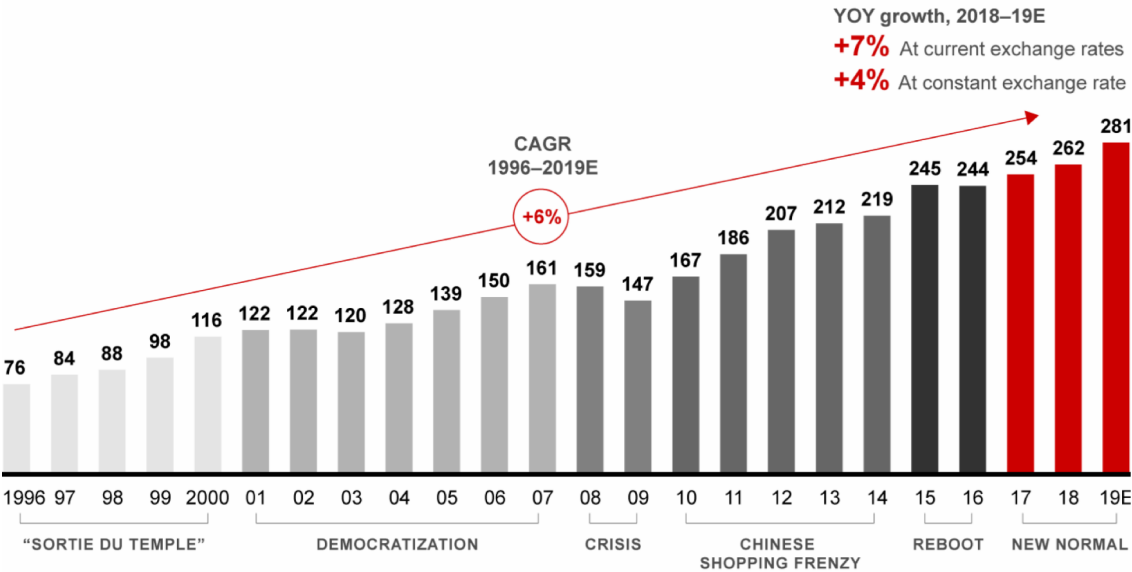




THE LUXURY RESET: RISE OF CONSCIENTIOUS LUXURY

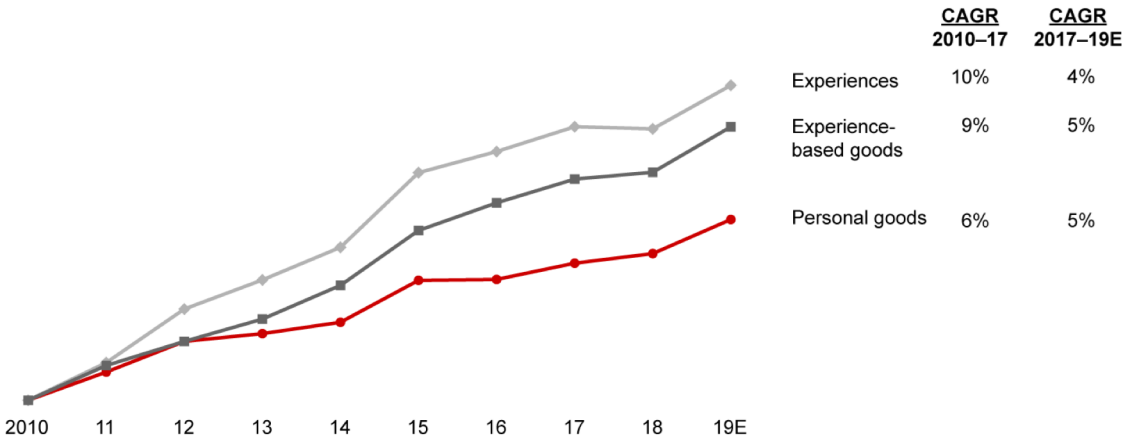
By Pamela N. Danziger, Unity
Marketing and Dr. Martina
Olbert, Meaning.Global

Global personal luxury goods market (€ billions)



Source: Bain & Company

Growth of global luxury goods segments, indexed to 2010



Notes: Growth shown at current exchange rates; personal goods include high-end furniture and housewares, as well as personal luxury goods; experience-based goods include fine art, luxury cars, private jets and yachts, fine wines and spirits, and gourmet food; experiences include luxury hospitality, cruises and fine dining
Source: Bain & Company

