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8 P's of luxury brand marketing

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Luxury brands have always been a fascinating sector and luxury brand marketing one of the most complicated disciplines.

Packaged as the 8 P's of luxury brand marketing, this article attempts to bring together the elements and interplay between the principles that are employed in the luxury brand marketing mix.

However, one needs to acknowledge that the degree of significance of these elements may vary from brand-to-brand and market-to-market.

1. Performance

Performance refers to the delivery of superior experience of a luxury brand at two levels – first, at a product level and, second, at an experiential level.

At a product level, fundamentally it must satisfy the functional and utilitarian characteristic as well as deliver on its practical physical attributes – a recipe of quality or design excellence ingredients such as craftsmanship, precision, materials, high quality, unique design, extraordinary product capabilities, technology and innovation.

A luxury brand must perform at an experiential level as well, i.e. the emotional value of

the brand the consumers buy into – beyond what the product is to what it represents.

For example, Rolex stands of symbol of heroic achievement and Tiffany & Co. is a symbol of love and beauty.

2. Pedigree

Many luxury brands have a rich pedigree and extraordinary history that turn into an inseparable part of the brand's mystique.

This mystique is generally built around the exceptional legendary founder character of the past, making up an integral part of the brand story and brand personality.

So, when consumers buy, say, a Cartier or a Chanel product, it is not only because of the product performance factor, but subconsciously they are also influenced by the brand's rich lineage, heritage and the years of mastery.

3. Paucity

Over-revelation and distribution of luxury brands can cause dilution of luxury character. Hence, many brands try to maintain the perception that the goods are scarce.

A case in point is Burberry, which diluted its brand image in Britain in the early 2000s by over-licensing its brand, thus reducing its image as a brand whose products were consumed only by the elite.

Gucci is now largely sold in directly-owned stores following a nearly crippling attempt to widely license its brand in the 1970s and '80s.

Broadly, there is natural paucity – the actual scarcity – as well as the technology-led paucity and the tactical-driven paucity.

Natural paucity is triggered by scarce ingredients such as platinum, diamonds or those goods that require exceptional human expertise such as handcrafted quality that constraints the mass production.

Tactical-driven paucity is more promotional in nature such as the limited editions or the special series to generate artificial desire and demand.

Another deviation within this is the customization of luxury goods. For example, Garson USA custom made a diamond-encrusted Mercedes SL600 for Prince Al-Waleed bin Talal of Saudi Arabia in 2007.

4. Persona

The persona of a luxury brand is largely a result of, first, its distinctive projection plus coherence of its applications across consumer touch points and, second, the brand communication through its advertising.

The visual brand identity captures the brand's personality, mystique and emotional values in a nutshell.

The distinct and consistent orchestration of the identity is central to establishing the visibility, familiarity and common identifiable brand imagery.

The visual brand orchestration can manifest by way of its coherent application of its identity, brand colors, other design elements such as icons, uniquely identifiable design, branded environment and even the tone of voice.

While the luxury brand's visual identity is a fairly stable factor, luxury brand advertising is a more dynamic and versatile marketing vehicle.

While the pedigree of the brand has its role, keeping up the contemporary appeal and the newness factor is crucial for enduring brand relevance.

Therefore, luxury advertising not only needs to generate the desire for the seasonal collection, but at the same time it must also enhance the brand's cool-quotient, thereby making it continuously desirable and aspirational.

At an overall level, luxury advertising messages can be observed:

- As more emotional and sensual to distance it from mass-premium brands
- Create a world and an aura that is truly exceptional to their brand signature
- Generate major differentiation in its production and execution

One of the relatively new trends within luxury brand communication is the use of the long-form-commercials or the short-film-videos to generate interest with the online audience.

It is clearly a pursuit where luxury brands are looking to bridge the gap between the familiar world of print and the fast-evolving world of online.

It has also proved impactful as in a matter of few minutes, the viewer can have a clear understanding of the brand image or the story that the brand is trying to convey or simply promotion of the new collection.

Apart from these, with the intent of enhancing the "emotional connections" with discerning mindsets, luxury brands have been exploring the digital space by engaging them in their activation programs.

The objective is to generate a genuine affinity with the brand that transcends beyond the product to an extent where the consumers feel that they have found a soul mate.

For example, with the objective of strengthening the brand's association to love and romance, Tiffany launched whatmakeslovetrue.com and an iPhone app as a guide to those who want to take their romantic relationship forward.

The Web site also showcases select true love stories of real people to give that personal touch.

Some luxury brands have also used social media.

The objective may not necessarily be engaging the audience in their storytelling, but it has been done largely to generate the desire or the lust for the brand or the product.

It is also an effective tool to keep up the contemporary appeal and the newness factor by

having a continuous dialogue.

5. Public figures

Public figures or celebrities have traditionally been employed as one of the marketing mix in luxury brand advertising and they still continue to garner attention, credibility and impact.

Public figures can span from film stars to music personalities, from sports personalities to royal families and even the designer themselves.

But because celebrity endorsements are no longer exclusive to the luxury space and extensively used and abused across mass categories, they take a different meaning when it comes to luxury brand endorsement.

Not only does the public figure's associated values and personality have to resonate with that of the luxury brand's aura, but there is a distinct difference in the way celebrity role is crafted, executed and strategically used.

Beyond traditional advertising – largely print in selected media – less in-your-face advertising tools are employed such as accessorizing or dressing celebrities for their walk down the red carpet, product placements within movies and television programs and invites to special events.

