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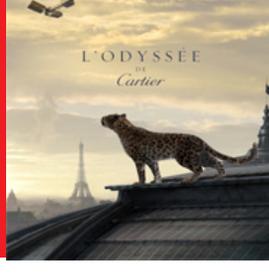
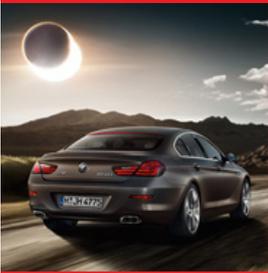
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A CLASSIC GUIDE

January 2013

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# Luxury Marketing Outlook 2013



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*L'Odyssée de Cartier*

## Digital to underpin luxury marketing with eyes on store

Higher taxes in France and the United States, slowing demand in China and Europe, counterfeiting, store overexpansion, product overexposure and over-reliance on Flash are the key issues that may hurt luxury businesses this year. But effective product differentiation, continued high-quality standards, careful distribution, holding the price line, tighter cuddling of the customer and smart marketing will ensure that luxury has another bumper year ahead.

If anything, the luxury customer has proved resilient and loyal through four years of global turmoil. What kept this demographic spending was the level of expectation sought and met. That has to be the mantra this year, too – treat the customer like family and, in return, get almost unconditional love.

### Dialogue is the new black

Marketing has a critical role to play in piquing interest and generating demand. To their lasting credit, luxury brands and retailers last year ran marketing programs and campaigns that went toe-to-toe with their main street counterparts, even besting them in customer relationship marketing efforts. That emphasis has to continue this year in an environment of political and economic uncertainty.

Expect luxury marketers in 2013 to intensify their use of social media – Facebook, Twitter, Pinterest, YouTube and Instagram – to connect with customers and prospects. Dialogue is in. Their PC and mobile Web sites will get a drastic makeover, and applications across Apple and Google platforms will proliferate. Use of digital tools, including video, to showcase the brand story will increase, much of it designed to drive traffic in-store – more often than not, the main purpose of such sophisticated marketing and content. The store is where the action is at, and will be.

Shoppers will also expect luxury brands and retailers to have easy-to-navigate ecommerce and mobile commerce offerings.

Digital sales of products and services will jump, aided by targeted email and search marketing, as well as wise online display banner ad buys. Indeed, online and mobile retail will enable luxury marketers and retailers to cross borders and meet pent-up demand.

On the broadcast side, radio will get a minimal share of luxury marketing dollars, while television is slowly but steadily becoming an option for luxury automobiles, fragrances and hotels. More attention will need to be paid to direct mail and catalogs – nothing beats the tactile and visual experience of holding a book with luscious images and absorbing the story narrated by the brand.

Meanwhile, outdoor advertising will maintain its top-of-mind role. So will print, which will hang on to its title as the most effective platform to showcase a brand in all its glory in a curated environment that is trusted by the consumer and the advertiser.

MANY THANKS to Tricia Carr for laying out Luxury Daily's Luxury Marketing Outlook 2013 Classic Guide. Also, her reporting and Erin Shea's, along with insight from industry experts, make this book an indispensable read for luxury marketers and retailers. Thank you to all of them and to Michelle Nance and Jodie Solomon, too.

All in all, luxury marketers this year will have at their disposal the most sophisticated marketing tools to woo and retain customers. Their challenge is not to overdo it and cheapen the marketing and the product.



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## 5 luxury marketing trends to watch

By Tricia Carr

Trends are emerging to suggest that affluent consumers crave a mix of technology and tradition when interacting with luxury marketers.

It is safe to say that all marketers looked to strengthen their presence on digital and mobile mediums last year to keep up with the consumer demand for cross-channel content. At the same time, affluent consumers are longing for special attention from marketers through traditional channels such as in-store and print.

Marketing trends that manifested during 2012 show that luxury brands and retailers established a definitive voice on print, digital and mobile. Here are five luxury marketing trends to keep in mind:

### Mobile enhances the traditional brand experience

Consumers buy products and services from luxury brands because they seek a quality product as well as an experience that satisfies.

Mobile is clearly a versatile medium, hence why so many marketers are present on the platform.

Therefore, retailers and hotel brands look to enhance the physical brand experience with mobile to be more distinguished on both fronts.

Department store chain Bloomingdale's rolled out an iPhone and Android application in May so that consumers can use certain functions depending on whether they are in-store or at home.