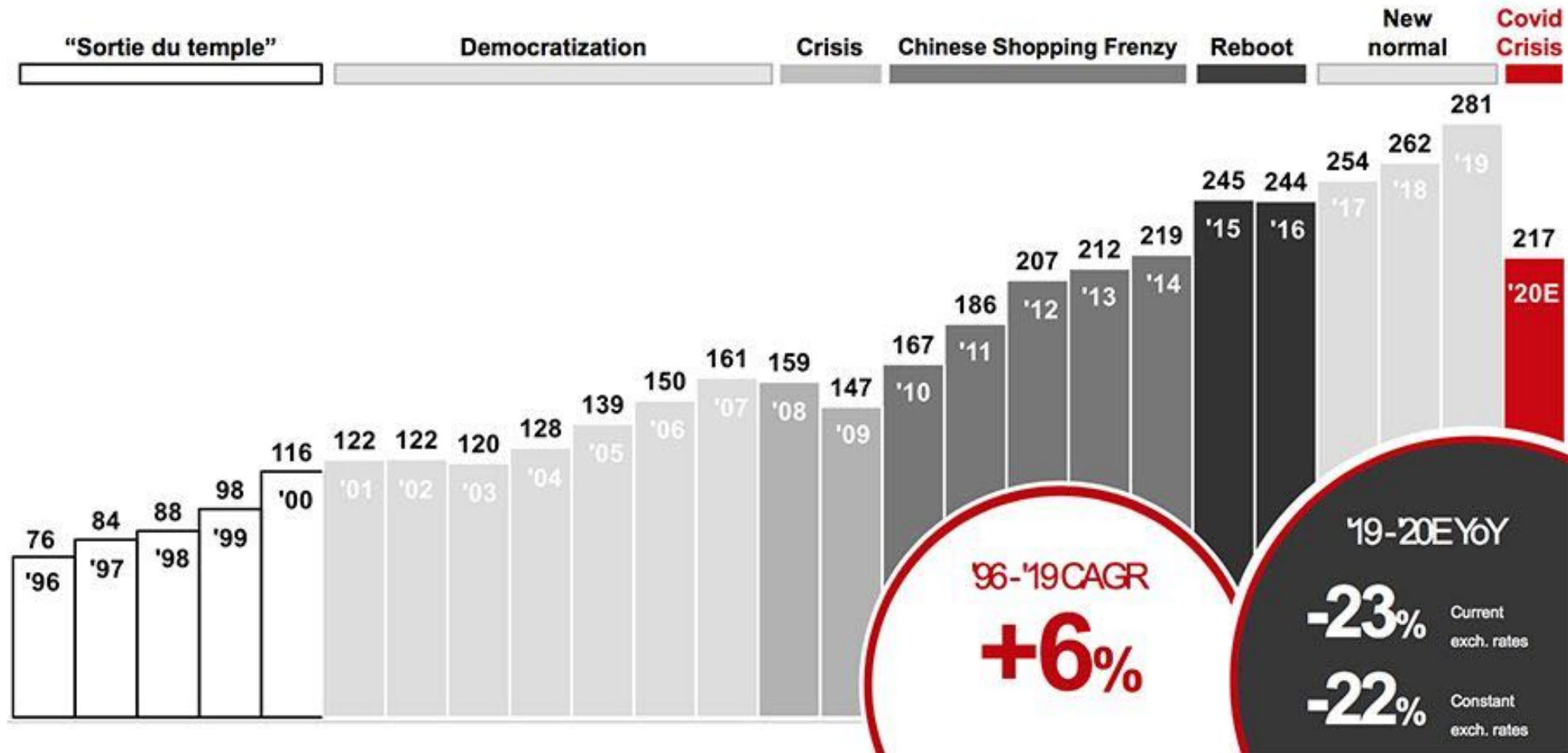
REMEMBER THE “GOOD OLD DAYS”

From 1996 onward, the luxury market has been growing dynamically year-over-year. It took a minor step back in '08 and '09 when it declined about 10 percent, but since then it has risen at a rapid pace.



THEN IT CRASHED

The “new normal” trajectory of the **personal luxury goods market** was interrupted by the rude awakening of 2020, leading to the first decrease in more than 10 years





LUXURY CONSUMERS' VALUE RESET

The time luxury consumers have spent at home have resulted in major changes to their priorities and values which are likely to continue for years to come.

This shift will create major challenges for some brands while offering great opportunities for brands that embrace and respond to those changes.

The pandemic didn't necessarily change trends coursing through the market, rather it only accelerated their evolution

IT'S TIME
TO **RETHINK**
EVERYTHING



“COVID has been a wake-up call to brands acting as a catalyst which accelerated their transition to the new luxury paradigm much faster than they would be able to do under normal circumstances...”

