Inspiring original thinking through a deeper understanding of cultural trends.
From space tourism to jewel-encrusted mineral water bottles, we have seen a huge increase in the sale of ‘non-essential’ goods and experiences, thanks to the global rise in the numbers of wealthy and the middle class. There were an estimated 330 million luxury consumers in 2013, increasing by 10 million per year, spending €217bn, according to Bain & Co. ‘Lens On The Worldwide Luxury Consumer’, January 2014. Derived from the Latin word ‘luxus’ meaning excess, today the concept of luxury is constantly evolving and, as we shall see, subjective. It is typically used to describe products and defines an aesthetic but, increasingly, it denotes an experience and the availability of time.

The luxury market has, by its own admission, been wary of the democratic ‘free for all’ nature of digital channels. In spite of this, luxury brand sales online are up 28% 2013 vs. 2012, according to Bain & Co. Luxury Goods Worldwide Study, and the increasing number of affluent millennials will further drive this trend. Nevertheless, discovering new products in store and of course ‘showrooming’ are extremely important – the tactile nature and physical beauty of luxury products, along with the contextual in-store environments and the human touch of personal service, are impossible to represent in the virtual world.

In order to understand how luxury might evolve in this ever-changing environment, we investigated Mindshare’s 10 Global Trends and explored how these manifest themselves in the different luxury categories. This investigation developed 10 Cultural Dynamics – patterns in social behaviour and attitudes that capture the prevailing spirit of the times. These Cultural Dynamics can help inspire communication ideas to deliver a brand experience that indulges, enlightens and influences consumers at all points of the customer journey.

The report is divided into three sections with contributions from experts, category specialists and media owners.
Culture informs media and media drives culture. They are intrinsically linked together and to understand the different areas of our culture, the best way is to look at trends.

Findings from Culture Vulture’s luxury dossier have been drawn from a rigorous process that integrates desk research, brainstorming sessions and our Culture Vulture framework of Global Consumer Trends (people’s reaction to cultural influences and drivers).

Our study has identified 10 Cultural Dynamics – patterns in social behaviour and attitudes that capture the prevailing spirit of the times – that are related to our global consumer trends and reveal how luxury is perceived and experienced around the world.

These are the major Global Consumer Trends that Mindshare consider to be a powerful influence on culture.

**Luxury**

- **ME NATION**
  - Individual’s perception that consumers are in the centre of their universe and everything should revolve around them.

- **CENTRE STAGE**
  - From anticipating demand to offering platforms for expression.

- **SIMPlication**
  - The desire to not complicate life.

- **NEW NETWORKING**
  - Communities don’t have to be based on location but on shared interests. The power of the community is at an all-time high.

- **POWER PLAY**
  - The use of gaming system and design in a non-gaming context.

- **SNACKING**
  - We now consume media in the same way we consume snacks. Curation plays a part in the growing need to have access to anything without purchasing.

- **NATIONAL CELEBRATION**
  - Being proud of where you come from and a desire to support local people.

- **VISUAL ISATION**
  - The look and feel of everything is the most important factor in its quality.

- **SEEKING AUTHENTICITY**
  - The desire to have a transparent, genuine experience while maintaining privacy.

- **NEW WORLD ORDER**
  - With new global economic powers the world view is shifting so ideas and products can come from anywhere.

Cultural Dynamics

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Cultural Dynamics

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centre Stage is particularly relevant to the luxury consumer. Time poor and cash rich people demand and expect products and services which are tailored to, or ideally, anticipate their needs. The data powering their mobile devices can help brands deliver the most hyper-personalised experience. This trend is also applicable to the behaviour of some, particularly millennials, who have the desire to express themselves and their lifestyles to others, often with their coveted purchases.

Holiday company, One&Only Resorts, built up a profile of forthcoming guests from their social media profiles so they can tailor everything for their clients’ complete comfort including in-room entertainment. Apps such as those from Ritz Carlton, W or Hilton Conrad Concierge synchronise your breakfast for when you return from your jog, or schedule your wake up call when you’re out at dinner. Push notifications such as those on Google Now are based on GPS and Gmail bookings to alert you to information that may be useful such as flight delays or local phrases when travelling – your personal data is enabling services to anticipate your needs before you knew you even had them.

The fragrance and beauty sector are also tapping into this trend: the DKNY Scent Finder Facebook app aims to help consumers to choose the right scent; Le Labo Fragrances are created specifically for the customer’s personality. My DNA Fragrance takes individuality to the extreme by analysing your genetic make-up and matching it to your very own scent.

Of course, personalised tailoring in couture and high end fashion has always been identified with traditional luxury brands – Lapo’s Wardrobe in Italy, a made-to-measure menswear collection by Gucci, and Ferragamo both addressed a slowdown in sales by offering made to order bags and shoes for some Asian markets.

Real-time personal assistance is becoming increasingly popular to help consumers navigate through the multitude of choices. Luxury brands in China have staff specifically assigned to help with live enquiries on the popular IM WeChat platform. PS Dept (Personal Shopper Department) ‘Ask The Experts Anything’ is a fashion styling app where the shopper can send a request for designer looks to representatives at a selection of shops such as New York’s Barneys and Bergdorf Goodman; the stylists all respond with a variety of recommendations, including availability of stock and images, and then items can be bought or reserved via the app. (See also Visualisation).

Millennial luxury consumers in particular have embraced the desire to share and express themselves via their social platforms. Giorgio Armani used the video app, Videofyme for its ‘Frames of Life’ campaign, where users were invited to upload their videos on to Twitter, which were then treated with the special in-app Armani filter.

Jimmy Choo’s ‘24:7 Stylemakers’ and Burberry’s ‘Art of the Trench’ both celebrate the styles of brand fans by inviting them to upload images of themselves wearing their favourite brand tagged with #choo247 for example – others can comment on or share their looks. Interestingly, fans are displayed alongside celebrities, thereby giving them equal status in the community of advocates.

So what does this mean for brands?

Using insightful customer data, can your brand deliver hyper-personalised added value such as after-sales or concierge-style services?

Digital platforms offer precise pinpoint targeting and consumers will opt in to share their profiles and personal data in return for relevant, timely rewards and messaging by, for example, Push notifications.

Where relevant, offer a platform for the brand fan community to share their loyalty and love for your products, gaining additional earned value.

Don’t under-estimate the power of personalised email and newsletters as they are still relevant, particularly for businesspeople. Ensure that the recipient lands on a customised homepage to further personalise their experience.
Downtime in airports is optimised by Martell for its ‘Modern Elites’ campaign: interactive portrait exhibitions, including photographs of aspirational actors and film directors, were displayed at Beijing and Shanghai airports. People were invited to scan QR codes accessing the brand’s WeChat page to obtain audio descriptions of the men.

Consider creating brand extensions, which can either enable or enrich brand experiences – these could be location-based experiences using mobile or physical destinations.

So what does this mean for brands?

Layered Luxury by design – consider providing multiple opportunities for your consumer to engage with your brand so that there are no ‘dead ends’ in your relationship with them.

Offer immersive shopping experiences showcasing layers of your brand personality, particularly in flagship retail or using iBeacons to promote concessions in department stores.

In-store technology assists your shopping experience in Saks Fifth Avenue and Neiman Marcus, by using tablets and multi-screen displays. Burberry’s products have RFIDs attached which project catwalk images and information of the products onto giant screens. Audi offers virtual factory tours on their site and interactive screens in their Audi City showrooms, helping people get more specifications on different models.

Apple’s micro-location receivers, iBeacons, are being used in early adopter department stores in the US to guide people to concessions or special promotions, acting as a ‘second salesman’. However, these could be used in more diverse ways such as guiding to restaurant reservations or ‘treasure hunts’.

Beyond the store, Chopard provides shoppers with ‘journey experiences’ from their base in Gstaad, Switzerland, offering purchasers dinner and accommodation, with a helicopter trip to the factory for a behind the scenes tour.

Layered Luxury by experience – consider providing unique experiences for unusual or aspirational actors and film directors, were displayed at Beijing and Shanghai airports. People were invited to scan QR codes accessing the brand’s WeChat page to obtain audio descriptions of the men.

So what does this mean for brands?

Layered Luxury by design – consider providing multiple opportunities for your consumer to engage with your brand so that there are no ‘dead ends’ in your relationship with them.

Offer immersive shopping experiences showcasing layers of your brand personality, particularly in flagship retail or using iBeacons to promote concessions in department stores.

Consider an omni-screen campaign, such as using Twitter tools or an app like Shazam in conjunction with TVC or digital video to increase engagement and, in many cases, reach.
This trend does not at first appear to sit comfortably with some luxury brands. Thanks largely to touch screen technology, we have seen the format of gaming redefined and extended from consoles into mobile, tablets, wearable accessories and car dashboards. It has the potential to reinvigorate many businesses by applying gaming dynamics or ‘gamification’ to drive consumer engagement, such as challenges, achievements and rewards. We have also seen Playomatic manifested in the communications of brands wanting to demonstrate their personality using humour. Auto marques are naturally following this trend, firstly with their marketing. For example, Nissan’s Infiniti Q50 was launched with an interactive film, ‘Deja View’ on its website. Viewers were invited to opt in by giving their mobile number and the film’s characters would seemingly call them to decide the next course of their behaviour, using voice recognition technology. Viewers could interact with the three-chapter storyline, which could last up to 20 minutes. Various clues and ‘Easter Eggs’ were seeded on social platforms to reward and inspire viewers’ interactions.

