

COMMERCE

## Changing consumer base demands “feminine” leadership qualities

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*Chanel's interlocking C's*

By FORREST CARDAMENIS

VERSAILLES, France Luxury leaders will need to embrace more collaborative characteristics to connect with the new consumer, according to the former CEO of Chanel at The New York Times International Luxury Conference on April 5.

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Globalization and the advent of technology have brought luxury to an inflection point, and the tried-and-true process that has guided the industry for decades or more will no longer work on its own. As the priorities of tomorrow's consumers shift, luxury's must shift with them and deliver a genuine transformation from the inside out.

"[Luxury is undergoing] even possible irrelevance to a brand new generation of consumers and employees," Ms. Chiquet, former CEO of Chanel said. "I don't think any of us can deny that luxury itself is in the midst of a huge transformation, even an inflection point.

"These younger gens of both customers and employees are expressing very different values and they are making it clear we are going to need to appeal to them in a radically different way."

Luxury Beyond Product was organized by The New York Times.

### **A new way forward**

Ms Chiquet, who served as global CEO of Chanel from 2007 until January 2016 and as president before that, explained that she noticed almost a decade ago that luxury was reaching an inflection point. Viral videos were beginning to circulate, blog posts from irate customers or employees could pose serious PR problems and counterfeit merchandise was multiplying in the digital world.

Social media, smart phones and even higher rates of travel and immigration have wrought more radical changes in the years since, intensifying communication and bringing people of different cultures to brands as both customers and employees. Brands can no longer make a reliable five- or 10-year plan, and new ways of conducting business needed to be discovered.

This new way of conducting business should stress "feminine" values of understanding, compassion and collaboration rather than the more masculine, hierarchical work structure. Ms. Chiquet attributes this epiphany to an experience listening to a speech by Burmese peace activist Daw Aung San Suu Kyi and further notes that the

signposts to success will likely come from outside a company's sector, as hers did.

With the world and communication changing, brands often find themselves looking at something that did not even exist the year before. Rather than pretending to know everything and demanding respect, Ms. Chiquet confronted these issues by excavating the common ground between her colleagues' experience in luxury with her own observations.

"We have been pushed outside our comfort zone," Ms. Chiquet said. "We all need to listen better to our customers, to the world around us and especially to our teams.

"We are in a time that demands our complete collaboration, not just in products we make but in everything we do," she said. "Differentiation has never been more elusive; new brands, copies and fakes continue to come out of the woodwork and the Internet has only increased their exposure.

"The word luxury has come to mean something different. Travel brands are making a luxury out of time and convenience. What's precious in this world is changing and we need to open the aperture and see things outside our industry."

Reaching the new consumer, besides navigating new digital channels and speaking to a diversifying consumer base in multiple languages, will require transparency, not as a position or marketing tactic, but as an authentic part of the brand.

With everything from plastic water bottles to furs, millennials a significant and growing portion of purchasers are training an eye on morality.

Tesla, Ms. Chiquet remarks, sold more of their top models than either Mercedes or BMW, historically two best selling luxury automotive brands. While this is in part due to a smaller vehicle fleet, the growth of the brand is noteworthy and speaks not just to the performance of the product and its design, but also to its electric powertrains and carbon-free emissions.

Tesla, along with companies like Apple and several others, are finding new ways to connect with young consumers that go beyond heritage and other traditional ideas of luxury. To compete, heritage brands will need to do the same, and it will start with a new form of leadership that can transform the company from the inside out.

#### Disruptive futures

Despite the recent changes, brands must also remind themselves that disruptions are far from over.

The luxury world may be unrecognizable in 10 years, according to a New York University professor speaking at the FACC Luxury Symposium 2016.

Inklings of the future landscape are already falling into place, and 10 years ago luxury looked very different than it does today, so it follows that another 10 years will transform it to a similar extent. As technology continues to evolve, luxury will be forced to continue adapting to a consumer mindset suited to small, specific, value-driven propositions rather than the mass consumerist markets of recent years ([see story](#)).

While Chanel has succeeded mightily in some aspects of online marketing, namely with its successful YouTube channel, it has lagged behind in ecommerce. However, recent changes suggest that the brand may be poised to enter the market.

The French atelier unveiled its first ecommerce Web site for the fashion division in the United States to sell its sunglasses collection in November 2015.

Instead of a category-wide launch of ecommerce, Chanel has taken a slower path to brand-operated commerce by offering first skincare and beauty products, and now entry-level sunglasses to test the waters. Launched on Nov. 4, Chanel takes a holistic approach by creating an omnichannel ecommerce experience to complement its bricks-and-mortar boutiques to better serve consumers through enrichment and customization ([see story](#)).

"Whatever we do to meet this younger generation or in this digital age or in this crazy word, whether it's highlighting artisanship, protecting the environment, doing social good, [brand repositioning] cannot be a top-down mandate," Ms. Chiquet said. "It can't be a screw-on solution or a top-down mandate or the next trend from some new market research; it has to start close in, it has to start with shifting the mindsets and behaviors of leaders first.

"Having led a significant cultural revolution to explicitly teach these practices, these values at multiple leadership levels and into business practices, I can tell you that this is actually at the root of any long-term sustainable change or

evolution," she said. "When leaders are challenged and supported by more open and authentic to look at their deeper motivations and fears and their adversaries, when leaders are pushed outside comfort zones by disruptive thinking and explicitly encouraged to try new things, when they're supported to create genuine connection, then meeting this new world, incorporating these feminine qualities, begins to shape itself not just from the top-down but from the inside-out.

"And, as much as these traits aren't really synonymous with gender, I do believe that when companies are able to put feminine leadership traits on an equal footing with already-proven masculine traits in terms of what they explicitly value, more diverse and more women leaders will be able to truly succeed. Given that luxury happens to be a business 85 percent driven by women and yet has a dearth of women leaders at the top, it's at least something to consider."

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