

RESEARCH

Uncertainty in economy and politics unnerves luxury marketers, survey claims

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Choppy waters ahead for luxury? Image credit: Oomiji

By STAFF REPORTS

Luxury marketers from brands of all sizes and across all segments are worried about uncertainty in almost every aspect of business from the economy and politics, to regulation and global markets.

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This was the chief finding of a study fielded by survey and CRM platform provider **Oomiji** and its CEO, Jon Stamell, for the **Luxury Marketing Council**. An estimated 3,500 respondents are said to have participated in the survey.

When asked, "What keeps you up at night?" one executive noted: "The impact of the economy on business although the economy is experiencing strength it is in pockets. Our end users are more psychologically impacted by the ups and downs of the market."

Across the board

Trade was also a concern as noted by another: "I represent companies that import products, for the most part. The politics of trade has an effect on planning. The big players have actually imported more product than needed to insure against tariffs."

Finally, fears of a recession and how to deal with it were ever-present, as expressed by a C-suite executive: "The looming recession and ensuring we have enough dry powder to be opportunistic throughout the recession are key."

"Strategic solutions to these pain points seemed few and far between," said Christopher Olshan, CEO of the Luxury Marketing Council.

Strategic solutions included greater investments in human capital, better strategic focus and shoring up their financial resources to weather any coming storm.

"Talent: Finding the right people is our biggest challenge by far," said one respondent.

Another respondent added as their need: "Having the right individuals in key management roles that live and breathe our service culture and are relentless."

There were a large number of pain points listed and those distractions are telling, according to a respondent who

wrote: "It is not a question of resources. It is a question of focus."

In addition to the troubling atmosphere of uncertainty, the market is changing dramatically as 86 million millennials begin to eclipse baby boomers' spending on luxury products and services.

"It is our observation that the millennial preference for experiences rather than goods, is real, and here to stay," Mr. Olshan said.

Most respondents wrote that their companies are addressing the market change, as noted by an advertising executive: "Yes. Millennials are redefining luxury, and we are educating our clients that their message should be more about purpose, authenticity and passion."

Pointedly ...

In other key findings:

- Digital transformation has been the major change affecting businesses of all sizes in the past five years (29 percent). Along with this, adapting to consumer change (15 percent), customer acquisition and experience (11 percent) and managing growth and sales (11 percent) have been dominant.
- As these businesses look at the rest of 2019 and 2020, their priorities are growing sales (15 percent), improving digital capabilities (12 percent), improving customer experience and service, developing employees and expanding the market while managing complexity, the latter three all at 10 percent.
- When asked if they were adapting their marketing to the needs of the 86 million millennials, 71 percent said yes and 29 percent said no.
- Of those saying "no," 44 percent noted that their market is elsewhere, 33 percent said they do not have the product mix for millennials and 22 percent believe that boomers still have the most discretionary income.
- Of those saying "yes," among a broad arrange of steps they are taking, 34 percent said they are matching their products with millennial lifestyles, 13 percent are adapting their digital platforms to reach the market and 12 percent are working on doing a better job of targeting and tailoring their messaging. Other tactics cited included increasing investments in social media and use of CRM, both at 7 percent, among others.
- When asked what keeps them up at night, uncertainty in the economy, politics, regulation and global markets was named by 20 percent, pressure on sales and margins by 14 percent and finding the best marketing opportunities by 11 percent.
- The most important resource needs named to resolve their pain points were human capital (35 percent), more strategic focus (20 percent) and obtaining financial resources (12 percent).

WHETHER IT IS seeking to calm the waters of uncertainty or adapting to changing markets, luxury executives are increasingly seeking to innovate with technology and broaden their strategic thinking.

One respondent said: "We're rethinking how sales happen in other integrated environments, understanding the social implications and media, as well building our story within our customers' experience."

Technology, as expected, is playing a key role in adapting to today's market.

Many luxury marketers echoed this comment: "We're building and growing expertise in digital categories, and understanding how to increase its ROI in the luxury sector."

Summing up, a respondent wrote: "The world, and the luxury consumer, is changing faster than we think and we had better change with it if we're to survive and prosper."