) businesses.
  - Ferragamo's Lungarno Collection, Bulgari hotels; Tommy Hilfiger's Raleigh Hotel in Miami Beach; Versace Palazzo; LVMH's Cheval Blanc; Armani Hotels; Maison Moschino
- Add Services
  - Saks Fifth Avenue offers "Saks Save Me" service, makeover packages; Ralph Lauren boutiques shopper pick-up service
  - Retailers upping their restaurant experiences; Malls enhancing food court experiences
- Deliver Shopping Experiences to Home
  - Stitch Fix; Trunk Club; Bucco Couture; Tom James; J. Hilburn
- Reimagine Shopping Experiences
  - Knot Standard; STORY Store; Bandier hybrid activewear & fitness; popup shops



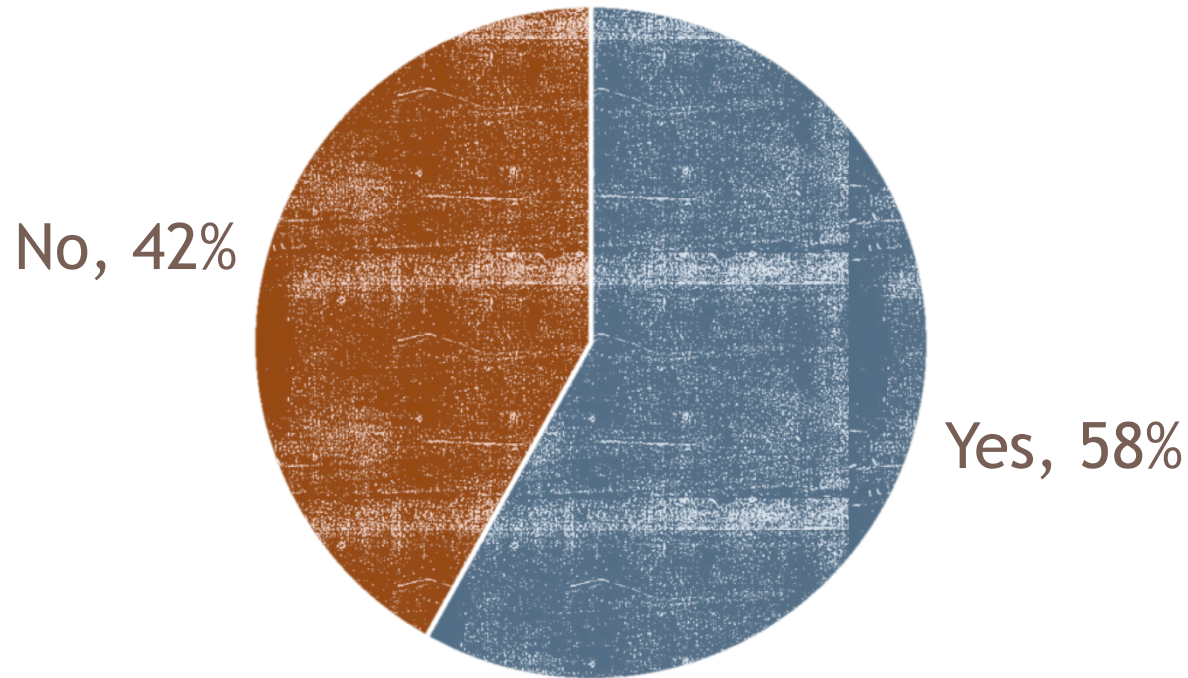
# Customer Service Never More Important

“In specialty retail and luxury, the job of a high performance relationship builder will become far more important, and the individual will be far more skilled. Human relationship-based client conversion and retention will be recognized as the critical drivers of revenues and profits in retail.”

Milton Pedraza

# Everyplace Means EVERY Place

Does your company current sell its goods and/or services over the internet?

