

MARKETING

## When consumers buy a brand, they join a club, says Vice exec

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*Supreme has been successful at creating a club. Image credit: Louis Vuitton*

By SARAH JONES

NEW YORK Luxury brands should expand beyond experiential marketing for goods to focus on curating branded experiences, says the president of Vice's Fashion and Luxury Group.

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Whereas consumers formerly used hard luxury goods to communicate status or identity, today's status symbols are tied increasingly to experiences, as shoppers use social media to broadcast a sense of belonging. During the "How Luxury Brands Should Future Proof" keynote at Luxury FirstLook 2018: Exclusivity Redefined on Jan. 17, the executive noted that brands can fulfill consumers' desires for esteem or identity.

"Luxury brands are about cultural codes" said Tammy Smulders, president of the Fashion and Luxury Group at **Vice**.

"They are about how people say who they are to themselves, to other people," she said. "And how people are participating in different cultures and associating themselves with different scenes and ideologies comes through how they choose and work with these different brands."

*Luxury FirstLook 2018: Exclusivity Redefined was produced by Luxury Daily*

Future of luxury

According to a Havas LuxHub study conducted by Ms. Smulders during her time at the company, if consumers have \$10,000 to spend, Westerners are more apt to spend on a vacation. In China, the preference is still for luxury fashion, but even this market will also evolve toward experience.

Luxury follows Maslow's "Hierarchy of Needs," and luxury goods mean different things to different people. For some, luxury provides a sense of belonging, while others use a purchase as a reward to themselves.



*Consumers use brands to achieve a sense of belonging. Image credit: Chlo*

The motivations vary across regions, with Chinese consumers more concerned about status while United States consumers are more likely to make purchases for themselves.

Some of the prime examples of brands establishing experience around product are outside of the luxury business.

Doll maker American Girl, for instance, has stores that enable consumers to have experiences with a product they have already bought, as girls treat their dolls to makeovers and lunch.

Streetwear label Supreme has excelled at turning its stores into spaces that are more than places of commerce, creating environments where consumers who belong to its crowd can gather and interact. Supreme's products also center on culture, such as collaborations, allowing consumers to show they are part of a club through purchases.

Ecommerce site Szane, meanwhile, builds an experience through apartments that integrate its products. While all transactions are done online, Szane's featured apartments become spaces for exploration.



*Szane's L'Appartement in Paris. Image credit: Szane*

For some consumers, attitudes about authenticity and ownership are also changing. Ms. Smulders said that during a focus group with women ages 18 to 22, participants said they did not feel guilty about owning fake luxury goods because they had purchased authentic goods from the same brand, making them part of the club.

In many cases, consumers also spend with a brand to establish a relationship. Therefore, brands need to consider creating a positioning or tribe that consumers will want to be a part of and interact with.

Experiential approach

One of the luxury examples of brands building a purchasable experience is Chanel's branded spa at the Htel Ritz Paris. The "Chanel au Ritz Paris" offers guests and spa enthusiasts a beauty destination dedicated to the brand's skincare offerings.

Using Chanel's skincare products Chanel au Ritz Paris "provide[s] women with a unique sensorial and customized experience." A spa setting is a good testing ground for consumers who may be more familiar with Chanel's fragrances, and will present an opportunity for guests to sample the brand's skincare offerings without a commitment to purchase ([see story](#)).

Now in the "turbulent teens" of the 21st century, luxury consumers are changing their mindset, forcing brands to evolve along with them, according to an executive from The Future Laboratory at the U.S. Retail & Luxury Futures Forum in 2015.

Presenting the results of its survey of United Kingdom and U.S. consumers, The Future Laboratory found that "luxurians" in these countries are generally seeking out experiences over goods, craving a meaningful human connection from the brands they interact with. Brands need to respond with interactions that play to consumers' intangible desires that exist outside of material ownership ([see story](#)).

"Consumers will continue to look for experiences," Ms. Smulders said. "And I think it's important to note that experiences cannot only be in the future of marketing exercises.

"Right now when brands are talking about, Here's how I did experiences,' it's about how they did an event or how they did something in the store, but they're still selling products," she said. "Will brands be moving into actually not just marketing through experiences but actually selling brand experiences?"

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