

RESEARCH

Luxury now defined by rarity: McCann Truth Central

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YSL advertising image

By SARAH JONES

Luxury is currently having an identity crisis as it tries to find a balance between traditional and modern ideals, according to a new report by McCann Truth Central.

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With shifts in culture, such as the rise in digital and the democratization of content, luxury will need to adjust as well, finding a happy medium between the practices of the "old guard" and the "new progressives." One element that will continue to unite all luxury is rarity, whether it means a rarity for the consumer or a scarcity of distribution.

"We often run across the age-old question of 'What is Luxury?' during our frequent conversations among ourselves and with our incredible network of luxury-minded free thinkers," said Nadia Tuma, senior vice president and director of **McCann Truth Central**. "Ask a hundred people this question, and you'll get a hundred different answers. To make matters more complicated, the expression of luxury seems to change continuously as the cultural context around it evolves. For this research, we aimed to parse apart this question and come to a conclusion that could have a more actionable implication for luxury brands.

"So while classic values like heritage, craftsmanship and price are still important indicators of luxury, these elements didn't quite get to the core of conveying a truly modern definition to us," she said. "For instance, a new mother may consider a manicure once a week a profound luxury, and while technology like the Apple Watch is undoubtedly a well-crafted piece, with a noteworthy price tag, heritage is not a central component to its brand story.

"After much thought, and in order to capture the heart of the modern, yet timeless, definition of luxury, we hone in on one concept: rarity. We believe rarity is at the core of luxury, particularly as an age of overabundance invades our daily lives. It is indeed the rare that has the true power to deliver enduring luxury. That rarity can be a personal rarity, a cultural rarity or more traditional notions like resource or manufactured rarity."

The report compiles responses and conversation during McCann Truth Central's Tastemakers Council first dinner this fall. This carefully selected group of innovators and influencers in the luxury space, with backgrounds including travel, hospitality, fashion and digital, discussed the cultural issues facing the industry.

Creativity meets commerce

One of the main challenges facing luxury brands today is the pressure of profit and commerce. If storied houses are pushed to move product faster, they run the risk of losing the very craftsmanship and creative process that has

defined their business over the years.

This is a key differentiation between the "old guard" and the "new progressives," as the more traditional houses do not become beholden to the commerce calendar, while the newer labels who are more focused on commercial success put out merchandise on a set schedule.

McCann suggests a combination of the two approaches, by carefully selecting trends to buy into based on their cultural significance and by being highly selective in seeking commerciality, whether it is a diffusion line or partnership with a mass retailer.

For instance, Comme des Garons limits the points of sale for its ready-to-wear collection, eschewing ecommerce for the highly conceptual clothing. The brand reaches its loyal consumers through these exclusive channels, but also speaks to a broader audience in a brand-appropriate way through its Play diffusion line.



Comme des Garons runway show

"In the traditional and theoretical sense, the primary focus of luxury houses has been on the beauty of the product, its rich history and the quality of its craftsmanship," Ms. Tuma said. "Over the last several years, commerce has increasingly become a crucial part of the business of luxury. We are living in a progressively globalized world, where economic pressures ostensibly force luxury brands to deliver something more valued in the marketplace than creativity: profits.

"In order to survive, luxury brands obviously must be commercial on some level, no matter how devoted to their art and craft they may be," she said. "But in order to push boundaries and respect brand essence, creativity can't be forgotten at the expense of commerce. In our report, we argue that there are two poles in the world of luxury, and suggest a golden mean that can be attained through thoughtful consideration."

Brands need to narrow in on the major cultural changes occurring and find a way to incorporate them within their own brand "truths."

One specific culture studied is that of the United States, the leading luxury market. McCann found that the point of view on luxury in U.S. differs from that of the rest of the world.

The U.S.'s established luxury brands have often relied on European values of luxury, replicating them instead of creating their own definition of luxury. This has led to a number of made-in-Italy handbags or shoes from U.S. labels.

In contrast, the up-and-comers are disrupting the category, leveraging the U.S.'s lack of ties to other nations as an opportunity to forge their own path and innovate. The melting pot culture of the comparatively young nation provides an endless array of inspiration, while the values of the U.S. are those of freedom and individuality, perfect for finding a niche brand image.



Oscar de la Renta spring 2013 ad

Designers such as Carolina Herrera, Oscar de la Renta, Philip Lim and Prabal Gurung all use their individual heritages as reference points for their designs.

Changing face

Luxury is also being shaped by the changing consumer.

The balance is to do less in digital, but ensure that what is done is of better quality. This may mean limiting social media accounts to one or two platforms or having a great Web site.

The old guard is becoming more interested in experiences than things, and is focused on beauty and craftsmanship when they do buy luxury. On the flip side, the progressives are more interested in what the brand does to express their personal values.

A combination of the two is a carefully crafted item that also embodies an individual's personal memories. The luxury handbag has taken on a new sense of meaning.

Giving back has also increased in importance, making a brand's philanthropic efforts an important piece of the marketing puzzle.



Michael Kors Watch Hunger Stop campaign

The increasingly digital affluent has ushered in the age of the luxury brand online, but as more players have created social media accounts, the field is becoming crowded.

This digital focus represents a change in attitude from the former thinking that digital would cheapen a luxury brand by making it too accessible or would lead to a loss of control over the brand story. In comparison, the new thinking is that luxury brands should be available online, but in a controlled way, and that a brand's online presence makes other channels, such as the in-store experience, seem more luxurious.

Transparency is the key. Just as having an uncontrolled social presence can be detrimental to a brand's image, being too controlling of the conversation can also create rumblings and speculation among consumers and media.

Some brands that have extensive digital presences are creating more exclusive offerings for top clientele.

For example, French fashion label Saint Laurent Paris is heightening the exclusivity of its apparel with the upcoming launch of selective made-to-order couture items.

Saint Laurent's creative director Hedi Slimane will only create these handmade items for friends of the house, fulfilling only those orders he approves of, according to [The New York Times](#). The house eliminated its couture

collection in 2012 when Mr. Slimane took over direction, so this Yves Saint Laurent Couture line will enable the brand to give elite customers one-of-a-kind garments ([see story](#)).

"Luxury brands are increasingly creating partnerships and extending into different categories, acting as a living, breathing ecosystem," Ms. Tuma said. "For brands, positioning serves as a center of gravity. But they will have to let go of a little control in order to effectively build a new network.

"So as people become multi-dimensional, they are looking to the brands with which they engage to mirror their lifestyles," she said. "In the midst of this 'new ecosystem,' where art competes with travel competes with philanthropy competes with apparel for the same dollar spent, affluent individuals are looking for a curated and holistic philosophy from brands to inspire them.

"I don't think any one brand can do this on its own, which is where valuable partnerships with other brands or organizations who should share the same values come into play. The most trusted luxury brands form partnerships as a way of giving affluent consumers holistic worlds in which to enjoy the very best of everything life has to offer, be this cuisine, travel, philanthropy or culture. In so doing, luxury brands are able to protect their essence and create meta-brands, regaining some of the exclusivity that is such a rare commodity in modern luxury."

Final Take

Sarah Jones, staff reporter on Luxury Daily, New York

To request a copy of the McCann Tastemakers Council Report No. 2, please email tastemakerscouncil@mccann.com

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