

words lisa witepski

LABELLING luxury

in the eyes of the beholder



Dictionary.com describes luxury

as “a material object or service

conducive to sumptuous living,

usually a delicacy, elegance, or

refinement of living rather than

a necessity.”

Of course, in real life, luxury means so much more. To me, it's being able to spend a Saturday morning without having to look at my watch. To someone else, it may be crisp, clean sheets and a box of Ferrero Rochers (without having to share). And that's precisely what makes luxury such a difficult concept for manufacturers, designers and marketers. It's something that's highly personal, relative and coloured by many shades of grey. After all, as Andy Rice, chairman of Yellowwood Brand Architects, says, “Luxury is a continuum. While I might regard a certain car as the ultimate luxury, it may appear rather mundane to someone with deeper pockets.”

He points out, however, while luxury may well be in the eye of the beholder, it's almost always bigger than functionality. Not that that simplifies things; just the opposite, because looked at from that perspective, luxury may encompass everything but the very basic necessities we need to get through the day.

La Prairie's Silver Rain is hand-encrusted with 3000 Swarovski crystals.

Paul McGowan of Added Value agrees that defining luxury is no simple matter. For him the complexities are added to by the fact that certain products are, by their very nature, luxurious: haute couture, yachts and jets, for example are unlikely to be on the shopping list of all but the superrich. On the other hand, even the most ordinary product categories have a high end and a low end. Ever wondered about the difference between luxury muesli and the common or garden variety? Barring a few extra raisins, the only disparity may well be in price.

"With a stretch, anyone can afford a Jaguar. True luxury remains untouchable, however, because you can't buy exclusiveness."

THE ESSENCE OF INDULGENCE

If it's difficult to define luxury itself, and much more complex to pinpoint the elusive essence that gives a brand or product a certain allure.

In an effort to distill that essence, Added Value conducted comprehensive research into the subject, recording their findings in a booklet titled The DNA of Luxury.

Luxury, the booklet argues, is the irresistible result of combining a number of factors: heroic myth, exquisite product, iconic communication, carefully engineered celebrity, ultra-selective distribution and the power of "cool".

That's quite a list of ingredients; however, The DNA of Luxury concedes that some elements are more important than others when it comes to creating a luxury brand. "Brand soul, story, myth and legend are key," the research says, "because luxury consumers need to believe that the brand has an exceptional history, either as a consequence of its origins or because of its association with exceptional people, periods or places in history." Next on the list is product quality and rarity: "Our research respondents felt some need to explain why the luxury articles they bought were items of genuine value and not purely items purchased to feed their ego," the book informs.

Then there's cultural cool. "Certain categories such as couture and leather goods are transparently fashion driven, seasonal purchases and, by definition, are assessed in terms of their 'now-ness'. Who's wearing it, who's talking about it? And does it have the all important 'must have' ticket? But in fact luxury goods in all categories rely on cultural cachet for their appeal." >



Aston Martin V12 Vanquish.

LABELLING

That explains why certain brands – such as Chanel – which not only boast an impressive heritage and are always seen in all the right places (and worn by the right people), have such enduring appeal.

In simpler terms, Rice proposes that the difference between luxury and the ordinary may be defined by the differences between sensation and functionality.

The term “luxury consumer” is an oxymoron, says Holland. People who can afford true luxury, rather than premium mainstream, don’t “consume” it so much as relish it.

And therein lies the rub. It all comes down to reward. Buying a BMW or Porsche over another marque doesn't improve a person's ability to function, but it does speak to their sense of indulgence. And in doing so, it makes a statement: “the brand resonates with the consumer, and makes them feel as though they have achieved something.” There's no rational argument for purchasing the more expensive item, he continues. And that's probably when something becomes luxurious: When it's what the product says about you, rather than what it does, that's important.

Anthony Swart and David Holland of Enterprise IG take a slightly different view. For them, luxury starts, and ends, with price. What's more, they argue, many of the brands regarded as luxury are simply premium mainstream.

Swart explains his theory thus: “When luxury brands first started to appear, they were different because of their superiority. A Bentley, for example, boasted features that no car produced on an assembly line could offer. However, with technological advances and the advent of mass production, those features are now standard on any vehicle.”

The result, he continues, is that luxury has downgraded. “With a stretch, anyone can afford a Jaguar. True luxury remains untouchable, however, because you can't buy exclusiveness.”

Jo Malone Orange Blossom Candle.

“The essence of luxury is rarity,” Holland adds. “And you will always pay a high price for that.” So rare is true luxury that only the very, very few – think the Grimaldis of Monaco and their ilk – can really afford it. And the high prices of the items they would be interested in purchasing mean they remain inaccessible – not even within the ken, in fact – to us simple folk.