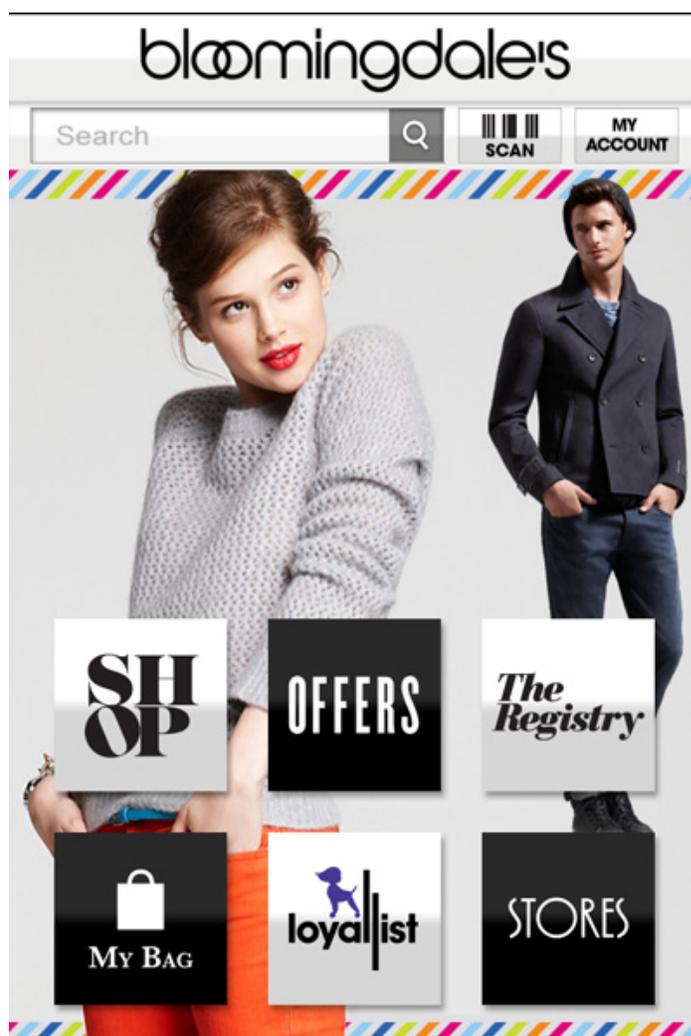
The in-store bar code scanner lets customers view additional product details and read customer reviews, enhancing the shopping experience through user-submitted content that is not otherwise accessible.

In the travel sector, Starwood Hotels & Resorts' Starwood Preferred Guest program updated its mobile app last year

to create a seamless, guest-centric experience for all nine of its brands including St. Regis and The Luxury Collection.

SPG's app updates include content based on whether or not the user is planning, en route or already checked-in to a specific hotel.

There are quite a few new features that can leverage the Starwood brand, but particularly a new interface that aggregates a user-specific look and content based on the consumer's booking and staying process.



*Bloomingdale's Big Brown Bag mobile app*

## Technological displays bridge the digital-physical gap

Digital is a powerful tool for luxury brands and retailers, but smart marketers keep tabs on their relationships with customers across all channels and look to strengthen them through face-to-face contact.

Technology-enhanced events or displays were not only used to impress affluent consumers in 2012, but they also helped them to feel more comfortable with the brand from a cross-channel perspective.

Some marketers let consumers interact with the brand physically and digitally at technology-driven displays.

For instance, German automaker Audi opened its first digital showroom in London to personalize customer service and attract tech-savvy consumers to a more central, compact space than a traditional shop.

The in-store digital experience called Audi City will roll out to more than 20 international cities by 2015. Offerings at Audi City include one-on-one interactions with Audi customer service and new bespoke options.

Consumers can select vehicle options from a digital media system that include colors, equipment

options and functions. There are more than 100 million possible configurations.

Then, consumers can view their bespoke vehicle on a 1:1 scale on large screens.

Known for its digital savvy, British fashion house Burberry opened its most technologically-advanced property in September that was developed as a physical expression of Burberry.com, fully immersing shoppers in a combined digital and physical experience.

The Burberry store is also more technologically-innovative when dealing with merchandising and inventory.

## Marketers are asserting their expertise through brand content

More luxury marketers are looking to immerse consumers in the brand experience by providing content –whether it be imagery or readings – that asserts them as an expert in their industry.

No longer can it be assumed that consumers are aware of the heritage of a brand or the craftsmanship behind its products and services with the new wave of affluent millennials present in the marketplace.



*Audi City digital showroom in London*

Therefore, marketers emphasize status and lifestyle through digital storytelling.

French fashion house Chanel remodeled its Web site to more effectively intertwine product browsing with content and imagery so that visitors become immersed in the brand world.

Photography and videos will continue to be more visible on the site as well as news items and blog

posts from its various editorial ventures.

Also, French label Louis Vuitton created buzz for this past summer's Shanghai fashion show through a content-based digital initiative that followed a photographer from the brand's base in Paris to the show's set.

The label looked to engage its consumers in the days leading up to the runway show by posting daily videos and images taken by photographer and blogger Todd Selby while he traveled by train.

The campaign was hosted on a microsite and the label spread the content via social media.

### The future of social is commerce

Marketers have realized the potential for social media to build a strong brand community of loyalists, frequent customers and aspirational fans.

What some are also realizing is the social medium's influence on sales.

Luxury marketers included subtle yet direct commerce calls to action into their social media strategies last year



Photograph of Russian television personality Sati Spivakova's home by Todd Selby

so that their followers could easily access certain products or share them with their friends.

Oscar de la Renta boosted brand affinity, connectivity and online transactions through its new Web site that it launched in August.

