

STATE OF  
MARKETING  
ACROSS KEY  
LUXURY  
SECTORS

LUXURY<sup>®</sup>  
INSTITUTE LLC

*The Knowledge of Luxury*

*September 2018*

*"Because the purpose of business is to create a customer, the business enterprise has two--and only two--basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business."*

**-Peter Drucker**

# OVERVIEW

- RETAIL
- LEATHER GOODS + ACCESSORIES
- APPAREL
- AUTOMOTIVE
- BEAUTY
- HOSPITALITY
- JEWELRY + WATCHES
- HOME FURNISHINGS
- FINANCIAL SERVICES

**RETAIL**

# TIFFANY & Co.

- **Tiffany & Co.** is embarking on a 3-year renovation of its flagship store on Fifth Avenue
- The renovated flagship will include expanded retail space and new hospitality offerings, driven by the success of its in-store “Blue Box” Cafe, which often has a wait list of 1,000 people and features a \$32 “Breakfast at Tiffany’s”





## 10·CORSO·COMO

- Milan's **Corso Como** opened a 28,000-square-foot concept store in New York city's historic Seaport district that features a dedicated sneaker section and a 220-seat restaurant.
- The original concept store will present a mix of fashion, design, art, music and cuisine. It will feature an Italian café and restaurant, fashion apparel, design objects and books, as well as an art and photography gallery and a garden.

# Artificial Intelligence Subscription

- With Google Home, **Amazon Echo**, and Apple HomePod, affluent customers are now buying luxury products without the need to visit a website or a retail store. We expect these devices to take a more influencing role in purchase behaviors.
- With voice-controlled eCommerce, luxury brands are able to deliver services rapidly while also building trust to increase the likelihood for consumers to return in the future.





# Harrods

- The essence of luxury has shifted from an emphasis on physical products to a focus on experiential.
- During an invite-only event at **New York City's James Burden Mansion**, high-worth clients of **Harrods** explored its products in a real-world context that encouraged them to purchase multiple items in a collection.
- Attendees were also treated to a performance by the New York Choral Society and an on-site gingerbread house.



**LEATHER  
GOODS  
+ ACCESSORIES**



Modern  
Meadow

- With consumers growing more aware of the impact their consumption have on the environment, startups focusing on producing sustainable goods, such as lab-grown leather, have emerged.
- Working under the slogan 'Leather re-imagined', a New Jersey-based company, **Modern Meadow**, grows collagen and assembles it into a fibrous sheet the company has named ZOA. **Modern Meadow** is currently partnering with world-class brands across luxury categories to grow products of ZOA.





- The exclusivity of its products is one more reason for the success of **Louis Vuitton**. When you know a series is limited, or offered for a limited amount of time only, you hurry to buy, while available.
- Exclusive doesn't mean always unique but you know when you buy a product from an exclusive series this isn't a mass produced item.
- This is the main reason why people spend top dollar on a bag that is available for sale for a limited time only.

# APPAREL

# MICHAEL KORS

- Online retail space is dominated by brands that cater to millennials' shopping preferences. Personalized and convenient services and products built on style and comfort drive luxury product development and marketing.
- New to luxury search this year: terms such as “hoodie” and “sweatshirt”
- \***Michael Kors** is at the top of online U.S. market share with 15.9%, followed closely by
  - Ralph Lauren at 13.7%
  - Louis Vuitton captured 11.9%
  - Coach had 11.6%
  - Gucci 9.6%

*\*Source: PMX Agency annual report 2018*





## Women's Sneakers

PERSONALIZE YOUR ACE >

# GUCCI

- Millennials demand for more unconventional and signature items, and for products with higher quality, exclusivity and authentic and engaging stories that connect to consumers.
- **Gucci** offers customers the opportunity to personalize bags and trainers online. Customization will range from smaller adaptations (like embroidery in store) to pre-designed items such as color combinations that bring a personal touch, to products designed almost completely by the customer.

