

COLUMNS

Luxury Unfiltered: Are luxury brands becoming complacent?

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The recent cooling of growth rates in the luxury sector could be mistaken for a natural market correction after years of exuberant expansion.

Yet, the slower pace signals not just a return to normalcy but exposes a deeper, more concerning trend among luxury brands. As many experience underperformance or even negative quarterly streaks, there's a prevailing tendency to attribute these challenges to market conditions.

However, this perspective overlooks a fundamental element of luxury brand success creating desirability.

The necessity of boldness and creativity

Desirability is created through the emotional connection a brand creates that transforms admiration into "I want."

This critical element is where many brands are failing, not due to external pressures but because of a growing complacency that threatens their ability to innovate and captivate. Boldness and creativity are essential to drive desirability.

The luxury consumer is buying much more than a product. They buy an idea, a story, a piece of a broader, aspirational world.

Luxury clients, especially the ultrawealthy, are sophisticated, discerning and crave novelty they also want things that others can't get. They are drawn to brands that are not afraid to challenge the status quo or redefine what luxury means.

The moment a brand loses its edge or its nerve to innovate, it risks losing its allure. I have often warned CEOs of luxury brands that, if they play it safe, they are playing to lose.

Equally crucial to creating desirability is a brand's ability to deliver compelling brand stories. Luxury is as much about perception as it is about price tags.

The stories that luxury brands tell must be a reflection of their identity and values, otherwise the stories will not be authentic. These narratives need to be precise and persuasive.

Every message, every campaign and every interaction needs to reinforce the brand's prestige and its promise of an unparalleled experience. In a world that is increasingly driven by algorithms, creating cultural capital through brand storytelling is a strategic

imperative.

In my view, many are getting worse at brand storytelling instead of better. Luxury brands need to engage consumers in a dialogue, not a monologue.

As I have stated many times, arrogance is never luxurious, yet there are still many brands that treat their clients in this fashion. The era of dictating to clients is over.

Consumer engagement and experience

Today, luxury is interactive. It's about creating an experience that is as personal as it is profound.

Brands need to leverage technology, data and innovative marketing techniques to create personalized experiences that resonate on an individual level. They need to invest significantly more in training.

Most client training today is too focused on clichés and the obvious, and not enough on strengthening the emotional connection with clients. Significant levels of complacency are impacting many luxury brands.

Another critical aspect often overlooked by many brands when times are getting tougher is sustainability. The luxury consumer today is increasingly conscious of their environmental and ethical footprint.

Brands that recognize sustainability not as a burden but as an integral part of their luxury narrative are the ones that will thrive. Integrating sustainable practices and showcasing them as part of the luxury experience is imperative.

Recently, I was delivering a keynote to a group of the world's best wedding planners. Practically all of them stated that especially their youngest clients are now demanding that events be sustainable, offsetting carbon emissions, just as one example.

Brands talked for decades about sustainability. Now clients are expecting them to deliver.

The risks of complacency

As the market cools, the temptation for luxury brands might be to retreat to tried and tested methods.

However, this approach is the most certain road to failure. Complacency in luxury is akin to signing a brand's obsolescence. The brands that will lead are those that continuously redefine what luxury means to the world.

They are the ones that will maintain an unwavering commitment to excellence, innovation, inspiration and engagement. While the luxury market's growth normalization has tempted brands to blame external factors for their challenges, the real issue lies within.

It is a challenge to remain relevant, desirable and luxurious in a world that evolves faster than ever before. Brands that embrace this challenge, that innovate boldly and that tell their stories with precision, are the ones that will thrive in the new game of luxury.