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STRATEGY

# Sports and luxury Luxury Memo special report

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Luxury brands can work hand-in-hand with sporting events for mutual benefit. Image credit: Ralph Lauren

By DANNY PARISI

While luxury and sports might seem to be an odd couple, the relationship between the two, particularly the types of sports most favored by the upper crust of society, is deep and long-lived.



Luxury brands, by their nature of promoting a leisurely, high-class lifestyle, are drawn to the spectacle and glamor surrounding the world of sports. From golf to motorsport to equestrian competitions, the ways in which luxury brands interact with sports are almost as varied as the types of sports to which they relate.

"When it comes to luxury brands, especially targeting within the sports industry, one standard holds true: influencers are key," said Casey Gannon, vice president of marketing at Shopgate, Austin, TX. "The channel and type of influencer changes depend on the target market."

Sporting luxury

When talking about luxury, the word "aspirational" often comes up.

What this usually means is that luxury brands are not just selling products, they are also selling the keys to a luxury lifestyle, and that by buying those goods, customers can have access to that style of living.

For that reason, certain sports have less interest for luxury brands than others.

American football, baseball, swimming and other similar sports are more often associated with a regular workingclass appeal and less from the luxurious lifestyle promoted by high-end brands, although there are some exceptions.

But other sports have a more positive association, giving customers a taste of a posh, swish lifestyle.



Land Rover at the Rolex Kentucky Three-Day Event. Image credit: Land Rover

For luxury marketers, these sports can be a powerful tool in reaching their customers in a unique way as well as selling a part of that aspirational lifestyle.

"For luxury brands targeting an older demographic, traditional channels still work: event sponsorships, traditional advertising, et cetera," Shopgate's Ms. Gannon said. "However, for the younger demographic, luxury brands need to utilize experiential marketing through new channels.

"For example, Omega watches might sponsor the PGA in the traditional sense to target their 40-plus demographic," she said. "But if they want to reach into the pockets of younger fans, they should consider partnering with someone such as Ricky Fowler, who has more than 1 million social media followers.

"Younger golf fans are more inclined to follow [Mr. Fowler's] Snapchat and Instagram story, see him wear and talk about his favorite Omega watch, and click on direct links to view other Omega products."

Top five trends in luxury and sports

Observing the landscape of luxury and sports reveals that there are a number of ways that brands most frequently work with sports to promote their products.

Common sports-related methods used by luxury brands include:

• Sponsoring sporting events

One of the most common, event sponsorship, is usually what gives luxury brands the biggest boost in the sports world.

From the PGA Championship to Wimbledon all the way up to the Olympics, one of the best ways that brands can market through sports is by attaching themselves to one of these events that routinely pull in millions of viewers who anticipate the event throughout the year.

Within this category, acting as official timekeeper is a particularly popular tactic employed by watch brands such as Omega, Hublot or Zenith, given the propensity for sporting events to rely on precise timekeeping and the prominence that the products can get through this type of partnership.

"As consumer buying behavior and brand loyalties have shifted, so have the strategies of luxury brands that sponsor sports events," said Jessica Wolfe, principal in the consumer and retail practice of A.T. Kearney, New York. "It's still very common to see signage lining a stadium or court, but the sponsors who have made the most of their investment are the ones who gain brand loyalty through the experience they offer at events.

"For example, at the Veuve Clicquot Polo Classic, the wall of flowers that spells out the Champagne maker's name provides a branded and cool background for selfies, bringing the consumer experience closer to the brand," she said. "Likewise, it's not uncommon for car manufacturers to place an actual automobile at events that spectators can touch, feel and sit in."

## Sponsoring a sports team

Similar to the previous trend, but not contained to a single event, many luxury brands opt to sponsor an entire sport, team or league.

For example, LVMH-owned watchmaker Tag Heuer has an ongoing relationship with the English Premiere League.

Tag Heuer showcases its logo next to the official clock of the football match and heavily brands various stadiums where EPL games take place.

# · Dressing the team

Dressing the team is not terribly common, but it is one of the most high-profile branding spots a luxury brand can secure.

One type of dressing partnership surrounds major events such as the Olympics.