LANDSCAPING LUXURY

Price tags, emotional needs, myths and celebrities... how do you link all of those into a product that whispers ‘Buy me’? (And yes, it must whisper, not shout. As Holland points out, luxury doesn't have to try – and the minute it does, it can no longer be considered true luxury.)

Drawing on its understanding of what puts the ‘mmm’ into luxury, The DNA of Luxury has developed a blueprint for the elements that are essential when it comes to building a luxury brand.

First up: Iconic identity. “In packaged goods marketing, it is rare for consumers to comment spontaneously on a brand's identity. Familiarity breeds a kind of contempt. People become inured to the way brands dress. In luxury, identity has tremendous power. It encapsulates the brand's myth, and its personality. It's a calling card at every point of contact,” says the research.

Just as important is iconic communication. “Often, the more famous the brand, the harder it has to work to feel rare, special and intriguing. However, luxury brands can and do use the power of communication to engineer their own cultural cachet. It's striking how in the world of luxury, as in the world of beer, consumers drink the advertising. This is largely because advertising is the most flexible and targetable canvas on which to paint the aspirational identity the brand is selling.” >



Asprey Martini Game.

SHOW ME THE MONEY

"A true luxury brand doesn't advertise," says Holland. His statement is based on the opinion that the minute a brand has to advertise, it is relying on volume of sales – and that shifts it out of the realm of luxury and into the premium mainstream.

But is his view shared? Not according to Rice, who says that every brand aims to generate publicity, even if it's in a manner as subtle as loaning an actress a necklace to wear to the Oscars. Says McGowan, "If a brand wishes to make money, it has to reach a certain level of market share, and that means persuading people to buy your product. At the same time, even the most prestigious brands realise that there is value in trying to reach the lower end of the market, people who aren't traditionally 'luxury consumers', but who will spoil themselves with a small luxury purchase, such as fragrance, from time to time. The challenge for a brand is to create scale while maintaining the brand's purity and integrity."

How to do this? By communicating the brand's message in the right place and to the right people so that it maintains its exclusivity and allure, says Klaus Germann of AdMakers, an advertising agency that specialises in goods such as exclusive property, motor vehicles and yachts. "For example, a luxury super yacht manufacturer would not advertise his product in the boat section of Autotrader. Rather, he would select a medium like Yacht Owner, which features craft costing on average R40 million. At the same time, the advert would highlight how the super-yacht speaks to the buyer's lifestyle, rather than focusing on its specs. You'd find that specs would be of more interest to low end consumers, because they want more bang for their buck."

Celebrity and the retail environment also play their part. Of the first, the research says, "It may not be fashionable to cite celebrity as a key driver in consumer decision-making, but it's a fact that, whether you're in Tokyo, New York or Shanghai, celebrity continues to have enormous impact." And of the former? "Any retail analyst will tell you that retail is detail, but when it comes to luxury retail, detail takes on a whole new meaning. This is where the serious seduction takes place. It's the role of the sales consultant to live the brand and adapt to the client. The customer is ushered into the inner sanctum of the temple, where he or she can be attended to with maximum discretion. Staircases, private changing rooms, secret vestibules, subtle changes in flooring and lighting... all add to the experience."

...luxury isn't purely in the intrinsics of a product, but in the way it makes you feel.

Swart insists that the building blocks of a luxury brand are no different from those of any other. "Your goal is still to create a perception of your product that makes it different from all the rest, while associating it with certain qualities." While these qualities are either physical or emotional, in the case of luxury, they are almost always emotional. "You wouldn't promote a luxury brand by emphasising its efficiency," Holland observes. "You would try to draw attention to its superiority.

"The trick with luxury," he continues, "is that you can't get hung up on the brand's differentiators. While the customer needs to understand them, they must be understated and implied. Intrigue is all important in creating a luxury brand."

Naturally, that's easier for some brands to attain than it is for others. Holland points out that many young luxury brands have little option but to highlight their points of superiority, or consumers will have no reason to buy them. "This was most definitely the case for Audi when it set itself up as a rival to Mercedes and BMW," Holland notes.

Other young brands turn to association as a marketing tool, a strategy that works particularly

well for fragrances and other products that speak to the emotions – hence their love affair with celebrities. "The Laureus Awards are a case in point," says Swart. "By partnering with Cartier and Mercedes, the brand was able to build far more credibility than it would have were its sponsors P.Diddy and eBay."