– Dr. Martina Olbert, Forbes, March 2020



WE'VE BOTH WRITTEN EXTENSIVELY
ABOUT THIS LUXURY SHIFT

THE GLOBAL LUXURY
LANDSCAPE IS CHANGING IN
PROFOUND WAYS...



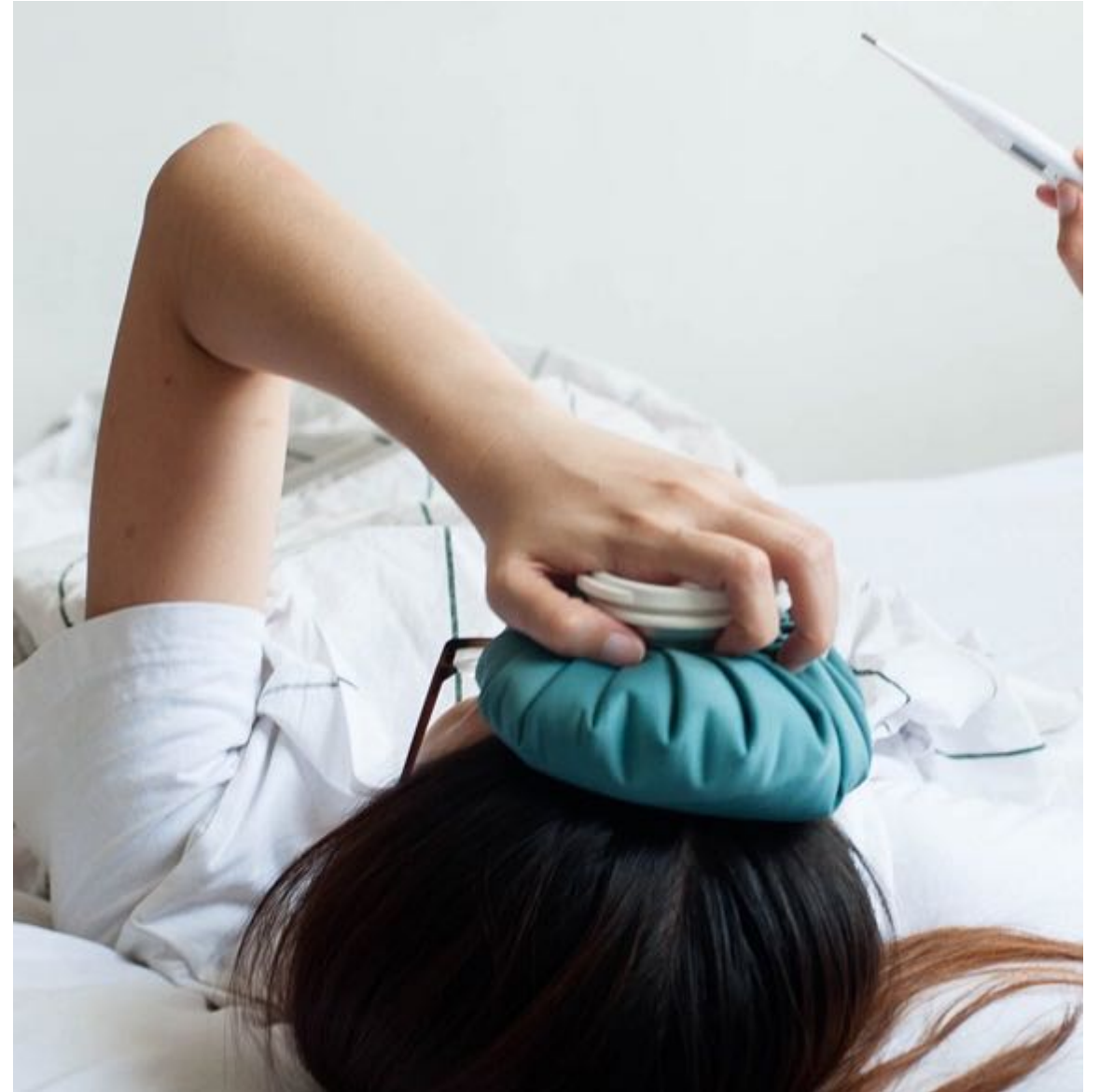
BUT, DID LUXURY LOSE ITS
MEANING OR DO CONSUMERS
NOT UNDERSTAND IT?

One-third of luxury insiders say
luxury's lost its meaning:

- “There are too many companies peddling so-called ‘luxury goods.’ The market has been watered down by accessibility because companies slap together a product, label it as luxurious and off they go.”
- “Luxury has lost its meaning for the younger consumer. Young people today are exceptionally ignorant on what constitutes luxury. I find it amazing that at international conferences on luxury, I see presentations and lectures with titles like ‘What is Luxury Today’ and ‘How do We Define Luxury.’ Has luxury lost its meaning? In some cultures, they have no idea other than its European, Expensive and everyone wants at least two!”