Secondly, auto brands are integrating gaming technology into their designs or using it for communications. The motion-sensing capabilities of gaming devices such as Kinect and PS4 enable aspirational owners of superfast and luxury cars to experience the vehicles in virtual test drives. Mercedes showed off their concept car, MG Vision, in a Gran Turismo game, which could lead to a scenario where gamers could book a test drive or even purchase in-game.

Apps for car dashboards were prevalent at CES (Consumer Electronic Show) 2014. For example, Chevy is launching the Corvette Stingray Performance Data Recorder, which will record a video as you drive, as well as track your speed and G-force. This is clearly aimed at petrol-heads and motoring aficionados, but this technology has the potential to help new drivers too. Apple’s new CarPlay system uses Siri for voice activated control of all your infotainment whilst apps for in-car, mobile or wearable tech, like Google Glass and other HUDs (Heads Up Displays), are being developed to help with everyday functionality such as parking and traffic updates.

Taking the auto and gaming relationship to its extreme, Grid2: Mono Edition, is to date the world’s most expensive videogame that even comes with a real racing car. Priced at £125k, the special edition package is issued by UK’s Briggs Automotive Company and comprises a 170 mph BAC Mono supercar, driver race wear, a PS3, a day at the car’s factory to customise the vehicle, as well as the videogame itself, of course.

The dominant story from CES 2014 was wearable technology and how it can enhance people’s lives. Life logging gadgets from Samsung, Sony, Pebble, Meta, LG, Garmin, Razer amongst others all seek to change behaviour by facilitating goal setting and reinforcement, making healthier choices about diet, exercise and lifestyle. The keys to success for these products are driving users’ motivation by triggering personal rewards and encouraging social connections where they can share, comment and encourage each other. For example, when linked with an Android iPhone, the Sony SmartBand goes beyond the pedometer functionality and records location data, camera activity and social media happenings in real time. Wearable wristband smartphones, Android Wear and Moto360 are new additions to this expanding category, which is yet to prove itself beyond early adapters. (See also Visualisation).

Meanwhile we’ve seen overt humour and playfulness in the communications for some luxury car brands. A TVC for Mercedes-Benz showed a live chicken moving to music, illustrating the stability of the car’s Magic Body Control feature. However, Jaguar retaliated by mimicking the ad, with the chicken supposedly eaten by a jaguar with the strapline “We prefer cat-like reflexes”.

The fashion industry is often criticised for taking itself too seriously. However, Creative Director Alber Elbaz appeared in Lanvin’s AW’13 audio-visual campaign giving a comical running commentary. Elbaz ‘appears’ via Skype as he wasn’t able to attend the shoot. Lanvin’s choice of using Elbaz highlights the fact that much of the brand’s heritage comes from its playful personality. More recently, with an unashamedly witty nod to consumerism, Chanel staged its AW ’14 Paris show in a custom-built supermarket, complete with aisles stocked full of Chanel-labelled foodstuffs and models pushing trolleys and carrying wire shopping baskets.

In perhaps the most extreme demonstration of playfulness, the airline Lufthansa staged a competition offering one winner a new life in Berlin, complete with apartment, bicycle and German-language lessons, all on the condition that the winner had to change their surname to ‘Klaus-Heidi’.

So what does this mean for brands?

- Consider the broader picture of consumer behaviour and how creating utilities can help them set goals, earn rewards or inspire others.
- Which media and brand partners can fit with your brand and help to create utilities, offering technological input and consumer engagement?
- Can you deepen consumer engagement and create further differentiation by using humour or gamification in your communications?
- Digital platforms can encourage consumer interaction in your communications – ensure the level of effort is commensurate with the reward.

"Challenge and reward achievements. Add an injection of humour."

Luxury

Pennsylvania Power Play
Driven by the proliferation of screen technology and audiovisual platforms, this trend is inherent across all luxury categories. With the launch of every collection or every new model, fashion and auto brands are almost expected to produce sumptuous short films with high production values, featuring big name actors and directors. Such content can deliver a more expansive experience than a typical 30-second TVC, educating new markets to the brand and creating deeper emotional attachment. Visual recognition technology, AR (augmented reality) and VR (virtual reality) are also driving this trend, being used in everything from billboards in Japan to tailor messaging to passers-by to fashion styling apps.

The visual scrapbooking properties of sites such as Tumblr and Pinterest allow users to display their objects of desire – boards and pages themed ‘Luxury’ showing aspirational items particularly for homes, bedrooms and bathrooms. Images have been curated by being sifted, sought and re-posted, influencing others’ desires and decisions. Social media brands have also recognised the power of the moving image, with the creation of Instavids, Vine and Flipagram.

Jaguar’s film ‘Desire’ for the F-type featured Daniel Craig in the 13-minute length content and was premiered, quite fittingly, at the Sundance movie festival. Known as ‘micro-films’ in Asia, Cartier’s ‘Destinée’ mini-series, featuring romance and marriage proposals, was shown on China’s Youku, whilst whisky brands Johnnie Walker and Chivas have both run mini-series. Salvatore Ferragamo also created a 21-minute film which was also edited into an 8-part mini-series, ‘Walking Stories’ shot in LA, Florence and Shanghai, featuring star actress Kate Bosworth.

Shoe company, Stuart Weitzman, worked with Kate Moss to co-host its store launch and feature in its ‘Made for Walking’ short film. Viewers were encouraged to upload images and videos of themselves to Instagram using #madeforwalking, with weekly prizes for the most stylish. In somewhat of a contrast, Diesel’s creative director, Nicola Formichetti, worked with photographer Nick Knight on the #DieselTribute campaign and in typical anti-establishment style, used only an iPhone to shoot the whole campaign. The images and videos were treated with the glitching and filtering capabilities of apps “translating the language of social media into a new visual concept”. Diesel acts as a stage creating icons from fashion, arts, music and design communities, often discovering their future ‘models’ from their Tumblr pages. Some have been further celebrated in immersive portrait exhibitions such as the one held at Galeries Lafayette, Paris.

The long awaited Google Glass officially launched to consumers this year, having partnered with Luxottica to produce designer frames from Ray Ban and Oakley. Its uses are expected to be far-reaching with one glassware company, Emotient, having developed an app able to read a range of people’s reactions from joy to anger, even frustration and confusion. Originally aimed at the retailer, to judge a customer’s reactions to products, one can’t help but wonder how this might be otherwise deployed! Golfers have lauded Glass as the perfect accompaniment to their game, particularly when partnered with an app such as GolfSight which gives exact location and distances of thousands of greens. Oakley’s GPS enabled ski goggles, Airwave, offer real time performance analytics, navigational information and the ability to locate others on the mountain.

A number of fashion apps are driving the Screen Dreams dynamic. Snap Fashion and ASAP54 invite users to upload images of clothes they want, and using visuals rather than keywords, aims to source the items or, with the help of human stylists, suggest similar alternatives. The Billionaire Shop is using facial recognition technology in a competition to win a drive in the super-fast car. Tweets and offered a chance for 16 of the fans to win a drive in the super-fast car.

So what does this mean for brands?

Consider unique partnerships in both product design and marketing that provide innovations and, importantly, ongoing support.

Use real-time contextual micro-targeting of different visuals for different audiences by learning which type of imagery appeals to which user.

Consider the role of different platforms and the different behaviours they tend to generate in order to deliver appropriate communications.

Protect your brand’s visual content and the environment in which it appears by buying premium content via trading desks; Condé Nast have entered into a DSP (Demand Side Platform or programmatic) deal with Google giving guaranteed quality along with data and value.
In a consumer world of mass production and now domestic 3D printers, discerning shoppers want to know the provenance of and celebrate beautifully crafted products. In the search for luxury, 3/4 of our Global Affluent audiences are ‘always looking for different cultural experiences and influences that will broaden my horizons’ (index 124). Respected brands have engaging stories to tell, firstly about the heritage of their products, offering connoisseurs valuable knowledge, but also on their ethical, philanthropic or socially responsible values.

Luxury brands are synonymous with the worlds of arts and culture, often communicating with their audiences in the same language. In Tier 1 Chinese cities and Hong Kong, Dior, Chanel and LV have all created travelling exhibitions showcasing their products alongside works of art, either specially commissioned or in the case of ‘Culture Chanel’, a series of Picasso’s paintings, giving visitors the rich cultural context behind the labels.

As a demonstration of its support for emerging talent in the arts, Rolex runs the Mentor and Protégé Arts Initiative, whereby new talent in the worlds of architecture, music, theatre, dance and visual arts are mentored by celebrated specialists in their field. This initiative not only demonstrates the brand’s philanthropic character but it also provides high quality, shareable content.

LVHM’s Journées Particulières offers immersive brand experiences inviting brand fans to visit artisan workshops and see goods being made. Chanel’s Paraffection (for love) combines 11 ateliers including couture embroiderers, a feather specialist and a cashmere mill in Scotland, thereby safeguarding crafts and skills handed down through generations. The Paraffection work is celebrated in the Métiers d’Art collection every December.

Part of the experience of owning a Roll’s Royce Phantom is the customisation that is available. To celebrate its hand-manufacturing, the company hosted an exclusive lavish dinner party for 100 customers to ‘dine on the line’ – a specially decorated dining room set in the assembly room of the factory. Guests were introduced to both the car’s management and craftsmen behind the vehicles.

