

MARKETING

## Is the aspirational luxury customer gone?

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*Herms scarf: a timeless icon that aspirational and well-heeled customers both crave. Image credit:Herms*

By DIANNA DILWORTH

Many luxury brands and retailers rely on the 18- to 24-month shopper who saves money to buy a luxury item, such as a Louis Vuitton canvas tote, Ferragamo pump shoe or Herms scarf. These shoppers actually fuel the growth of luxury marketers worldwide, both in the West and in Asia.

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Now that customer's job security is under threat, and fear of health top of mind with the COVID-19 coronavirus outbreak. This customer will hesitate to shop in stores if they are open, and when they reopen or even online in the way they used to pre-coronavirus.

"It is too early to tell how we are going to come out of this thing, but this is shaping up to be the first economic recession which will be global in scale due to a health crisis," said Pamela N. Danziger, president of **Unity Marketing**, Stevens, PA.

"We have experienced how people come out of economic downturns that are caused by macroeconomic crises," she said. "But because this is touching not their pocketbooks, but their health, this could change the whole psychology of how people consume."



*Pamela N. Danziger is president of Unity Marketing*

## Defining aspirations

Only about a quarter of lower-income affluent consumers are what Ms. Danziger considers aspirational in nature, meaning that these consumers really aspire to grow their incomes higher and have a luxury lifestyle.

These consumers might be challenged in the current climate to continue buying luxury products.

"The aspiration for a luxury lifestyle won't go away, but the ability to achieve it will be a real challenge in the near future," Ms. Danziger said.

The ultra-affluent who comprise consumers with incomes of \$250,000-plus around 5 million in the United States will remain more stable in their buying behavior. However, they could also be gun-shy around shopping.

"While their investment portfolios are at risk, they are still well-protected and cushioned in what may shape up to be a deep consumer recession," Ms. Danziger said. "Everybody else underneath them will be more affected. Those people living within the parameters of their income will do OK if they have income over \$100,000.

"Some of these consumers have stretched too far and gone too deep in terms of their mortgages and their cars and they are really maxed out, they are the ones that could suffer a lot," she said.



*Martin Shanker speaking at a Luxury Daily conference*

## Online will rule

As retailers close their doors and consumers hunker down, luxury purchases, if made, will be transacted online and on mobile devices.

"Customers who hesitate to shop in stores will shop online," said Martin Shanker, president of [Shanker Inc.](#), New York. "Those customers who have authentic relationships with sales professionals will be motivated to return sooner."

When customer behavior changes, it rarely goes back to the way it was.

With ecommerce already growing at a faster clip than in-store sales before the crisis, luxury marketers should expect the trend shifting to online sales will accelerate and store traffic decline even after this pandemic tamps down.

"To safeguard the business at retail, we find it more important than ever to help luxury sales teams establish emotional connections with their clients," Mr. Shanker said.

"The new currency for an associate to stay relevant with today's high-net-worth clients is establishing an authentic interpersonal connection not just based on product," he said.

## Lessons from China

When luxury brands closed their stores in China, online business continued via platforms such as Tmall's Luxury Pavilion and WeChat, and directly via the marketers' local Web sites.

Since Chinese customers are the biggest online purchasers of luxury goods, this is a good sign of things to come.

"Their principal platform is WeChat, which is the most robust platform to stay engaged and sell clients both on groups and individually," Mr. Shanker said.

"Sales associates in China maximize on this by connecting the social element with business," he said.

Luxury brands and retailers operating in the United States, Canada, Europe and Latin America can take a leaf out of China's book.

Luxury sales associates should get to know customers on a deeper level than just a product preference. They need to learn to sell like consultants versus transactionally.

"We need to truly know customers and this requires sales associates to earn the customer trust before they will allow you to establish ongoing relationships," Mr. Shanker said.

"Many retailers are misguided to think the most sophisticated CRM systems are creating client intimacy," he said.

"This is not possible without developing the interpersonal skills of sales associates who know how to make authentic connections and learn about the client without being invasive."

## After the storm

It is still early to understand how much havoc COVID-19 will create on the global population and economy.

However, one thing is certain: consumers will have been through a life-changing experience and everything could change, especially with aspirational luxury customers.

Luxury brands will need to look for the new normal to determine how to lure back aspirational customer class.

"Once the threat of the disease has passed, customers won't want to be reminded of the threat to their way of life, they will want to be reminded to dream," Mr. Shanker said.

"This requires us to help today's luxury sales teams stay relevant by teaching them how to inspire, not sell," he said.

"Attracting, connecting and selling at this time requires empathy."