How to penetrate the luxury /affluent market in 2021

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PILLARS OF LUXURY

- Loyalty
- Heritage
- Creativity
- Provenance
- Authenticity
- Brand sanctity
- Discreet and private
- Marketing brand first
- Scarcity and exclusivity
- Sophistication and grace
- Highest non-negotiable standards of quality
- DNA: unique point of view
- Preservation of artisanship and craftsmanship

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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.

Brands will need to adjust their footprints to the new map of luxury buying, evolve the store role and its ergonomics, and maximize the customer experience. 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.

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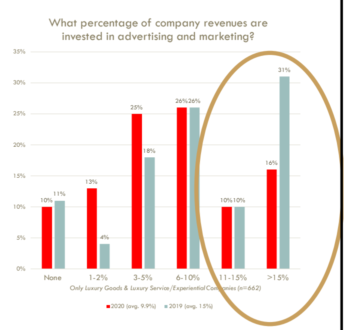
SPENDING ON MARKETING AND ADVERTISING

This year the average amount luxury goods and service/experiential companies invest in advertising is about 10 percent, which is down substantially from the 15 percent reported in 2019.

This year and the same as last year, a sizeable percentage report investing nothing (10 percent), but a significantly smaller share this year (16 percent) than last (31 percent) reported spending over 15 percent. The majority this year invested in the 3 percent-to-10 percent range.

Of note, the luxury goods companies average slightly less (9.6 percent) invested in marketing and advertising this year than the luxury service/experiential companies (10.3 percent).



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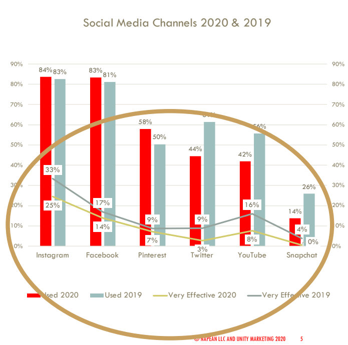
COMPARING SOCIAL MEDIA USE & EFFECTIVENESS 2020 WITH 2019

Overall the trends in luxury goods and services/experiential companies use of social media has declined for Twitter, YouTube and Snapchat from 2020.

Further, the rating of the effectiveness of each social media channel has declined from 2019 to 2020. For example, last year 33 percent rated Instagram very effective; this year only 25 percent rated it so.

While we would expect social media effectiveness to increase as luxury companies become more experienced in their use, we find the opposite.



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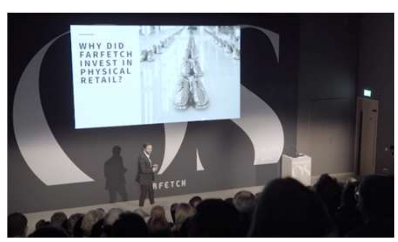

CHANGING SHOPPING BEHAVIOR IS #1 MOVER

The emergence of new luxury marketplaces has created new opportunities for luxury brands to reach a global audience of consumers who increasingly are turning to their smartphones, tablets and computers to access the world of luxury, as this insider said, **"The growth of collaborative platforms for luxury brands is where people find luxury today and brands find customers,"** this insider said.

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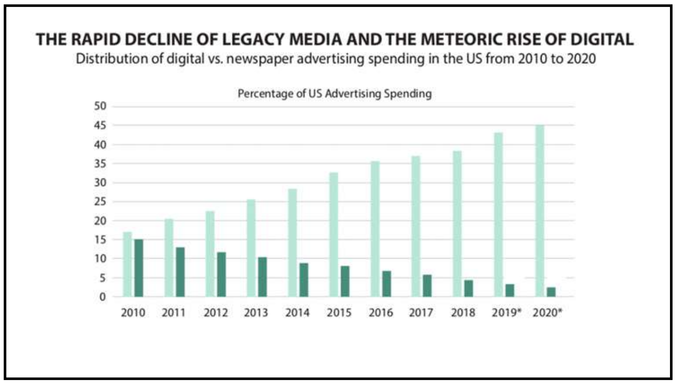

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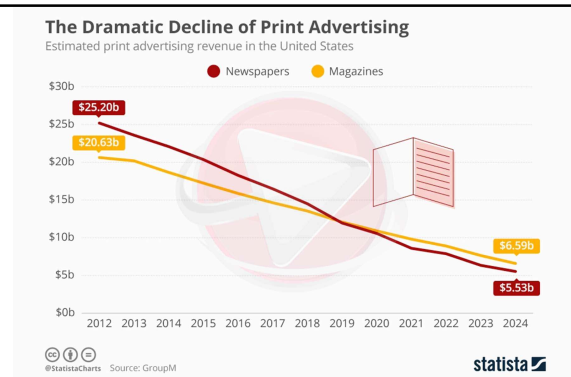

