

MULTICHANNEL

Customer relationships, seamless media approach vital for 2013

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By TRICIA CARR

Executives from the Luxury Institute, Digital Luxury Group and Morpheus Media who spoke during a Luxury Daily webinar said that marketers should focus on relationship-building through technology and moving away from a fragmented media approach in 2013.

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During the “Luxury Outlook 2013: Up, Down or Flat?” webinar Dec. 4, the senior executives agreed that consumer segmentation by geographic and demographic factors can help brands distinguish the “who” and “why” of luxury marketing next year. Overall, the executives concurred that the outlook on luxury for 2013 is “up.”

“It is simple – long-term relationships build sales and profits,” said Milton Pedraza, CEO of the [Luxury Institute](#), New York.

“Instead of looking at what the competition is doing, do what Apple is doing,” he said. “It had the product, but it created an even greater value proposition for the brand.”

Seamless strategy

One topic discussed during the webinar was the need for a unified approach to media planning.

More consumers – specifically those present on digital channels – fall into the millennial generation.

Millennials are coming of age and of spending power, per Shenan Reed, chief media officer at **Morpheus Media**, New York. They have high expectations for luxury marketers. Many of these brands have not prepared themselves for these expectations.

“Many brands are trying, but not all have cracked that nut yet,” Ms. Reed said. “Expect to see a focus on how to best serve those up-and-coming consumers and making sure the brand is prepared for years to come.”

Furthermore, many brands continue to take a fragmented approach to marketing. But millennials are likely to favor a seamless experience across all of the channels on which they interact with a brand.

Often the functions of a brand still end up segmented within the company. This is a challenge that marketers have faced in 2012 and it was influenced heavily by the way that organizations were reconstructed at the beginning of the digital age.

Indeed, some luxury marketers such as Bergdorf Goodman are breaking down the barriers of fragmentation. Being digitally savvy is one way of doing that.

“Brands are under-investing in digital,” Ms. Reed said. “There is a comfort and knowledge of placing magazine ads – no one ever got fired from placing a back-cover ad on Vogue.

“But what do you get when you post six videos on Refinery29?” she said. “There is a lack of understanding and knowledge of what digital can do for your brand.”

Certainly the media landscape has become more and more fragmented, per David Sadigh, CEO of **Digital Luxury Group**, Geneva, Switzerland.

It is increasingly difficult for luxury marketers to allocate media since there are quite a few advertising opportunities including social media and cross-media strategies.

“It is really important to understand the behavior of the client and to understand fragmentation,” Mr. Sadigh said. “They cannot choose the same media mix for every consumer segment.

“Trying to reach business travelers in major airports is just not the same anymore,” he said. “You have to try to cover the whole customer journey.”

Eyes still on China

Meanwhile, affluent Chinese consumers should continue to be a key consumer group to luxury marketers, executives agreed.

The year 2013 will be the confirmation of the power of the Chinese traveler.

In fact, it has been reported that Chinese travelers spend \$20,000 per trip, according to Mr. Sadigh.

“You will one way or another have to deal with Chinese customers,” Mr. Sadigh said. “How

can you as a brand engage and build profitable long-term relationships with those Chinese travelers?”

Social media is one way that luxury marketers should reach out to this consumer group. For instance, it is expected that social media in China will soon go much further beyond Sina Weibo.

“Weibo is a major part of the Chinese equation, but there are new platforms coming to provide new options for brands in China,” Mr. Sadigh said.

China is currently making the transition from primarily an exporter to a consumer-lead economy, per Luxury Institute’s Mr. Pedraza.

Other markets that luxury brands should watch are Brazil, Mexico and other South American countries such as Colombia.

“We will see that Chinese-consumer economy continue to take over and assert itself, and that will be good for luxury,” Mr. Pedraza said.

In the trenches

One case study brought into the discussion was Burberry, which seems to be ahead on some of the 2013 keys to success.

For instance, approximately 85 percent of sales are still being completed in-store, per Mr. Pedraza. Here, there is a great opportunity to improve productivity.

A multichannel approach to marketing must be brought to the in-store experience as well.

“Digital is not up and coming,” Mr. Pedraza said. “But I do think that mobilizing the sales team, building customer relationships by leveraging that technology, or after the customer leaves is.

“We are expecting brands to focus on relationships and leveraging those relationships through technology,” he said.

For example, Burberry has quite a few retail stores, but it seems to be pulling back.

This could be due to the realization that the British brand does not need stores in second-tier cities as long as store employees in major markets are equipped with tools to keep up customer relationships across a large geographical area.

“We do not think the online experience is only do-it-yourself,” Mr. Pedraza said. “We would like to interject sales teams into the relationship-building efforts online.”

Burberry has also been a pioneer on the digital channel and in its ability to incorporate digital into the in-store experience.

However, marketers tend to look sideways at each other, per Morpheus Media’s Ms. Reed.

Marketers should focus on customers who buy their brand and then examine other brands from which their customers purchase that are not necessarily offering the same types of

products.

Inevitably, a digital experience tailored to a brand's customers can help it shine in 2013.

"Figure out what you need to accomplish early, but be sure that digital is in that conversation," Ms. Reed said. "What digital can accomplish through other channels like out-of-home is really amazing."

[Please click here to listen to the archived webinar](#)

Final Take

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