IS THIS THE PROBLEM OR JUST THE SYMPTOM?

“IT IS NOT SO MUCH THAT LUXURY HAS LOST ITS MEANING, AS IT IS THAT LUXURY BRANDS NEED TO EVOLVE THEIR MEANING TO ALIGN WITH THE NEW MEANING OF LUXURY.”



LUXURY HAS LOST ITS MEANING — HERE'S HOW TO GET IT BACK



“Luxury is all about meaning: the very essence of luxury is based on the inflation of its symbolic value over the functional value of its goods and services. Luxury costs more simply because it *means more*. Luxury brands can’t take their past prominence for granted and instead need to look for new ways to create meaning, relevance, value and growth in better alignment with Culture.”

– The Luxury Report 2019: Redefining The Future Meaning Of Luxury



HELLO, CONSCIENTIOUS LUXURY!

Conscientious Luxury is the next era of luxury after the Conspicuous Luxury.



“The pause in 2020 has made people drill down to what is really important, what has lasting and enduring value in their lives.”

“People are re-assessing what is important to them and what they can and cannot do without – what is truly essential in their lives. “

WHAT IS THE NEW LUXURY?
ESSENTIAL HUMAN NEEDS

THE RISE OF CONSCIENTIOUS CONSUMPTION

Consumers are transitioning to a new paradigm of conscientious consumption that is about our return to core values.

Prioritizing what matters – back to essence

Buying what has personal significance

Doing what positively impacts our lives

Ethical and meaningful consumption

Essential luxury



THE NEED TO ACCOMMODATE OUR DIVERGING VALUES

Young vs. mature consumers
Casual vs. formal luxury
Status vs. inconspicuous
Fashionable vs. timeless
Everyday vs. special occasion



