

COLUMNS

## How brands should meet the demands of modern luxury

September 6, 2016



*Les Parfums Louis Vuitton: Something's in the air*

By [Michael Innocentini](#)

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

Luxury used to be about rarity. Brands such as Bentley, Balenciaga and Tiffany sold products out of reach for the common person. Even more than the watches or cars themselves, their purchasers were buying exclusivity.

But luxury has changed, especially for younger generations.

Today's affluent consumers are less concerned about the rarity of their shoes and more interested in the experiences and production practices behind them.

### Millennials redefining luxury

Fairmont Hotels & Resorts' [Luxury Insights Report](#) found that a breadth of choices and an abundance of online information have transformed consumers' concept of luxury.

The desire for well-crafted products has never gone away, but it has been heavily influenced by young consumers' penchant for [social responsibility](#). The result? Millennial buyers crave [sustainable](#) luxury products and experiences.

Unlike previous generations, millennials do not love well-crafted products because they are rare. They are willing to pay more for craftsmanship because it means less waste and fairer labor practices.

Although the same cannot be said for [former luxury favorites](#), today's luxury customers are almost universally dialed in to the online world, bringing the struggles of the less affluent right before their eyes.

That has caused millennials to think of the greater world when making luxury purchases.

Nielsen reports that [three in four](#) millennials are willing to pay extra for sustainable products. It also found that 72 percent of their successors, Generation Z, are willing to spend more to buy sustainably.

Strange as it sounds, the up-and-coming economic guard wants its luxury purchases to be inclusive and mutually beneficial.



*Hermès marks the summer*

To avoid extinction, brands must rethink how they market to the newest luxury buyers.

Millennials will outspend baby boomers as soon as **next year**, with about \$200 billion in direct purchasing power and another \$500 billion worth of influence on their parents' purchases.

Modern luxury marketing

The luxury experience starts online.

Those in high-income households have far more **access to the Web** than their peers, and an estimated **68 percent** of consumers are influenced by online user reviews.

Here is how brands can meet the demands of modern luxury:

1. Help customers share their experiences. **Authenticity** is a must-have to attract millennial shoppers, and nothing is more authentic than stories from real customers.

This is also a nod toward sustainability. The "**clean label**" movement prioritizes transparency, and customers today are quick to point out unethically sourced goods and services.

Our Web site at **Fairmontmoments.com** lets guests could share their experiences and allows customers to see stories from other travelers, lending a sense of inclusivity to our services.

2. Use reviews to improve your reputation. Remember how many people look at online recommendations before choosing a luxury experience? That makes it critical for luxury brands to manage their reputations.

Hotel brands do this by responding to online reviews and mining data to optimize their services.

At Fairmont, we encourage hoteliers to respond to online comments, positive and negative. In some situations, a response can determine whether a guest returns.

Companies producing physical products might find it a little tougher, but online reviews still offer a lot of opportunity for service and engagement.

Do not post **fake reviews** as a shortcut. That is a sure way to sour an online reputation.

3. Connect online with offline. Offline sales are directly affected by online experiences.

According to Deloitte, digital channels influence **49 percent** of in-store retail sales.

Some luxury retailers resist selling online, but they need to realize that digital experiences affect purchase decisions even among customers who convert in-store.

Luxury brands should refine their digital marketing capabilities so that they can influence customers from discovery to purchase.

4. Capitalize on user-generated content. There is no better way for customers to envision a product or experience than to see real customers enjoying it.

Go one step further by leveraging social media **influencers** for content creation to ensure it connects with coveted millennials.

Burberry has done this well in a user-submitted section of its Web site called the **Art of the Trench**.

The luxury clothier features photos of consumers wearing its trenches alongside product information, making it easy for buyers to picture themselves in the coats.

For brands without the resources to coordinate the collection of user-generated content, tools such as Olapic and Curalate offer top-notch user content at reasonable prices.

5. Build a premium, personalized ecommerce experience. **Fifty-six percent** of affluent customers are more likely to respond to advertising tailored to them, and 58 percent prefer Web sites and applications that they can personalize.

Nike offers a co-creation experience with its top-of-line **NikeiD** shoes, and the line has been so successful the company has made it a **point of focus** to meet online sales goals.

Hermes, Burberry and Louis Vuitton offer free shipping, online reservations for store purchases and free returns to make the online experience feel luxurious.

IT IS A new world for luxury brands.

With millennials wearing the crown, luxury marketers must connect with authenticity, sustainability and second-to-none online service. Now, does that not sound like an experience worth paying a little more for?



*Michael Innocentin is executive director of digital marketing for FRHI Hotels & Resorts*

*Michael Innocentin is executive director of digital marketing for **FRHI Hotels & Resorts**, a global company with more than 130 hotels under the Fairmont, Raffles and Swisstel brands. He was named one of Hospitality Sales & Marketing Association International's Top 25 Extraordinary Minds in Sales, Marketing and Revenue Optimization in 2015. He is based in Toronto, Ontario, Canada. Reach him at [michael.innocentin@frhi.com](mailto:michael.innocentin@frhi.com).*

---

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.