

The power of cultural cool



How are luxury brands injecting cultural cool into their marketing to ensure their products resonate in diverse markets? Melanie Skotadis and Izzy Pugh report

The seductive power of luxury brands is demonstrated everywhere around the world, from Russia, where the new aristocracy collaborate with emerging designers to create bespoke collections, to China, where schoolgirls travel to Hong Kong and splurge their life savings on handbags.

The global luxury market was worth \$263bn (£132bn) in 2007 and despite fears of an economic slowdown, it is forecast to grow by 71% to reach \$450bn (£227bn) by 2012, according to a recent report by research firm Datamonitor.

True luxury consumers are less affected than most by economic concerns. The luxury market illustrates the potency of brands like no other. It is an industry driven by want, rather than need, and by emotion rather than rational judgement.

The recipe for a successful luxury brand is a balance of three key ingredients: one part product and two parts brand. The product part is

perhaps the simplest. The luxury item must have some kind of product superiority – a reason for costing more. It is usually the brand that permits the full price premium but product quality is important.

Second is the brand myth or story, drawing on the product's background – its heritage, history and provenance.

Third is what we call 'cultural cool' – the elements that make a luxury brand relevant to society today. To ensure success with modern luxury consumers, it is essential to find the perfect balance of the three.

Many global luxury brands are failing to maximise their potential by failing to build up their relevance in local markets. Cultural cool has to be earned. You can't just say you are hip – that is judged by others. Some brands have lost their cultural cool and, having sought to trade on their past alone, are now realising this is not enough to succeed with today's luxury consumers. Cultural cool is an opportunity to ensure a brand resonates among local audiences and adds a new, contemporary dimension to an acknowledged past.

Today, culture can be both global and local. Some trends, brands and celebrities are followed almost everywhere. So is it enough to play only to global culture? We think not. While trends exist internationally, how they are expressed can vary enormously according to regional cultural variations.

Cultural relevance can be as simple as tweaking the range stocked in different countries or as complex as offering tailored products to certain markets. For example, in China, some luxury brands are offering entirely new products aimed at the Chinese consumer: Gucci in Shanghai is a shrine to accessories; Yohji Yamamoto sells leather organisers, belts and coin purses; Prada offers teddy bear key rings; Hermès offers bracelets and mobile phone trinkets; and Louis Vuitton sells chess and mah-jong sets.

The culture of business gifting, which counts for around half of Chinese luxury consumption, also offers a big opportunity for brands. China is the only market in the world



Russian icon: Gorbachev for Louis Vuitton

where men consume much more luxury than women, according to investment bank Merrill Lynch. An understanding of this could be crucial to local success.

Similarly, in emerging luxury markets such as China, consumers are more likely to want the logos of their luxury brands to be as prominent as possible. They want to show their success for all to see via instantly recognisable status symbols – luxury brand logos. Hence, some global brands, like Fendi, sell products to the Chinese market patterned in logos – an overt design that would be frowned upon in developed luxury markets.

Logos point the way

For those who are new to luxury, logos help to navigate the category. As markets are more exposed to premium brands, the need for such markers decreases. Niche brands recognised only by those 'in the know' replace these overt badges of success, sending a coded message between like-minded individuals.

Burberry infamously fell from grace among its target audience of cultured and wealthy individuals when it was adopted as 'cool' by a working class sub-set of British culture. Now its latest UK fragrance campaign hints at its iconic pattern very subtly as the brand strives to recover its cultural capital among the 'right' consumers in its domestic market.

It is interesting that Burberry has attempted to turn its street adoption to its advantage. The brand now courts a younger, cooler luxury consumer, thanks to associations with Brit culture icons such as models Kate Moss and Agyness Deyn. To avoid being all cool and no substance, however, Burberry also communicates

Luxury cool in London, Moscow, New York, Shanghai and Paris

London

- Collaboration, collaboration, collaboration. Designer Henry Holland is collaborating with Levi's, crystal brand Swarovski is partnering with Philips on memory sticks and car brand Porsche is working with Poggenpohl on kitchens.
- 'Arockstocracy' – kudos belongs not to the landed gentry, but the rock gentry. The new Burberry ads feature Bryan Ferry's son and Sting's daughter.

