

COLUMNS

## How to build a brand that lasts a century

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Over the past couple of decades, investors have discovered the new cash cow: small luxury companies with high profit margins.

Often family-run for generations, those businesses have spent years building their small empires with no operational processes in place and no plans for grand expansion. Often times bought out by investment companies at fourth or fifth generation, many of them were turned into money machines with newly found operational efficiency and millions invested in advertising.

Today, they count hundreds of stores and are certainly no longer considered rare nor precious. Many branded goods that once were labeled a good investment piece became a commodity with no resale value.

In a corner

Having no pressure to answer to investors is a position that most luxury brands do not have the privilege of holding. Many of them have lost their way by over-expanding and then heavily discounting their product to meet numbers that would satisfy stakeholders.

Big players, owned by public giants such as LVMH and Kering, are fueled purely by numbers. Not surprising big shoes to fill in terms of revenue, so protecting and cherishing the brand becomes secondary. This might be a sad fact, but it certainly represents an opportunity for those who are doing things differently.

The 21<sup>st</sup> century marks the birth of the new luxury consumer.

Digitally savvy and very demanding, this consumer rejects mass luxury and is looking for more rare, special brands with a genuine DNA to which they can relate. They dig way deeper, and simply "owning" a product is no longer enough.

As a result, deliberately niche brands that are betting against mass luxury and not following the retail race are on a winning streak.

So, how do deliberately niche brands ensure their position in the market and what are the core components of a solid brand that is here to stay?

Luxury market analysts argue that deliberately niche brands have more chances for survival in the long term mostly due to the fact that they are more specific and have a deeper relationship with their consumer.

Of course, staying deliberately niche means saying no to big contracts and distribution opportunities and this will affect your cash flow. But it all pays off as you are making short-term sacrifice to ensure the brand's longevity, desirability and status which results in strong brand equity.

Beliefs to believers

One route to building a deeper relationship with your customer is through advocating beliefs.

Beliefs are more specific than brand values and, as a result, more segmenting. When you are not trying to please everyone, you are eventually narrowing your efforts.

Making strategic investments to create a very focused experience for the narrow group of spot-on customers is certainly one of the core ingredients in the recipe for success.

The last couple of decades were all about exclusivity.

With **Hermès**, Rolls-Royce and other luxury brands building narrow, impossible-to-get-into communities, true luxury was somewhat synonymous with exclusion. This notion is shifting today, as the new consumer is looking for more information and participation.

As a niche brand, you certainly want to be exclusive, but you also want to be inclusive when it comes to your relationship with your customer. This means training a real connoisseur staff, being transparent about the process of where and how products are made. The customers want to be included in every step and learn about the design process, material/component sourcing and much more.

There are various digital tools that can help to bring this to life fairly easily, and it certainly has to translate in personal interactions with brand ambassadors when it comes to the bricks-and-mortar environment.

Another key differentiator is the ritual or intimate experience. The new luxury consumer relates less to "what I have" and more to "who I am."

As a result, much greater value is placed on the experience and feeling associated with consumption versus simply the idea of owning the product.

ANYTHING THAT relates to involvement of the customer in the creative process or personalization will generally be helpful in building this personal and intimate experience.

Once a journalist asked Emilie Weiss from Glossier how she makes her customers "feel involved," to which she answered: "Involve them. Don't just make them feel involved."

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