Tiffany & Co recognises that their customers want to be re-assured about the accountability and traceability of their diamonds. The company belongs to an international co-operative, working with governments and mining industries, which aims to eliminate ‘conflict diamonds’. Honest by claims to be the first ‘transparent’ fashion company from former Hugo Boss art director Bruno Pieters. Information on the provenance of the limited edition clothing is given to consumers as are, more surprisingly, the wholesale costs of all the materials. In March 2013, Gucci introduced the world’s first Zero Deforestation luxury leather handbag collection. Each bag comes with a ‘passport’ detailing the source of the leather.

Taking the idea of products with stories one step further, Hiut Jeans come with a History Tag. Jeans are individually numbered and wearers can upload their own imagery and commentary to the brand’s blog about where they went and what they did in their jeans. Hiut is also known for reviving an ailing manufacturing industry in its hometown in Wales, giving additional kudos to its CSR (Corporate Social Responsibility) credentials.

Of course, authenticity usually comes with exclusivity but it does not have to come with a hefty price tag. Ichizawa Hanpu is a handmade bag manufacturer in Kyoto and a canvas tote bag, for example, is $40. The bag-makers apprentice for 15 years and they cut the fabric for each unique product without using patterns. Importantly, the bags are only sold from their one store in Japan and are not available online, as the company would like customers to “take the time to choose their favourite item first hand”.

Fake merchandise is an issue in many markets and in attempt to address this, online marketplace Taobao, promotes itself as a brand mall where products are verified and fakes prohibited – Louis Vuitton and Alexander McQueen both sell accessories on the site.

We see the rise in a desire for education and the increase in masterclasses as driving Connoisseurs of Craft, as nearly all the Global Affluents[1] (94%) believe that ‘knowledge is power’; the knowledge may be as specialised as having an opinion on a fine wine to knowing where to buy that unique bag.

**So what does this mean for brands?**

- Balance both long term brand building with short term or real time opportunities, thereby appealing to loyal and new fans.
- What valuable connoisseurship can you offer your consumers, from exclusive visits to the manufacturer, information on materials or the makers to offering masterclasses?
- What are the interesting background stories to tell about your product? These stories can be told using a variety of channels at all stages of the customer journey including post-purchase when your brand advocates contribute to earned media.
- Can the consumer add their own personalised story to the product itself or its journey, adding further advocacy to your brand? This could be via a carefully monitored and curated social platform.

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[1] Global Affluents, from Mindshare proprietary study Mindwater 2013, respondents aged 25-44 living in h/holds with above average income e.g. US >$150k p.a.
BUSY PROFESSIONALS CRAVE PRODUCTS OR SERVICES THAT CAN SIMPLIFY OR STREAMLINE THEIR LIVES; MANY FEEL THE NEED TO COMPLETELY SWITCH OFF AND ESCAPE. DATA-FUELED TECHNOLOGY CAN REDUCE THE TIME EVERYDAY TASKS MAY TAKE SUCH AS PAYMENTS, WHILST THERE IS A DIVERSE RANGE OF LABOUR-SAVING PERSONAL SERVICES ON OFFER.

Meanwhile, as markets have matured and some suffered economic downturn, some consumers are turning away from overt to more discreet branding... less 'show' more 'in the know'.

Mobile apps provide shortcuts offering that essential information when and where you need it, whether it’s learning a new language such as Duolingo, keeping up with business news and associates through LinkedIn Pulse or aggregating web pages for reading offline using Pocket (see also Snacking).

Etailers may be encouraging shopping online, but spending in bricks and mortar outlets is also becoming simpler. Mobile payment apps such as the Square and LevelUp aggregate all your credit, debit cards and loyalty cards. PayPal has been piloting an image recognition function based on users’ photographic ID and, more recently, is setting up bluetooth beacons in stores which can provide information and take payments. Working with Mastercard and Visa, Google Wallet and Isis use NFC (Near Field Communications) available on some mobile handsets. The salesperson can accept payment anywhere in the store and the customer is enabled to shop without their wallet or, using beacons, without the salesperson. Of course, for some luxury brands this might remove the all-important expected personal sales service.

NFC is even being used in wearable technology designs such as rings, allowing the user to unlock phones, pass on personal data to retailers and so on, presenting potential opportunities for accessory brands. Fingerprint recognition is used on devices like the iPhone 5s, and wristband Nymi uses biometrics to do everything from unlocking your car, devices, and of course, make cashless payments (see also Power Play). In the US, American Express has teamed up with Twitter, so by using a specific partner brand’s hashtag, credit card holders can earn discounts and offers.

The No Noise project at London’s Selfridges created contemplative spaces to shop, removed logos from products such Crème de la Mer, Acne and Levi’s, and a Silence Room offered a space for meditation and escape from the hubbub of the store.

Second generation consumers of luxury and premium goods from markets such as Tier 1 cities in China and India are rejecting some of the well-known logos of their parents’ generation. They tend to seek out either more niche brands, such as Bottega Veneta and Celine, or less overtly branded products. To address this, LVMH has launched a range of un-monogrammed goods. (See also New World Order).

From high end concierge services like Quintessentially, more mainstream personal services have emerged to look after time-pressured professionals, appearing ready to take the stress out of domestic life. TaskRabbit, Ask for Task and Taskhero offer services from collecting dry cleaning, walking the dog and fixing your computer. With the burgeoning rise in the number of purchases made online, courier companies will offer increasingly personalised and competitive services. Users of UPS’s My Choice premium service can set their delivery preferences, receive delivery alerts via text, and authorise shipment via their phone. Amazon has already tested drone deliveries, originally as a PR-stunt, but it won’t be long before GPS enabled deliveries pinpointing recipients’ exact whereabouts will be a reality.

Whilst megacities are ever increasing in size and pace, luxury has come to mean escaping for many – switching off, relaxing and indulging in downtime – whether it’s a treatment at Auriga’s Capella Pedregal resort in Mexico, which offers ‘lunar treatments’ based on the four cycles of the moon, or staying at eco-resort Elqui Domos in Chile where you sleep under the stars and learn about astronomy.

“Streamlined lives and pared down products”.

“SO WHAT DOES THIS MEAN FOR BRANDS?”

Can your brand simplify customers’ lives, helping them to make decisions quicker and easier, such as providing ease of access and streamlined transactions together with a first class service.

Can you anticipate the needs of your customers to make their lives run more smoothly or comfortably such as hotels providing pick-up from the airport, offer relaxation spaces for partners in busy flagships? Can your brand extend its offer into personal services in customer’s lives?

Consider how associations with nature or the environment could deliver downtime or relaxing experiences.

Cultural Dynamics

Simplification

Less is More

Luxury
Consuming information and entertainment in bite-size pieces suits time-poor people on the move. Microblogging platforms like Sinaweibo and Twitter have taken over as primary information sources, whilst personalised publications like Flipboard and Facebook’s Paper are becoming the new newspapers. The economy has also driven this trend: Cherry Picking provides an entry level for some and is evident in consumers’ desire for access over ownership, renting or the chance to sample expensive items. Meanwhile some businesses are creating pop-ups, not only taking advantage of the low rents on empty venues, but also testing new markets.

In contrast to 140 characters, Medium, backed by Twitter’s Biz Stone, encourages bloggers and readers to share more meaningful bites of content, combining lengthier posts with the community of a social network. Importantly, each post title is given an estimated read/viewing time to give users a guide to their snacking of information.

Acknowledging the importance of on-demand content, Rolex partnered with Monocle online radio and iPhone app by creating a new utility in the form of a ‘timeshift’ function that allows users to pan back to pre-recorded pieces of broadcast content. Alongside this branded function is a sponsored programme called ‘Top of the Hour’ bringing in the latest news.

Gucci created Pinterest enabled banner ads, so users could pin the items from the ad directly to their boards and beauty brand, NARS, tested selling via Pinterest by working with popular design Pinners, providing exclusive access to a new line of lip pencils. In the future, brands will be able to target more precisely on Tumblr, using the new sponsored units.

Cherry Picking is a key dynamic of consumers’ behaviour across all the luxury categories. As we’ve seen, luxury means different things to different people and for many people ‘splashing out’ and rewarding oneself with non-essential items is important; from buying a sports car, to having a spa treatment or even a premium range chocolate fondant. Within fashion, the collaborations of mainstream brands with designers are extremely successful, giving the designer access to new audiences and vice versa. H&M has famously partnered with Isabel Marant, Karl Lagerfeld and Versace to name but a few; Stella McCartney and Raf Simons design collections for adidas.

Rent The Runway is a US-based website that enables consumers to rent designer fashion and accessories. Designer Vera Wang is introducing a gown rental service as she begins her expansion into Asia. There is a whole raft of websites selling ‘pre-loved’ designer and Vintage clothing such as ASOS-owned Covetique and Vaunte, where shoppers can also contribute to good causes whilst purchasing. It’s obviously important for brands to monitor the popularity of their labels on these ‘third party’ channels – while they may represent a threat – with careful positioning they may present future opportunities for new markets.