Moscow

- Logomania is over. Discreet niche brands are in. Successful luxury retailers are taking the time to educate their consumers to become style experts.
- Russian luxury consumers make a lot of

their purchases abroad, frustrated they can only get the standard pieces at home.

- Emerging Russian designers are working with their elite customers for the ultimate in exclusivity.

New York

- For the most high-end consumer, once everyone has it, they don't want it.
- It's important to be in the know – people want to find the small jewels first.
- At the top end, the more exclusive the better – a private jet, a private island or a little-known designer.

Shanghai

- Luxury consumers use expensive shopping malls such as Plaza 66 as

editors. If it's not there, it's not in.

- The endorsement of Hollywood stars means everything.
- Logos help to make sense of the jumble of Western brand names.

Paris

- Luxury boutique hotels designed by emergent artists, designers, sculptors and architects, such as Hôtel Bellechasse and Bel Ami, are countering consumer fatigue with large, generic five-star hotels.
- Extremely rare and exclusive brands are necessary for the happy few.
- The heart of Paris (75001) is regaining its past luxury glory, thanks to an array of hip couture openings including Marc Jacobs, Acne and Rick Owens.

its 'Established 1856' brand heritage.

In the US and the UK, it is now common for luxury brands to seek relationships with the 'right' kind of people to build their cultural kudos. Louis Vuitton's latest ad campaign has turned superficial celebrity culture on its head by using iconic figures such as Mikhail Gorbachev, the ultimate politician, and Keith Richards, the ultimate rocker.

British brand Dunhill used Jude Law as brand ambassador in Asia for several years before deciding he was also right as a role model in the UK.

Prada's latest fashion collection, 'Animation', draws on illustrations by American artist James Jean, pushing cooler associations for a brand that risked becoming bland.

Relevant relationships

A brand can gain cultural resonance by forming relationships with a model, a designer, an artist or a musician revered by that culture – but how to tell who is the next big thing?

Understanding which celebrities, local or global, embody the concept of elegance in that market is crucial to picking the right one.

What does elegance look like locally? Which social events express the idea of elegance in that market? Find the local designers, artists and

musicians who embody that idea today. Look at how designers in other categories are creating the elegance of the future in their market to help influence store design and build a complete, relevant brand experience.

Brand myth

Some brands focus less on celebrities and guest designers and more on communicating their myth in a culturally relevant way. For example, Chanel's recent exhibition at the Pushkin Museum in Moscow was a luxury branding masterstroke. Curated by the fashion house, the exhibition leveraged Gabrielle (Coco) Chanel's links with Russia. It told the stories of how she was courted by Russian princes and employed Russian aristocrats in her ateliers.

Russian women queued to see the exhibition, reinforcing Chanel's position as the ultimate luxury brand. Importantly, it also established Coco Chanel as a role model for many of these women, who empathised with her hard work, determination and self-made success – characteristics that are highly relevant to many women in modern Russia.

There are four key steps every luxury brand should follow to ensure it is culturally relevant:

- Understand how your brand makes



Law: cross-cultural appeal for Dunhill

consumers feel (not just what they think about the brand), and how they want to feel.

- Build your myth – a brand story that consumers can interact with – and express it in a way that is relevant to them.
- Develop the right relationships to enhance your cultural cool. And remember that you can't just be cool – you have to earn it.
- Investigate the underground scene to stay ahead of the zeitgeist. ■

Melanie Skotadis is director and head of prestige brands and Izzy Pugh is associate director of cultural insight at Added Value. m.skotadis@added-value.com, i.pugh@added-value.com