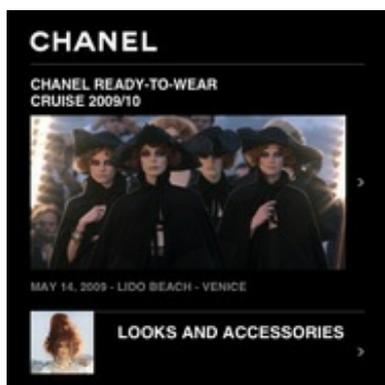


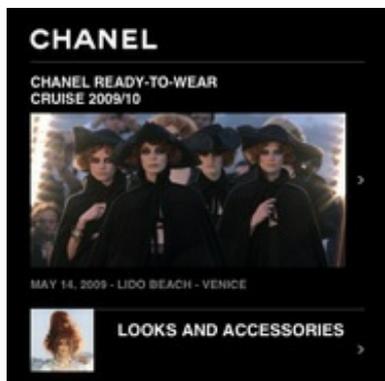
ADVERTISING

Luxury brands need 360-degree mobile strategy

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By GISELLE T'SIRULNIK



The luxury market has finally made its way into the mobile

space, albeit mostly through iPhone applications. It needs to do more.

For example, luxury brand Chanel is promoting its newest collection via mobile. The new Chanel Haute Couture Spring-Summer 2010 application lets users view the 2010 collection, get the latest news about the brand and find a boutique near them.

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Luxury Daily

“Luxury brands have a great way to engage with consumers on the iPhone,” said Marcus Startzel, senior vice president of sales at Millennial Media, Baltimore, MD. “These companies have premium brands, without question.

“The iPhone and other smartphones allow for deep and rich experiences within rich

media, in-app and in browser,” he said. “When you have a premium product to showcase, you need a canvas that can bring out the luxury feel.”

Channelling luxury

Additionally, the new Lovely Game Chanel application asks consumers to play a game where they can discover the latest Chanel accessories.

Donna Karan recently made its debut into the mobile channel, with the launch of an iPhone application that showcases the designers fall runway show.

Ralph Lauren and Dolce & Gabbana also have a mobile presence, with both mobile sites and iPhone applications.

The reason that luxury brands are flocking to the application market is consumers on the Android and iPhone platforms continue to be actively engaged with applications, according to AdMob’s January 2010 AdMob Mobile Metrics Report.

According to some Nielsen data from 2009, 94 percent of all smartphone users are 18 and over, with a whopping 83 percent over the age of 24, and still 56 percent over 34.

iPhone-specific numbers are near identical to smartphones overall. That is a demographic skew towards spending power.

With the growth of the smartphone market, there is real reach for luxury brands to tap. And many are starting to take notice.

Fendi and Hugo Boss have recently launched iPhone applications and Lacoste debuted an application for its Red! line.

So there is no doubt that luxury brands are starting to understand the appeal of the iPhone as a marketing channel.

However, there is a lot more to mobile than just the iPhone application.

Web of opportunity

The mobile Web is also a good way to reach consumers. For some retailers, it has even proved to be an additional sales channel.

But not too many luxury brands have a mobile or mobile commerce-enabled site.

Mobile sites have proved effective at driving traffic and attendance in-store, brand awareness, user engagement and customer loyalty.

Meanwhile, mobile Web usage is growing beyond traditional boundaries.

Unique mobile Web users increased 34 percent from 42.5 million in July 2008 to 56.9 million in July 2009, according to Nielsen.

Nielsen’s findings show that mobile marketing is moving beyond its perceived niche targets to reflect the consumer as whole, meaning that luxury brands should tap into the mobile arena to reach consumers beyond just iPhone applications.

The level of personal connectivity mobile affords means luxury brands can reach consumers at each step in the marketing funnel – awareness, trial, persuasion and loyalty – to deliver brand affinity and drive sales.

Critical mass has arrived and consumers are connecting with their mobile phones uniquely. Mobile is a highly interactive medium used for primarily personal and social purposes.

For time-poor high earners

Luxury brands need to integrate mobile into their broader campaign efforts to forge the personalized experience that uniquely comes with mobile by providing the right message at the right place.

Mobile advertising is an ideal opportunity for luxury brands. They can target the “posh” iPhone demographic they so greatly seek to reach with in-application ads.

In fact, digital marketing research firm InsightExpress found that mobile ad campaign norms were four-and-a-half to five times more effective than online norms.

However, in catering to the lowest common mobile denominator, SMS wins.

Text messaging is the primary form of communication for people ages 13-34. In fact, 86 percent of the population 13 and up own a mobile phone, per comScore.

Ninety-five percent of existing mobile contracts have SMS built into the agreement and more than 90 percent of text messages are opened and read compared to less than 40 percent of all email solicitations.

"The luxury market, by definition, implies higher-value items and lower-volume sales, appealing to a smaller cross-section of people," said Alex Hall, chief operating officer of TigerSpike, New York. "Marketing needs to be even more targeted, which means time-poor high earners with the latest smartphones are a likely focus.

"With the ongoing evolution in location-based services and mobile commerce, combined with a high penetration of smartphones within the target audience, luxury brands have no choice but to test the waters if they haven't already," he said.

"Using mobile Web or apps to communicate these services as part of an integrated communication plan will really start to drive measurable conversion if linked effectively to other more awareness-driving media."

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