GREATER CONSUMER COMPLEXITY OVERALL

Conservative/Liberal

Ethnicities / Body diversity

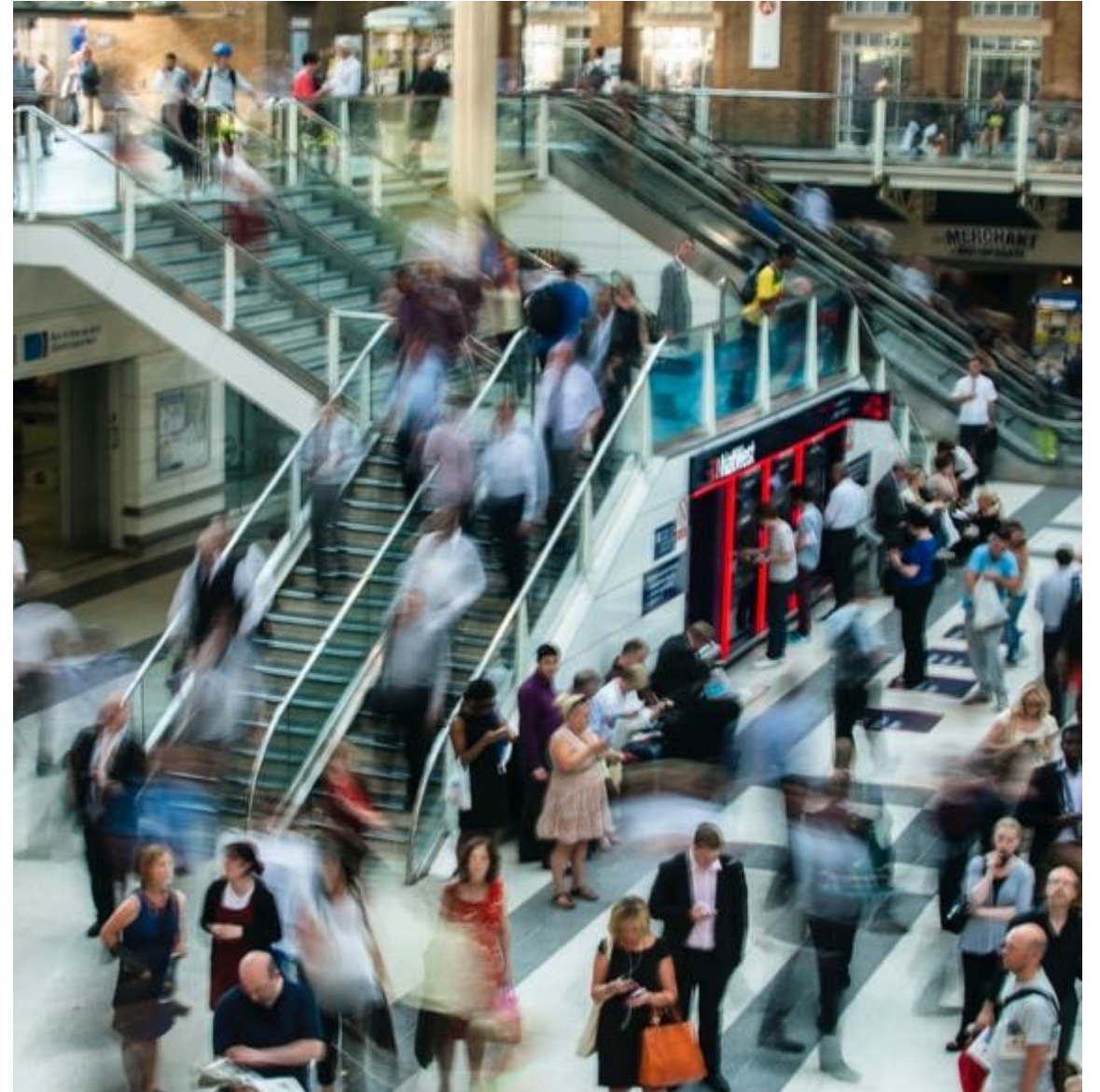
Individual Identities/Styles

Gender / Sexual Identity

Geographies

Cultural values: West/East

Diverse values and human needs
must be represented in how luxury
brands create strategies.



THE TRAP OF CULTURAL RELEVANCE: FROM PANDERING TO HONOURING



Dolce & Gabbana

When brand love turns to brand hate.
The founders issue an official apology.

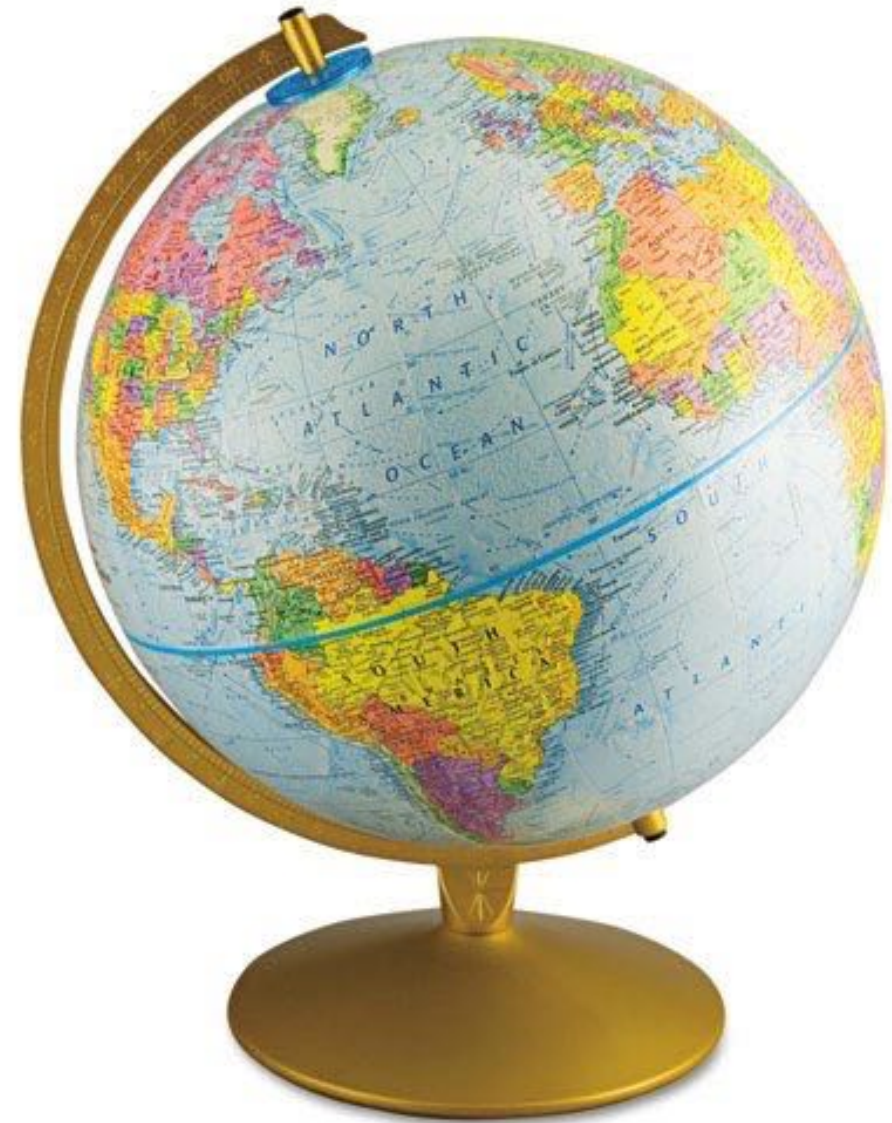


SHANG XIA

Western heritage & legacy of Hermès creates
a new luxury brand for the Chinese market.