United States fashion label Ralph Lauren is probably the most well-known brand known to do this, frequently providing dress uniforms for the U.S. Olympic teams for the opening ceremony of the games.

Other brands such as Lanvin and Dolce & Gabbana have secured positions as official outfitters for teams, designing wardrobes for players to wear off the field.

## · Athletes as ambassadors

This trend is likely the most common way that luxury brands interact with the sports world.

As part of the aspirational nature of luxury, one of the chief strategies is to enlist well-known celebrities to endorse the brand, telling consumers that if they want to live a life similar to the one enjoyed by someone they admire, they should buy the product.

Athletes are one of the most common candidates for this type of branding, with many luxury brands recruiting athletes for digital and print campaigns and showcasing them wearing apparel created by the brand.

"Outside of events, brand ambassadors are an effective means to influence consumer loyalty," Ms. Wolfe said. "While such ambassadors in many industries have shifted from A-list celebrities to Internet personalities, this change has not happened in luxury.

"It is not uncommon to see Rafael Nadal with his trusted Babolat racket - a brand he is an ambassador for - or Lewis Hamilton in a head-to-toe Puma outfit, one of the sponsors on Hamilton's roster."

## • Creating luxury sporting goods

This is the most mundane of the top five trends, but can be very effective.

While most luxury brands are associated with ultra-formality or casual luxe, some luxury brands have begun branching out into creating products explicitly for sports.

Many watchmakers sell sport versions of their popular watches, specially-designed to be worn during athletic activity.

Fashion brands such as Gucci or Louis Vuitton have begun creating athletic wear such as track pants, jerseys and sneakers.

Speaking of sneakers, the footwear style is another popular luxury category, with basketball-inspired shoes such as those made by Kanye West's Yeezy selling alongside more traditional dress shoes at retailers.

## The dominant fields

So what sports are the most popular for luxury brands to work with and sponsor?

The answer will most likely not be too surprising. The sports that are most commonly associated with, and most popular with, affluence tend to be ones that luxury brands focus on most.

This tends to be either sports that are traditionally associated with the cultural elite, such as tennis and golf, or ones that require an expensive barrier to entry, such as equestrian sports, motorsports and rowing.



Ralph Lauren dresses officials at Wimbledon. Image credit: Ralph Lauren

Tennis, golf, motorsports and equestrian sports make up the bulk of luxury involvement with the sports world. Among motorsports, European-style Formula One racing is more popular than the U.S.' NASCAR style of motorsport, for understandable reasons.

Outside of these four, there is little luxury involvement in things such as basketball or baseball. The only real interaction luxury has with these is through brand ambassadors recruited from the ranks of football or basketball athletes.

One notable exception is Lexus, which has routinely sponsored the Men's College Basketball Tournament for the last two years.

Lexus has hosted a digital game on Yahoo Sports surrounding the 2017 Men's College Basketball Tournament, giving consumers the opportunity to try their luck for a chance at a luxury trip to next year's championship. In addition to its game, Lexus was a presenting sponsor of Yahoo Sports' Tourney Pick'em fantasy platform, giving it a consistent presence throughout March Madness (see story).

## On the course

Golf is by far one of the most popular sports among luxury brands and consumers.

The sport's status as a leisure activity enjoyed by some of the wealthiest and most influential people in the world has cemented it in the culture of luxury as a worthy pastime.

Golf is the sport that world leaders play when they discuss global politics, that CEOs play as they discuss mergers and acquisitions and the sport that is played by the wealthy around the world.

Luxury brands have latched onto this image and have capitalized on it in a number of ways, corresponding to the five trends mentioned earlier.

For example, Swiss watchmaker Omega is working with the PGA Championship using a number of angles.

Sergio Garcia and Omega at the PGA Championship

On the one hand, Omega is a sponsor of the PGA Championship and the official timekeeper of the tournament.

On the other, Omega has worked with a number of high-profile golf personalities to promote its products, such as a short film starring professional golfer Sergio Garcia.

In the video, Mr. Garcia is shown hitting several golf balls off tees, with each one numbered. Each ball represents a tournament he has played in.



