

CONSUMER ELECTRONICS

Apple's latest announcements urge luxury manufacturers to up their offerings

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Apple's neuralengine. Image credit: Apple

By BRIELLE JAEKEL

After Apple's event announcing its upcoming product offerings this week, experts are wondering how its high-end contributions could impact the luxury business.

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"Apple is effectively a luxury goods maker," the editor-in-chief of Quartz said in an interview with CNBC's Squawk on the Street. Apple's event on Sept. 12 unveiled three new iPhones and a new Apple Watch, many of which could be designated luxury products, but its heightened artificial intelligence offerings are making the biggest stir.

"The implications for Apple's move into the luxury space is not that they would be competing with the luxury watches that are in the market, but that they would expand the luxury market with technology by introducing the Apple Watch in a luxury item that becomes a status symbol," said Marci Troutman, CEO of SiteMinis. "Not only does this help Apple's brand extension, but it also helps the luxury brands that can now create specific apps catered to the luxury brand customers that can only be downloaded to the high end Apple Watch.

"This opens up a new world of possibilities in the luxury brand market," she said.

Apple in luxury

The biggest and most robust iPhone in Apple's upcoming arsenal is the iPhone XS Max. Both this device and its smaller counterpart the iPhone XS come with a price tag of more than \$1,000.

This hefty cost for a phone may deter some buyers, but the extensive payment options wireless carriers and Apple itself are offering are now putting these advanced models in the hands of everyday consumers. While this concept is not new, it is becoming more commonplace and will have an effect on the luxury community.

[View this post on Instagram](#)

A first look at the stunning video on the new iPhone XS. Check out our Story to see how it was shot.

Commissioned by Apple. #ShotoniPhone by Donghoon J. And Sean S. @InciteDesign. Original score by @son_lux

A post shared by apple (@apple) on Sep 12, 2018 at 11:43am PDT

Instagram post from Apple

Luxury technology providers will need to make sure their products exceed or are equal to those of Apple's.

Marketers in general need to pay attention to Apple's advanced AI capabilities now.

Developers other than Apple will now be allowed to run their own algorithms on Apple hardware, according to a report from *Wired*. This will make for exciting new consumer experiences on the iPhones.

In addition, the A12 chip will be equipped in the new iPhone models allowing better understanding of speech and images within the phones.

A similar chip was introduced in the iPhone X and iPhone 8 models last year, but the new chip will have much more advanced capabilities in artificial intelligence.

In addition to the new phones, a new Apple Watch will provide greater capability as well and further compete with the Swiss watch industry, as customization becomes more advanced. The Apple Watch recently surpassed Rolex as the most popular timepiece ([see story](#)).

Watch this video on [The Scene](#).

Wired's video take on Apple's announcements

Apple news

Prior to these announcements, following slower-than-expected holiday sales during the holidays, consumer electronics maker Apple reduced production of its iPhone X by 50 percent back in January.

According to Nikkei, Apple notified its suppliers that target production for the first quarter of 2018 would be reduced

to approximately 20 million units. The iPhone X has not performed as strongly as Apple had hoped, with slow sales in Europe, the United States and China ([see story](#)).

A number of luxury brands have embraced Apple's technology with companion products. For instance, U.S. jeweler Lagos is bringing its Caviar line into the digital world with a special launch that is exclusive to Bloomingdale's.

For a 60-day exclusive, Bloomingdale's will be selling Lagos brand smartwatch straps it is calling the Smart Caviar Collection. Sterling silver, 18-karat gold and diamond bracelet straps will be available for the Apple Watch ([see story](#)).

Along with the other announcements at the press conference, the tech company unveiled its Apple Watch Hermès Series 4, which comes with leather straps and special watch faces.

"Apple has always been on the cusp of luxury anyway, as they are pretentious about their brand, and always have been, how often have you seen a sale on an apple item." Ms. Troutman said. "Not too often, because they don't need to, they have a kind of cult following and they market to this following very well without ever "watering down" their brand.

"The uniqueness of Apple's recent advancements in regards to luxury is the ability to create a coveted product with the availability for all of the luxury brands to engage at a unique level with technology," she said.

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