TILT TOWARD CHINA

China is on track to become the world's leading luxury market by 2025, but the meaning of luxury in the East and the West are diverging.





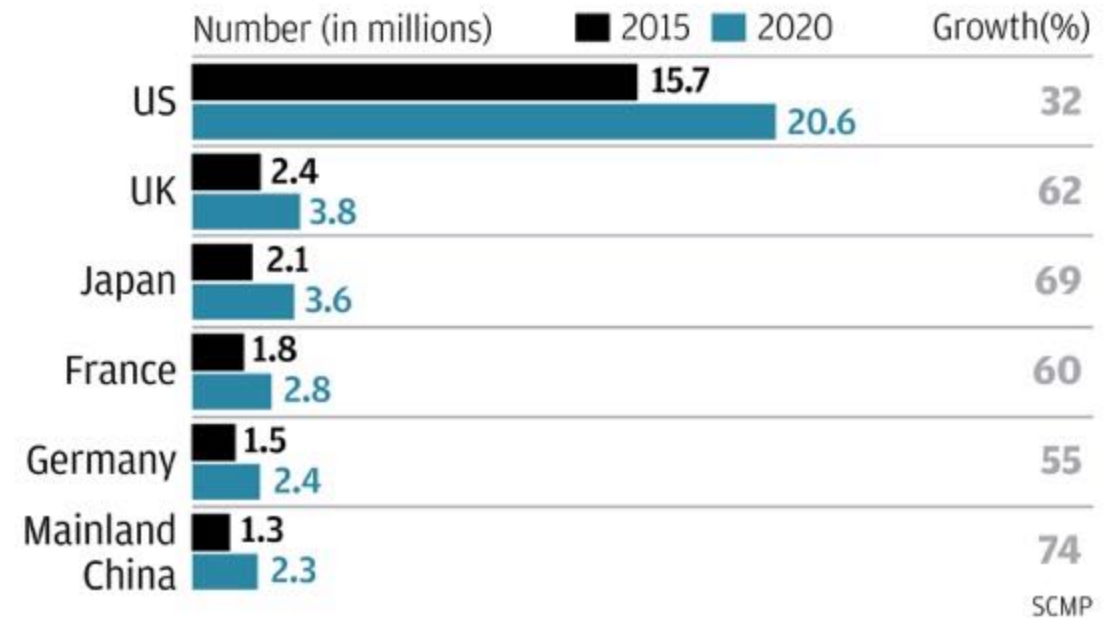
CHINA IS LVMH'S LARGEST MARKET

Asia is LVMH's single largest market, accounting for 34% of total revenues in 2020. The U.S. trailing at 24% of sales.

FOLLOW THE MONEY

More millionaires live in the U.S. than in the five next largest countries combined – 20.6 million compared to 14.9 million in the U.K., Japan, France, Germany and Mainland China.

Millions of millionaires





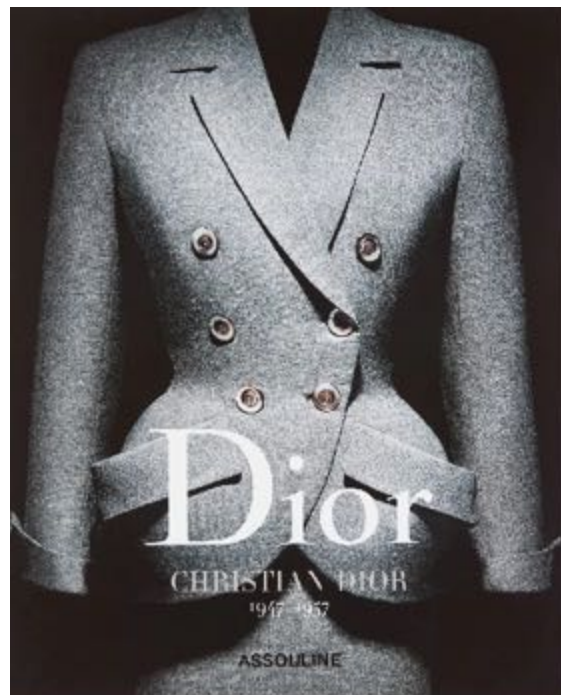
BE HERMÈS NOT SUPREME

ELEVATE LUXURY



WHAT'S LUXURY?