Pop-up is an enduring trend, particularly restaurants and supper clubs – a literal manifestation of ‘Snacking’. Parisien store, Collette, created a pop-up drive-through during Miami’s Art Basel event featuring kiosks selling Andy Warhol prints and Damien Hirst T-shirts. As a thank you to their loyal Facebook fans, Marc Jacobs’ Daisy perfume opened a pop-up in New York over fashion week – visitors were rewarded with free gifts for posting photos and messages with #MJDaisyChain. Miu Miu created a temporary women-only members club at the Café Royal hotel in London’s Piccadilly. Members could purchase items in a pop-up boutique, watch short films and take part in talks about women’s role in society (see New World Order). Independent furniture designers in Shanghai are showing their new designs in Shanghai’s South Bund area, under the Strictly Designers United umbrella.

Sampling luxury-style is perfectly suited to a well-positioned vending machine: examples include one dispensing mini Moët & Chandon bottles in Selfridges, a machine at Hudson hotel, NYC, dispensing gold handcuffs and a Paul Smith designer toothbrush, or U*istique machines selling Lancôme and Smashbox beauty products and cosmetics.

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So what does this mean for brands?

- Consider creating utilities which improve users’ access to content, particularly when they’re busy or on the move.
- The content is consumed in bite sizes so think about the different platforms, suitable time lengths, formats, continuity, etc.
- Can your brand reach out to new consumers by sampling in innovative ways such as vending machines, smaller size units or creating pop-ups? Work with key influencers to help promote these via their own social networks.
- Consider brand partnerships which can produce a symbiotic relationship, introducing your brand to new markets, both demographically and geographically.

Edited information, access over ownership and pop-up everything
Digital connectivity has not only democratised access and information but also encouraged commerce and entrepreneurship. The new networks have fuelled the rise of small businesses and start-ups through crowdfunding. The relationship between brands and consumers has changed and the balance of power redefined. Inclusive Exclusive provides opportunities for brands to harness the power of communities and remunerate collaboration, converting advocates into affiliates.

The affiliate model has long been the revenue driver for bloggers, particularly those from the fashion community, where products are promoted via their editorial and feeds. Now there are a number of e-tailers such as Fancy and the more mainstream StyleOwner, which encourage regular users to share and recommend products through their social networks and gain either discounts on purchase or financial commission. Although 70% of the Pinterest community drive brand engagement, the site has recently announced that Pinners cannot be paid directly by brands. However, individuals can create a board on behalf of brands and then receive commission from affiliate Pinterest partners when his/her pins lead to sales.

Google Hangouts have introduced a TV-style shopping experience to its social network, blending social video with shopping tools to deepen the community’s engagement. The designer, Diane von Furstenberg, launched Shop The Hangout where Google+ users could interview the designer live. Viewers could also explore a tab beside the video featuring products from her DVF label and could click through Google Shopping Shortlists to see other curated fashion items. Users could shop the looks and buy directly from the DVF website or save them to their own Shopping Shortlist under categories such as ‘Products I want’.

The inclusive attributes of crowdfunding have enabled entrepreneurs to launch their products without the need for bank loans, and enabled investors to back interesting nascent projects with the possibility of a return on their investment. UK’s Crowdcube, the Nordics’ Fundedby.me, Germany’s new Dreamojo and French fashion platform ‘I Am La Mode’ all offer potential new businesses access to potential investors in return for equity. Martin Kastner of Crucial Design raised over $736k on the US based Kickstarter to launch his product Porthole, an infuser for making cocktails, which now retail at $100. His vision had captivated the community – his target was to raise only $28.5k. Pebble Watch was also backed by a hefty $10m crowdfunding campaign on Kickstarter.

Exclusive and VIP networking are still paramount for the elite, bringing them together with their shared passions and interests. The Johnnie Walker House in Shanghai is an “embassy for whisky culture that involves, educates and inspires its influential guests” according to Diageo. Accessible by invitation only, guests are encouraged to use the location for upscale networking. The house features interiors made from a range of materials used in the whisky-making process and visitors are also able to purchase a limited edition blend at $1,300 a bottle.

Launched on the eve of the World Economic Forum in Davos ‘09, The Wine Forum’s members have to be both world leaders and philanthropists, as well as consumers and collectors of wines. Whilst experiencing money-can’t-buy gastronomy and drinking vintage Krug, Cheval Blanc and Yquem, the selected members are bound together by their status and shared love of viniculture. The White Club and Clarét Club are similar such communities which typically attract CEOs entertaining clients.

Social networks for HNWIs (High Net Worth Individuals) such as ELEGQ, the social network of Concierge Club Quintessentially, and Swedish-based Best of all Worlds, pride themselves on vetting their new members who have to be invited by the existing communities. The idea is that their networks are able to meet like-minded affluent people from around the globe and engage with their favourite brands, charities and hotspots.

Premium travel companies are exponents of Inclusive Exclusive. Voyage Privé is a members-only travel club where you have to be invited by a friend or by the site, giving its clients an aspirational taste of exclusivity. KLM have created a ‘Meet & Seat’ initiative for business travellers; by sharing their LinkedIn or Facebook profiles, passengers will be given the opportunity to be seated next to suitable fellow passengers for networking opportunities whilst in the air.

In the wake of revelations in the US and UK on how people’s networking data is made available to government, it is worth noting that people will increasingly seek out services or networks which protect their personal data and secure opt-in access, for example, Silent Circle claims to be the world’s first encrypted mobile, video and voice service. It works with Vertu and Android to encrypt users’ contact lists to prevent Google accessing data.

Consider a value exchange between your brand and community, building affiliate relationships with influential bloggers, sites and users who can work as advocates. This attracts new consumers whilst rewarding the loyal fans.

Crowdfunding sites can offer new business opportunities for entrepreneurial brands – discovering innovation, NPD and emerging talent.

Encourage long term loyalty from your customers by exploring exclusive rewards, concierge style services and enabling them to share their positive brand experiences.

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So what does this mean for brands?
A s seen in Seeking Authenticity, luxury shoppers demand to know as much as possible about their brand’s provenance and it’s no surprise that 77% Global Affluents[1] ‘love brands and products that have a heritage’ (index 136), particularly those living in Europe and Asia. On the one hand consumers’ repertoire consists of global brands, yet on the other, there is an increasing desire to celebrate the nationality of their cherished products’ manufacture. Luxury consumers embark on pilgrimages to the birthplaces of their prized Swiss watch or French handbag; local communities support their local cultures and traditions.

Recognising the value of tourist shoppers, Dubai Taxi Corp has trained drivers to give tourists local information, displaying their apparent pride in their city. Attracted by tax incentives and a weak euro, Chinese tourists are the biggest overseas spenders, making 60% of their purchase overseas and by 2015 their spending will exceed all luxury sales (source: Bain & Co). However, this hasn’t stopped a new breed of luxury brands launching from emerging markets. For example, Hermès-owned Shang xia produces ready-to-wear clothing, homeware and furniture, celebrating Chinese traditions but in a contemporary style – it has opened its first flagship store in Paris. The Qatar Luxury Group advocates the development of traditional local knowledge and design. Interestingly, Bosideng, regarded as a mass market brand in its native China, has launched an upmarket menswear store in London costing £30m and is expanding with further store launches and acquisitions.

Regardless of national heritage, the consistency of luxury brands on the world stage is vitally important. Chanel’s travelling exhibition ‘Little Black Jacket’ for example, visited the diversely different cities of Seoul, Dubai, London and Sydney amongst others and the show was given native flavour by featuring portraits by local photographers and featuring local talent.

Launched in 2010 across US and now the UK, American Express Small Business Saturday was set up to help the credit card’s local, independently-owned businesses on the busiest shopping day of the year (typically the first Saturday in December). In 2013, their customers spent an estimated $5.7 billion in the US[2] American Express also provides personalised marketing materials on their site, together with support on Facebook and Twitter under #shopsmall in the US.

So what does this mean for brands?

Consider that your consumers may want to learn about the provenance and national heritage of your products through your communications.

Target global luxury consumers by being consistent in every market whilst addressing local nuances where possible.

Can you support and partner with like-minded local small businesses to create PR-able events and stories for example, authentically associate with local cultural holidays/events using geo-targeting where possible?

Target shopping ‘pilgrims’ and communicate before and during their journeys e.g. making travel arrangements, airport media, etc. and if relevant think about the need for multi-lingual approach.

Designer outlet villages have become a growing global ‘Snacking’ trend with 10 sites from the company Value Retail. However, McArthurGlen embodies National Celebration in its international network of 21 villages, which have become visitor attractions in their own right – their aim is to select the best local food and drink from its locations, whilst offering international brands for bargain hunters. Localism is supported by the growth in online curation and consumers’ appetites for discovery; fashion sites such as Farfetch offer smaller independent brands access to a global marketplace.

In order to cater for tastes and satisfy demand from emerging markets, Moët Hennessy launched a pair of fizzy wines made in India, Chandon Brut and Rose. Hennessy will also launch its first Chinese-grown wine in 2014. Meanwhile, both markets are improving home grown brands – in India, the well-known Sula and Fratelli vineyards also offers resort stays; the Chinese are now the world’s biggest consumers of red wine (WSR survey by Vinexpo) and are employing the skills of wine experts from Europe to improve their vintages.

Shifting global dynamics are challenging the long held assumptions about the importance of national identity. It is worth noting that quintessentially RTW collections from British designers like Alexander McQueen and Stella McCartney are made in Italy and rest of Europe. The design codes are British but the craftsmanship is from elsewhere. Antoine Beige, head of consumer brands and retail equity group research at HSBC, predicts that many Asian countries will start to rediscover and leverage their artisan skills and manufacturing capabilities to develop their own luxury brands.

