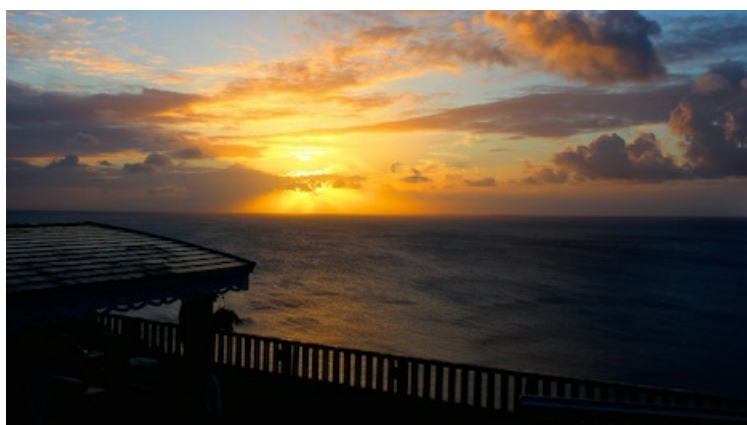


EVENTS/CAUSES

24 critical issues, challenges and trends emerge at Luxury Marketing Council strategy summit

May 2, 2018



Sunset from ViewFort Estate in Anguilla where select Luxury Marketing Council members gathered to discuss luxury issues and opportunities. Image credit: Christopher Olshan

By **Gregory J. Furman** and **Christopher Olshan**

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ANGUILLA In the aftermath of Hurricane Irma, at the invitation of Josie Gumbs-Connor, community leader, attorney at law, luxury travel visionary and owner of the 80-acre **View Fort Estate**, an intimate group of C-suite Luxury Marketing Council members attended a strategy summit April 12-15 on the Caribbean island of Anguilla.

The goal: to serve as a brain trust and ambassadors, and introducing brokers, while experiencing the resilience and natural luxury and culture of the island and ViewFort Estate.

In addition to discovering a hidden gem in the Caribbean, the diverse group of executives representing a variety of segments, from classic consulting Boston Consulting Group, IDT Corp and VIPDesk Connect to gourmet chocolatier MarieBelle, Fox Broadcasting, UBS and Louis XII/Remy Cointreau. All of these brands are marketing to the most sophisticated, affluent customers. Their executives defined the most critical issues, challenges and trends now facing luxury marketers.

This is a summary of their deliberations:

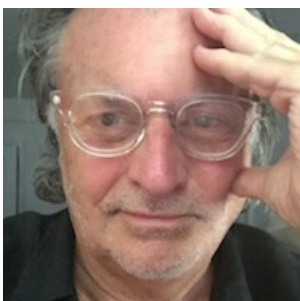
- Many luxury brands are reorganizing and consolidating. They are offloading unprofitable acquisitions and investing in new categories and segments. They are searching outside traditional industry segments for senior marketing strategists who have a global perspective, classic packaged goods, fully integrated marketing experience, who are able to on the business quickly and provide important outside-the-box thinking and challenging new perspectives.
- The rise of a new marketing ethic. CEOs are becoming more hands-on, interested and involved in the marketing function. Increasingly marketing is seen by smartest luxury brands as the CEOs purvey and as an investment, rather than a cost, the first thing to be cut in downturns.

