

MARKETING

Quality, emotional connections influencing affluent's purchase decisions

January 25, 2019



Luxury consumers believe luxury design is improving. Image credit: Mulberry

By SARAH RAMIREZ

The definition of luxury keeps changing with consumers labeling upscale goods and services as not merely "high-quality" and "expensive," but also "unique" and "exclusive."

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According to the Luxury Institute's 2019 State of the Luxury Industry report, while the majority of consumers characterize luxury as of "superior quality," craftsmanship is becoming less of a concern among affluents. Consumers are also reporting valuable emotional connections to brands.

"Affluent consumers are much more focused on quality and customer service than they are on the craftsmanship of physical products," said Milton Pedraza, CEO of the [Luxury Institute](#), New York.

Luxury Institute's report is based on surveys of almost 4,000 affluents from countries including the United States, United Kingdom and China.

Luxury traits

A third of consumers believe exclusivity is part of luxury DNA, and 30 percent are drawn to a brand's heritage.

While 63 percent of respondents believe a luxury brand has superior quality, only 30 percent believe that quality has improved and 11 percent feel that quality has actually worsened.



Quality and customer service trumps craftsmanship. Image courtesy of Tulerie

Luxury consumers do perceive an improvement in design, despite craftsmanship worsening in recent years. Since 2016, affluents have shown less interest in craftsmanship in favor of overall quality and customer service.

Forty-three percent of respondents believe customer service is essential for luxury brands. Additionally, lifetime product guarantees, free repairs and generous return policies are among the top factors in influencing purchase decisions.

However, previous experience with a brand is the most important factor when an affluent is considering purchasing a particular product. This is especially true in the United States, while Chinese affluents rely on word-of-mouth recommendations and Japanese consumers are influenced by store displays.



Japanese affluents are more drawn to store displays than brand experiences or product recommendations. Image courtesy of Balmain

Almost three-quarters, 72 percent, of respondents purchase luxury items because they are long-lasting and retain their value. Sixty-eight percent also say expensive goods are for their personal enjoyment and not for boasting about.

Emotional connections

The State of Luxury survey also showed that 58 percent of affluents have emotional connections to their favorite luxury brands. More than half, 53 percent, will also pay more for items from those brands.

This echoes other research findings.

According to a study by Motista, emotionally-connected customers remain loyal to brands for longer, and spend up to two times more in a year. Coupled with a growth in annual spend, creating deeper relationships can lead to a greater lifetime value for retailers.

The company has tracked what portion of consumers have an emotional connection with retailers, and found that of the brands studied, Gucci, Burberry and Neiman Marcus have the highest level of emotional connection with consumers ([see story](#)).

French fashion label Chanel's use of quality customer service and products as well as its emotional connection with consumers pushed it to the top of the Luxury Institute's 2018 Emotionally Intelligent Brand Index.

Survey takers designated both Chanel's quality of its business and its emotional connection as 50 percent of the elements that make the brand emotionally intelligent. Chanel was not only listed at the top overall, but was number

one in customer service experience as well ([see story](#)).

"A superior experience for the customer depends on personal interactions with a brand," Luxury Institute's Mr. Pedraza said. "More important than the wow' experience of seeing something new and cool is the way a brand treats them as a human being."

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