The site features unique social media interactivity, videos and exclusive content. The interactive elements intertwine the buying and social media experience to

The screenshot shows the Oscar de la Renta website interface. At the top, there is a dark blue header with the brand name 'Oscar de la Renta' in white script. To the right of the header is a search bar and links for 'SIGN IN' and 'CHECKOUT'. Below the header is a navigation menu with categories: 'READY TO WEAR', 'ACCESSORIES', 'FRAGRANCE & BEAUTY', 'CHILDREN', 'SALE', 'HOME', 'BRIDAL', 'RUNWAY', and 'OSCAR PR GIRL'. The main content area shows the product page for 'GARDENIA COTTON GUIPURE AND SEQUIN BLOUSE' priced at '\$1,490.00'. The product image shows a woman with red hair wearing a black and white patterned blouse. To the left of the main image are smaller thumbnail images of the blouse. To the right of the main image are social media sharing buttons for Facebook Like, Twitter Tweet, Google+ +1, Pinterest, and Fancy. Below these are buttons for 'need.', 'obsessed.', and 'own.'. Further down are options for 'Color: WHITE', 'Qty', 'Size', and 'SIZE GUIDE'. At the bottom of the product section are buttons for 'ADD TO BAG', 'ADD TO WISH LIST', and 'CONTACT OUR PERSONAL SHOPPER'.

Product view on OscardelaRenta.com

result in a new kind of ecommerce.

Consumers can select "need," "obsessed" or "own" on an item. Clicking on one of these options connects the Oscar de la Renta Web site to Facebook where consumers' friends can see if they own, want or are "obsessing over" a product.

Additionally, precision-cut crystal maker Swarovski hosted a street-style contest for this year's Fashion's Night Out that centered on a user-made look book created through an exclusive partnership with 52Grams, a mobile platform where brands can curate shoppable look books from Instagram images.

The 52Grams look book showed all of the tagged Instagram images. If a user uploaded an image of Swarovski jewelry, 52Grams tagged the image with a link to the item on Swarovski's ecommerce site.

To end the year, brands and retailers including Michael Kors and Nordstrom were invited to test the Facebook Collections interface that lets users interact with products via image tagging.

Users can put an item on their Wishlist, add a product-specific comment and click to purchase an item from the respective retailer through the test functions.

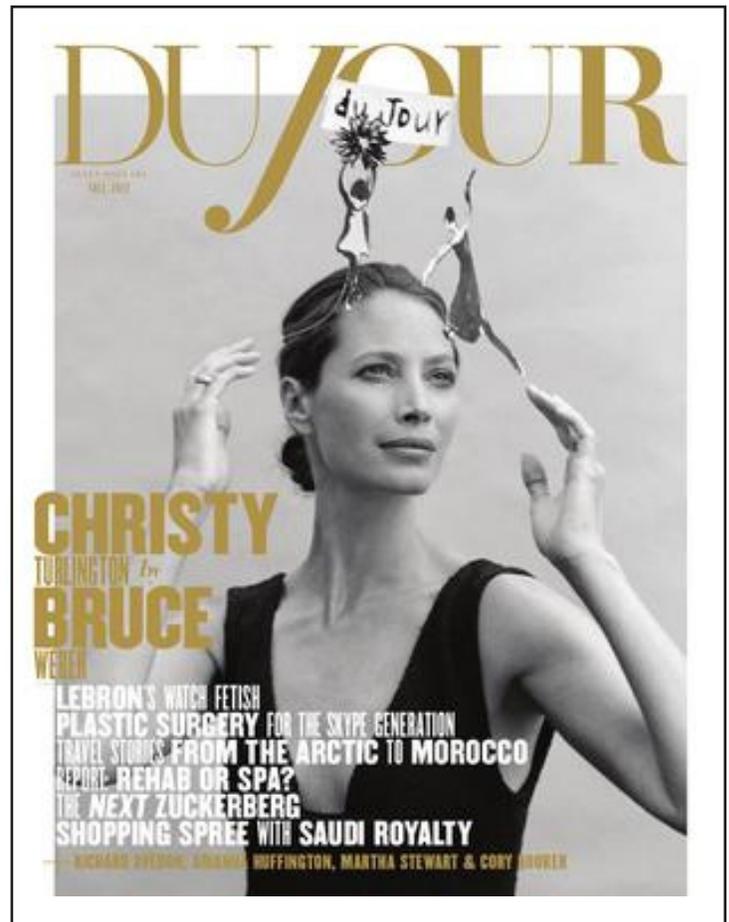
### **Marketers reaped the benefits of niche publications**

New niche publications for the affluent audience emerged last year in which luxury brands took up the bulk of the ad real estate.

Print is a traditional medium that mature consumers probably read often, but it is also a platform that has maintained its sheen to all age groups due to its contrast with digital content.

Luxury brands and retailers that placed ads in niche print publications last year not only tapped the luster and lifestyle of these magazines, but also reached a tailored group of consumers with compelling imagery.