Some examples of these emerging businesses are already in evidence. Pernia’s Pop-Up Shop in India is an e-commerce portal selling clothing and accessories with a store designed by India’s most renowned fashion designers. Fighting off competition from LVMH and Kering, luxury Brazilian sports brand Osklen sold a 30% stake to SP Alpargatas – the company who made Havaianas the first Brazilian brand to go global. Another Brazilian fashion shoe brand, Melissa, has successfully partnered with Vivienne Westwood, selling millions of her rubber shoes across the globe.

[1] Global Affluents, from Mindshare proprietary study Mindreader 2013, respondents aged 25-44 living in h/holds with above average income e.g. US $50,999 p.a.

Changing global demographics and evolving social attitudes are producing new markets and new opportunities for brands. Millennials will become the most important consumer market for luxury from 2018, especially from emerging markets, and their total global spending power has already reached $200bn (Kelton Research/Unity Marketing). Increasing liberalism – in some markets at least – to same sex couples and the growing numbers of professional women are also breaking the traditional stereotypes. Meanwhile, some advanced markets are entering a phase of ‘guilt-free’ consumerism, partly driven by the economic downturn and also driven by ethical or philanthropic concerns.

“Indian and Chinese luxury Millennials have never seen hard times, only growth. They think there are only going to be good times in life so they are primed for spending” according to Radha Chadha, co-author of ‘The Cult of the Luxury Brand’. We have seen in Less is More however that sophisticated shoppers in these markets are interested in less overt branding – there is even a Chinese term for the nouveau riche with too much brand badging or ‘bling’, namely ‘tuhao’.

In lower tier cities, young luxury consumers are looking for entry level products and affordable luxury such as branded accessories, sunglasses, beauty products and perfumes – Coach and Loewe have both launched ranges including lower priced accessories for Asian markets. According to American Express France’s Vice-President, Armand de Milleville, these consumers are not particularly brand loyal and they typically experience luxury brands through online channels.

According to Mindreader, 75% of 18-24 year olds in Bric markets use their smartphones regularly and, increasingly, younger affluents are not only researching via mobile or tablets, they are shopping on them. Mobile communication strategies are therefore essential for reaching luxury millennials, particularly in emerging markets.

Those markets that have recently experienced a recession are moving towards less ostentatiousness and less overt branding. For example, Ralph Lauren has launched its unbranded Purple and Black ranges, the pared down designs of Common Projects and Berluti are both hand-made footwear brands from Italy.

The term ‘womenomics’ describes the increasing numbers of educated and affluent women who are contributing to the New World Order, particularly in emerging markets where they are gradually getting higher paid careers. The Four Seasons has addressed this with the creation of women-only clubs in Cairo and Riyadh. Self-gifting by professional women for items such as watches and jewellery has increased particularly in Taiwan and China. In the US, women will become controllers of 2/3 of consumer wealth over the next decade (source: FleishmanHillard).

Remarriage is acknowledged and celebrated in an Indian TVC for jewellery brand Tanishq; it’s the first campaign of its kind in the country and shows a woman with her young daughter at the wedding celebration to her second husband.

Economist Jim O’Neill, who coined the well-known BRIC acronym, has highlighted new market hotspots as Mexico, Indonesia, Nigeria and Turkey, or MINT. Due to their rapid economic and demographic growth, many brands are focusing their attention on these countries. Recently, Prada announced it would open 260 new stores over the next three years, focusing on cities in emerging economies including Istanbul, but also other new markets such as Beirut and Casablanca.

‘Guilt free’ products, particularly evident in advanced luxury markets, address the desire to consume whilst satisfying ethical or environmental concerns. Two thirds of our Global Affluent[1] have ‘stopped buying a product because the company acts unethically’ (index 128). Examples come from a range of categories: the award-winning Tesla Model S electric hatchback car will be sold globally in 2014, challenging the likes of the Toyota Prius; Saught is a range of jewellery made from Cambodian landmine materials whilst Veuve Clicquot has a range of biodegradable isothermal packaging. Meanwhile, in anticipation of the World Cup and influx of affluent tourists, Brazilian architect, Helio Pellegrino, built a sustainable luxury hotel with reclaimed materials and energy efficient engines, which are also, the horror of many, significantly quieter.

[1] Global Affluents, from Mindshare proprietary study Mindreader 2013, respondents aged 25-44 living in households with above average income e.g. US >$150k p.a.
WHAT IS YOUR DEFINITION OF LUXURY?

I think the definition of luxury becomes more complicated as time goes on. Since the recession everyone has tried to grab a little bit of luxury, a little bit of provenance, claiming they’re probably older than they are, maximising their heritage. I think real luxury is, these days, about having real confidence in what you do. It doesn’t necessarily have to be expensive. For instance, if you look at the tie up between H&M and Versace which previously would have been looked upon like an odd thing to do – two ends of the market meeting like that, it possibly looked expedient – it actually created something that’s new, original, quite fresh. Something like that can be considered luxury in the same way that a Hermès bag can.

WHAT PART DO LUXURY BRANDS PLAY IN CULTURE?

I think luxury brands can contribute a lot. However, they have to be real luxury. Luxury has become a prefix in the same way that ‘designer’ was a prefix in the ’80s, or ‘bespoke’ has become a prefix. It’s really easy to stick the word ‘luxury’ in front of anything and it could be soap, lavatory paper, mineral water or whatever. Real luxury is very very particular and it is also something that shouldn’t be banded about too much. It’s been a much abused word.

WHAT ARE THE MEDIA TRENDS?

The real issue with luxury and the media at the moment is that the relationships are becoming more specific because there are less luxury media brands around. I think there is a rush to the free market. If you look at the new digital model, and the idea is to give everything away for free. But if you’re giving something away for free, it has no worth. We make a point at GQ of charging for everything we do, so if you want our product you pay for it. I think media, particularly newspapers and magazines, are too keen to give things away for free. I think a lot of brands are also rushing into e-commerce because they’re getting scared, and a lot of brands are looking at the way that digital is contracting and changing the marketplace and looking at the way that the digital revolution has overtaken the media world, and it’s scared them. What we’re doing is staying true to our principles, occupying the top end of the market and charging for what we do. We consider ourselves to be a luxury brand because of that.

WHAT PARTNERSHIPS WOULD YOU LOVE TO WITH A LUXURY BRAND?

The most important relationship that brands can have with media is about creating bespoke products. We do a lot of supplements, events and bespoke packages but they’re all done with the editorial team. I think it’s too easy to fritter money away on promotions and advertoirals because they’re usually produced by people who aren’t quite good enough to get into editorial. All our projects are produced by the editorial team and are very good. We try to create products which can be owned by us and the sponsor, whether we’re working in fashion, politics or motoring… whatever we’re doing, we’re trying to create a product that can be wholly owned by both of us with incredibly high production values.

WHAT IS IT LIKE WORKING ON THE TABLET FORMAT OF GQ?

We took a long time designing our tablet app, there was a lot of R&D involved, a lot of money and time. We certainly weren’t early but we launched nearly three years ago and it’s now 15% of our business. We’re about to go into the mobile market – we’re launching our iPhone app in May. We spent nearly two years developing that, a lot of work and money, and by the time it launches it’s going to be really good. In some respects we’ve been slightly behind the curve because we haven’t rushed to get into the market, but actually all of that research, time and effort has proved to be incredibly beneficial, and the mobile phone app will contribute to our bottom line. Initially it will be on iPhone but then it will be on Android, and for every platform that’s ever been invented, we’ll have a product!

WHAT DOES LUXURY MEAN TO YOU?

Luxury for me is everything that has substance, design, aesthetics. They are experiences that can transmit sensations that can be extremely exclusive, outside the conventional – it is a superior experience with a superior price.

WHAT IS THE BIGGEST CHALLENGES / BIGGEST OPPORTUNITIES?

When the product or luxury experience starts democratising it loses its luxury essence and exclusivity, its own reason of being. New communities started to be part of these experiences and depending on their profiles, it will be more of an opportunity than a challenge.

ARE THERE PARTNERSHIPS THAT YOU’D LIKE TO EXPLORE?

Partnerships based on new models of R&D with tech companies would be interesting (for example Apple), or companies focused on new experiences or services (for example Virgin).

Apple products would offer a unique experience of having not only the mobile device but the experience of having your music, communicate via videos, the tactile sensations with great quality - all these sensorial experiences are part of a luxury that you never had before.

With Virgin it is the experience of luxury flights - if there are delays, they make sure to keep passenger entertained while waiting.

Traditionally luxury is in the domain of people above 50 with more purchase power. I believe the opportunities are in understanding that for these communities, groups aged 35-45, luxury is generally not a status symbol and not well regarded.
WHAT’S YOUR DEFINITION OF LUXURY?
Luxury is quite intangible and, for me, it’s not just an object. We have many opportunities to meet top brands and go to parties which look so glamorous and exciting. People will think ‘this is luxury’, but maybe it’s because of my age, I think it’s more about experience, enjoyment for life. We have such busy lives, luxury for me is how to enjoy your life more, how to balance career and family, how to spend more time in a good way.

Tangible luxury for me would be going on holidays, good wine, spending time on myself like a massage. These kinds of experiences are luxury tools and they don’t have to be expensive.

