

LUXURY MEMO SPECIAL REPORTS

Cities of luxury: London Luxury Memo special report

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Promotional image for Fairmont Royal York's Duke and Duchess for a Day package. Image credit: Fairmont Royal York

By NANCY BUCKLEY

Heritage, prestige and culture are words associated with luxury marketers worldwide, but those from London are often considered precedent-setting brands for legacy and tradition.

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London-based brands are constantly celebrating their origins and paying homage to the city and country they call home. The culture that surrounds the city offers a high-class presence with esteemed department stores, the royal family and the highest-priced retail real estate in Europe. But with the impending exit from the European Union, London's future as a global leader in luxury faces many unprecedented obstacles.

"London is home to some of the wealthiest and discerning consumers in the world, including 280,000 millionaires, and attracts around 20 million visitors each year, according to a recent Walpole and CBRE report," said Helen Brocklebank, CEO of **Walpole**, London.

"Meanwhile, research Walpole conducted with McKinsey & Company found 40 percent of all Chinese shoppers still the world's most important luxury consumer, accounting for 32 percent of the global luxury market prefer to buy British in Britain's capital," she said. "There is therefore no single homogenized London audience,' instead a constant shifting group of local and international consumers, who spend a collective 32.2 billion pounds on luxury goods and services each year in the U.K."

Top 5 trends in London luxury

- **Brexit**
London-based brands cannot be part of a conversation without the mention of Brexit and the concerns that surround the potential outcomes of U.K.-based companies once the country leaves the E.U.
- **Royal influence**
Members of the royal family are global influencers in many senses, but their effects on the luxury industry are as simple as wearing a designer's garment or including a brand in a royal event.
- **Department store influence**

Many of the core London-based luxury brands are not individual brands in and of themselves, but rather department stores. From shops such as Harrods and Fortnum & Mason to Selfridges, Harvey Nichols and Liberty, London-based department stores often set the bar for retailers everywhere.

- Real estate

Chinese investment has slowed, but London still remains the highest priced retail location in Europe with an average of \$1,719 per square foot. Bond Street has taken over as the most expensive shopping street in Europe, knocking Paris' Champs-Élysées from its previous top position.

- Quintessentially British

National pride can be found in any country, but when it comes to Britishness, natives and British-based brands always exhibit pride. Brands based in London blend British pride with the metropolitan city to maintain products, culture and images that always remember their home.

Bond, New Bond Street

According to the Main Streets Across the World 2017 [report](#) by real estate brokerage Cushman & Wakefield, London's New Bond Street hosts the third priciest retail real estate in the world, behind New York and Hong Kong.



London's New Bond Street is the most expensive street in Europe. Image Credit: Cushman & Wakefield

With an average rent price of \$1,719 per square foot, New Bond Street boasts the most expensive retail real estate in Europe. The street hosts brands such as Louis Vuitton, Chanel, Burberry, Dior, Fendi, Miu Miu, Cartier, Valentino and Hermès.



Chloé's storefront on New Bond Street. Image credit: Chloé

In addition to commercial real estate, [the Global Luxury report by Coldwell Banker and Luxury Home Marketing](#) indicated that London's luxury segment is the most expensive in the world with prices reaching \$6,000 per square foot ([see story](#)).

The London real estate goldmine is anywhere near Harrods. The retailer is already one of the most prestigious department stores in the United Kingdom, but a recent report found that the store is also a huge draw for real estate purchases in the surrounding neighborhood of Knightsbridge.

Harrods Estates, the luxury real estate arm of Harrods, released a report revealing that the majority of buyers who moved into the neighborhood of Knightsbridge near Harrods' location in Central London specifically asked to be closer to the store. The report shows that Harrods' physical presence is still a massive draw and can drive not only business but also people's choices of where to live ([see story](#)).

"The luxury real estate market in London continues to grow," said Alex Bourne, director of **Beauchamp Estates Marylebone**, London. "The number of new build developments completing this year and beyond into 2019, 2020 and 2021 will see housing stock increase, though only that of apartments and penthouses, placing an increasing premium on houses.

"Canary Wharf, and the Chelsea/Battersea areas are seeing the most development of residential towers, as the London skyline continues to evolve," he said.

Similar to other major Western cities in recent years, London has seen an increase in Chinese and Hong Kong real estate investments. Following the original vote for Brexit, the pound's value went down, offering an opportunity for investors to purchase properties at a lower price than normal.

In 2017, Chinese buyers purchased the "Cheesegrater," also known as the Leadenhall Building, or the tallest building in London, for 1.15 billion pounds, or about \$1.5 billion at current exchange.