Ralph Lauren, David Yurman, Estée Lauder, Dom Pérignon, Audemars Piguet, Breitling and other luxury advertisers scored key placements in the inaugural print issue of status publication DuJour.



*Inaugural issue of DuJour*

The oversized 312-page publication flaunted a card-stock cover and luxury brand ads throughout, ending with a back-cover Hermès ad.

DuJour targets 3 million of Gilt's ultra-affluent consumers, an audience responsible for spending more than \$600 million annually.

Also, Giorgio Armani, Ermenegildo Zegna, Tod's and Louis Vuitton were some of the advertisers in Fairchild Fashion Media's first issue of M magazine that is geared towards an affluent male audience.

The inaugural M issue featured actor Bradley Cooper, fashion designer Karl Lagerfeld, fashion label Band of Outsiders and Brooklyn Nets' CEO.

Published quarterly, M includes content on lifestyle, fashion, politics, entertainment, sports and cars. M had a starting circulation of 75,000 sent to affluent men with a household income of \$200,000. ■

# Interaction, consistent messaging to propel digital ad campaigns

By Tricia Carr

Luxury marketers can stand out in the crowded advertising landscape in 2013 by providing interactive content including social media sharing as well as a consistent message across all channels.

Interactive content that is personalized to the audience is another key factor in online advertising where luxury brands should focus this year. Luxury marketers that push the boundaries on digital – where the majority of affluent consumers can be found – will find new ways to engage with consumers and evolve their advertising and marketing practices as digital capabilities grow.

"Digital should be interaction-driven above all else," said Andrea Wilson, Fort Worth, TX-based luxury practice lead at iProspect.

"Digital is a common landscape for luxury consumers, so as digital content evolves and the Web grows, brands are testing how to interact with their consumers in the digital space," she said. "Consumers are sharing their preferences through the actions they take."

## Intentional interactions

The big players in luxury have been increasing the time spent with their digital ads through interactive content such as video and image galleries.

For instance, U.S. label Ralph Lauren showed off its holiday 2012 collection through a one-day header, banner and side bar ad placement on the New York Times Web site.

The interactive component was an image gallery that let consumers browse the collection without disrupting the content on the Web site. Then, a click-through on the banner ad took users to the Ralph Lauren Holiday 2012 Web site to see the collection or locate a store.

**"Digital should be interaction-driven above all else"**

Also, Italy's Fendi looked to target a trendy, fashion-forward audience with interactive advertisements for its eyewear on Vogue.com.

Fendi took banner and tower ads on the site that featured three different campaign shots of models wearing the eyewear and an interactive component where consumers could scroll through the collection. Interestingly, Fendi linked one of the ads to its Facebook page and the other to its Web site.

Moving forward, marketers should use a strategic mix of interactive social- and commerce-driven digital ads that

nod to the usage habits of the 2013 luxury consumer, per Ms. Wilson.

Social commerce was one of the marketing buzzwords circulating at the end of 2012 and some marketers followed this notion to encourage peer-to-peer recommendations for their own brand through digital advertising.

In fact, 70 percent of consumers prefer to hear about new products from Facebook friends rather than brands, according to a 2012 report by 8thBridge.



Ralph Lauren digital ads on The New York Times

Also, 57 percent have asked their friends on Facebook for advice before purchasing a product.

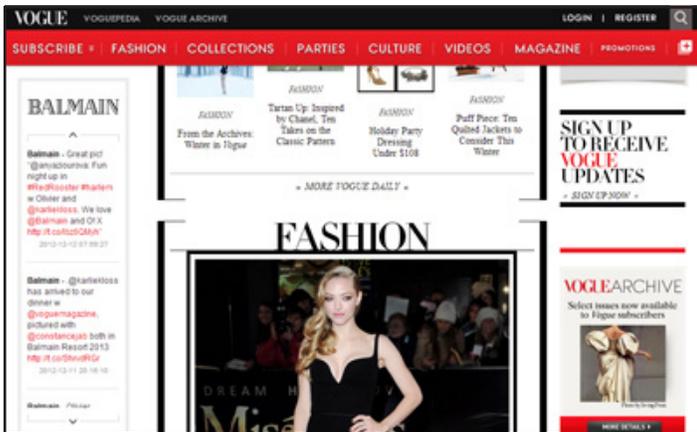
8thBridge polled a group of more than 1,500 consumers on their Facebook usage and interest in social commerce.

Italian fashion house Gucci led the pack in terms of social selling through digital advertising.

The label honed in on social inspiration site Pinterest to leverage its digital banner placements by letting consumers "pin" fall/winter 2012 apparel and accessories directly from the ads.

This program is allowing Gucci to leverage its digital advertising assets to reach a broader group of consumers via social media platforms and get more value from these properties, per the label.

Also, Balmain and Laura Mercier looked to grow their social communities through sidebar ad placements on Vogue.com that showed their Twitter feeds and ask users to follow them. The feed mimicked Vogue's own Twitter sidebar displayed on the opposite side of the page.