**AUTOMOTIVE**



# GENESIS

- In Hanam, South Korea (near Seoul), **Genesis** opened its first ever brand space in 2016 and has continued to expand its reach with another brand space in Gangnam.
- Visitors experience the luxury and attention to detail of the materials and technologies through hands-on exhibits, including the doors of the G80 and G90 are display all available combinations of exquisite exterior colors and artisan interior materials.
- **Genesis'** Studio provides a one-stop, stress-free customer experience where brand experience, test drives, purchases and consultation are conveniently offered as well as the stories and values behind the brand. **Genesis** also offers valet sales and after-sales service to all brand owners.
- **Genesis** plans to expand its presence in North America and beyond in the coming year.





# TESLA



- **Tesla** is disrupting the automotive industry in more ways than just offering electric, pollution-free cars. The brand is making a statement in the energy sector and is a driving force behind advances in renewables, energy storage and sustainable technology.
- It has built its reputation for quality and customer support by communicating with consumers on social media and its own blog. Because of this transparency, customers feel like they have a personal relationship with the brand.
- **Tesla's** stores also have a unique look and feel in the industry, designed with a minimalist approach that reminds customers of an Apple store environment.

# PORSCHE

- Catching the social media wave, **Porsche** teamed up with Microsoft to promote their brand during their esports event Forza Horizon 3 racing championship. Guests at the event had the opportunity to race **Porsche** professional drivers.
- The event was live-streamed through Twitch, YouTube, and Microsoft's Beam service.



**BEAUTY**

# SEPHORA

- Amidst the ongoing revolution in the retail world, **Sephora** is paving a new way to enhance customer experience across all channels.
- On its app and website, Sephora's Virtual Artist allows customers to see how makeup looks on their own faces while in-store its ColorIQ, Skincare IQ, Fragrance IQ and Beauty TIP workshop stations allow makeup enthusiasts to learn and experiment.
- They have teamed up with ModiFace to adopt a technology developed at Stanford University that includes face tracking and computer vision.
- Named one of the most innovative companies in 2018, **Sephora** has evolved into one of the world's most powerful beauty chains.





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Beauty



Beauty 2018



Beauty



Beauty



Beauty



Beauty



Beauty



# CHANEL

- With a large percentage of shoppers now being influenced by what they see online – social is a highly important tool for luxury brands looking to deepen consumer engagement.
- **CHANEL** is the most influential brand on social media\*, topping the list above others like Louis Vuitton and Christian Siriano. With a total of 40.8 million followers on Twitter and Instagram alone – Chanel has generated a huge following.
- **CHANEL** found the right balance of carefully curated content and **user-generated stories** to grow its Instagram account.

\*Source: Insightpool

- In its meteoric rise to cult fandom, beauty brand **Glossier** opened its first B&M location with the design intended to incorporate the brand's beloved packaging.
- With the rollout of **Glossier You**, the goal of the space was to be exceptionally experiential. Emily Weiss, founder of Glossier, was inspired by theater performance art and magic when concepting the space.

***"Everything about the experience is unique, from the way the customers physically interact with the fragrance to how the editors talk to the customers. We're excited to be bringing Glossier You to life offline in a totally weird and unexpectedly luxurious way."***

*– Emily Weiss, Architectural Digest*

# Glossier.





# HOSPITALITY

**B**  
HOTEL BARRIÈRE  
**LE FOUQUET'S**  
PARIS

- The new type of traveler prefer more personalized, relaxed and informal experiences.
- Millennials prefer boutique hotels that offer guests the option to not just choose their preferred room type, but the ability to customize their stay in the most personal ways: from cold-press-juice bars in the lobby and free Wi-Fi to the ability to choose music played in the room and choosing pillow type.
- Hotels like **Hôtel Barrière Le Fouquet's** in Paris allow their guests to personalize the details of their experience.







## BY UNIWORLD

- River cruising is the fastest growing sector of cruising.
- **U by UNIWORLD** is a new brand cruise designed for 21 to 45-year-olds. Two ships sail the Rhine, Danube and Seine, offering activities including cycling, running, kayaking, wine tours, mixology classes in popular cities and international DJ's on-board.
- The line is partnering with supper-club [eatwith.com](https://www.eatwith.com), which offers visitors the chance to dine with locals.



