

The rich and glamorous

SA's luxury market coming into its own

LUXURY RETAIL |

different in SA than in the rest of the world. In its "DNA of Luxury", Added Value identified four clearly differentiated types of luxury consumer: people who "show", people who "can't be shown up", people who "show they know" and people who "know".

The study comments: "Their attitudes to luxury brands differed in two regards: first, their degree of outlet or inner motivation and, second, the extent to which they perceive luxury to enhance them as human beings or simply to maintain them in the excellent condition they already consider themselves to be in."

The first category of luxury consumers – people who "show" – are extremely demanding, extrovert, ostentatious, materialistic and highly status-driven. "They see luxury as one of the principal mechanisms by which they can benchmark their success and prove that they're doing better than others. And they're not remotely shy

"They acquire knowledge as a further confirmation of their social status and they tend to be a little older. This type of luxury consumer looks for the less obvious choice of luxury brand, or the extra dimension of knowledge that justifies why he/she should continue to buy the most established brands. Those who 'know' love luxury for luxury's sake". They appear to have a genuine



SA a huge, untapped market. William Landman, MD Vendome Distribution SA.

Luxury goods players are positive about sales for Christmas 2005.

about it. . . For this luxury consumer, the louder and more overtly successful the brand, the better."

Those who "can't be shown up" are more introverted and use luxury as a way to make sure they fit in and lift their self-esteem. "They want to be seen to be doing the right thing, buying the right brand – but not oversteering the mark."

Their preference tends to be for brands with an established reputation, but not an identity that will clamour for attention. And when they find the right brand, they feel more confident, more complete. They believe that others will respect them more.

People who "show they know" don't appear to have a deep appreciation of luxury, though they have a degree of knowledge about luxury goods to justify the things they

"They can start with a wallet and pen and buy up."

the affluent, but not wealthy, and mass market luxury brand aspirations. A recent report in *Burrows Reed* – "Selling luxury to the masses" – points out that mid-market retailers such as JC Penney and J. Crew have launched their own high-end merchandise.

And the discounters aren't far behind. Though it seems to be scratching the board-edges somewhat, Wal-Mart intends to start selling diamonds costing US\$10 000. If successful that could begin a new retail war

between parties that nobody would have imagined would compete in the same categories. A third challenger is emerging in the "fast fashion" segment from the likes of Zara and H&M.

Landman says that people need to differentiate between hard (watches) and soft luxury goods in the debate as to what's fashionable. He says that serious hard luxury goods don't really follow fashion, though they're always fashionable. Clothing brands need to keep up with the times and play a leading role in setting – rather than following – fashion.

Therefore, the challenge for traditional luxury goods retailers is how to retain that spark that makes them special. Among other things that will mean, *Burrows Reed* says,

extending their superior service levels further. Landman says that in SA there's a more immediate difficulty: to reduce the level of counterfeit goods and parallel imports. Consumers who buy these goods encourage the continuance of a practice that undermines everything that the luxury category stands for in terms of quality and refinement.

Nonetheless, that category looks set to grow. In SA investors can buy exposure to the global luxury goods market through Richemont. However, there's no listed pure SA luxury goods play. Proxies include Bushy, Brantecorp and retailers such as Edco and Freshint that stock some luxury brands.

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appreciation of beautiful things, with no pre-occupation of what other people think. . . . When they connect with a brand it tends to be because they've found a soulmate."

Tucker says that Added Value's perception is that luxury in Johannesburg is consumed in a more overt and outwardly driven fashion than luxury in Cape Town, which is often consumed in a subtler manner.

For example, in Johannesburg part of the desire for luxury items is to make a statement to others ("I can afford it, and I know which brands are best"), while in Cape Town it's often more about an internal feeling ("It makes me feel good that I can afford these fine brands").

The question, then, is whether SA will follow in the footsteps of markets like the US, which is seeing middle-sector retailers offering "luxury" ranges in order to tap into