A few months later, 20 Fenchurch Street, or the Walkie Talkie building, was sold to Hong Kong investors as the most expensive building ever in London for 1.3 billion pounds, or \$1.75 billion.



Leadenhall Building and 20 Fenchurch Street. Photo courtesy of Leadenhall Building

However, so far in 2018, there has been a downturn in Chinese and Hong Kong investment. The money invested has not been this low since 2015, prior to the Brexit vote.

"What is clear it that presentation and good photography are more important then ever in the luxury London market," Mr. Bourne said. "Clients are increasingly buying into a lifestyle and in many instances expect to see a luxury property presented in a style that is relevant to them. In this respect luxury furnishing and presentation details are essential.

"The super rich's expectation of luxury is defined in terms of absolute perfection and attention to detail," he said. "This is not just in terms of design but also in respect of the quality of the materials used throughout the property.

"The quality of the craftsmanship throughout is paramount. Simply looking good is just not enough; a property must be designed and finished and executed flawlessly."

Cheers E.U.

On June 23, 2016 the U.K. voted to leave the E.U. and will formally do so on March 30, 2019. Since the vote, there has been a sense of unease among every industry within the U.K. attempting to predict future outcomes when the country is no longer part of the E.U.

As an E.U. summit gets closer, the European Automobile Manufacturers' Association shared the implications of a significantly damaged auto industry if sector-specific guidelines are not handled with care in regards to Brexit.

With 300 automotive production plants spread across Europe and many different countries involved in the assembly process of individual models, E.U. standards will have a big impact on the industry. The ACEA is focused on whether or not British-approved vehicles will be allowed to sell in the European Union.



Rolls-Royce is one of the U.K.'s luxury car brands that could be affected by post-Brexit trade policy. Image credit: Rolls-Royce

The E.U. has a specific set of guidelines when it comes to automotive production regarding safety, environmental and security specifications. Automakers in Europe and the United Kingdom are now concerned about how their vehicles will be sold across borders ([see story](#)).

Concerns, however, are not affecting the sales for British automakers. After a decade of seeing no profits, Brexit has helped Aston Martin become the fastest-growing automotive brand, according to Brand Finance.

Weakened currency in the United Kingdom, where Aston Martin is based, has supported the automaker's \$3.6 billion growth over the past year, reported in [Brand Finance Auto & Tyres 2018 report](#) ([see story](#)).



McLaren has 10 retail locations in China, with another on the way this year. Image credit: McLaren

As Brexit approaches, Prime Minister Theresa May is looking to establish a beneficial trade deal with China after the country leaves the European Union. McLaren expanded its influence in the lucrative Chinese market as one of the brands who accompanied Prime Minister May on her visit to China to discuss a trade deal between the two countries ([see story](#)).

Brexit also created an increase in sales among British-based yacht companies. However, questions still lie with the crew and ports.

Currently, E.U. yachts are entitled to be in any E.U. waters, however, U.K. yachts will no longer be within that category, leaving both yacht brands and consumers concerned about the areas in which British yachts will be allowed to charter.



Brexit: The ayes have it

Another issue lies with the insurance on the yachts. Currently, insurance is accepted across all E.U. countries regardless of the country of origin, but British-based insurers may not be given the same privilege post Brexit.

However, one thing that has been clear is that the decline in the British pound after the vote to leave the E.U. created an increase in retail sales of yachts ([see story](#)).



Europe as a whole may reject the forces that brought about Brexit. Image credit: European Union

Fashion Roundtable published a [whitepaper](#) that focused on the importance of the British fashion industry to the country. The fashion industry contributed 29.7 billion pounds to the U.K. GDP in 2016, with designer fashion contributing 3.5 billion pounds, or about \$4.7 billion.

The Department for Digital, Culture, Media and Sport's (DCMS) official statistics show employment in the U.K. creative industries is growing at four times the rates of the rest of the U.K. workforce.

Numbers indicate that fashion is a significant industry in the U.K., however, 94 percent of fashion industry leaders and business owners feel underrepresented in the U.K. government. This is a large concern in the impending exit from the E.U. considering that 50 percent of fashion business owners have a partnership with a business based in the E.U.

I heart London

Most companies and brands are proud of their heritage, but a unique aspect of London-based brands is the pure pride that is exhibited through their marketing campaigns.

For example, Harrods paid tribute to its hometown by recruiting some of London's cultural personalities to share their personal relationship with the city.

Taxi Tales: Vanessa Kingori

Harrods' "Taxi Tales" brought in some of the top tastemakers in London's luxury and fashion worlds to talk about their unique history with London. The series shows Harrods' dedication to its home city as well as giving customers a better view of the brand's core values ([see story](#)).