Balmain sponsored Twitter feed on Vogue.com



Gucci digital ads that link to Pinterest

The next challenge for marketers is to influence purchases through social-driven advertising. This can be achieved through calls to action.

"In order for luxury marketers to allow their digital advertising efforts to reach maximum potential, they should ensure that each placement contains a compelling call to action along with social, ecommerce and research

friendly functionality," Ms. Wilson said.

"Those key qualities can make the difference in achieving action and engagement because it encourages the user to click through and perform the action the advertiser is seeking," she said.

## Channeling luxury

Consistent messaging across all ad channels also increases the likelihood that affluent consumers will interact with and recall ad content, per Mr. Wilson.

This concept extends beyond digital advertising.

Marketers need to keep their message consistent across digital and mobile channels while circulating the same messaging via channels such as print and out of home.

"Consumer convenience is key as consumers expect ease, speed and efficiency across every digital interaction they experience, whether they are researching your products, finding a store location or purchasing online," Ms. Wilson said.

Towards the end of 2012, French fashion house Chanel not only stuck to standard print and television placements, but used digital and mobile banner ads to promote its Chanel No. 5 fragrance video campaign with actor Brad Pitt.

The digital ads seemed to be the differentiator in this effort since the brand counted on its YouTube content to engage consumers rather than linking to ecommerce.

Though the campaign did serve as inspiration for a spoof skit on NBC network's comedy sketch show "Saturday Night Live," Chanel likely increased recall of its \$7 million ad campaign with Mr. Pitt.

Additionally, French fashion house Louis Vuitton moved into television advertising through its first commercial that is part of a multi-channel brand awareness campaign.

The "L'Invitation au Voyage" campaign features model Arizona Muse who is shown in TV, print and digital creative. Louis Vuitton broadened the reach of its campaign by using multiple marketing channels, but through TV and social media it could reach more aspirational consumers than affluent prospects.

The multichannel approach is essential for luxury marketers in 2013. Marketers that take a unified approach to spreading the brand message on a variety of channels will best leverage their message in 2013.

"I also recommend ensuring well-rounded coverage on devices, channels and tactics to ensure your consumers are learning about you wherever they are in the digital landscape," Ms. Wilson said.

"For example, a digital display presence across relevant content Web sites through direct site buys, behavioral and retargeting campaigns, as well as a strong search engine presence across desktop, mobile and tablet devices allows for ease in awareness and consideration, as well as capturing end-of-funnel activities," she said.

"In every instance of digital interaction with your consumer, the goal should be to communicate, share, educate and entertain, versus solely asking for a sale." ■



*Chanel No. 5 campaign with actor Brad Pitt*

## International, cross-channel transactions to be key drivers of luxury spending

By Tricia Carr

Luxury marketers that take a cross-channel approach to the consumer shopping experience and intertwine the in-store, digital and mobile mediums will cater to existing and prospective customers on a global level and drive purchases in 2013.

Brands and retailers that wish to distinguish the commerce experience going forward should take into consideration the multiple venues on which affluent consumers make purchases. Specifically, mobile will continue to be an essential medium for reaching international, affluent consumers and marketers should work to create an optimized, user-friendly shopping environment on smartphones and tablets.

"Luxury brands have been at the forefront of the e-commerce experience for many years now, but finding the

balance between rich branding and merchandising in an experience optimized for shopping can be difficult," said Marko Muellner, senior director of marketing at ShopIgniter, Portland, OR.

"Some brands have compromised the shopping experience by going too far on the brand experience, and others have gone too far the other way, impacting the brand negatively," he said. "At the core of all luxury brands is service."

"The best ecommerce sites are those that address every detail of the customer experience and are dedicated to the service aspects of the channel."

### Going global

International consumer purchases at U.S. retailers tripled Black Friday through Cyber Monday, according to data released at the end of 2012 from FiftyOne Global Ecommerce.

**"As international consumers begin to buy from U.S. luxury retailers online, they are building loyalties and preferences, making it critical for retailers to get in on the ground floor"**

International consumers, as a whole, spent the most money at luxury department stores. They spent approximately \$337 on each transaction.

More international shoppers than ever before are logging on to shop U.S. retailers, per



*Diane von Furstenberg holiday email campaign*

Jennifer Raezer, head of marketing communications at FiftyOne, New York.

These actions are triggered by increased spending by marketers on localized campaigns.

Luxury marketers are also increasing the number of international shipping programs meant to get attention from new markets.

"Ecommerce allows brands to explore new markets and establish a customer base without having to address the need for a physical presence in those particular regions," Ms. Raezer said. "In this case, ecommerce has a vast opportunity over in-store commerce, reaching shoppers regardless of borders and location.

"Failing to pursue international market opportunities early on is an oversight of a key and growing segment of U.S. retailers," she said.

"As international consumers begin to buy from U.S. luxury retailers online, they are building loyalties and preferences, making it critical for retailers to get in on the ground floor."

Some luxury marketers expanded the reach of their ecommerce efforts last year. More are likely to follow in their footsteps to tap new markets.