Each ball represents one of Mr. Garcia's tournaments. Image credit: Omega

As he drives the balls, Mr. Garcia speaks about his perseverance in continuing to play in tournaments even though it was a while before he actually won a championship (see story).

German automaker Mercedes-Benz set the stage for its role as official patron of The Open in 2015 with a video to get consumers excited before the big event.

The "Countdown to The Open" film focuses on Mercedes-Benz's role in the Scottish golf tournament at The Old Course, St. Andrews. Automakers often partner with major sporting events to promote their products to the affluent consumers who will be in attendance (see story).

Outside of the major trends, one of the most common relationships between golf and luxury is the inclusion of golf courses at luxury travel resorts.



Waldorf Astoria Turnberry Isle golf course in Aventura, FL. Image credit: Waldorf Astoria

The Four Seasons hotel in Houston recently added a full-fledged golf course to its location.

As part of the downtown property's multi-million dollar renovation, it is introducing Topgolf branded simulators in its soon-to-open Bayou & Bottle lobby bar, the first virtual experience of its kind from Topgolf. Both the eatery and simulated golfing opened just a few weeks before the Super Bowl 50 was held in Houston, when the hotel was apt to see traffic from athletically-minded guests and visitors (see story).

The Ritz-Carlton in China (see story) and the Waldorf Astoria (see story) have also unveiled their own golf-related experiences that are exclusive for their guests only to enjoy while they stay.



Chapelco Golf & Resort. Image credit: TCS

Finally, TCS World Travel is swinging into South America for a 20-day private jet tour in partnership with Kalos Golf.

The all-inclusive journey Oct. 1-20, 2017 will stop off at 10 of the best courses in the Americas, including the Olympic golf course developed in Rio de Janeiro for the 2016 games. Surrounding rounds of golf will be a high-service travel experience, as guests travel on a custom-fitted Boeing 757 with flatbed seats and stay in luxurious accommodations (see story).

Golf is one of the mainstays of luxury sports and the sport where one is most likely to find luxury involvement from pros to amateurs.

#### On the court

Next to golf, tennis is the second sport most closely associated with luxury.

Events such as the US Open and Wimbledon routinely draw huge crowds of some of the most discerning customers, many of whom make their appearances at those tournaments an event unto themselves.

For brands, tennis provides many of the same opportunities as golf, with the added benefit of products intended for customers who will be attending a tennis match, in addition to playing themselves.

For example, Ralph Lauren acted as the official outfitter for the Wimbledon this year, supplying clothing for all officials and staff on the outdoor grass tennis court.

To promote its affiliation, Ralph Lauren released a short film titled "Crafted for Wimbledon" showing off the designs and the atmosphere of the event, emphasizing the luxurious atmosphere and amenities of the tournament (see story).

Wimbledon has traditionally been an event for the upper-crust, and the aesthetic surrounding the event is influenced by the preppy, elite British aristocratic vibe.

This year's Wimbledon was no different, featuring appearances from brands such as Ralph Lauren, Jaguar, Rosewood Hotels and Rolex for the two-week event that draws spectators from around the world to the namesake district outside of London (see story).

## Ralph Lauren's Crafted for Wimbledon

Complementing Ralph Lauren, watchmaker Rolex acted as the tournament's official timekeeper.

British automaker Jaguar, another sponsor of the event, took a slightly more unique approach, combining the classical charms of tennis with the latest virtual reality technology.

Jaguar's campaign gave users the ability to step inside the shoes of tennis star Andy Murray and experience a game from his perspective in virtual reality.

Many other luxury brands offered promotions around the event, such as a guest package from Rosewood London that offered customers a complete Wimbledon hospitality experience.

The package included tickets to the tournament with transportation, a stay at the Rosewood and private tennis

instruction with a professional coach (see story).



Mot & Chandon with Roger Federer. Image credit: Mot & Chandon

Outside of Wimbledon, the Tennis Classic also draws attention from luxury brands.

British automaker Rolls-Royce Motor Cars ferried some of professional tennis' best-known players to the grounds of the exclusive Hurlingham Club for the Tennis Classic.

