

MARKETING

Late to the game, luxury adapts to disruption

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Ferragamo fall/winter 2016 ad campaign

By SARAH JONES

NEW YORK Luxury brands' decades or centuries of history act as a key selling point, but this heritage can also prove a challenge as they look to adapt a more modern strategy.

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Across the industry, luxury was slow to adapt to new selling channels and messaging opportunities, and now brands are playing catch up as they seek the attention and business of younger generations. During a session at Luxury Roundtable: Engaging Gens X, Y & Z on May 3, panelists tackled "How to Manage Generational Differences In Building a Luxury Brand," explaining how they have navigated extending their brands to generations beyond boomers.

"What we just started to talk about is rethink luxury," said Orit, founder/CEO of The O Group. "In that disruptive state, it depends on what industry and what the target is to shake things up a bit.

"We believe and we hope that most of the brands we work with want to go there," she said. "Luxury brands have really been late to the game, they're afraid, they just won't go there yet. So if we keep on talking about it and we keep on pointing out other brands that have seen success or branding partnerships with brands that could be a bit disruptive, it'll work a lot better."

Luxury Daily produced Luxury Roundtable: Engaging Gens X, Y & Z on May 3.

Past to present

Vacheron Constantin dates back to 1755, an extensive history which its president of the Americas Leslie Kobrin says has held the brand back. While the brand centers its marketing on the brand's craftsmanship and heritage, its challenge today is to make its brand more inclusive.

The O Group, which has worked with Ferragamo for 21 years, has followed the brand's emergence into the digital age as it sought to expand beyond its existing core audience of ladies who lunch. Orit shared that the label has managed to extend its client base to younger wearers by sticking closely to its DNA, keeping brand founder Salvatore Ferragamo at the heart of its efforts.

This authenticity resonates with all generations of luxury clients, enabling it to adapt without losing sight of its core positioning.

Authenticity is also at the center of Rosewood Hotel Group's outreach to younger consumers. These generations do not respond as well to the term "luxury," so the hospitality chain instead relies on its experiences and storytelling to sell its brand.

When building these experiences, Rosewood keeps multiple generations as well as the local culture and history in mind, looking at its properties as doors to discovery.



Image source Rosewood Hotel Group

In the early 2000s, automaker Lincoln nearly destroyed its almost century-old brand. Its parent company Ford owned a number of other luxury marques, and the brand got lost in the mix.

Since then, the company has been in a state of renewal, which centered on its target consumer, said the brand's marketing communications leader Andy Georgescu. Following focus groups and research to identify these prospective buyers, the brand's strategy for aspects such as its dealerships was driven by this profile.

On average, the U.S. consumer is typically apt to upgrade to luxury vehicles around age 50, but Lincoln has looked for psychographics that connect buyers across generations to speak to a broader age range. Eschewing highly technical language, the automaker favors a more human voice for its marketing.

One recent campaign, which ran during the Grammy Awards earlier this year, featured jazz singer Gary Clark, Jr. Creating this musical association lifted awareness for the brands' Continental ([see story](#)).



Lincoln's television spot for the Continental

Its broader revamping efforts have improved Lincoln's marks in quality and satisfaction, along with boosting its global sales 71 percent.

Luxury lexicon

Technology has been a key disruptor in the luxury space, as brands are pushed to adopt new channels and innovations.

For instance, Vacheron Constantin experimented with online ordering for the first time through a partnership with horology publication Hodinkee.

Vacheron Constantin and Hodinkee teamed for the project back in 2015, which resulted in the creation of the Vacheron Constantin Historiques Cornes de Vache 1955 Limited-Edition for Hodinkee. Due to the watchmaker's lack of ecommerce on its Web site, Hodinkee served as the selling platform for the collaboration.



Vacheron Constantin's limited-edition for Hodinkee

This exclusive sold out in a mere half hour, showing the overwhelming interest in buying via ecommerce ([see story](#)).

Beyond branching into new innovations, luxury also has to adapt to changing consumer perspectives on luxury driven by younger generations.

The vocabulary consumers use to describe luxury is evolving, with the term "exclusive" falling out of fashion, according to the CEO of Shullman Research Center.

In a presentation at Luxury FirstLook 2017: Time for Luxury 2.0 on Jan. 18, the executive shared that across all generations, consumers mention descriptors such as "quality," "name-brand" and "expensive," but different age groups show varied attitudes toward luxury, with boomers' "overpriced" more negative than millennials' "rich." As brands increasingly target millennials, who represent 50 percent of all luxury buyers, they need to alter their language accordingly ([see story](#)).

"For us, disruption is a way of life," said Thuy Tranthi Rieder, group vice president of sales and marketing, Rosewood Hotel Group. "Without that innovation, one wouldn't be relevant anymore."