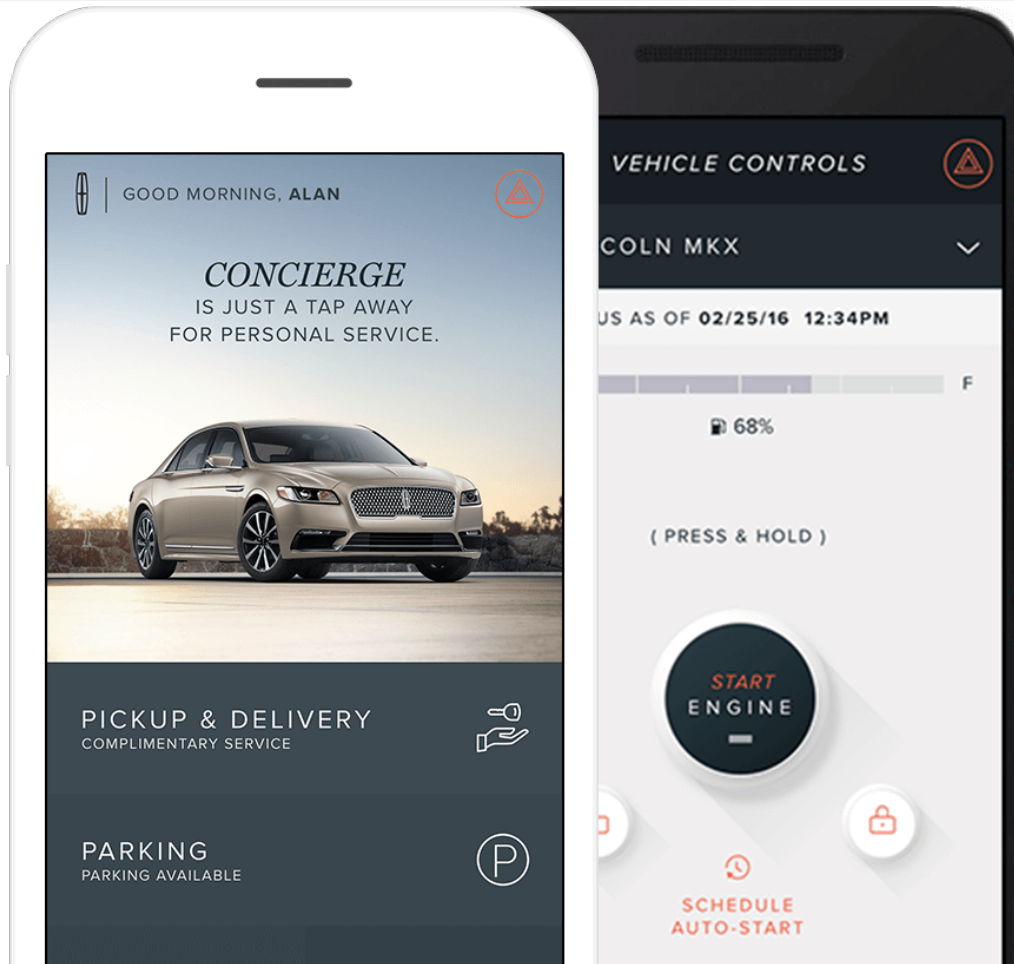


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LINCOLN

# PICKUP & DELIVERY

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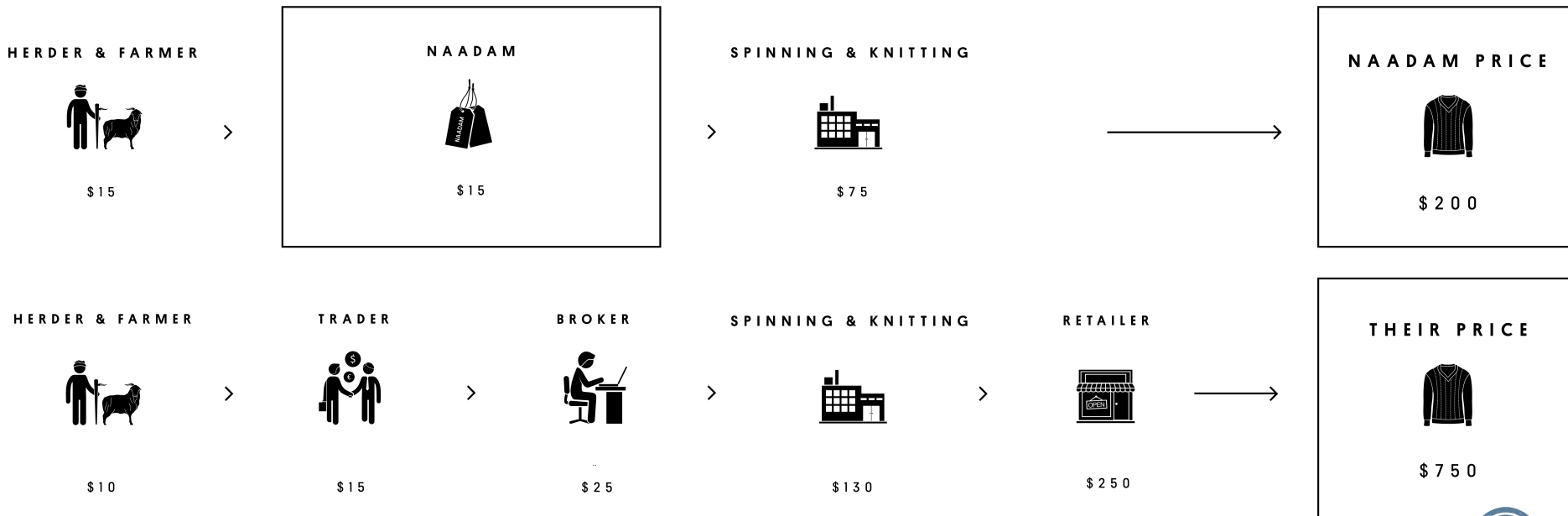
## Not Just Technology

‘The Lincoln Way’ of delivering services and experiences customers reveals Lincoln Motor Company has evolved into the 4E’s of marketing.