- Cruise operators are making big updates to target millennials, marketing their ships as “adventurous” and “fun.” While boomers still make up the largest demographic, there is a change in taste for younger generations to include other experiences onboard.
- **Royal Caribbean’s** Mariner of the Seas cruise ship is undergoing a \$90 million refurbishment to bring new experiences for a younger generation of cruisers that include: a new bar concept, sports bar and arcade, laser tag, Sky Pad, a bungee trampoline experience that integrates virtual reality, and Starbucks.



# JEWELRY + WATCHES

# *Cartier*

- The ongoing athleisure trend paved the way for the casual trend in jewelry.
- The new generation values unique and individual products versus items that are standardized and mass-produced.
- Casual jewelry is lighter and ideal for layering and give customers an opportunity to create individualized looks: stacking rings and bracelets, tiers of necklaces in varying lengths, and multiple earrings up each lobe.
- **Cartier** has exuded a more casual look through its Juste un Clou and Love bracelets.





# Chopard

- Retail sales of diamonds are slowing globally as millennials are less attached to traditional diamond jewelry. While jewelry retailers are reluctantly accepting the trend, consumers take greater interest in products that show transparent practices.
- That's why they like lab-grown diamonds — for the perceived good they do the earth, since they're not a product of mining.
- 70%\* of millennials would consider buying an engagement ring with lab-grown diamonds.
- Considerably, this is why **Chopard** promotes its Fairmined gold.

\*Source: MVI Marketing Millennial Consumer Research Lab Grown Diamonds



LOREN HOPE

MADE IN THE U.S.A.

- In the brand's latest project, **Loren Hope**, a Rhode Island based jewelry brand, took the leap into its archive of vintage stones and stepped out with 33, one-of-a-kind, painstakingly-assembled butterfly brooches.
- Each butterfly is different from the last, with every stone hand-set in the brand's Rhode Island studio. The brand debuted them at the Newport Flower Show in June and then made them available for purchase online. Within 48-hours, they were sold out proving that modern jewelry brands are still thinking about heritage items. They are planning a relaunch in October due to the success.
- The butterflies can be worn as a traditional brooch, pinned in your hair, propped on your shoulder, as the centerpiece of a wedding bouquet, hung on your wall or sitting on a vanity--all within their custom artisanal box.