For instance, Neiman Marcus Group established itself as

an international luxury retailer by expanding to the Asian market with an online shopping and editorial site.

The retailer took a \$28 million stake in Glamour Sales Holding, a private ecommerce company that specializes in authorized online flash sales for consumers in China and Japan. The company hosts Neiman Marcus' first ecommerce site in China.

The retailer also began to ship to more than 100 countries worldwide last year through a partnership with FiftyOne.

Additionally, U.S. label Ralph Lauren opened ecommerce to Japanese consumers in the fall via its first digital flagship store in the Asian market.

The Japanese ecommerce site stocks select items including the fall/winter 2012 collection.

Luxury marketers are likely moving their attention to marketers such as China, India and Brazil due to the global economic crisis, per ShopIgniter's Mr. Mueller.

"While these are massive markets and will take time to deeply influence brands, we will see more global influences in 2013," Mr. Mueller said. "We will see bigger marketing efforts in these countries and this will extend online and to ecommerce.

"Luxury brands are early to pick up on global trends and it will be fun to watch," he said.



Ralph Lauren Japanese ecommerce site prior to its launch

### Anytime, anywhere

Another commerce trend that is likely to be adopted by more luxury marketers is the commerce-anywhere approach, per Mr. Mueller.

Marketers can reach and convert more customers by being present on digital channels such as social media networks and mobile, but this strategy can also be extended to television and other mediums.

The use of a social, product-centric experience that seamlessly links to ecommerce helps users go to the next step when they are ready.

In addition, luxury marketers should continue to learn the basics of mobile-optimized commerce.

Those brands and retailers that have mastered the basics should move on to more innovative approaches such as location-based service, insider access and tablet-friendly experiences.

"I think luxury brands will get better at the nuts and bolts of ecommerce," Mr. Muellner said. "As the ecommerce channel grows, brands realize that the end-to-end customer shopping experience must be the key focus.

"They have known this in traditional retail for a long time and this focus and rigor will come online," he said.

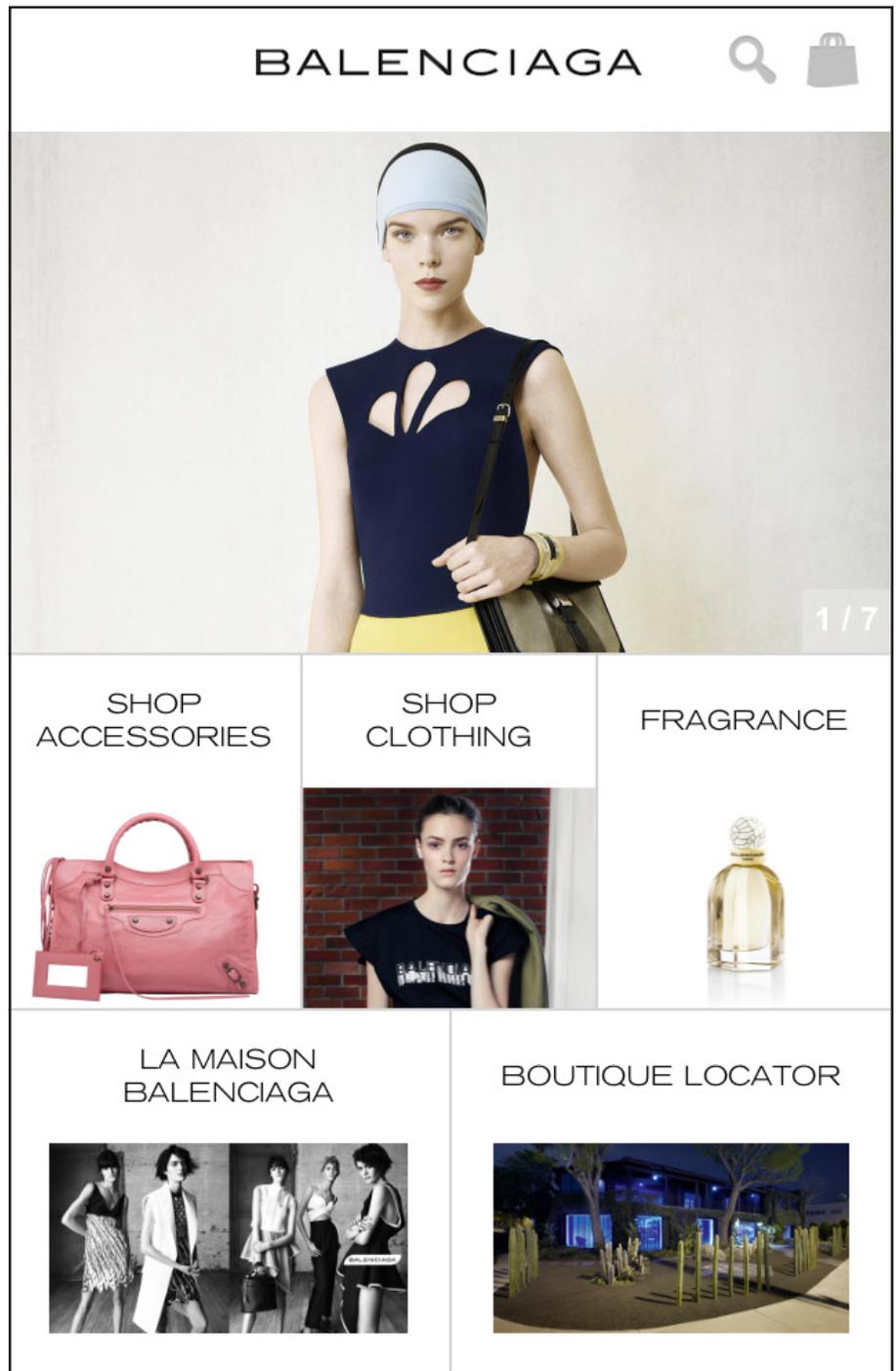
Service is key to commerce experiences. Marketers can leverage their in-store and online commerce experiences by mirroring the must-have services from each shopping environment across all channels.