# Forget Price, Think Exchange

- More than money. It is the entire value experience of engaging with the brand.
- Part of the exchange must be respect for the customer's time.
- What are you willing to offer your consumers in exchange for their attention, their engagement and their permission?

## NAADAM



# Nadaam Tells its Cashmere Story & Explains its Price/Value

1. We start by selecting, sorting and buying the best raw cashmere fibers from nomadic herding communities in Mongolia.



OUR  
IMPACT  
PROCESS



2. The raw cashmere fiber then undergoes a transformation; from cleaning to blending to spinning, dyeing, cutting and knitting. We eventually end up with a carefully crafted garment.



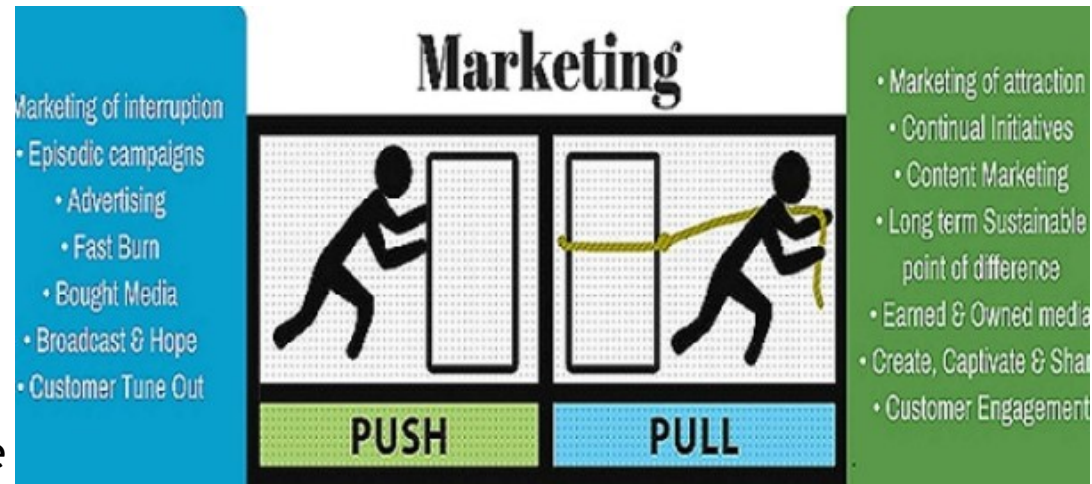
3. These high quality, versatile and incredibly soft garments are then sold...

...and profits reinvested in livestock insurance programs for our herders, strengthening the base of our supply chain.



# Evangelism Is New Promotion

- Pull, rather than Push, Strategies
  - Excite curiosity to draw customers in
  - Traditional PR, plus Influencer strategies
- Retailer & Selling Partner Strategies
  - More training, read Bob Phibbs, The Retail Doctor's, post "Top 10 Reasons Luxury Brands Should Avoid Retail Sales Training" where he concludes, "In luxury retail, it's no longer caveat emptor (buyer beware,) but caveat venditor (seller beware.)" due to lack of sales training.
  - More 'real' partnership, e.g. Knot Standard & Bloomingdale's, STORY Store
- Storytelling about Them, not You
  - Communicate 'News They Can Use'
  - It's about them, not you!



- Activate Word-of-Mouth Strategies
  - Systematize WOM
  - Can't leave it up to chance





Beekman 1802 Boys ✓  
@FabulousBeekmanBoys

Home

Shop

About

Posts

Reviews

Events

Sign-up

Photos

Pinterest

Instagram feed

Likes

Videos

Create a Page

Liked Following Share More



Beekman 1802 Boys

7 hrs · 🌐

This kind of stuff happens every single day



👍❤️👹 You and 1.4K others

60 Comments 19 Shares

Like Comment Share

2 f Deborah F

# Do Social Media Right

Beekman Boys reject “Lifestyle” brand label, in favor of “Living” brand

# HIRING MILLENNIALS

THE GENERATION THAT CHANGES EVERYTHING



## **Bring New Blood into Your Organization**

“Finding well qualified employees dedicated to serving very well-qualified customers”

# What Do HENRYs Want?

Reaching the Most Important Affluent Demographic:  
High-Earners-Not-Rich-Yet



Pamela N. Danziger

**Meet the  
HENRYs**

*Leave card,  
get mini-book*