More mature brands can draw on their heritage, relying on the fact that an impeccable track record of quality imbues kudos.

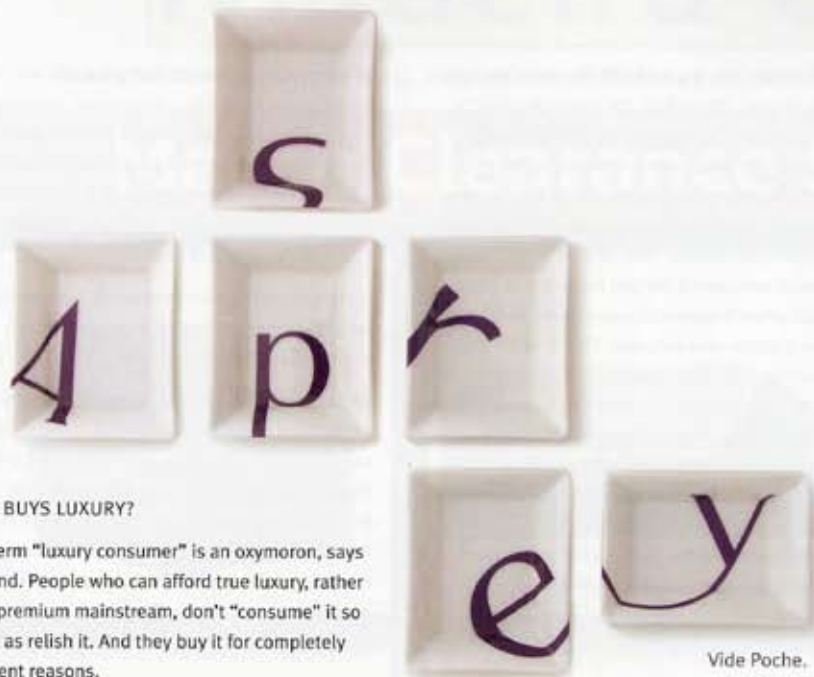
Of course, there are times when heritage and association can work against the brand, as the sad story of the Volkswagen Phaeton illustrates. Although an undeniably luxurious car, with features that put it in the same league as the BMW 7-series or Mercedes S-Class, its sales are decidedly dismal. Why? Because people can't get past the sedan's link to 'the people's car'.

Holland ponders whether the converse could also be true – whether the introduction of the Mercedes A-Class – a vehicle which is most definitely premium mainstream, rather than luxury – has diluted the overall brand. "It's a question without an answer," he muses.

It's this convoluted dynamic that makes Rice admit that he would find the idea of designing a luxury brand a daunting one. "Luxury is so variable. It can be subtle or unsubtle, screaming J.Lo bling or Gwyneth Paltrow cool. And with that in mind, there's a fine line between legitimate luxury and ostentation. All told, it's an experience rather than something that can be measured."

There's another dimension to luxury, he adds: snobbery. And just to make the waters even murkier, inverse snobbery. "A person who can afford Prada may get a secret kick out of buying a plain white T-shirt from Mr Price. But they wouldn't get the same feeling if the T-shirt were bought from Shoprite," he says. In this case, it's not the garment, but where it comes from, that matters. And that comes back to Rice's original hypothesis that luxury isn't purely in the intrinsics of a product, but in the way it makes you feel.

That's why luxury must be viewed from the buyer's perspective, and not that of the manufacturer, he opines. "At its most basic, luxury is about comfort, expense and no compromise on quality. But it's also about sensation, being distinctive and giving a person a sense of indulgence, treat and reward." And that is completely subjective. >



Vide Poche.

WHO BUYS LUXURY?

The term "luxury consumer" is an oxymoron, says Holland. People who can afford true luxury, rather than premium mainstream, don't "consume" it so much as relish it. And they buy it for completely different reasons.

The research by Added Value supports this notion. It has categorised luxury consumers into four groups: those who show (who buy luxury as visible proof of their success); those who can't be shown up, and who use luxury to give them the confidence to fit in; people who "show they know" who use their product knowledge to justify why they're spending the extra rands; and the more subtle people who know, who have a true love of the finer things in life.

Do these consumer types hold true across all cultures? "Probably," hazards Rice. "After all, luxury is bought to fulfill various needs, and models such as Maslow's hierarchy show us that needs are fundamental around the world."

But, he adds, there may well be a difference in how we express those needs. He uses South Africa's emerging black middle class as an example. "Those of us who grew up surrounded by 'standard' luxury items – like cars – have a defined set of which brands constitute luxury, one which we've been building since childhood. In contrast, consumers who are new to luxury may base their perceptions of brands on what they see and experience now, rather than the brand heritage. For example, Chrysler seems to be a very popular brand among the 'black diamonds', who prefer it to more established luxury brands."