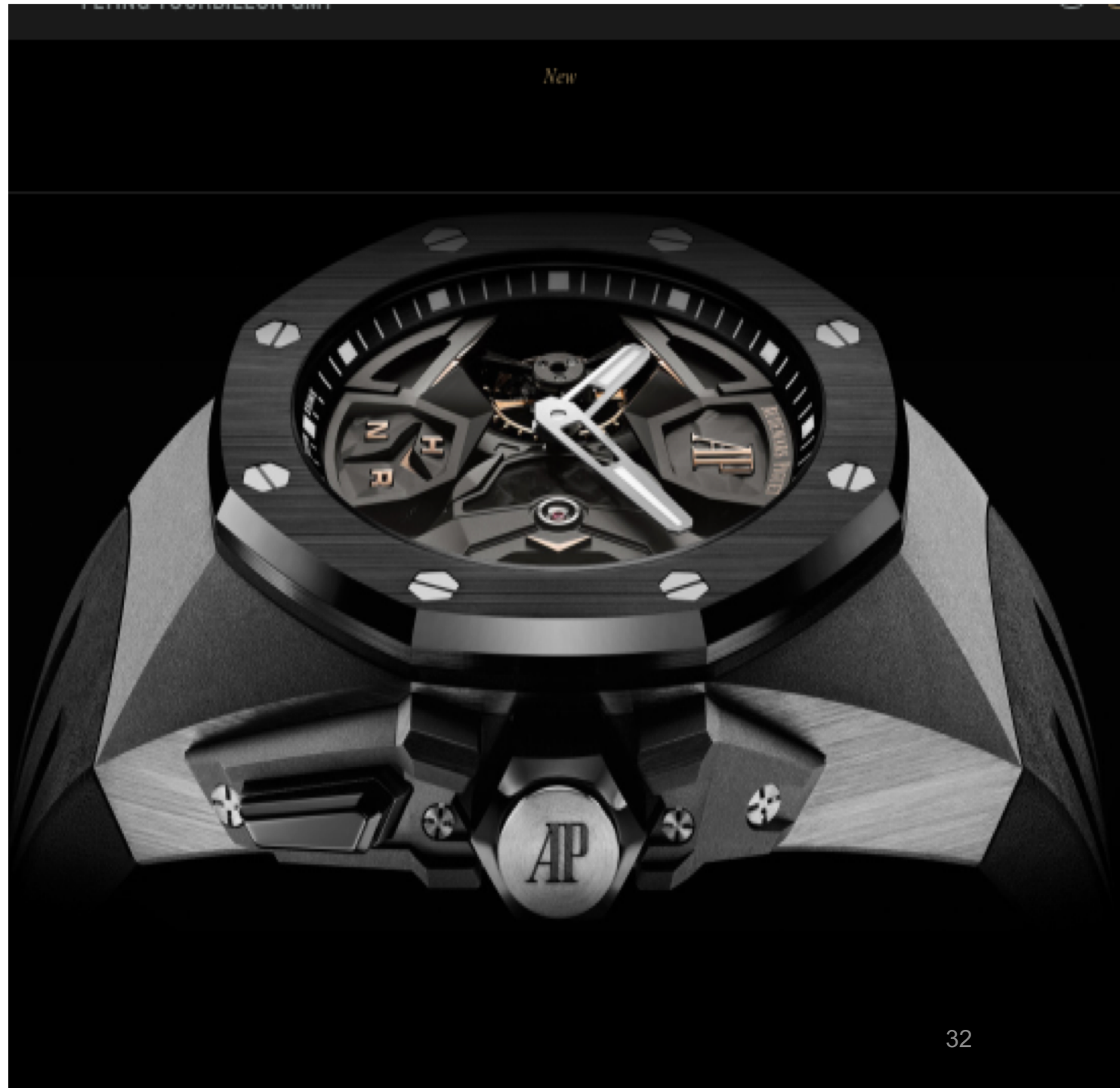
## RICHARD MILLE



- Technology will play a greater part in luxury products. Over one-third of consumers say luxury products and technology will become intertwined. Luxury companies are partnering with tech companies to offer premium products, such as luxury watches that incorporate advanced technology.
- **Richard Mille** has started to use case and baseplate materials that are typically used in Formula 1 cars, aerospace and racing yachts. The materials used are leading-edge technology.
- Rafael Nadal wore the RM27-03, valued at \$725,000 during the 2018 French open.

# AP AUDEMARS PIGUET

- The second-hand luxury watches business is growing rapidly as a new generation of customers that values variety more than permanent ownership enters the luxury world.
- Estimated at \$5 billion a year in revenue, including watches sold at auction, the second hand trade has outperformed the market for new pieces.
- Luxury watchmaker **Audemars Piguet** said it would launch a second-hand business this year, becoming the first big brand to announce plans to take advantage of this fast-growing market.





# HOME FURNISHINGS



- Baby Boomers and millennials have at least one thing in common: 61%\* of both plan to perform at least one home improvement over the next 12-months.
- Millennials want original, personal homes which reflect who they are and get a sense of satisfaction from performing the work themselves. Home remodeling has also become a social requirement as projects are shared on social media.
- They've grown up watching home improvements on **HGTV**, scrolling through Instagram photos and making dream home Pinterest boards thus they become preoccupied with constantly fixing any imperfections.

*\*Source: qSample 2018 Home Renovation Report*



# FINANCIAL SERVICES



## **Fidelity** | MyMoney

- Targeting Millennials, many financial companies offer online money management resources to address different needs designed for different life stages.
- **Fidelity's MyMoney** website section includes categories such as: Money 101, Investing and Retirement, Debt and Credit, Milestones, and Career Advice, plus collections for life events like having a baby or buying a home.

# RECOMMENDATIONS

- Effective Marketing requires both a unique product delivered via emotionally vibrant customer relationship building programs
- It is not only about storytelling, it's about empowering consumers to share *their* story
- Large brands must focus beyond one cohort group and instead on multi-generational (mindset) brand appeal
- Niche brands may want to focus on one generation; do so deliberately and surgically
- Omnichannel brands must double down on enhancing the in-store experience while executing digital brilliantly
- Social responsibility credentials (ethics, charity, sustainability) are now table stakes
- There are no recipes, there are only innovative experiments that require lightning feedback and adaptation in real time

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