\$6 OR \$60 OR \$600



ABOUT KARL

KARL LAGERFELD BIOGRAPHY



"IF YOU ASK ME
WHAT I'D MOST LIKE
TO HAVE INVENTED
IN FASHION, I'D SAY
THE WHITE SHIRT."

FOR ME,
THE WHITE SHIRT
IS THE BASIS OF
EVERYTHING.
EVERYTHING ELSE
COMES AFTER."

Karl Lagerfeld



TRUE LUXURY TRANSCENDS TIME AND PLACE

QUALITY NEVER GOES OUT
OF STYLE

HOW CAN BRANDS MEANINGFULLY TAP INTO THIS SHIFT TO CREATE NEW VALUE?

BRANDING AND MARKETING
DIGITAL EXPERIENCES
CUSTOMER EXPERIENCE
STORYTELLING
MORE



LUXURY BRAND RESET

YVES SAINT LAURENT → SAINT LAURENT

BALENCIAGA → BALENCIAGA

BURBERRY → BURBERRY
London, England LONDON ENGLAND

Berluti → BERLUTI
Paris PARIS

BALMAIN → BALMAIN
PARIS PARIS

Luxury brands must more closely examine their businesses and business models, as the luxury consumers have been examining their past behavior and values.

More than just redesigning logos!

CONSCIENTIOUS LUXURY BRANDS

More than the pillars of sustainability:
human and social, economic and
environmental.



