

COLUMNS

How ‘skimpflation’ is redefining the luxury customer experience

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By **Olivia Steele**

Loosely defined as cutting back on the quality of products, “skimpflation” is having a significant impact on many luxury consumers.

For example, a high-end leather handbag brand that is known for impeccable craftsmanship, using top-tier materials and exquisite details now decides to cut corners and skimp on certain aspects of its product to increase profit margins.

Some additional instances of this would be the brand using cheaper hardware, introducing zippers or clasps that may tarnish or break more easily, or replacing the luxurious silk or suede lining inside its bags with less expensive fabric.

Despite these cost-cutting measures, the luxury brand keeps its prices high, giving the impression that the products are still of the same high quality and prestige as before, but in reality, the product’s quality has been skimmed on. Now more than ever customers are not just noticing they are reacting strongly with their money spend power, and the numbers are talking.

The moment I encountered the term “skimpflation,” a sense of curiosity engulfed me. It’s a striking concept, isn’t it?

The fact that we’ve coined a new term to encapsulate the revolution happening in the marketplace perfectly amplifies the profound shifts taking place with some luxury goods. With multiple luxury brands reporting sales decreasing, will we see more of skimpflation?

Luxury and loyalty

Luxury has long been synonymous with an unparalleled and exceptional customer experience, making a customer feel a sense of belonging paired with the unmatched and exceptional craftsmanship of its collections.

The feeling of indulgence distinguishes luxury from the ordinary. Many luxury brands, once celebrated for their opulence and exceptional quality, are slowly compromising their products.

Customer loyalty has never been more challenging, and how can you blame shoppers? When clients expect a certain quality, service and experience, brands can jeopardize the loyalty of their most devoted patrons and erode the fundamental characteristics and service that define a luxury brand when expectations are not met.

Consider this scenario: your cherished luxury brand begins to deliver subpar quality and falters in providing that distinctive, exceptional customer experience. What would your response be?

Chances are, you'd explore other brands, and you would not be alone in doing so. Luxury brands with notable skimpflation are walking on thin ice.

Adapt or fall

There are two pivotal factors contributing to this. Firstly, the economic landscape is evolving as inflation continues to raise prices. The pressure to sustain profit margins in a challenging market tempts even the most exclusive brands to compromise on product quality and service.

Secondly, and most notably: the consumer landscape is transforming. Many luxury consumers now prioritize experiences, sustainability and ethical practices as opposed to mere material possessions.

Luxury brands face the intricate task of preserving heritage while adapting to meet the changing demands of this new generation of consumers. It's a delicate balance that, when achieved, has the potential to redefine luxury brands.

The message directed at luxury companies is unequivocal: they must avoid any actions that could compromise the overall satisfaction associated with a specific brand.

Luxury transcends into more than just a brand; it embodies a commitment, an experience and an unwavering dedication to excellence that must always remain. Otherwise, why as consumers would we be willing to pay a premium?

In this ever-shifting "skimpflated" reality, where quality seems to vanish, we, the connoisseurs of luxury influence the path that lies ahead. It should hardly raise an eyebrow that a select few luxury houses shine brighter than the rest.

The customer experience is the true queen of the catwalk, and without it, even the most celebrated legacies risk being relegated to the dusty archives.

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