Furthermore, brand managers, digital marketers, merchandisers, media managers and social, mobile, email and search marketers should come together to drive transactions on any platform.

Many brands are bridging the gap between physical and digital commerce by combining the channels in-store.

For example, Burberry's most technologically-advanced property in the heart of London was designed to increase customer engagement and in-store sales through a digital and tactile experience that shows off the brand heritage.

Features of the 44,000-square-foot store include 100



*French label Balenciaga launched a mobile-optimized site in 2012 that offers commerce*

screens, the tallest indoor retail screen in the world and 500 speakers.

"Ecommerce is a different experience than retail and always will be," Mr. Muellner said. "The most successful brands will be those that figure out how to capitalize on these differences and elegantly fuse customer needs with the core brand promise. ■"

## Inventive, personalized mail to best leverage luxury branding efforts

By Tricia Carr

Luxury marketers should further explore the potential of direct mail to lure affluent consumers on the most-targeted marketing channel available in 2013.

Gaining additional purchases from existing customers can be best achieved through direct mail efforts that are personalized, innovative and sharply-designed. Luxury marketers must also plan mail efforts sufficiently in advance to get the most from their allocated budget.

"I think smart retailers will enter 2013 with the mindset that they must do everything possible to keep the customers they have, and woo customers from their competition," said John Schulte, chairman and president of the National Mail Order Association, Washington.

### Luxury in an envelope

Direct mail is a surefire medium through which brands can target their customer list.

Most luxury marketers use email to reach out to their list. Subsequently, consumers' inboxes are crowded with branding and product-focusing messaging.

Luxury marketers should turn to mail to best leverage brand- and image-building, customer relations and bottom-line sales, per Mr. Schulte.

On the digital medium, there are quite a few ways for marketers to enhance their messaging. Email lets marketers be instantaneous, interactive and entertaining in their efforts.

**"Most retailers have learned that for email, while inexpensive to implement, the competition for attention or even be noticed in people's email box is huge"**

But there are ways that marketers can enhance mail efforts as well that can keep brands top of mind on a less-crowded channel.

In 2012, some marketers incorporated products with irreverent settings and props in catalog images for a softer sell.

For instance, British apparel label Alfred Dunhill looked to drive sales by targeting consumers in their homes through a feast-themed holiday gifting catalog.

The 32-page, card-stock catalog put the brand's holiday gifts on display in the midst of the mess left behind after a holiday feast. The images offered many points of focus on



*Feast image from the Alfred Dunhill holiday catalog*

not only the merchandise but the carefully-placed details in the shots.

In addition, Bergdorf Goodman sent a 56-page fall/winter shoe book that represented the aftermath of a large celebration which aligned with the New York department store's 111th anniversary in 2012.

## "It is less expensive to spend more for the right list of prospects"

The pages of the catalog were littered with fallen Champagne glasses, corks, balloons, confetti, cakes and other party paraphernalia, as well as shoes by Christian Dior, Manolo Blahnik, Christian Louboutin, Alexander McQueen, Jimmy Choo and Chanel.

Luxury marketers can also enhance their mail efforts in ways similar to print marketing with features such as QR codes and digital watermarks.

Department store chain and Bergdorf sibling Neiman Marcus let consumers interact with its 2012 Christmas Book through the NM Action application that read digital watermarks on the fantasy gifts pages and revealed extra video content.

Another popular mail medium among luxury marketers is postcards. These can be enhanced through personalization, creativity and digital touch points as well.

One set of out-of-the-box mail efforts in 2012 was sent from BMW North America.

The automaker pushed the new 3 Series sedan through two mail campaigns: an envelope of glossy print images and a seemingly indestructible postcard.



The glossy photographs mailed in one envelope highlighted the four different styles of the new 3 Series sedan: Sport, Luxury, Modern and M Sport. The envelope also contained a letter addressed to the recipient and a booklet describing the new features.

Also, the indestructible postcard showed off the all-weather ability of the new 3 Series. It read, "Dunk this card in water, sleet or snow. Witness invincibility."