In addition, earlier this year, Anya Hindmarch penned a playful love letter to London on some of the city's landmarks.



Anya Hindmarch's Chubby Hearts over London is taking over some of the city's landmarks. Image courtesy of Anya Hindmarch

The brand's weeklong "Chubby Hearts over London" project saw helium balloons attached to destinations such as Trafalgar Square and Piccadilly Circus. Timed to coincide with both Valentine's Day and London Fashion Week, the campaign attracted attention as the fashion industry flocked to London ([see story](#)).

Penhaligon's was another brand that paid homage to its home city with a tour of the secret side of London.

As part its Hidden London Touring effort, Penhaligon's took customers on a number of journeys through the historic city, exploring some of the secrets from its past and the hidden places that the average person would not know about. At the same time, Penhaligon's promoted some of its fragrances to customers as they explored London ([see story](#)).



Smythson's Journey to the Wild Side. Image credit: Smythson

Smythson explored a surreal version of its hometown from an outsider's perspective in a whimsical campaign.

The brand's "Journey to the Wild Side" film followed a tourist as she took a roundabout route to get to Buckingham Palace, bumping into curious characters along the way. Throughout the plot, Smythson accessories made appearances in unlikely ways, creating a fun take on product placement ([see story](#)).

Made to fit

Fashion designers local to London carry the pride that bigger companies hold because London is known for its tailoring.

The pride was further experienced when the Westminster City Council put protective policies in place to safeguard the integrity and character of some of its iconic neighborhoods. Savile Row, known for its bespoke tailors, was one of the territories ([see story](#)).

Savile Row is known for prestige aristocratic tailoring and has been part of London's history for centuries.



Britain has a number of historical tailors. Image credit: Huntsman Savile Row

Other brands have clung to the history and prestige of Savile Row, such as when Bentley Motors tapped four of the top bespoke tailor houses on historic Savile Row in London to create driving jackets.



Bentley and Savile Row collaboration

Each of the four tailors originated in the 1800s and the driving jackets are meditations on how their histories have evolved over the years and intersect with Bentley ([see story](#)).

Historic Savile Row is also updating to modern times with a campaign from Huntsman.

The brand is partnering with **Toshi**, a fashion technology company, to allow customers to get their suits hand-delivered to them along with alternate sizes and other luxury assistant services. This move is a response to the growing mobilization and digitization of the retail experience.

"As a predominantly bespoke house, Huntsman was keen to service its ready-to-wear online customers as if they were physically coming to Savile Row, recreating the luxury of a private consultation in the comfort of one's home," said Pierre Lagrange, owner of **Huntsman**, London, in a previous article.



Huntsman customers can now get suits delivered straight to their door. Image credit: Huntsman

Traditionally, customers would come in, be fitted for a suit and return later to pick it up once the alterations had been made.

But now, thanks to a new partnership with Toshi, customers can get their suits delivered to their door, along with a host of services that could normally only be found in the bricks-and-mortar environment ([see story](#)).

Princess diaries

Events in the British royal family members' lives create openings for luxury brands to market products fit for the occasion.



Meghan Markle and Prince Harry

For instance, days after the highly anticipated birth of Princess Charlotte of Cambridge, luxury brands took the opportunity to congratulate the royal family on social media and present bespoke gifts to the new princess.

The royal birth became a highly anticipated event that was followed closely by people around the world on social media platforms such as Facebook and Twitter. By celebrating the momentous occasion, brands ensured that they stayed relevant with consumers and participated in the online conversation ([see story](#)).

There are also the everyday collaborations with the royal family, such as Land Rover's CSR initiative to conserve the environment with the help of British royalty.



Prince of Wales

His Royal Highness The Prince of Wales met with Cumbrian farmers and renewed a partnership with Land Rover to create a bursary to kick-start fledgling countryside careers. The Prince's Countryside Fund Land Rover Bursary Scheme highlights Land Rover's values at the intersection of global good in environmental conservation and national pride and wellbeing ([see story](#)).

However, some royal-inspired campaigns are in light of recent royal events. The recent nuptials of Prince Harry and American actress Meghan Markle sparked interest in luxury.



Prince Harry and Meghan Markle's wedding has boosted interest in a number of fashion labels. Image credit: The Royal Family

Following Prince Harry and Meghan Markle's wedding, the luxury brands that dressed prominent attendees have seen an uptick in consumer attention.

