

MULTICHANNEL

## David Yurman COO dishes on the new luxury business model

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By RACHEL LAMB

NEW YORK – Retailers must create a strategic agenda that revolves around experience, status and value to get back into the good graces of consumers following the rocky economic climate, according to the chief operating officer of David Yurman at Aberdeen Group's Third Annual Retail and Consumer Markets Summit.

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Understanding the consumer is becoming more difficult, but brands can use a new business model centered around the luxury philosophy of experience, status and value. Meanwhile, the old customer-centricity model of price, service and convenience is on its way out.

“The way we used to think about price, service and convenience is that you can be great at one or good at two, but there is no way that you can excel at all three,” said David Minster, COO of David Yurman, New York. “But now, if you are not a leader in all three, you are not going to get the kind of support you need or not going to be making the net you need.

“Because of the economy, there has been a huge erosion of trust and the consumer is becoming more difficult than ever to understand,” he said. “Brands need to expand on the definition of new luxury, which is no longer reserved for just luxury brands.”

## Sparkling service

The first component of the new business model is experience. This could be the most important aspect for luxury brands.

It is no longer about multichannel, but about omnichannel, per Mr. Minster.

“Experience must be every single place where your product is sold,” Mr. Minster said. “It has to be about what it looks like, how it feels, how it is priced, how available it is, how great the service is and how people feel about it.”



*Mr. Minster at the conference*

Entertainment is a crucial part of this element. Consumers want to not only make the purchase, but to be entertained and feel good about what they are doing.

Jewelers could develop a virtual jewelry box for consumers based on what jewelry and clothes they already have, their personal style and new products the brand has, per Mr. Minster.

Furthermore, a lot of experience has to do with social networking.

“We cannot lose sight of the fact that social is very personal,” Mr. Minster said. “It is about having some kind of persona and people that they can relate to.

“Getting the social channel right is very hard work,” he said. “Brands cannot outsource social because they cannot integrate it into the culture of the business.”

## Know your value

The second part of the new model is status.

Especially in the luxury industry, products are a status symbol.

“A customer wants to feel a sense of status from what they buy and to be able to relate with the brand,” Mr. Minster said.



*Mr. Minster at the conference*

The shopping experience and aesthetic of the product is not something that can be accidental. Rather, it must be planned and crafted to make that person have a sense of status.

The last component of the model is value.

“The important thing to realize is that value is not the same as price,” Mr. Minster said.

Value was principally driven by the recent tumultuous economy. People are still interested in getting something at a good price, but it is the value that is important to them, he said.

Discretionary purchases and feeling like they are getting more than what they are paying for is what customers are interested in doing, Mr. Minster said.

Brands, and especially those in the high-end market, have to be leaders in all three of these fields if they have any chance of surviving.

“There is nothing random about being successful,” Mr. Minster said. “The focus on each area must be well considered and executed.

“More importantly, you cannot do this overnight,” he said. “Make changes and take your customer along with you to make them feel as if they have been part of the changes in the brand.

“Feeling that link to the brand and feeling responsible for its growth is that makes people fanatical about the brand.”

Final Take

*Rachel Lamb, associate reporter on Luxury Daily, New York*

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