

The Eternal Principles for Creating Luxury Brands

By definition, a luxury brand is an outstanding brand, justifiably priced highly and destined, at least primarily, to a select group of the social-economic elite. Luxury is not about unattainability though. After all, you cannot profit from consumers that cannot buy your brand. However, luxury is about the consumer outstretching herself a bit to buy something extraordinary but rather expensive for her financial ability. When you are used to driving a BMW 760 (price tag: over 85,000 Euros), it is no longer a luxury for you, although you might be pleasantly aware that it is for many. Alternatively, paying 115,000 Euros for a Maserati Quattroporte Executive GT Automatic, will probably be more of luxury to you. Before entering a deeper discussion of luxury I think it will be good to acknowledge two basic facts: 1. Luxury is relative. One man's luxury is often another's (usually richer) everyday lifestyle. 2. The standard of luxury is mutable. Today's luxury is often tomorrow's commonly expected standard. Luxury brands are under a constant pressure from non-luxury brands trying to offer a similar value for less, thus eroding the status of luxury. Much has been said lately about the changing nature of luxury these days. While some of the proclaimed changes are no more than the result of historical myopia, certain developments are worth noting. 1. There are now more layers of luxury than ever before to match new levels of affluence. More billionaires, more multi-millionaires, more millionaires, more super affluents (annual income over \$150K), affluents (annual income over \$100K), and near affluents (annual income over \$75K). A Toyota Camry (around \$25K) is considered a luxury car at some level of affluence, at a higher level it's BMW 7 Series (around \$115K), at yet a higher one it's Maybach 62 (around \$375K). 2. Some of the luxury buyers are now somewhat less interested in purchasing uniform symbols of status / identity and they opt for developing an individual style and expressing themselves in original ways. The tension between the traditional (more safely genuine luxury) and the innovative has always burgeoned forth luxury. Currently, luxury leans more towards the innovative than the traditional. 3. There are more "out of class" purchases now, both upwards and downwards. The wealthy feel no obligation to always buy expensive (actually, affluents typically look for the best deal on whatever they want to buy, no matter how extravagant). The not so wealthy have also developed an appetite for luxury when and where they can afford it. 4. There's a trend towards spending more on luxury experiences rather than goods, at least amongst wealthy Americans. This trend is stronger among seasoned affluents who already know that the attraction of objects wears out while cherished experiences just get better with time as they are remembered, told and re-told. 5. There are more luxury hits now and fewer classics. Luxury used to be defined in the tradition-driven past by classics. The novelty-driven present, that is evident in the non-luxury sectors as well, turns the success of luxury brands of the day into sweet but short-lived. The unchanging nature of luxury Despite all these significant developments, the nature of luxury has remained unchanged in essence. People buy luxury brands in order to: 1. Feel special and apart from the crowd. 2. Feel superior and privileged. 3. Feel of value and importance. 4. Exercise ability and freedom ("I can afford it", "I can do that"). 5. Reward themselves for efforts and achievements. 6. Console one and recuperate from a setback or misfortune. 7. Signal status and command acknowledgement and respect. 8. Demonstrate refinement, connoisseurship and /or perfectionism. 9. Delight the senses, experience pleasant sensations and feelings or create an infrastructure for future favorable experiences. 10. Participate in a certain group and lifestyle. 11. Signal affiliation and belonging. 12. Remind oneself of one's "real" (or aspired) identity. 13. Enflame hope and mobilize motivation and energy. 14. Indulge and pamper oneself, take care of oneself. 15. Feel loved, taken care of and even spoiled. 16. Show feelings of gratitude, admiration or great affection. Luxury brands are specifically designated to serve as means for consumers to fulfill one or more of these tasks. Here are the ten eternal principles for developing and managing a luxury brand: 1. A luxury brand is first and foremost a product and/or service of superior quality (a quality gap from competitors is recommended but not mandatory). 2. The products and services are not designed and planned according to consumer tastes and expectations, even though they appeal and cater to sometimes-hidden deep-rooted desires. A luxury brand sets its own standards and does not adhere to fashions. There is an air of leadership to it; it is exceptional, unique, original, artistic-creative, surprising, and novel (but never peculiar in a ridiculous or potentially repelling manner). 3. A luxury brand's most important value lies beyond the core product function or practicality. 4. Luxury brands have something extravagant / excessive / redundant and overly generous about them. Something that is clearly not necessary: the use of unjustifiably expensive materials, performance that is far beyond all needs and requirements, an exaggerated level of service. 5. A luxury brand always expresses zealotry for quality, highly held values or even an ideology, a distinctive culture, together with sense of hedonism, passion for life, and a free spirit. 6. A luxury brand will always be linked with the circle of those who "run the world" at that certain period of time and with the success symbols of the time. 7. Behind a luxury brand there are often legends of eccentric genius creators, mysterious production processes, secret formulas, exceptional preparations etc'. 8. A luxury brand is never managed in a democratic way, but rather with authority or even with dictatorship, by a genius creator or by an inspired leader who demonstrates, inside and out, a strong passion for the product and pedantry for every small detail. 9. A luxury brand must be rare or difficult to reach in some way. The awareness to the brand and the desire for it sometimes wide-ranged (while the numbers of buyers has to be limited) and other times restricted to a few that are in-the-know. Even the buyers themselves, must not be inclined / capable to purchase the luxury brand too often. 10. Luxury brand consumers expect to be distinguished from all others, and to be protected from them (the No-Mix principle). At the same time, they expect a special intimacy between them and the company and its managers, as well as flexibility regarding rules that are afflicted on others.

About the Author

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