WHAT PART DO LUXURY BRANDS PLAY IN CULTURE?
Chinese people have changed a lot in the last five years. We run focus groups to find out what women think about luxury products. A few years ago they wanted to have something very high profile like big logos, and talking about the brands, brands, brands - maybe they didn’t even know what the brand was! But they’ve changed a lot. They’re getting more subtle. They don’t want to have a big logo. They want quality and how they use the product is getting more important. Now they’re getting more sophisticated, more about balance, how people read print, visit the website, or how they use the product is getting more important.

We’ve learned from recent research (Contact Lab Survey, 2013) about the influence on consumers before they go shopping (for fashion): the first is friends’ advice (67%); secondly it’s the brand website (66%) for example Chloe or Bottega Veneta, to search for the latest collection; the third one is magazines (64%) and, honestly, that quite surprised me. We’ve been building the Elle brand in China for 25 years now, so we’ve got a mature status here. Magazines are still important for people to get credible, trustworthy information. Content is all-important to fashion magazines but we have to create different types of engagement on different platforms. We know that the social media user spends much more time on social media at the same time they are reading the magazine. According to research (Kantar CNE’s 2013) the affinity between social media users and fashion magazines is the highest (80%). That means they work together to build engagement.

It is very important to plan how we develop the Elle brands on different platforms because how people read print, visit the website, or social media like WeChat or VivaSalbas are very different. We are pioneers in China as we have already built all these tools here, but of course it’s never-ending. We have to be proactive.

I think the media trend will be how to lock in the readers/users – what are they expecting? We have to make the balance between traditional and new media - how to build readers’ engagement.

HOW DOES ELLE SHOP WORK?
We work with many designers and put our recommended products online as an affiliate. We give trends and advice. In the magazine, you see the top styles of the month linking to the e-shop. It is more about local or unique designers, not like a Net a Porter, for example.

E-publishing is an extension of the magazine, allowing the audience to get extra - videos, behind the scenes or more photos. The only difference is behaviour – they have different reading habits, they want more entertainment for example. It ties into different kinds of readers’ involvement.

WHAT ARE THE KEY MEDIA TRENDS?
We have e-commerce with Elle Shop and then neurological prizes - without any stridency, very subtle. This happens at the moment in which a drop touches the water and creates an upwards pressure. This is what makes a product luxurious in the Japanese sense - without any stidency, very subtle. This happens with Apple products, you feel you really want to use them, they use the Kansei philosophy and this is what we have also been using as inspiration with our products for many years.

WHAT INSPIRES YOUR DESIGN PROCESS?
In our product packaging we use a research technology, a philosophy called Kansei. The Kansei philosophy (as utilised by Apple) is the engineering of emotions and feelings that can be transmitted when in contact with the product. We always differentiate two aspects: what we call the ‘hardware’ and the ‘software’. When we talk about hardware, we are talking about the formulations, the investigations, the R&D is a priority for the brand. We are leaders in research, we have a series of awards from the IFCC, the ‘Nobel prize’ for cosmetics; we are the most awarded company over the past years and there are a lot of resources in the R&D but we don’t want to only focus on what the product is doing on the skin, we want to go beyond this.

The software is more about the packaging, textures, emotions and the holistic aspect of the product: the ergonomic shape and the meaning of the shapes i.e. the lid of a cream pot emulates the moment in which a drop touches the water and creates an upwards pressure. This is what makes a product luxurious in the Japanese sense - without any stidency, very subtle. This happens with Apple products, you feel you really want to use them, they use the Kansei philosophy and this is what we have also been using as inspiration with our products for many years.

WHAT ARE THE BIGGEST CHALLENGES / BIGGEST OPPORTUNITIES?
Our challenges and opportunities are always focused on the consumers, in always finding and communicating wellbeing. Our mission is to create beauty, to create wellbeing. Shiseido in Japanese means ‘the house that helps to improve the quality of life’, not only with our products but also how our products can make them feel better. All the research is focused now in scents that help you relax, sleep at night or for stress relief and all the packaging has to be aligned with this. Now the marketing of emotions, neuromarketing, is popular. In that sense, everything is focused in finding the mind and body balance – something that can be identified in Japanese philosophy.

ARE THERE PARTNERSHIPS THAT YOU’D LIKE TO EXPLORE?
I would like to explore tech companies. We are working in tech tools that are also helping us to be in contact with the consumer through different touchpoints. We are the only cosmetics company in the world to have developed a tool which is a make-up mirror that scans the face and, using augmented reality, you can see your image in a virtual mirror, then you can apply the product to the image of your face.

Any type of partnership, including research partnerships, that through technology will help us to create experiences that consumers can have with our brand, to find those additional moments to be in contact with them and create brand awareness, playful moments, and eliminate the fear to use our products and finally create memorable experiences with our brand. This is the route we would like to take, to work more with technological companies.
KEVIN JOHN RYAN  
Retail Director, Damas Jewellery, Dubai

WHAT DOES LUXURY MEAN TO YOU?

Luxury for Damas has always been a standard of quality and a mark of authenticity, sheltered by a veil of exclusivity. Luxury is the seamless, tasteful, exceptional and gracious experience where every detail is in place and every moment adds to the total experience. Of course, true luxury is in the eye of the beholder.

Our most recent collections are adorned with South Sea pearls and exquisite diamonds and the unique use of colour, finesse and sparkle of enamel, all which truly define the spirit of life.

WHAT INSPIRES YOUR DESIGN PROCESS?

Women in the Middle East appreciate top luxury and innovation and with every collection that we launch we aim to create exclusive designs that meet our customers’ expectations. Each step of the design process is mindful of remaining true to our vision and making sure that the jewellery we design is a unique expression of each woman’s passions and lifestyle. Because we believe quality comes from innovation, creativity is at the heart of our brand. First we handpick the finest jewels and then craft them into unique designs using state-of-the-art techniques. This era’s constant demand for innovation is what allows us to realize our true potential.

WHAT ARE THE BIGGEST CHALLENGES / BIGGEST OPPORTUNITIES?

One of the biggest challenges in the design process lies in clarifying and communicating the value and potential of each design. Damas designs have a strong foundation, historically and culturally, and our focus right now lies in expanding that and catering to an international audience. One of the biggest opportunities lies in the simple fact that we are located in Dubai and are able to be inspired and interact with such a diverse audience.

The region’s taste for luxury is very well known worldwide, and Dubai has a long-standing reputation as one of the top destinations for the gold and diamond trade. Middle Eastern women have become the world’s biggest buyers of luxurious jewellery and beyond aesthetics and symbolism, jewellery embodies value. Some jewellery is purely ornamental, but in any case it has always held great symbolic meaning.

ARE THERE PARTNERSHIPS THAT YOU’D LIKE TO EXPLORE?

The journey of the Damas group began in 1907, and since then, the brand has expanded tremendously, growing into a trusted household name. We are very passionate and dedicated about maintaining our current partnerships with some of the world’s most high end and prestigious brands, while at the same time we look forward to establishing more such successful partnerships in the future. Damas evolves from a famous brand in Dubai to a famous international jewellery brand from Dubai.

FIONA DALLANEGRÁ  
Fashion Consultant

WHAT DOES LUXURY MEAN TO YOU?

For me, luxury - be it a product or experience - is about trust. Whether I’m indulging my time or hard earned cash I need to feel secure that whatever it is I’ve bought into delivers and does not leave me feeling cheated or disappointed.

It’s also about a brand’s ability to elicit a sense of calm confidence in their product or service that reduces the need for too much choice. I like brands that make choices for me; that present me with the ultimate holiday destination / piece of furniture / handbag… I seek out brands that can ‘edit’ on my behalf, brands that have done all the hard work for me – so I’m free to focus on desirability! Be it a car, a lipstick, a jacket. It doesn’t mean I don’t want a choice, I do. But I need someone I trust to sift through all the ‘white noise’ first.

Then, it becomes all about emotion…

WHAT PART DO LUXURY BRANDS PLAY IN CULTURE?

On a business level, they should be providing the benchmark of how to run profitable, ethically sound, global businesses. Successful luxury brands generate huge profits and a proportion of that profit should be, and hopefully is, used for ventures that support key global initiatives such as hunger, poverty, the environment and youth. These initiatives should be played out discreetly, away from the attention of the brands internal PR machines, as a matter of course. Again, for the consumer it’s about trust. If I choose to spend £3,000 on a handbag, I shouldn’t feel the need to check its provenance, or where the profit I’ve helped generate is going. I should feel safe and secure in the knowledge that, without question, my purchase has had only a positive effect on every pair of hands involved in its creation, production and manufacture and that perhaps some of my money is going towards a greater good, somewhere.

To be frank, it’s not like any of us actually need luxury in our lives but luxury is seductive and desirable and beautiful and emotive and not a day goes by without each of us wanting luxury in some form or the other.

WHAT PART DO THE LUXURY BRANDS PLAY IN MEDIA?

Luxury brands, be they fashion, cars, watches or jewellery keep the wheels of many media brands oiled and turning. Through straight advertising, staging of events that then provide copy and pictures, to providing news stories and features in print and digital form. Fashion media particularly relies heavily on revenue from luxury brands and conglomerates.

WHAT ARE THE CULTURAL AND MEDIA TRENDS SHAPING THE LUXURY CATEGORY?

I cannot see how something like magnolia could be of any interest to a true luxury brand for now. So few of them have even engaged in online retail on their own sites where they have total control, so they’re unlikely to view any third party involvement as a positive.

Luxury has never been about the consumer dictating their wants, needs, desires to a brand. Luxury has always operated the other way round - luxury brands lead, they don’t follow.