The May 19 ceremony and reception drew out celebrities and famous figures from around the globe, and their attire inspired those who were tuning in at home. From spikes in product searches to social media conversations, the brands present during the nuptials have seen an impact from their connection to the royal affair ([see story](#)).

The celebration inspired consumers to seek out travel to the United Kingdom, as they looked to explore more about the nation and its monarchy. For those who stayed closer to home, hotels rolled out regal experiences and offers aimed at letting consumers live like kings or queens.

For example, across the world, Fairmont Hotels & Resorts celebrated the nuptials at its properties, leveraging its relationship with the royal family and the groom and bride. Hotels including The Savoy, Fairmont Hotel Vancouver and Fairmont Chateau Laurier in Ottawa have hosted members of the royal family over the years.



The Savoy royal afternoon tea

Actress Ms. Markle's character on the television show "Suits" wished to get married at Fairmont-managed New York hotel The Plaza, and Toronto's Fairmont Royal York served as a stand-in backdrop for her on-screen wedding.

Commemorating the actress' real marriage, Fairmont showed the wedding on big screens in some of its properties. The Plaza hosted a royal breakfast with experts in everything from the monarchy to wedding planning offering their commentary ([see story](#)).

"Millennials, and millennial travelers in particular, are expected to be the largest demographic for luxury brands by 2028, with an estimated spending power of hundreds of billions and a desire for travel and experiences," Walpole's Ms. Brocklebank said. "For this demographic luxury is taking on a new definition one of authentic, unique, exclusive experiences and products that reflect their values. They are hyper-informed, quality-driven and ultra-visual.

"Affluent millennials and Chinese luxury shoppers and especially Chinese millennials are increasingly seeking personalized, unique experiences that match their values, and are looking to define themselves by these rather than

by the goods they own," she said. "Indeed, the growth of luxury experiences is outpacing the growth in luxury goods by 5 percent, with key themes including travel, gastronomy and wellness.

"Luxury brands must therefore respond to this change in values by adapting their marketing strategies to center on the stories and lifestyle values behind their brands, and by doing so, offering unique and personalized experiences."

Best practices for brands marketing in London

- Alex Bourne, director of Beauchamp Estates Marylebone
 - "Targeted PR and professional online presence (Web site and social media channels) continue to be key in reaching not just a London audience, but an international one too. Personal contacts are vital for an agent working in luxury real estate, which the best agents will establish and build. In addition to this presentation and the online environment play an important role: we live in a highly visual age, where presentation is key to attracting and retaining awareness:
 - "Make sure your online presence is professional, well presented and functions well, so that clients can find you easily and quickly assess if your business and stock is the right fit for them and their property search.
 - "Ensure that all marketing materials and particularly photographs are executed professionally. Good photography will pay dividends and is a key component of online content. People view images and make assessment far more readily than they will read text and can easily click to the next Web site or Instagram feed."
- Fflur Roberts, head of luxury goods at Euromonitor International
 - "How we buy luxury goods in London, much like other leading luxury shopping destinations, is in a flux and our relationship with luxury brands is no longer simply transactional. Luxury marketers in London now need to include and contain the human factor to develop a solid emotional connection.
 - "At the same time consumers are looking for a seamless and convenient shopping experience which is also immersive. Retailers and marketers need to continue to embrace new technology as a means of enhancing the shopping experience for both on and offline as well as before, during and after the transaction."
- Helen Brocklebank, CEO of Walpole
 - "Luxury brands must transform the physical store experience, adding new services and experimenting with innovative store designs and layouts. In the online space, luxury brands have a prime opportunity to woo consumers from across the world with rich storytelling on social spaces through the clever use of key influencers. In both spaces, brands must focus on personalizing the experience for each and every consumer. With the remarkable growth of the online channel online sales of personal luxury goods are set to make up 25 percent of the market by 2025 brands must engage in a genuine, personalized dialogue. In an age where everything is available through the screen of their smartphone, humans miss the personal touch, so digital personalization builds all-important relationships between brands and their audiences.
 - "There is also a shift from marketing to mattering', with brands needing to instil an emotional connection and trust in consumers around sustainability, and by focusing on a higher purpose not just profits. Today's enlightened consumers are more questioning of what they spend their money on if they are prepared to pay for the luxury product they want to know the story behind it. The value is more than the price tag, and must include investment in the people who make the product, and the way the materials are sourced. Importantly, luxury brands must make this more green' and ethical approach part of their communications strategy, because it is often something many have always done but not shouted about loudly enough. An authentic buy better' philosophy is a good strategy that pays off in business terms for luxury brands, and is a piece of good news to tell at a time when all luxury brands are looking for a story."