



THE NEW LUXURY CUSTOMER

By Anne Marie Soto, Retail Marketing Society

COVID-19 was the tipping point that dramatically changed how individuals and companies view every aspect of their lives and businesses. For luxury marketers, this will mean many changes, including a total redefinition of "luxury," the need to better understand a radically altered, more virtual marketplace and a zero-based rethink of marketing strategies. Critically important to all this is an understanding of the new luxury customer.

At a recent Retail Marketing Society webinar, Christopher Olshan, CEO, The Luxury Marketing Council, shared insights into this new luxury customer, one that includes Boomers, Gen X, Millennials and Gen Z. This is a group that is more in control and hyper-critical and aggressively demanding with a very different mindset, aspirations and needs. They expect luxury brands to know, respect and engage them at unprecedented levels of awareness and intimacy.

The Luxury Marketing Council has dubbed this group the "SEE-MEs."

"S:" Social Consciousness

Not to be confused with social responsibility (meaning giving to a few worthy causes), social consciousness means that a brand has the ability to act on important emerging social and environmental issues.

Olshan cited Wolford, a luxury underwear and hosiery brand, as a brilliant example. "They're the first company to design a luxury product that from start to finish, that goes from raw material back to raw material, without any impact on the environment," said Olshan. "They do a very, very good job of sourcing everything as recycled material, doing a zero-carbon footprint on shipping."

"E:" Exquisite Quality & Craftsmanship

While this may appear obvious, the quality of luxury products has decreased in the past 10 to 15 years. Conversely, the pool of potential luxury customers has grown, from around half a million with liquid portfolios of a million dollars or more 30 years ago to somewhere around six million today. By definition, luxury products are to be handcrafted to certain specifications by artisans from factories that are seven or eight generations — but it is impossible to produce any significantly larger quantity of these luxury products under these requirements. Brands have turned to outsourcing and manufacturing by machine rather than by hand.

But, reports Olshan, customers are starting to say, "If I'm going to invest the extra cost, the product better stand the test of time." He continues, "It's supposed to be the one-time opulent purchase that lasts forever and ever and ever, amen. If it doesn't, the luxury brand's not honoring its promise of being something special, something exclusive, something that's better than mass."

"E:" Experience

Experience has been a buzz word for at least the last seven or eight years, but the pandemic has eliminated a lot of that experience. For the "SEE-MEs," the experience is about using the product or service, the follow up afterwards and request for frank feedback. No matter what the product — be it a "simple" purchase or a well-planned itinerary — it requires the same intimate, meticulous attention to detail.

"M:" Memories

Memories held close to the heart are more important than anything money can buy. The richest customers are buying experiences and products that resonate in the albums of their minds. Brands that don't cater to this simple but powerful desire are out of touch with their customers.

"E:" Emotional Enrichment

"There has to be a positive emotional cord struck with every purchase," observed Olshan. "There has to be something that pulls at the heart strings and makes you feel something positive, whether it's putting on that great suit and feeling like you

look the best you've ever looked, or putting on that watch and suddenly feeling like you're successful or getting in that car and feeling like you could be driving on the F1 and racing."

Olshan continued, "It could even be something as easy as being on a private jet and seeing your kids, grandkids, spouse or pets all on the plane with you and not feeling like a prisoner, masked up and hoping the plane's not going to have an emergency landing because some drunk idiot ruins your flight."

"S:" Service

"Service should be automatic," said Olshan, "but it never is. The reason is because brands don't look at the customer as an individual. They look at the customer as a broad audience and say, this is what a luxury customer wants across every level."

Some enjoy the in-store experience of refreshments, product viewing and making an entire day of shopping. Others want to get in and out of the store as quickly as possible, assuming they even want to be in a store in the first place. The Luxury Marketing Council reports that it's an almost 50/50 split. Luxury brands need to get to know their customer and what that customer wants in terms of service.

In summation, said Olshan, "The new luxury customers are demanding to be met on their own terms as individuals. Brands need to realize that every customer is looking for something different, personalize it and do it in a way that it builds a connection with the brand above and beyond 'what am I just writing a check for?' The brands that do that well are going to be successful for the next decade. The brands that aren't, God rest them, are going to wind up like Brooks Brothers."

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