There are experts in luxury and there are experts in 21st Century media – we’ve yet to build a bridge that links the two.

WHAT ARE THE BIGGEST CHALLENGES / BIGGEST OPPORTUNITIES FOR LUXURY FASHION AND BEAUTY BRANDS?

Engaging with the next generation of consumer. Relevance, keeping the dream alive, and how to deliver those two messages are the three key challenges – and opportunities – that luxury fashion and beauty brands engaging with the next generation of consumer face today.
GILLIAN DE BONO
Editor, Financial Times ‘How to Spend It’

WHAT IS YOUR DEFINITION OF LUXURY?
There are two types of editor. You have those that personify their brand and they can only edit a magazine that reflects their own lifestyle. And there’s the other type who enjoy the challenge of editing a product that is for a different group of people. I fall into the latter category. I love pulling a team together, I love producing something that’s beautiful, that’s about quality but that’s my professional job.

My own tastes are quite simple. I work incredibly long hours so, for me, luxury is time. Time to spend with my friends and family, without having a deadline looming over me. Or possibly staying in bed on a Sunday morning with the newspapers and a coffee, whereas I would normally be reading proofs, or editing copy on a Sunday morning. It’s such a treat for me.

WHAT PART DO LUXURY BRANDS PLAY IN CULTURE?
I think it’s the reverse. Obviously they’re responding to changes in popular culture all the time. At the moment, you have emerging markets and a lot of new wealth, and that’s changing the way people live and people’s expectations and so the luxury brands are going to respond to that. You also have a new generation coming up with different values to their parents and again they’re going to have to respond to that. I do think there’s a generation of consumers for whom corporate social responsibility is going to be very important, more so than it was to their Baby Boomer parents.

WHAT ARE THE CULTURAL TRENDS IN THE LUXURY SECTOR?
A greater number of people with enormous wealth and that is obviously going to change how luxury brands operate, and the expectations that consumers have of them. You also have a fall out from the last recession where consumers need to feel that they can make a luxury purchase without a feeling of guilt and that is driving a greater interest in heritage, in intrinsic value and heirloom quality - that is something that luxury brands are having to respond to.

WHAT ARE THE MEDIA TRENDS?
Media is becoming very complex. I have to say editors’ jobs have got a lot more difficult in the last few years - there is a lot of blurring of lines. For instance, publishers are now moving into e-tailing, e-tailers are moving into publishing. We also have the blurring of lines between advertising and editorial that used not to exist five years ago. In a magazine, you would have something that was labelled ‘advertisement feature’, we had that clear stamp on those particular areas and the reader would know what the advertising pages were as opposed to the editorial ones. Now there’s a lot of pressure to combine the two that is in a way less transparent. That’s a bit of a minefield for editors. It’s also happening online where advertisers want to be embedded within the editorial, so it’s need virtually no way of detecting which is which. There are a lot of discussions going on in publishing houses on how to handle that.

WHAT ARE THE MEDIA TRENDS?
Given the diversity of the global luxury consumer, I think all mediums — print, online, mobile, social, events — remain highly relevant, if properly deployed. From mobile to social, The Times has had great success leveraging our knowledge of how content moves through our platform. Here’s a fact I’m always astounded by: A New York Times story is shared on Twitter three times every four seconds.

WHAT ARE THE MEDIA TRENDS?
Something that we’ve been discussing for some years is how we crack e-tailing. We have to preserve the editorial integrity of the FT. We have to have some kind of demarcation between the e-tailing venture and the integrity of the editorial. We’re still finding that quite a difficult conundrum. I don’t think we’ve found the solution yet, I think we will do eventually.

I’d also like to see a Chinese language ‘How to Spend it’ with a partner on mainland China. Discussions have been going on for 10 years on that one. Even though the Asian market isn’t expanding as quickly as it was, it’s still a huge market and it is crazy that a global luxury lifestyle magazine isn’t available there.

BRENDAN MONAGHAN
Publisher of T, The New York Times Style Magazine

WHAT ARE THE CULTURAL TRENDS YOU HAVE OBSERVED IN THE LUXURY SECTOR?
The trend we see most obviously is the ever-broadening definition of luxury. Whereas several years ago, luxury may have been defined by a small handful of people interested in fine wine or luxury cars, today the term ‘luxury consumer’ defies easy definition. It includes young and old, in developed and emerging markets, across continents and, frankly, socio-economic strata.

With such a varied but always discerning audience, luxury brands must think carefully about their strategy and be dynamic across audiences, markets and mediums. I think highly tailored, brand-created content is evidence of this more dynamic approach.

WHAT PARTNERSHIPS WOULD YOU LIKE TO EXECUTE WITH A PARTNER BRAND?
We see phenomenal opportunities to cultivate partnerships and sponsor collaborations with a number of brands across all Times outlets, from print to mobile to events. One of our most interesting projects is linking European heritage brands with an exciting new product in China. Stay tuned.
From an industry established on understanding - and setting - the zeitgeist and with an obsession for the pursuit of the reimagined and unexplored, it was not difficult for the fashion designers and marketers alike to fall in love with all that digital technology offered. And if the past five years have been about technology aiding creativity and craft, will the next be directed at the more practical and accountable ends?

It is worth noting that digital darling Burberry has been quieter of late, with rumours that even they are buttoning down in favour of exploring all that is offered by cookie tracking, retargeting, database management, affiliate programmes and other more accountant-friendly tactics. The fact that digital allows brands to recognise and tailor experiences based on the depth of their existing relationship, it is perhaps difficult to reconcile the delay in embracing all that digital offers to best mirror real-world luxury brand experiences - which are arguably the most personal offered by any industry. A Chanel boutique manager will always recognise a returning customer, remember their shoe size and recommend complementary products based on his/her knowledge of prior visits. The stark contrast with the un-personalised digital experiences currently offered by luxury brands is perhaps the reason why e-commerce luxury is still in its infancy, and something a good CRM database and intelligent cookie targeting could go a long way to solve.

The pressure on good brand CRM is not just one of individual brand experience; there is a much more aggressive threat in play presented by the multi-brand e-commerce platforms with their enviable well dressed delivery services, personal styling and 24-hour personal customer service. After all, who wants to be dressed head to toe in one brand? (We all know the dangers of the Westbrook effect.) We have seen some brands dabble with personalised servicing. For example, Dunhill Brazil offers customers the privilege of avoiding Rio gridlock via an in-office bespoke tailoring service. But on a larger scale, these truly worthy and refined brand experiences remain an untapped goldmine for stand-alone luxury brands.

The final trend of particular note to the fashion category is one of geography and demography. New markets, in every sense, are one of particular complexity and a one-size-fits-all solution remains elusive. Aside from the practical demands on seasonal stock rotation and copy translation, the extent to which a brand should nuance or re-imagine for new demographics and markets is a difficult question. Hermès famously re-imagined their iconic silk designs as saris to coincide with their expansion in India, and many years later, changed tack entirely by launching a stand-alone brand, Shang Xia, in China - both approaches received with positive attention and business success.

All that is certain is that after the pants-down surprise of the rise of China and e-commerce, the fashion industry is unanimously obsessed with all that exploration and calculated risk can offer. An exciting prospect indeed.
As you’ll have seen elsewhere in this document, two things characterise luxury in recent decades.

Firstly, shifts in income distribution and growth in population mean there are lots more luxury consumers to sell to. According to Bain & Co., Lens on the Luxury Consumer, January 2014, there are an estimated 330m luxury consumers worldwide, more than triple the number we had as recently as 1995.

Secondly, and in part driven by this, many luxury industries have consolidated – with small, independent brands coalescing into big luxury groups - and nowhere is this more true than in watches and jewellery.

Both of these things have an upside: more rich people means more money to be made, and bigger luxury groups mean greater efficiency of production and therefore greater margin.

But both trends have a downside too. Industry consolidation has made it harder to make any convincing claims to authenticity or decent provenance because the really special assets (whether it’s jewellery design talent or the ability to assemble sophisticated machines like watches) have to be utilised efficiently, which means using them across brands.

And on the consumer side, the problem we face is a much greater variety of wealthy people to cater for, with varying degrees of life experience, brand knowledge and source of income.

One solution to these twin challenges is stratification. In watch, for example, this means having both small, haute horlogerie brands in the stable for the cognoscenti, and more mass affluent brands which can scale to support the needs for commemoration and gifting, that many of these wealthy people have.

Another solution is the manufacture of scarcity – creating artificial limits of access, which in many cases go beyond money into subtler factors of status and endorsement; products which money (alone) can’t buy.

The third solution lies in the cultivation of habit. Some brands take it for granted that people will always buy engagement rings, and wear watches, but the really intelligent luxury brands are those gently working to create these habits in cultures that don’t already have them, and equally subtly, to foster them in those that do.

SAMEER MODHA
Partner, Business Planning, Mindshare WW
Against a backdrop of mistrust (and increasing switching in the UK), banks have to work harder than ever before to regain the trust of their customers and demonstrate value. Rebuilding this confidence in services is a great opportunity - relooking at and understanding what today’s customer really wants from their bank. Therefore, wealth managers and private banks are increasingly being pressured to copy the customer service offered in the luxury goods sector if they want to retain high net worth clients. Financial services have improved in establishing personal connections but more needs to be done, particularly in the digital realm. They need to understand exactly what content a customer is looking to their bank to provide. A couple of the trends help to frame this.