This strategy attempts to remove the appearance of “selling” while still promoting the product by making it seem as a part of the celebrity's lives, thereby positively affecting the consumer's attitudes, brand value and purchase intention.

For example, Chopard has been official partner of the Cannes Film Festival for the last 14 years, showcasing and premiering its collection by accessorizing celebrities on the red carpet.

Long-form-commercials or short-films have also used the celebrity-factor.

Chanel, for instance, recently created a three-minute film with actress Keira Knightley who replaced Kate Moss in its ads for its Coco Mademoiselle fragrance.

Other previous faces of Chanel have included French star Catherine Deneuve and Nicole Kidman, who represented Chanel No. 5.

Similarly, as a part of its “core values” campaign, Louis Vuitton used its Web site as the online medium to showcase its celebrity endorser's journey and his or her story to bring to life how the brand has been promoting the art of travel and inspiring legendary journeys.

6. Placement

The retail branded environment in luxury branding is all about heightening the consumer's brand experience and amplifying the brand aura.

Hence, the branded environment and the movement of truth is where it must “live” the brand by orchestrating immaculate detailing that engages all senses of the discerning

audience.

Starting from the choice of store location, the chain of touch points that consumers interact with, the salesperson's presentation and the impact of each touch point is critical in creating a unique indulging experience.

That said, today's evolving luxury consumers are increasingly looking beyond the typical sophisticated, over-the top, cosmetically elegant presentation or even the exclusive invites, privileged previews.

With the increasing democratization of luxury brands and the rapid emergence of masstige brands, luxury consumers have become more discriminating and demanding.

These consumers seek a more knowledgeable and professional assistance and a trusted and reliable collaboration helping them to manage their stature and lifestyle.

Not only has this led to the new business offerings, but luxury brands are also increasingly investing in training and empowering their sales staff.

Another important point to note within the placement factor is that it is not limited to the physical environment where the brand retails, but it extends to all of the environments or consumer touch points with which that brand associates itself.

This spans from the extremely selective niche media where it advertises to the sports, events, art and conversations with which it identifies.

For example, Rolex associates itself with more than 150 events in golf, sailing, tennis, motor-sport, arts and equestrian tournaments rather than with sports such as football or cricket that have more of a mass following.

7. Public relations

Public relations in luxury branding plays an enormous role in image proliferation of the brand, thereby subtly influencing public opinion.

PR is also employed to convey other supporting messages and attributes of the brand that cannot be explicitly captured in advertising, but are by no means are less important to create brand's personality, mystique and emotional values – whether it is via the pedigree factor or via public-figure any of the previous seven P's mentioned.

It is also a sophisticated branding machine for maintaining ongoing relevance and dialogue with the luxury consumer, especially in fashion, technology and seasonal trends-driven categories.

At a tactical level, PR is used to generate buzz and convey brand news, point of views of inspirers and influencers including celebrity talk or the designer speak and a crucial support for brand activation such as the fashion weeks, sport events and themed previews.

8. Pricing

Pricing plays a quite a big role in the way that consumers perceive luxury brands.

Consciously or subconsciously, consumers tend to generate a mental luxury stature or

image with the price range that the brand operates.

Therefore, it is important for luxury brands to price themselves right as setting the price lower than consumer expectation and willingness to pay can potentially harm the brand value, whereas the reverse can potentially not, given enough justification for consumers to go ahead and buy.

The pricing strategy in luxury brands gained spotlight recently not only because of the challenging economic environment, but because of more informed-and-exposed consumers who are more discriminating and demanding and for whom premium pricing without substance does not imply luxury.

A recent research by Unity Marketing suggests that affluent shoppers will not spend ten times more for something only three times better.

Luxury brands must, therefore, justify their price through the interplay of the seven P's mentioned above, thereby keep up and maintain a higher perceived value.

Sales promotions also tend to be handled differently by luxury marketers.

While few have resorted to sales and discounts, most others play it by adding more value to the purchase such as gift with purchase, gift certificates or rebates for the next purchase, multiple item discounts, online or email exclusives, more loyalty points and no shipping and handling charges by online retailers.

Luxury brands also use as a channel luxury retailers such as Harvey Nichols and Saks Fifth Avenue that offer annual sales via slightly lower prices.

Another strategy employed by luxury brands is creating an extension into a secondary line with relatively lower price points such as Giorgio Armani's Armani Exchange, Roberto Cavalli's Just Cavalli, Prada's Miu Miu and Alexander McQueen's McQ lines.

Key takeaways

In conclusion, the key to luxury brand marketing boils down to the following three points:

- Product excellence by itself is not enough. The luxury brand must perform at an experiential level as well.

As luxury consumers evolve, not only does product quality act as a point of differentiation, but also as substance to justify a premium value and pricing.

- While pedigree factor is important to celebrate the years of mastery or lineage, it is crucial to generate ongoing relevance and dynamism through the persona, PR and public-figure factor.

- Luxury brands must continue to maintain a certain degree of exclusivity and stature with the paucity factor and the placement factor – from the retail experience to the touch points with which it associates itself.

THE 8 P's of luxury brand marketing can provide a holistic framework to luxury

marketers.

The 8 P's may not be a universal methodology, but they present a strong analytical toolbox to audit and leverage the brand potential.

That said, a pragmatic approach must be stressed, as the situation and challenges will differ from brand to brand and market to market.

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