McGowan also notes that in cultures fairly new to having disposable income, consumption is bound to be conspicuous. "It's a way of saying 'Look at me; I've arrived'."

THE EVOLUTION OF LUXURY

If Holland and Swart are correct in their assumptions, and luxury is slowly downgrading, does that mean we will one day see the end of it? Not at all, they assure. "There will always be a need for luxury. And in any case, as soon as one brand steps into the premium mainstream, another rises to take its place in the luxury canon."

Luxury doesn't have to try – and the minute it does, it can no longer be considered true luxury.

McGowan believes that luxury isn't downgrading so much as segmenting. "Take Coach, for example. The brand produces leather goods that are priced just below luxury level, but at a significant premium. Can it still be considered luxury? I would say yes. The items are beautiful, the brand has an appealing myth and it's associated with celebrity."

Perhaps, he says, the future of luxury lies in realising that it is a large category that can be filtered through many price points. "Brands can still prevail if they understand their consumers and deliver on their expectations, without diluting their appeal."

A similar trend is taking place within the mass market, he continues – although this time, the brands are reaching up, rather than stretching down. "We've seen a number of mass-market manufacturers taking a cue from their luxury counterparts and introducing ranges that are more exclusive and have a higher price. In the spirits industry, the development of these luxury divisions is referred to as 'premiumisation'," reveals McGowan.

Ultimately, real luxury lies in what gives the individual pleasure – whether that's the special feel of handmade soap, the smell of a new book, the feeling of sun on your back or the satisfaction of a sublime meal – and that's eternal.

LUXURY IN SOUTH AFRICA

According to Alison Tucker, director of Added Value South Africa, there has been little research into attitudes towards luxury in this country. Despite this lack of quantitative data, several interesting trends are emerging. Here's what she has to say:

- "It's amazing to see the luxury luggage on the airline conveyor belts being picked up by local consumers, rather than overseas tourists, these days.
- "It is our perception that luxury in Johannesburg is consumed in a more overt and outwardly driven fashion than in Cape Town. We believe that in Johannesburg, part of the desire for luxury items is to make a statement to others ('I know which brands are best and I can afford them'), while in Cape Town it is about an internal feeling ('It makes me feel good that I can afford these fine brands').
- "We've noticed that the majority of South Africans aspire to lead better lives, which means a desire for increasingly luxurious purchases. In many categories, we've seen this desire trigger changes in packaging and communications cues which speak about 'premium', 'limited edition' or 'select'. Luxury brands in South Africa are firmly linked with the desire for perceived status and success, but even more than this, luxury is about how a brand makes South Africans feel. Consumers will spend luxury rands on brands that genuinely deliver a luxury promise, so the challenge facing the market is to make the feeling of luxury accessible, but still aspirational and indulgent."

Tucker notes that the growing interest in luxury goods in South Africa ties in with two local consumer trends identified by Added Value: the purchase of “bite-sized treasures” as a reward, and the search for stimulation and experience. “In the first case, treasures may be as small as a chocolate or a luxury bath product. However, luxury brands are increasingly being made more accessible by broadening their product ranges. For example, consumers can now buy a Louis Vuitton keyring as opposed to a more expensive briefcase, and this gives them entry into a world of luxury they previously could not access.”

In terms of stimulation, Tucker says, “People are constantly looking for experiences that offer them excitement or that will ‘put them in the know’ and increase their sophistication. The purchasing of luxury goods is an experience in itself, because of the personalised service, attention and packaging associated with them.”

Any other interesting trends emerging? “Many South African consumers equate luxury goods with ‘duty free’. The prospect of saving money on a high-ticket item is always attractive, but there’s also the fact that consumers may be more open to spending money when they have that ‘holiday feeling’. However, we’ve noticed that a small – and possibly growing – number of South African consumers have graduated from duty-free holiday shopping to indulging in luxury shopping as a weekly activity, largely due to the new accessibility of luxury goods.”

Also worth mentioning, Tucker says, is that products perceived to have a French origin are immediately credited with luxury credentials.

“It’s no wonder that producers of pamper products so often use French language cues on their packaging to tune up the feeling of luxury,” she observes.

Finally, South African consumers appear to have a fine eye for fakes. “When noticing someone wearing a luxury accessory, South Africans tend to have a good look at the person and then make a judgment as to whether they can afford it, and whether it is real or fake.” ✕



Jo Malone Pomegranate Noir Cologne.