The automaker transported players during the Tennis Classic in Rolls-Royce Phantom and Ghost models, while two of the brand's Dawn vehicles were on display on the Club's grounds. As Hurlingham is one of London's most exclusive clubs and the Tennis Classic a topnotch tournament, Rolls-Royce's participation in the event underscores its heritage and placement as a quintessentially British brand (see story).



Roger Federer for Mercedes-Benz. Image credit: Mercedes-Benz

Some brands even go so far as to host their own tennis exhibitions, rather than sponsor an existing event.

In 2015, Swiss watchmaker Tag Heuer hosted a tennis match on a floating court in Singapore to actualize its advertising mantra, "Don't crack under pressure."

Taking 10 days for crews to construct, the match on the floating court took place during the tail end of the 2015 WTA Finals in Singapore. Staging unique events can help an event sponsor stand out in the noise and leave a lasting

impression that may determine consumers' future purchases (see story).

On the track

Motorsport, specifically the kind enjoyed mainly in Europe, is another popular luxury sport, if less so than golf or tennis.

One of the appeals of this sport is the high barrier of entry, similar to equestrian sports. While anyone can pick up a racket and head to the local court, only those with the capital to invest in Formula One-style car can truly participate in the sport.

Those who enjoy the sport are likely to be among the wealthy elite, and luxury brands have latched onto this as a reason to market their products through motorsport.

For example, Swiss watchmaker Roger Dubuis and Italian tire manufacturer and motorsport sponsor Pirelli launched a new campaign through China's popular ecommerce and social media hybrid WeChat.



The watch is made from Pirelli tires. Image credit: Roger Dubuis

Customers will have the chance to purchase the new Excalibur Spider Pirelli watch from Roger Dubuis prior to the timepiece's full release. In keeping with Pirelli's motorsport theme, customers will have a limited time to activate the purchase and only the three fastest WeChat users will be able to purchase a watch before it becomes widely available (see story).

While this type of auto racing is most popular in Europe, some luxury brands have begun helping it make its way across the pond to the U.S.

Swiss watchmaker Tag Heuer reaffirmed its relationship with sporting events as a branding tool by sponsoring the first Formula E race sanctioned in New York.

Tag Heuer acted as the sponsor and official timekeeper for New York's inaugural New York ePrix Race July 15-16. The event also served to boost Tag Heuer's reputation as a brand associated with both luxury and the thrill of highend car racing (see story).



Tag Heuer will act as official timekeeper. Image credit: Tag Heuer

Other watchmakers have been partnering with official motorsport events to gain recognition among racing fans.

Germany's Montblanc is appealing to automotive enthusiasts through a multi-year partnership with the Goodwood Festival of Speed.

Drawing on its heritage ties to the motor racing world, the Richemont-owned watchmaker will be the official timing partner of the annual event for the next five years. While Montblanc is a relative newcomer to the watchmaking world, it incorporated a company with more than a century of history in timekeeping (see story).

One of the biggest draws for luxury consumers to motorsport is that so many of the companies that make the actual cars used in racing also make consumer cars as well. This draws a specific connection between someone who is a fan of racing cars made by British automaker McLaren, for example, and who can then buy a McLaren for themselves.

German automaker Audi, for instance, is giving U.S. consumers greater access to its motorsport-inspired collection, with eight new Audi Sport model launches planned for the market in the near future.

Audi Sport worldwide saw 18 percent sales growth last year, but the selection in the U.S. was previously limited compared to markets such as Europe. At the New York International Auto Show on April 12, Audi officially launched its sport brand in the U.S., bringing a greater variety of its racing-influenced vehicles to U.S. consumers (see story).

Also, German automaker BMW released a short film featuring a BMW M4 decked out in BMW M Performance parts.

The vehicle features all of the performance parts as the M4 races through a city to meet a fully-loaded BMW M3 and ends with the driver of the M3 showing an application on his phone. The film features the motorsport parts and the app will generate buzz around the future options for BMW consumers and enthusiasts (see story).

## BMW's M4

Finally, some brands are even creating children's toy cars inspired by the high-end racing cars on the tracks.

German automaker Porsche is driving its racing team into the toy chests of young enthusiasts.

Working with German toymaker Playmobil, Porsche has scaled down its racing team's 911 GT3 models. As one of the brand's most recognizable models, a children's 911 GT3 version will help Porsche establish a relationship with young consumers (see story).



