

Impact of GDPR on luxury brands

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The European Union's General Data Protection Regulation will affect data privacy laws not just in the region but around the world. Image credit: EU GDPR portal

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What effect will the rollout next year of the European Union's General Data Protection Regulation (GDPR) have on a business that relies on strictly targeted marketing?

Discussions around marketing for fashion and luxury brands are often dominated by creative content and talent: the photographers, the art direction, the model or the featured celebrity. Rarely is "strong use of data tactics" a headline connected to a campaign by a coveted luxury advertiser.

However, the truth is that there is an essential link between luxury brands and data.

On target

Hefty price tags require selective audience planning, and selective audience planning requires stacks of data. The evolution of data has revolutionized how some luxury marketers can stretch their budgets to successfully reach qualified audiences, particularly over the past four to five years.

While programmatic is a taboo word to some, tailored brand safety guardrails, white lists, black lists and reams of user behavior have diminished wastage and inefficient ROIs. Niche brands are now able to speak specifically to their niche audiences and prospects.

Thanks to geo- and behavioral targeting, luxury brands can merge postcode data with lifestyle habits for example, visits to five-star hotels, country clubs or even private airports as well as third-party spending behavior patterns.

Fused together, the data can build a highly qualified audience, empowering advertisers to run campaigns directly for carefully selected and relevant audiences rather than a big mass. It is eHarmony versus tinder.

But new laws are looming in Brussels with the [EU General Data Protection Regulation \(GDPR\)](#) taking effect May 25, 2018, almost six months away.

Replacing the previous data protection directive from 1995, the new regulations are digitally savvy and of the times remember, Google was only launched in three years later in 1998.

The new regulation will severely strengthen data protection and the choice of individuals to share their data across today's digital always-on and data rich world. It will be non-negotiable by territory and binding across the entire

European Union as well as applicable to data exported beyond E.U. borders.



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While the GDPR details and levels of enforcement remain open to interpretation, as marketers specializing in niche premium, fashion and luxury brands, we have decided to be a bit bold if not, pessimistic and make a few predictions.

1. Audiences will get lost

Data has given us great opportunities to reach a typically a hard-to-find audience. Data sets from credit cards, location information, browsing and search behavior have been invaluable.

With GDPR this data will dissolve, and potentially disappear completely. This will hit luxury brands hardest.

We need this incredibly rich data to find our target audiences. If that data is even fractionally lost, we will struggle. For fast-moving consumer goods brands, or advertisers reaching broader audiences, the impact will be felt, but certainly not to the degree of luxury clients.

2. Asking for consent will not feel seductive

and luxury advertising is all about seduction. To collect and process data, GDPR stipulates that consent from the audience needs to be given. This consent must be specific and unambiguous, a far cry from the current opt-out rules.

This will surely be one of the pivotal elements of GDPR that will affect most parties involved in digital advertising and none more so than luxury advertisers and publishers. It is not yet clear but it seems that, due to the seriousness of the consent required, it is likely to be a pop-up when you land on a publisher's page.

Pop-ups are disruptive. They feel cheap. They are something luxury brands avoid and we do not recommend. So it will be a hard choice to make next May: sacrifice a premium experience for the right to collect data, or maintain the experience and forsake precise targeting?

3. Creativity will become king

Losing the power to be hyper-relevant means that brands will need to appeal to audiences with the traditional power of strong and emotional creativity.

Consider the old advertising adage: advertising is showing the right message, to the right person, at the right time.

If there is a data equilibrium and we can no longer reach the right person, there is greater onus placed on creative to deliver the right message.

For luxury brands, premium creative and experience have always been at the forefront. With a potential lack of data, this will only be heightened.

4. Ecommerce will lose attribution

The regulations would currently affect all facets of digital advertising, none more so then the current digital last click attribution set up.

Without being able to collect cookie data on users, ad servers could not attribute conversions on floodlights.

Third-party analytics tools will also require consent to track a user's on-site behavior. This essentially means that ecommerce brands would lose visibility of on-site sales.

Without the accountability digital currently offers, why would brands continue to invest in performance-led digital

marketing?

5. Print will boomerang

The industry has spent years trying to convince premium, lifestyle and luxury clients to invest their print budgets into digital.

Print is print, no one can deny its value but digital is accountable.

However, if digital loses its accountability or efficacy, the approach might change.

Interestingly, we are seeing a rise in small niche publications with small but engaged readers, so perhaps they will benefit from a post-GDRP up-weight in ad pages.

ALTHOUGH WE CAN only predict the repercussions, a big question mark remains around enforcement and compliance.

Rather than be subject to hefty fines, agencies must work together to define new strategies combining the benefits of data with the security of privacy.

Working together with leading publishers and data owners such as Google and Facebook, new solutions will be introduced.

But no matter what, GDPR will have a negative impact on performance-driven marketing tactics for niche premium and luxury brands. For the rest, time will tell.



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