

MARKETING

Planning/budgeting cycles shrinking to 6-12 months from 3-5 years

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Away luggage is using social media to showcase a lifestyle for travelers who are looking for the best and latest luggage at a more favorable price. Image credit: Away

By [Chris Olshan](#)

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NEW YORK Given the digital speed of change, luxury marketers are seeing planning and budgeting cycles shrink as pressures to deliver and measure real-time ROI on marketing spend continue to grow. Interestingly, this does not preclude planning and budgeting for a few, select long-term "big ideas."

At an inner circle salon luncheon hosted by The Luxury Marketing Council on June 12 at Davio's Northern Italian Steakhouse in midtown New York, a group of 16 C-suite executives from major luxury brands including Kravet, Retail Advisors, Gruppo Italia, Vitesse Worldwide, Wings Air Helicopters, LR Paris, Regal Threads, Concierge Sales Networks, Silver Tone Consulting, M Brennan Design, Star Jet international and Lou Hammond Associates discussed "How Luxury Brands Can Best Spend Their Marketing Dollars in an Every Shrinking Planning Cycle."

Here are the key takeaways:

Planning/budgeting cycles are shrinking from three to five years to six months to one year. Examples of how these shortening cycles are driving brands to selectively focus on one or two major projects over the longer term include the design and building of a new showroom focused on increasing the speed of purchase and providing a self-checkout-like experience for customers.

Another example is a virtual reality room allowing builders and designers to see a full 3D version of their project to help them better understand layout and product options that will work in the space.

Digital is still king but only works if the basics quality Web site, good imagery, mobile friendly and ease of use are creative and compelling. The smartest luxury brands are taking a zero-based strategic look at their current platforms before investing in social media advertising, search engine optimization, email campaigns and geo-tracking.

The glut of advertorial content has jaded many buyers' views of the credibility of traditional publications and is forcing brands to be more creative and innovative in telling their own story in an honest and open way. Examples include real-time posting of positive and negative reviews, focusing on the history of craft and design, telling a more

compelling story of the brand, educating customers on the value of the product, and previewing of product with select groups of best customers before launch.

It is beginning to dawn on luxury marketers that their investment in cookie tracking and pop-up adds is seen as a big annoyance by their customers. Most are still torn as to whether the positive of constant promotion of their products outweighs off-putting many of their customers.

For example, the Humane League of New York created an aggressive email campaign to solicit additional support from its existing donors. After conducting a survey of the donors, the organization found that 77 percent would not donate again due to the intrusive nature of the promotion.

There is a return in luxury retail to the Nike Town model in which luxury brands are investing in retail space more to promote brand and product awareness than to drive retail sales. This strategy is driving brands to open bricks-and-mortar showrooms as a way to better showcase and raise awareness of their products. Interestingly, many of these showrooms do not even allow for on-site purchasing.

As direct-to-consumer brands increasingly promote a lifestyle and experiences, traditional luxury brands must continue to provide durable, well-crafted products, stellar customer service, a way for customers to personally relate to the brand, and quick and efficient resolution to any problems or risk losing their customers.

For example, Away luggage is using social media to showcase a lifestyle for travelers who are looking for the best and latest luggage at a more favorable price.

For luxury brands to compete, they need to not only offer products as good or better than their competitors but also to provide solutions to issues faster and more efficiently than online brands, including in-store returns, replacements and repairs.

Quality CRM and deep intelligence and insights into their best customers is an area in which luxury brands continue to invest. The challenge is to make this information available to the associates real-time to inspire cross selling and upselling, and also to keep the brands a step ahead of their digital competitors.

Traditional marketing initiatives still work with an increasing emphasis on collaborations with kindred spirit brands. Intimate special events targeting the best customer/client are still one of the most successful ways to increase sales and build relationships.

Many luxury brands are moving away from spending on mass events and conventions and shifting to higher-touch, more intimate events targeting top customers.

For example, more brands are investing in very special events such as fully paid, intimate weekends for select top buyers, their spouses and friends. The ROI from these events is consistently reliable.

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