Playmobil's Porsche 911 GT3 racing set. Image credit: Porsche

Equestrian sports are also popular for similar reasons to motorsport, since only wealthy individuals who can afford the upkeep of a competitive horse can compete.

Many equestrian-themed luxury campaigns center on horse racing.

British automaker Land Rover appealed to fans and athletes gathering for the Rolex Kentucky Three-Day Event through experiences and awards.

In 2017, the brand returned as presenting sponsor of the Equestrian Events Inc.-produced event for the eighth year in a row and is making its presence known through driving challenges, an experiential display and \$400,000 in prizes for winning riders. Luxury brands frequently make an appearance at equestrian events that afford them an audience of affluent competitors and spectators (see story).



U.S. Land Rover Eventing Team rider Lauren Kieffer, who won the Best Ride of the Day in 2016. Image credit: Land Rover

Similarly, Bentley Motors infused itself into the heart of British horse racing by becoming the luxury automotive partner of The Jockey Club.

Established in 1750 by the champions of British horse racing, and under the patronage of Her Majesty Queen Elizabeth II, the Jockey Club operates 15 race courses in the United Kingdom. As Britain's second-largest spectator sport, Bentley will be visible among horse racing's fans and supporters (see story).

Likewise, leather goods maker Herms partnered with the United States Equestrian Federation to become the official technical riding apparel supplier of the U.S. equestrian teams.

This partnership and apparel relationship began at the 2014 Altech FEI World Equestrian Games (see story).

Although a relatively small niche, consumers who partake in competition equestrian sports lead highly active lives and are entrenched in a high-value market. Luxury advertisers are taking note.



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The international equestrian industry is growing in popularity, and currently contributes a direct economic effect of \$40 billion per year in the U.S. alone.

Boasting an overall, cross-channel audience of 1.358 million, print publications such as *The Chronicle of the Horse*, a weekly covering show jumping and the competitive sport horse community, and the bi-monthly "out of the saddle" title *Untacked*, encapsulate the interests of an extremely lucrative market segment who are well-educated, have high disposable incomes and invest heavily in their horses (see story).

## The world stage

Outside of specific sports, one of the most visible and popular ways that luxury brands interact with sports is through large-scale global events, such as the Olympics.

With these events, which have millions of viewers around the world tuning in and wealthy buyers coming from every corner of the globe to attend, luxury brands are in a prime position to reach new customers.

The Olympics is probably the best example of this.

Swiss watchmaker Omega has already started the year-long countdown to the 2018 Winter Olympics in Pyeongchang, South Korea.



Omega has worked with the Olympics since 1932. Image credit: Omega

Omega has a long history of Olympic involvement and is the international sporting event's official timekeeper for both winter and summer games. Next year's Olympics in Pyeongchang will be the 28th time Omega has conducting the timekeeping for the world event since 1932 (see story).

The Swiss watchmaker announced that it is continuing its partnership with the International Olympic Committee to remain the official timekeeper of the Olympic games through 2032.



Omega countdown clock in Seoul. Image credit: Omega

The 2032 Olympic games will mark the 100th anniversary of Omega partnering with the Olympics. In that time, Omega has introduced a number of high-tech timekeeping innovations to the Olympics, which it will continue to do for at least another 15 years (see story).

Ralph Lauren is almost always represented at the Olympics, providing the official dress uniforms for the U.S. teams as they attend the opening ceremony. Usually, these dress uniforms are given glossy coverage in U.S. fashion magazines leading up to the event (see story).



Ralph Lauren outfits for the Olympics. Image credit: Ralph Lauren

In addition to the Olympics, the FIFA World Cup is another popular target for luxury brands.

Swiss watchmaker Hublot is one year out from its official timekeeping duties at the 2018 FIFA World Cup in Moscow.

To kick off the 365-day countdown until the start of the international football tournament, Hublot chose June 16 as the best moment to open its Moscow boutique. Given that Russia is the host of the 2018 FIFA World Cup, the world's attention will be focused on the market, giving Hublot a boost in visibility in the process (see story).