- The old European' (French, Italian) "we tell them what to wear" ethic no longer holds and fails to govern or impress or influence the buying of the most sophisticated customers. Those few brands that try to dictate will decline and be seen as off-putting to their buyers who want a voice in product and service development.
- Luxury brands can no longer live by brand alone. Brand awareness is just the price of admission. Boomers, some 80 million are buying less, have all the stuff they need, are more interested in, hungering for and buying multi-generational experiences that provide bespoke services, cultural insight, knowledge, bigger-world view, opportunities to spend more time with loved ones and the cherished memories that come with them. Millennials, some 86 million, soon to be, if not already, account for the largest share of buying of luxury products and services. Both boomers and millennials are more critical than ever of luxury brands' business and service practices and are dramatically raising the bar. From the minute they walk in the door, one bad experience, and they will shift their loyalty and go to competitors in a heartbeat.
- Luxury brands are now bullish on the future of the United States and global economy. Many have enjoyed double-digit revenues and strong growth in 2017 and first-quarter 2018. There is a prevailing sentiment that, barring any negative global or domestic incident or disruption, the climate now feels like the one pre-2008.
- The two biggest issues facing luxury brands are "people" finding, motivating, educating, succession planning for, compensating, retaining the best and brightest and "educating the best customer" in a sophisticated way about the price/value equation. When the top customer truly understands what goes into the making of a luxury product or service, what Stanley Marcus called "the best that the mind of man can imagine and the hand of man create," then price is no object.
- There has been a dramatic rise of collaborations among kindred spirit luxury brands. In 1995 in a room of 100 maybe five would be interested in collaborating together. Today in a room of 100, conservatively, 75 have worked with another luxury brand to win more customers like their best customers.
- Millennials are buying luxury brands on their records as corporate citizens, hiring, manufacturing, dealing with minorities, and driving sustainable and eco-friendly business practices.
- The smartest luxury brands are consolidating their good-corporate-citizen, charitable-giving to one or two key nonprofits that align with their brand's products and services. The smartest nonprofits no longer bring out the begging bowl, but become business partners that are ROI-sensitive, measure results quantitatively and qualitatively.
- The new human resources technologies will have a major impact on hiring along specific criteria and managing and measuring satisfaction of employees from hiring through promotion or leaving. For example, one company hires only employees who were athletes who have the discipline to set and achieve goals and understand winning and losing. This new human resources technology can now create a benchmark that continues to measure company and employee satisfaction from the interview process through promotion to exit interviews. Leading companies in this field include Havas Worldwide, Greenhouse Software and LiRN.
- More senior-level positions being are being created beyond traditional CMO, CIO and CFO. To wit: chief branding officer, chief diversity officer, chief imager and chief inspiration officer. There are indications of the increasing ability via the Web and social media to segment and more accurately sell to best customers on a more individualized basis.
- The smartest luxury brands are paying much more attention and becoming more sensitive to their suppliers and consultants, seeing and treating them more like partners than take-orders vendors. Publishers are waking up to the power of their ability to serve as consultants and marketing partners.
- There is an awakening and increasing emphasis on speaking/marketing to and courting minority groups LGBT, Asian, Hispanic, African American in their media and in their "voice" recognizing their considerable buying power as never before.
- In leveraging all marketing and media, brands are recognizing the radical shift from push to pull and adjusting their strategies and tactics.
- Luxury brands are investing more in creative public relations combined with third-party testimonials, realizing this strategy is now more powerful and credible than traditional control-the-message-push advertising.
- There is a growing interest in understanding that in this new world of social media, enabled by the Web, "the

Dauids" small feistier, quicker to adapt, artisanal, start-up luxury brands have a potential advantage over the "sloths-and-slow-to-move Goliaths," be they agencies or corporations, class and mass. Some of the more visionary major holding companies are creating incubators and financing these young entrepreneurs, speeding them to market.

- As the importance of social media increases, many luxury brands remain resistant and are slow adaptors. The leaders fully embrace technology and are not afraid of diminishing brand exclusivity, creating unique value-add, customized content to key target audiences and provide human, one-on-one, real time access.
- Growing awareness and investing in loyalty programs, that, when properly managed, are no longer viewed as bottomless pits but ways to inspire, greater spend, referral and a door-to-cross-selling and upselling. The way the portfolio of rewards is segmented means as much to the best customer as the reward itself. To be successful the portfolio of rewards must be targeted to the personal interests and buying history of the most sophisticated customers.
- Feeling and emotion, as never before, becoming more critical in luxury brands' marketing strategies high touch, personal connection, the feeling of being known in a sophisticated way.
- There is a growing interest in micro-segmentation of an increasingly demanding luxury consumer.
- Brands are becoming more attuned than ever to the impact of the 1.3 billion Mainland China now accounting for 60 percent of buying globally of all luxury products and services, with India, South America and Africa also driving the need to think global, act local (GLOCAL). One of the biggest challenges for luxury brands is how to serve these communities as they travel more frequently and buy outside their homelands.
- A question that will continue to haunt luxury brands that cannot be ignored is how to maintain relevancy and real-time personal service and high-touch in a digital environment.
- The definition of luxury continues to dramatically change: no longer about stuff or boast, but about personalized, customized experience or products, about the memories, the stories, about multi-generational, families (kids, grandparents and consulting parent and partner), shorter stays but mixing business and pleasure, genuine deep interest in longer, more-patient travel with direct contact with the "real" people the joy of going off the grid and the right to tell the story. Also, knowledge of having been there where few have been is the new "boasting," the emergent badge of honor.
- Luxury brands are now routinely leveraging opportunities for out-of-the-box business partnerships with universities, elite travel agencies, private asset management groups of financial service companies such as UBS, TD Bank, USBank, Interaudi Bank, Visa Intimate, Visa Signature, American Express Centurion, Master Card, China Merchant Bank and Royal Bank of Canada, family offices (tiger 21, institute for private investors, Aston Pearl), lifestyle concierges such as John Paul and Les Concierges, family healthcare concierges and financial advisors.

AS THE DESIRE to own a piece of the luxury pie among the aspirational buyer continues to grow, luxury brands will have to become more open and inventive in walking the tightrope of exclusivity and accessibility.



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