

MARKETING

## Why your luxury brand needs social currency to survive

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*Musicians, who young consumers see as leaders in authenticity, are now launching lifestyle brands, such as Rihanna with Fenty and Pharrell Williams with his Billionaire Boys Club. Image credit: Fenty Beauty by Rihanna*

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We are living in a world of uncertainty and **disruption**.

Technology shifts have never been so fast or severe, consumers have never been so demanding, and the competition has never been so intense.

Business models are changing in every industry imaginable because of technological innovations.

And if that is not enough pressure for brands, it is now becoming clear that a majority of consumer brand preferences are created at a fairly young age.

Young won

A young customer who does not build a preference for a brand early in life is not likely to do so in the future, so brand managers who think that young consumers will commit to their brand when they "mature" are sorely mistaken.

**Gen-Zers** and **young millennials** do not want to wear or use the same brands their mothers use, yet older consumers are quick to adopt Gen-Zers' and younger millennials' preferred brands. Because of this dynamic, brands cannot afford to underperform with younger consumers, because it is also the key to attracting new older consumers.

Marketers around the world all face the same issue: Their brands are strong with customers above 40, but weak with millennials and **Gen-Zers**.

One brand I know lost 80 percent of its customers 35-and-under within just three years. Yet these brands *still* want to focus on older customers, which is a recipe for disaster.

So how, in the crowded and fast-moving marketplace, can luxury brands attract young consumers?

The answer is easy: build social currency.

But implementing social currency can be extremely tricky. It hinges on a brand's ability to influence and connect

with a young audience and calls for a deep understanding of that cohort's fast-changing trends, hopes and dreams. It also requires the ability to communicate the brand's essence in a relevant and authentic way.

Young digital natives are more sensitive to authenticity than any other age group, as they are bombarded with thousands of messages per day. A brand that is not perceived as fully authentic quickly becomes irrelevant.

Because of this, musicians who young consumers see as leaders in authenticity are now launching lifestyle brands, such as Rihanna with **Fenty** and Pharrell Williams with his **Billionaire Boys Club**.

These brands are not solely luxury in a traditional sense, but they have found wild success because of their ability to connect to a wide audience.

In other words, they create social currency.

**Brand storytelling** is the way a brand expresses its authenticity to consumers, which, in turn, creates social currency.

Unfortunately, a lot of traditional luxury brands are weak storytellers.

Same old story

Brands are fantastic at proudly boasting about their capabilities, expertise and savoir-faire, but they fail to translate those things into tangible rational and emotional benefits for their targeted customers.

Most brands focus too much on design, provide vague brand stories, and have internally-focused positions that make the purpose of the brand unclear to consumers.

On top of that, many brands do not provide a consistent brand experience along all consumer touch points, which adds to the confusion.

One should think of a brand like a theater production.

Only when all of the play's elements are working in synch to provide a consistent story will there be a distinct, memorable and valuable experience for the audience. But even if one element is awkward or wrong in the production, the customers will not appreciate it. You would not enjoy a theater show where one of the actors was telling a completely different story than the rest of the cast, would you?

Brand experiences follow the same logic. They are either great experiences or they are not, which is why luxury brands cannot afford to be anything less than 100 percent synched at all their customer touch points.

To create and maintain a strong brand story, a company must generate competitor insights in real-time. Because if a competitor shows up with a more compelling story, they will gain more social currency than your brand and become more important to consumers.

So it helps immensely to know these insights as soon as they happen.

Consumer sentiment insights are just as urgent. Studies that are months old are not good enough these days.

**AI-supported** advanced insight tools are crucial for brands, yet most managers do not make strategic decisions based on the analysis of social media sentiment because they do not have the tools that can give them that clarity.

IN TODAY'S WORLD, changes happen fast.

Only the brands with rigorous brand storytelling based on real-time insights that lead to optimized customer journeys can stay ahead. The rest will rapidly decline as they quickly lose social currency.

For proactive and agile brands, this time of disruption will be exciting, but for the others, it will be the beginning of the end.

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