Football great and FIFA World Cup legend Pel joined Hublot's CEO for the countdown. Image courtesy of Hublot

In 2014, Louis Vuitton was commissioned by FIFA to create a leather case for the World Cup trophy that was presented to the winners of the international football matches in Brazil. As the World Cup winded down, brands are presented with a few more opportunities to be involved in the sporting event that has attracted worldwide attention for months (see story).

Some luxury brands have even ventured outside the popular realms of the FIFA World Cup and Olympics, and into less well-known territory.

British automaker Jaguar Land Rover embarked on a 100-day tour of Britain and Ireland to drum up excitement for the Rugby World Cup 2015 and locate a mascot.

Young rugby players aged seven to 13 were eligible for the mascot position, a move meant to keep enthusiasm in the sport high within youth leagues. Land Rover's leadership on this mission attests to the brand's ongoing support of rugby and will garner widespread goodwill for the brand as it goes from place to place (see story).

# Obstacles

While there is ample opportunity for luxury brands to advertise through sports, there are challenges to be faced as well.

For one, sports marketing favors some luxury categories above others, simply by virtue of what brands are a natural fit for partnerships.

Watch brands and automotive manufacturers are clearly natural fits, slotting in nicely with sports that require precise timekeeping and motorsports respectively.

Other categories, such as luxury travel, fashion and finance, have to work a bit harder to properly create a sports campaign.



Gisele Bndchen sits with the FIFA World Cup trophy and its Louis Vuitton case. Image credit: Louis Vuitton

"The high level of involvement in a luxury purchase can definitely pose a challenge for sponsors who want to maximize their investment," A. T. Kearney's Ms. Wolfe said. "For example, Rolex has excelled at branding golf events for years and while this may inspire potential buyers to consider a Rolex, the path to purchase of a luxury good, which may involve comparison shopping, trying on and soliciting friends and family advice, will be hard to link back to the sports event itself.

"So while the sponsorship may inspire awareness and even consideration, the brand must follow through on experience, value and image to convert the shopper."

Additionally, sporting events usually happen annually, meaning that there is not as much room for continuous coverage and actionable results as from other types of campaigns, which can be run at any time.

Finally, one of the biggest challenges facing luxury brands in sports is picking the right brand ambassador and category to match up with their campaign.

"The biggest challenge is aligning with the right influencer and harnessing those influencers outside of traditional TV commercials and print ads," Shopgate's Ms. Gannon said. "Getting these influencers many of them considered trusted icons by their fans - to be brand advocates across their social channels is critical.

"Just featuring them in a print ad or wearing a watch in a commercial doesn't cut it anymore," she said. "People want to know that the influencer actually uses the product.

"Luxury brands must partner with influencers who will use their network and their following to show how they use the products in their personal lives."

# End game

While sports and luxury may not be the perfect pair, a deeper analysis shows that there is still ample opportunity for brands to tap into the massive love for sports around the world.

Though sports such as basketball and American football have little that interests luxury brands, other sports can provide fertile ground for innovative branding and campaigns that cut to the heart of the appeal of these sports.

While challenges abound, especially when it comes to picking the right partner from the sports world, luxury can still carve out its own place in the wide world of sports.

Best-practice tips for marketing luxury products through sports

- · Casey Gannon, Shopgate
  - "Your product and brand must be relevant to the sport and must be something an athlete would use. It must be believable."
  - "Your brand must align with influencers your target market follows and you must turn paid influencers into brand advocates."
- Jessica Wolfe, A.T. Kearney
  - "Create an experience you can take home. For the past 10-plus years, Grey Goose has been a promotional
    partner of the US Open and supplied the favorite Honey Deuce cocktail. Grey Goose has done a great job
    at maximizing the reach of this sponsorship through concessions on site, branded souvenir glasses and
    recipes to take home so that the consumer buys more Grey Goose."
  - "Link the event experience with the brand. Veuve Clicquot is not only the name sponsor of the annual Polo Classic, but also the brand responsible for creating a full experience at the event. From orange umbrellas to koozies, a spectator's experience is impacted in one way or the other by the brand. And to maximize the potential for influence, Veuve Clicquot provides Instagramable backdrops and props to encourage event attendees to post shots from the event to their friends and family at home."

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