‘Maximising Moments’ demonstrates the importance of optimising consumers’ precious available time and delivering enhanced experiences. Some banks are taking these steps from a more traditional B2B method into a more B2C approach. Coutts sponsored the V&A’s spring exhibition to bring new experiences to their clients. Credit Suisse went one step further when partnering with The National Gallery’s Leonardo da Vinci exhibition. They created the first ever 360-degree 3D app of da Vinci’s studio, allowing a peek into the studio via an app which was downloaded directly onto your device using a QR code. These examples demonstrate how vital it is for financial advisors to connect with clients and prospects through both digital and traditional mediums in order to become a more influential trusted and valued provider.

New Networking is also a trend that the finance sector needs to take note of. Fuelled by digital advances, our reality now means that more and more like-minded people are able to connect with ease whenever they want. Is there a way that banks can spread values across the global affluent tribe wherever they are? Can the bank play a role in creating mutually beneficial connections between their HNW customer base?

AMY KEANEY
Business Director, Finance Client Leadership, Mindshare WW
The recent trend of ‘segment crowding’ (where carmakers produce more and more products to fit every segment in the market) means that the automotive sector is more competitive than ever. Once it was easy to distinguish between luxury or SUV brands, now SUVs drive Porsche’s volume with the 911 range playing a supporting role. Everyone is invading everyone else’s space and innovation is driving the battle for brand strength and differentiation.

Enhancing the customer experience through media and technology is at the forefront of this innovation. The modern consumer is highly digitally engaged, using a combination of desktop, mobile and tablet along their path to purchase, and they expect their experience with brands to shift seamlessly between platforms. Using technology to enhance the customer experience is already widespread and will become even more important in the future of the category. 75% of new car buyers use video to aid their research into buying a new car (Google Gearshift Auto Purchase Journey Report, 2013). Car advertising will continue to evolve from infomercials into emotive short films, such as Jaguar’s ‘It’s good to be bad’ campaign; short films with high production values are the perfect vessel to communicate the message of luxury and glamour. Emotive advertising has usually been the mainstay of special events such as the Superbowl, but their continued success means they will become more common place, with the luxury automotive sector the perfect environment.

The demographic of luxury automotive buyers is also changing - in China we see a female audience dominating luxury car brands, and globally we are seeing a shift towards a younger age group. The newly announced Jaguar XE is designed to appease this new generation of social climbers who want to enter the luxury automotive market much earlier than the older generation. These New Luxurians are also more eco-conscious than previous generations, so expect to see the continued application of eco-friendly engines used by companies like McLaren and in F1 racing cars, as well as other environmental innovations such as Jaguar’s use of recycled aluminium to produce lighter, more fuel efficient cars.

The drivers of owning luxury products are constantly evolving and will continue to do so in parallel with socio-cultural trends. Promoting the heritage and prestige of a western brand is key in new markets, where the quality assurance of western products continues to be a main factor in success. Despite this, even the most successful western brands can suffer from unexpected negative public perceptions in certain contexts – BMW has been stigmatised in China as a car often purchased by unfaithful men for their ‘leftover women’. Jilted mistresses often oust their ex-lovers and name the luxury goods they were gifted, in one case a Chinese woman stated; “a BMW is a mistress car, I wouldn’t want that” (Canvas 8, The Role of Foreign Brands in China, 2013). Expect cultural nuances to continue to drive changes in the way luxury brands are marketed and perceived, especially in developing markets where there remains a sense of unknown.

The customer path to purchase is constantly shifting with developments in technology. The traditional role of car dealerships in this journey has now shifted to the end of the purchase cycle; only 6% of customers contact dealerships at the beginning of their research into buying a new car (Google Gearshift Auto Purchase Journey Report, 2013). Dealership retail space is expected to shrink by 20% (Warc, Marketing Cars - Driving Digital Success, 2014), with showrooms becoming a digitised, multi-device experience centres, using Apple’s simplistic and immersive retail spaces as inspiration. This reflects the changing needs of consumer and the high expectations they have when entering the luxury market. Delivering a high quality car is no longer the only requirement. Dealerships, service, events and media communications are all expected to convey the luxury that comes with the product, and all are expected to integrate and be fully immersed in technology.

JACK STALKER
Manager, Automotive Client Leadership, Mindshare WW
It’s good to be having fun again! It’s refreshing to see luxury brands poking their tongue out at the established, old-fashioned category norms that put the entire category in grave danger of losing cultural relevance post Global Financial Crisis. For a while there, everything got rather serious!

The best thing about the luxury story in 2014 is that brands have adapted dramatically to a younger audience (mass youth with cash), different drivers of decision-making (when you don’t have a heritage to lean on) and to new regions (Asia and Latam). Brazil, for example, accounts for 10% of the global beauty products market, third place behind US and Japan according to Euromonitor.

Despite being 122 years old, every edition of Vogue incites women to provocatively question popular culture to stay ahead. Luxury brands are now doing this too, creating the most amazing experiences for 21st Century consumers to participate in.

In 2012, when we published Culture Vulture: Beauty we identified ‘Anarchy & Rebellion’ as an influential cultural dynamic. This is where brands go against the flow of established norms by exploring radical cutting-edge experiences.

It’s inspiring to see this in action and experience it as a consumer in Asia. I’m sure the luxury sector will bravely continue to shape popular culture and have fun. Hurrah!

Catherine Williams-Treloar
Head of Product, Mindshare APAC
Volving consumer expectations for brand interaction mean luxury travel marketers need to find ways to recreate the experiences they can deliver in more tactile ways. This requires finding ways to ‘sample’ their brand, such as sleep pods for luxury hotels.

The standard retail environments are becoming ‘luxurized’ and travel companies who rely on digital transactions should be pursuing ways to similarly upgrade the shopping experience. Even companies who rely on third-party sales should view their own direct channel as their ‘flagship’ location that will, at the very least, convey the luxury the brand can provide.

Travel marketers and experience builders need to be cognisant of the convergence of marketing and product experiences. For example, iBeacon and other place-based mobile notifications systems should be used to add value to the traveller, not just sell.

In an increasingly democratised visual world, travel marketers must make it as easy as possible for travellers to share images and video of their experiences digitally. This means an examination of the trade-off between short term revenue and the potential for authentic consumer sharing (i.e. paid or free Wi-Fi).

With consumers seeking deep, authentic relationships with brands they love, travel brands should pursue partnerships with other brands that represent their own luxury aspirations to create exclusive opportunities that enable travellers to experience the history or heritage of those brands, such as Coco’s Chanel’s Paris or Grey Goose’s wheat fields in Picardy as a cruise excursion. As Geoffrey Kent, founder, chairman and CEO of veteran tour operator Abercrombie & Kent, said: “The key thing customers want today is personal service. The guide has to be real. People love things they can’t Google”.

As the New Luxurians enter the luxury travel market, brands need to find ways to make their experiences as scalable and flexible as possible recognising that many affluent Millennials may want to travel with their not-yet-as-affluent friends.

**JOSEPH MACEDA**
Managing Director, Invention Studio, Mindshare US
Since the time of Roman banquets, having a good drink has been considered an essential part of the ‘bon viveur’ and associated with luxury indulgence. Beverages are intrinsically experiences; they always involve a ‘moment’. Today, the search for Maximising Moments is making this market grow, diversified and sophisticated, with knowledge and specialisation at its core. Experiential consumption means that consumers are expecting much more than a quality drink: brands have to express a lifestyle, be luxury experts and offer exclusive sensorial experiences. Or, to put it another way, they have to tell a good story.

In a digital era, these stories live online. Luxury brands are becoming content creators and exploring new ways of storytelling through technology, multi-screen, interactive and layered experiences. With digital innovation and associations with other categories, artists or events, they are bringing into life the unique and surprising experiences consumers are expecting. #NextFrame project from Absolut Vodka is the perfect example of storytelling through digital content, collaboration with artists and, of course, a great deal of creativity.

The luxury beverages market has been refreshed as luxury consumers – and especially millennials – demand more innovative experiences. Campari surprised consumers in Buenos Aires this summer with the ‘Campari Pool Parties’, bringing a new way to party in the city. Moët & Chandon are holding their extravagant and fun ‘Dîner en blanc’ parties in Guadalajara, Mexico. Even though the extrovert is still part of the Latin American way of life, we are witnessing a real transformation in the way luxury is consumed and with the expansion of middle and upper classes – it is estimated that by 2017 there will be 978 thousand USD millionaires in South and Central America according to Credit Suisse, Oct. 2012 – the luxury experiences will keep growing in the beverages category.

Indigenous beverages such as Argentinian wines, Mexican tequila, Brazilian Cachaça and Peruvian pisco were once considered cheap and mainstream, but have now become luxury products for export with the revival and premiumisation of typically local beverages. For Latin American consumers, Seeking Authenticity is closely related to National Celebration, they are proud of their heritage and want to elevate the DNA of their unique culture. The production process is the real reason why they become desirable: the artisanal labour involved, the land treatment and ancient knowledge. It is around these elements that brands have built experiences and stories. The wine tours in Argentina, specialized pisco bars in Perú and Chile, the creation of the most expensive tequila on earth (the Diamond Sterling edition was sold in 2013 for $3.5 million) are just examples of how through heritage and a good story, even the cheapest drink can become a luxury good.

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Connoisseurs of Craft

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The New Luxurians

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