

RETAIL

Cracking the US market requires open mind, localized approach

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Image from the Michael Kors Collection spring/summer 2019 campaign. Image courtesy of Michael Kors

By SARAH JONES

NEW YORK The United States holds significant potential for luxury brands due to its wealth and stability, but foreign labels need to be aware of cultural and consumption differences to successfully make an entrance into the market.

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In addition to differences between American consumers and their European counterparts, the United States' vast geography requires a more localized strategy for entering its various regions. According to an executive from Timeless Distributions speaking at Luxury FirstLook 2019, luxury brands cannot take a one-size-fits-all approach to the United States.

"If you want to be able to be relevant, you need to create your own story, your own reality, your own uniqueness, even though the market in the United States can be more forgiving," said Stephane Barraque, principal managing partner, Timeless Distributions.

Luxury Daily organized Luxury FirstLook 2019: Digital Acceleration

U.S. entry

The United States represents about 20 to 25 percent of the total luxury business, but as markets in Asia took off, Mr. Barraque says he saw companies including his former employer Richemont targeting Asia at the expense of their U.S. business. For instance, watchmakers would send their best pieces to boutiques in Asia rather than those in the U.S., and as a result sales associates in the U.S. lost motivation.

Today, many luxury brands are reinvesting in the U.S. Besides being an appealing target due to local consumers, the country is a key tourism destination.

However, for its opportunities, the United States comes with challenges for international brands.

One of the difficulties is the vastness of the nation, which has 12 major luxury markets. The East and West Coasts have very different cultures, and Florida is very different from New York.



Florida's Bal Harbour Shops is the most productive mall in the U.S. Image credit: Bal Harbour Shops

Instead of trying to tackle the entire United States at once, Mr. Barraque suggests a more regional starting point.

The executive also stressed the importance of being present locally. Rather than operating from afar, he says brands would also be wise to hire local executives who understand the customer base.

European brands also have to be aware of the perception and attitude toward luxury in the U.S.

Whereas European luxury is more formal, exclusive and traditional, Americans take a more casual, inclusive and digital view on luxury.



Affordable luxury is an American concept. Image credit: Coach

For instance, Americans view luxury as more accessible due to the availability of credit. They also tend to value craftsmanship less than their European peers, and place more importance on brand stories and quality.

At the end of the day, one of the best practices is to test. Mr. Barraque notes that the U.S. is forgiving, enabling brands to try out tactics to find the right one for them.

Along with testing, the U.S. is a very data-driven environment. Executives in the market tend to use different metrics than their European counterparts to measure results.

Finally, brands should be ready to scale up their business. If they find success, the growth in the market can escalate quickly.

Shopper profiles

Consumers in the United States are shifting their ideas of luxury, expecting more than just quality aesthetics as they now look for both beauty and usefulness.

According to a new survey from Volvo and The Harris Poll, 68 percent of Americans agree that "less is more" in regards to luxury. Eighty-eight percent say that luxury today is about function as well as appearance ([see story](#)).

In addition, brands need to consider the many consumer groups found in the United States.

Tiffany, Louis Vuitton and Gucci are succeeding with millennial forward-facing immigrants, as new research finds this consumer segment seeks quality and prestige in their luxury goods.

A report from MVI Marketing notes that Asian Americans and Hispanic consumers want to feel valued by retailers, looking for brands to provide services such as personal styling and after sales support. To reach these sophisticated, selective shoppers, luxury brands can appeal to their desire for status ([see story](#)).

When brands seek to enter the United States, Mr. Barraque says they should go into it with a conquering mindset.

"Nobody is waiting for you," Mr. Barraque said. "It's a big market, so if you're not ready to invest, stay there. Then when you're ready, you can come."

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