

COLUMNS

Clarifying luxury brand values and positioning for an evolving marketplace

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Daymon Bruck is chief creative officer and partner of The O Group. Image credit: The O Group

By **Daymon Bruck**

With an increasingly competitive luxury marketplace, the importance of a well-defined set of brand values and crystal-clear positioning has become progressively challenging, requiring the establishment of a unique brand blueprint for start-ups and heritage brands alike.

In addition to the global expansion of luxury offerings, the evolving demographics of luxury consumers continue to shift towards a younger and more socially aware audience. While traditional luxury standards such as exceptional quality, inspiring creativity and more, are still important to this new customer base, they also require the brands to support their generational values.

This new community of luxury consumers, mainly Gen Z and millennials, are now rising to establish a new definition for the industry, as they become the majority of global consumers, marketers and creators.

The Current Transformation of the Luxury Sector

The consulting firm Bain & Co released several comprehensive reports this year on the future of the luxury industry and presented a number of eye-opening statistics. Findings show that the luxury market will likely double in size by 2030, reaching an estimated 530-570 billion euros.

In 2022, Gen Z and millennial consumers accounted for the entire growth of the luxury market. Gen Z and millennial consumers accounted for 44 percent of the global luxury market in 2019, which is expected to grow and account for as much as 70 percent by 2025.

In addition to becoming the largest luxury demographic, millennials and Gen Z have their own perspectives about what value luxury products and services have in their lives. Brands will need to adapt and refine their offerings not only to compete in a highly growing marketplace but also to think about how to build continual emotional connections with a new audience with their own set of expectations for luxury.

Tiffany & Co is a good example of a luxury brand that used an imperfect approach with their Nike collaboration on a limited-edition pair of Air Force Ones. The collaboration was met with mixed results and caused a backlash on social media by the passionate sneaker connoisseurs who claimed, "You can't buy cred."



Retailing for \$400, Tiffany & Co. collaborated with Nike on a pair of special-edition sneakers in February 2023. Image credit: Tiffany & Co.

A “fine-tuning” is required here - a careful consideration by marketers to invest in understanding their audience’s goals and drivers. There are likely to be some growing pains along the way to build trust with consumers who can spot an imitative product a mile away.

New Luxury Values and the Transformation of Status

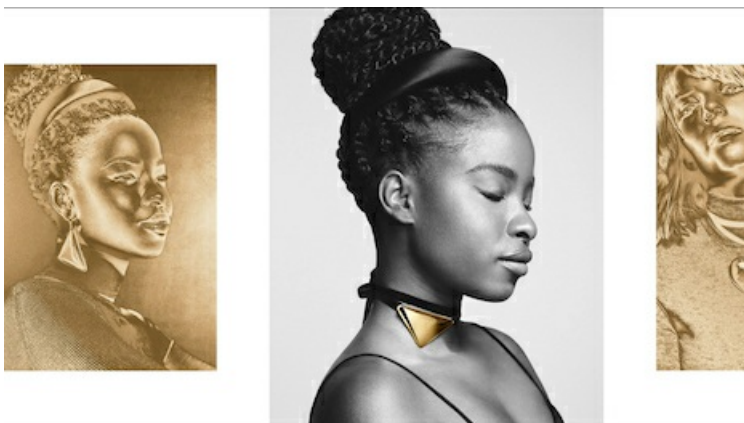
The luxury industry has a set of well-established values that have become the recognized standards for as long as the category has existed. Many of these traditional luxury values, including performance, craftsmanship, innovation, creative excellence, heritage and prestige, are still very relevant for most consumers and will likely remain at the core of what defines the luxury tier.

The new luxury audiences have begun to add new values to the mix such as responsibility, sustainability, transparency, transformation, community and the support of circular economies. These new values are by no means exclusive to luxury, but will share the stage with traditional luxury values and be held to a higher standard than mass and premium brands.

Luxury brands are recognized to be the best, an ideal to raise the bar and set the highest standards, both old and new, which others seek to emulate. These new standards are also quickly becoming the new markers of status across the luxury industry, especially with new luxury consumers.

These new luxury values are not just philosophical but real commerce drivers for the generations that stand by their values. As TaTa Consultancy Services has recently reported, 84 percent of Gen Z consumers and 73 percent of millennials will spend more on sustainably-produced and ethically-sourced products which include luxury.

Some brands are well ahead of the curve and have already started to create products in services with socially aware audiences in mind. With Eternal Gold, the first fine jewelry collection made of 100 percent from recycled gold, Prada is putting the value of sustainability into action.



With Eternal Gold, the first fine jewelry collection made of 100 percent from recycled gold, Prada is putting the value of sustainability into action. Image credit: Prada

In addition to leveraging sustainability, Prada is embracing transparency by supplying verification through the Aura Consortium Blockchain’s platform available to their fine jewelry customers who can verify the authenticity of their pieces, as well as their journey.

“This radical transparency on origins, sourcing and production chains gives a modern consciousness to fine jewelry, shifting

outdated industry standards to mirror societal change,” according to the company.

Sharpening Luxury Brand Positioning for Success

We define a brand’s positioning as the unique space a brand can establish and maintain in the mind of the consumer. Your positioning is what is true and authentic about your brand, your intended audience, and a unique territory inside a competitive landscape.

Once this is established, you can activate your brand in endless ways to help to solidify your unique position in consumer’s minds.

Rapid revenue expansion and growth of the luxury industry has created “a sea of sameness,” across most sectors such as spirits, jewelry, fashion and hospitality, to name a few, where many brands fundamentally seem to do the same thing, act and behave the same way, and have similar ways in which they attempt to communicate their unique value.

These brands that seem to be like each other continue to crowd the market and make it continually challenging for brands to break through and build authentic connections. One exception in the luxury fashion industry to this “sea of sameness” is Stella McCartney.

Since launching her label in 2001, the brand has abandoned the use of leather, fur and PVC in her collections and has sought out ways to make the entire luxury fashion industry sustainable and transparent.

The brand’s commitment to these new luxury values gives Stella McCartney a unique and clearly identifiable position in the luxury market. Consumers who share these values are attracted to the brand for more than just its traditional luxury values of exceptional creativity and craftsmanship.

As luxury branding consultants, we understand developing a well-defined and differentiating brand positioning and establishing a set of actional brand values is not a simple task for a business at any lifecycle stage.

However, the effort pays off in the long run with the ability to use these assets in the development of new products and services, establishing a roadmap for potential partnerships with like-minded brands, creating more meaningful and profitable relationships with customers and most importantly, being able to stand apart in a highly competitive marketplace that is increasing in size year over year.

Part three of four from “The New Luxury Brand Playbook” by The O Group, a luxury brand consultancy located in NYC.

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