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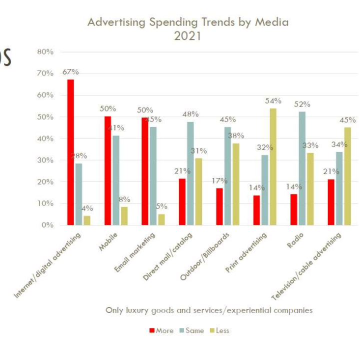
ADVERTISING MEDIA TRENDS

For 2021, luxury goods and services/experiential companies plan to invest more in internet/digital, mobile and email marketing.

All other media platforms are either going to remain the same – direct mail, outdoor and radio – or decline – print and television.



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CHALLENGE #2 – DIGITALIZATION OF LUXURY TO CONTINUE UNCHECKED

Bain reports that online's share of sales in the luxury market nearly doubled in 2020, rising from 12 percent in 2019 to 23 percent in 2020. This rapid shift will continue with the strong possibility that online will become the leading channel for luxury purchases by 2025.

This will have profound consequences for brick-and-mortar luxury retail. Bain foresees a decline in the number of stores operated by brands, as well as a drop in wholesale retail networks in 2021.

The online opportunity in luxury has not gone unnoticed by Amazon, which has long aspired to get a foothold in luxury fashion. Early this year it opened "Common Threads" storefronts for independent fashion brands in association with Vogue and the Council of Fashion Designers of America. Then in September it launched its Luxury Stores mobile app by inviting Amazon's 150 Prime members to register for access. Oscar de la Renta was the first brand to hop on board.

Christine Beauchamp, president of Amazon Fashion, told *Vogue*, "We're excited about creating an elevated and inspiring customer experience, while also infusing innovative technology to make shopping easier and more delightful."

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DIGITAL CAMPAIGN TACTICS TO DRIVE BRAND AWARENESS, DESIRE + REVENUE

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FENCING

Wherever your best prospects may be, any street location in over 60 countries:

1. Competitors
2. Private homes and offices
3. Private clubs
4. Events
5. Déjà vu

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FILTER COMMUNITIES

Hundreds of filters

- Value of home
- Money invested in home
- Time owned home
- Political orientation
- Children or age of children
- Religion
- Credit score
- Head of HH gender
- Veteran
- Wealth rating
- Travel international
- Hobbies
  - Astrology
  - Reading on tape
  - Cooking
  - Fashion
  - Interior Decorating
  - Reads mysteries

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NET WORTH

1. Target individuals by their net worth
   - $1m plus
   - $5m plus
   - $10m plus
2. Zip code or Congressional District

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TRAVEL

Automobile

- Exotic
  - Rolls-Royce
  - Bentley
  - Ferrari
  - Lamborghini
- Luxury
  - Mercedes-Benz
  - BMW
  - Land Rover
  - Audi

Aviation

- Own a jet
- Jet cards
  - Blade
  - NetJets
  - Flexjet
  - Jet Smarter
  - Sentient
  - XO
  - Magellan Jets
  - Wheels Up

Overlay with a minimum net worth; >$1m, >$5m or >$10m plus

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HOBBIES

Golfers

Equestrian

Fine Art

Yachting

Skiing

Publications

- WSJ
- New York Times
- Elle Décor
- Veranda
- Bain Insights
- Bloomberg
- Financial Times
- HBR

Events

- Art Basel
- Maison + Objet
- World Forum
- Neocon
- Las Vegas Market
- Dallas Market
- La Bella Machina

Overlay with a minimum net worth; >$1m, >$5m or >$10m plus

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INDUSTRIES

Shelter

- Architects
- Interior Designers
- Builders

Branded residences

Private Wealth

Celebrities

- Professional athletes
- Musicians
- Actors and actresses

Overlay with a minimum net worth; >$1m, >$5m or >$10m plus

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DATABASE

Reverse process your own list of prospects and clients.

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THE MOST CRITICAL ISSUE FOR MOST LUXURY AND DESIGN FIRMS IS BRAND AWARENESS

If Coke, Vuitton, Gucci, Chanel, Cartier have to market to drive sales…

Then so do you.

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DIGITAL MARKETING IS

- Hyper focused
- Flexible
- Affordable
- Measurable
- Effective

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IT'S 2021.
YOU'RE EITHER
LEADER OR LAGGARD/PREDATOR OR PREY

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