STAKEHOLDER



RESPONSIBLE TO ALL OUR
STAKEHOLDERS

Customers

Employees

Management

Suppliers & Partners

Investors

Society

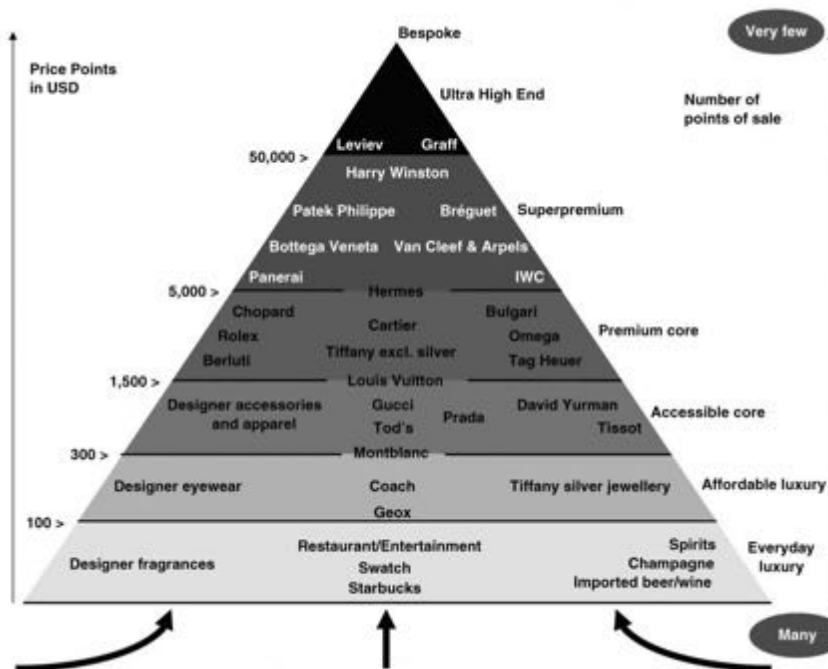


GET BACK TO WHAT MADE LUXURY GREAT

LEAD DON'T FOLLOW

LUXURY IS A BUSINESS MODEL THAT OPERATES BY RULES

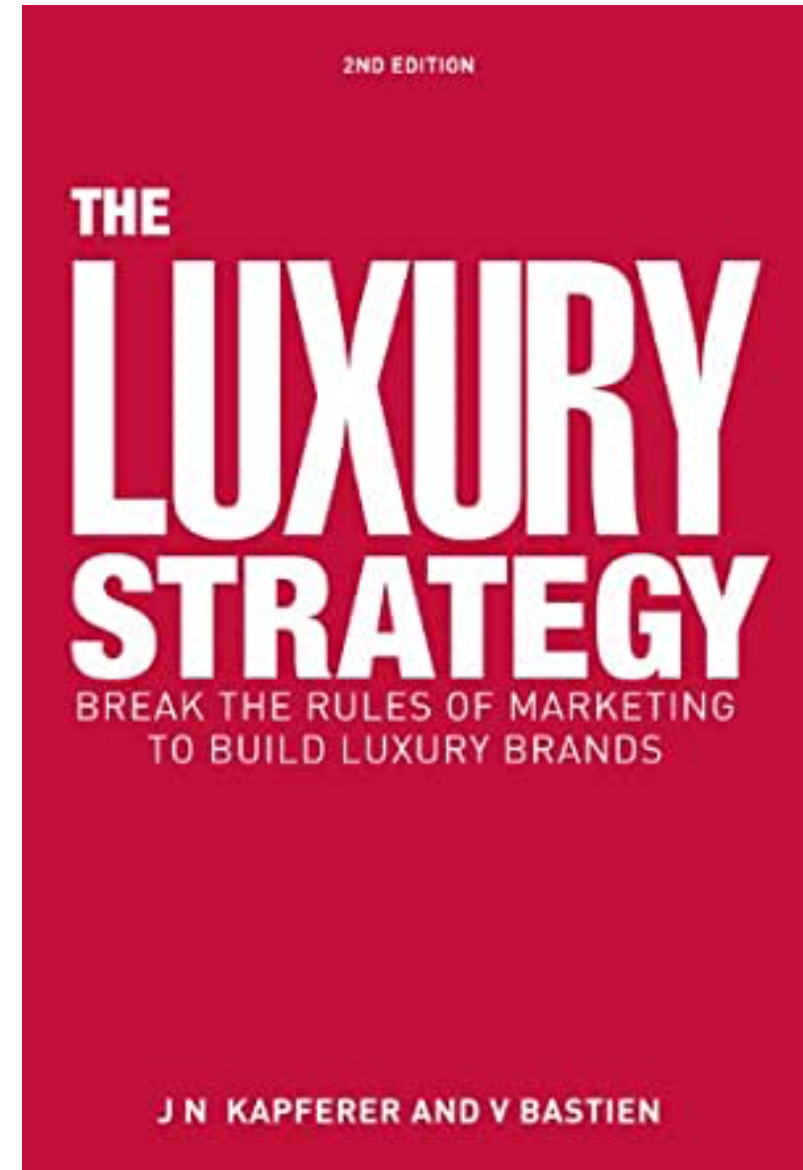
Communicate a meaningful set of luxury values based on the unchanging pillars of luxury.



	Traditional Branding	Luxury Branding	Example applied to luxury or premium brands
1. Beyond...	brand values	brand beliefs	Ferrari's belief in performance
2. Beyond...	a logo	a set of icons	Absolut Vodka's bottle
3. Beyond...	a product	a unique ritual	Le Labo's hand-blending and preparation of the perfume at the time of purchase
4. Beyond...	a point of sale	a temple	Nike's "Nike Town"
5. Beyond...	consumer segments	access to a parish	Aston Martin's 1:1 customer relationships
6. Beyond...	value communication	myth telling	Rolls Royce manufacturing
7. Beyond...	categories	a way of life	Giorgio Armani's minimalist concept of life

YOUR TEXTBOOK

THE LUXURY BUSINESS MODEL DIFFERS
PROFOUNDLY FROM OTHER MODELS





CREATIVITY AT THE CORE

Rules may be made to be broken, but it takes more creativity to work within the rules using imagination and innovative approach.



"In the luxury universe, the constant challenge is to transform creativity into profitability", said Professor Maria Eugenia Girón, Luxury Brand Management executive programme, at IE Business School in Madrid.

UNLOCK CREATIVITY



FLIGHT TO DIGITAL LUXURY

The latest *Luxury Study* from Bain/Altagamma found, “The changes brought by Covid-19 increased the presence of online in every aspect of life. In the luxury market, online sales share of purchases made online nearly doubled from 12 percent in 2019 to 23 percent in 2020.”

The report continues:

- Online is set to become the leading channel for luxury purchases by 2025, fueling the omnichannel transformation. This dramatic increase comes at the expense of bricks-and-mortar.
- Bain expects no growth in the number of stores operated directly by brands in 2020 and possible decline in store networks in 2021.
- The wave of transformation will not leave the wholesale distribution untouched: perimeter contraction, polarized performance and entry of new players will lead luxury brands to increase their control on the channel.



MEANINGFUL STORYTELLING ENGAGES CUSTOMERS

The call is to use digital to connect and engage with the customers more meaningfully around what *they* value.

Meaningful storytelling is the key to creating authentic connections between luxury brands and their customers.

Brands need to take people on a journey to connect them more deeply around their story.

Luxury brands must find new ways to tell the brand story to engage customers at their core.

NEXT DIMENSION: PHYGITAL

Program the human-dimension into
e-commerce.

Luxury is all about the dreams.



LUXURY IN CONTEXT



“MEANING IS THE NEW LUXURY.”