

COMMERCE

Luxury retailers vie for holiday dollars with heavy discounts

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By PETER FINOCCHIARO

Luxury brands looking to regain their swagger this holiday season have started to offer significant discounts on items in-store and online.



Several upscale brands have pushed flash-sale offers to consumers for significant discounts to spike interest leading into the holiday months. Others seem to have permanently adjusted their price points.

“When luxury brands [send out limited-time discount offers], they are not just moving merchandise,” said Pam Danziger, president of Unity Marketing, Stevens, PA. “They’re trying to engage customers in an activity.

“It’s more about generating excitement and loyalty and engagement with the brand,” she said.

Slash and earn

A number of luxury brands and retailers have recently pushed major discount offers to consumers registered in their email databases.

Neiman Marcus frequently sends emails out to its database promoting midday flash sales, offering up to 65 percent off certain purchases ([see story](#)).

The department store chain has pushed out at least five such sales since the beginning of last month.

Waterford Wedgwood Royal Doulton has sent out similar sales offers on specific items promoted through blast emails.

Additionally, WWRD sent an email blast out on Oct. 29 inviting recipients to a special evening sales event on Nov. 3 at its retail locations.

The brand is offering participating consumers up to 50 percent off storewide sales prices, a free gift bag, free gift wrapping and the chance to win a centerpiece.



Other brands, such as Tory Burch and Kenneth Cole have also offered discounts via online messaging.



Ultra-upscale brands are even easing into the action.

For example, Chanel pushed out a free shipping offer to its email database to drive holiday sales of its Coco Mademoiselle fragrance.



ONE DAY ONLY! RECEIVE COMPLIMENTARY STANDARD SHIPPING WITH ANY PURCHASE ON CHANEL.COM. SIMPLY ENTER 1010JUSTFORYOU

Pricing strategies

Ms. Danziger said it is important to differentiate targeting interested consumers with offers for discounts and permanently adjusting pricing strategy.

The consultant in the past has pointed to Neiman Marcus as an example of how high-end brands should adjust to the changing luxury ecosystem.

Neiman Marcus recently launched a new brand store, Last Call Warehouse, and a Web site at <http://www.lastcall.com> to focus on the concept of affordable luxury.

However, not everybody agrees that luxury brands have nothing to lose by lowering prices.

There is a line of thought that places credence in the idea that luxury brands build their equity because of their high price points.

Milton Pedraza, CEO of Luxury Institute, New York, said in an interview last month that upscale brands can use discounts to spur sales in a tough economy, but cautioned that they should be discreet when doing so to avoid harming the brand ([see story](#)).

However, Ms. Danziger said the solution is less in offering discounts than revising luxury business models to focus on value rather than brand.

That could mean lowering price points of entry-tier products, but also raising the cost of those in the highest price points to extend the price range.

Whatever the pricing strategy, Ms. Danziger believes marketers need to place greater emphasis on value.

“I think in some ways we have to really look at lower price points and whether they will damage brand equity,” Ms. Danziger said. “I think that’s held as a holy grail of luxury marketing, but I’m not sure that that’s really the right way to think about it.

“When you talk about bringing a product down from \$1,200 to \$900 its not making it cheap by any stretch of the imagination,” she said. “But it is bringing it under an important marker — a hundred dollars is less than thousands of dollars, obviously

“If the market says your prices are too high, you have to adjust.”

Final Take

Peter Finocchiaro, editorial assistant at Luxury Daily, New York