To size up to email, marketers will use more innovations in their mail efforts in 2013 as they realize the importance of building their in-house customer list, per Mr. Schulte.

Enhancements to mail efforts this year will include layered campaigns with multiple touch points and three-dimensional mailers.

"[One key lesson learned in 2012] is perhaps the importance of testing, measuring, analyzing, modifying and repeating what works," Mr. Schulte said. "I think many experienced users of direct mail in the retail environment have found that the benefits of direct mail cannot be abandoned."

*Fantasy gift page in Neiman Marcus' 2012 Christmas Book that features a butterfly-shaped QR code*



*BMW's indestructible postcard*

"Most retailers have learned that for email, while inexpensive to implement, the competition for attention or even be noticed in people's email box is huge," he said. "Delivery of the message itself is unreliable and cannot necessarily be counted on."

### Let's get personal

Personalization is essential so that marketers get the most ROI from direct mail efforts.

"Direct mail should be highly targeted and personal," said Chris Ramey, president of Affluent Insights, Miami, FL. "It is less expensive to spend more for the right list of prospects."

Luxury marketers often include a personalized letter with product-focused catalogs.

For instance, French jeweler Cartier flaunted its collections



*Letter from Cartier*

amongst geographic snowflakes in its holiday 2012 mail catalog that addresses recipients through a personalized letter signed by Emmanuel Perrin, president/CEO of Cartier North America.

Additionally, jeweler Tiffany & Co. looked to increase traffic to its new store in New York's SoHo district through a targeted mail campaign that comprised a catalog and personalized letter.

To up personalization, luxury marketers should use customers' shopping history to target them in their homes, per Mr. Ramey.

Supplements that reference a product that a customer previously purchased or give tailored product suggestions can enhance direct mail efforts.

In 2013 there will be a resurgence of direct mail that complements online efforts.

The key is to speak directly to existing customers.

"Using the data you have accumulated shows them you care," Mr. Ramey said. "Fascinate them with products that you know are of interest."

"Communications should be personalized," he said. "Assure them that you are not ever going to waste their time." ■

## Events to distinguish luxury marketers through surprises, storytelling

By Tricia Carr

Live events will be a deciding factor in brand loyalty in 2013. Therefore, marketers should impress with elements of surprise, immersive experiential marketing tactics, digital and mobile touch points and a precise goal.

Luxury marketers should use event marketing to stand out against competitors within their community of affluent brand advocates. Tactics imperative for event marketing in 2013 include mobile integration, two-way dialogue, coherency, meaningful surprises and engagement in the brand experience.

"Moving forward to 2013, luxury brand event efforts should be part of a larger, seamless strategy," said Garen Moreno, Los Angeles-based partner at CuldeSac.

"Within specific segments of the luxury market, mobile, online and tablet usage is very high, especially for the younger generation," he said.

"The most successful event strategies will seamlessly integrate mobile technology into events and create a community before and after by paying close attention to the conversation and engaging in relevant ways."

### Story time

There is a need within the luxury sector for more events that allow consumers to participate in the story of the brand, per Jean-Marc Bellaiche, New York-based senior partner and global leader of Boston Consulting Group's luxury, fashion and beauty practice.

Wealthy consumers are often immersed in the brand experience on digital media. But in the physical world, events can bring consumers and potential loyalists even closer to the brand.

One goal of live events should be allowing consumers to play a role in storytelling.

"Consumers want to participate in the brand," Mr. Bellaiche said "They participate in the story of the brand on digital, but in the physical world, there is more opportunity to participate with the brand."

Marketers in the spirits category used this strategy in 2012.

For example, high-end spirits brand G.H.Mumm tapped affluent consumers' preference for experiential marketing with a new event tactic that shows guests the rituals of Champagne tasting. The first G.H.Mumm Ball was held in September in Paris.



*Champagne Protocoles at the G.H.Mumm Ball*

The brand's execution of these events centers on its Champagne Protocoles de G.H.Mumm guide to sabering, selecting, serving and storing the spirit that is available on a mobile application, Facebook app and its Web site.

## "It is more than products – it is about storytelling"

In addition, Scottish whisky maker John Walker & Sons is inviting guests in Asia-Pacific on board a branded yacht to partake in activities that explore the history of the brand and showcase the new triple malt label John Walker & Sons Odyssey.

The brand is hosting select consumers, brand partners and influencers on the John Walker & Sons Voyager yacht that launched in September. The ship is traveling to nine ports of call including China, Taiwan, Hong Kong, the Philippines, Vietnam, Thailand, Singapore and India over five months.

John Walker & Sons is also curating a digital component of the yacht tour. Authors, photographers and illustrators from Asia-Pacific are contributing to an online travel guide that mimics the original guide commissioned by the

House of Walker.

"The importance of experiential marketing is rising," Mr. Bellaiche said. "It is more than products – it is about storytelling."

"Marketing is overcrowded," he said. "There are many messages, so you need to be striking and you need to be different by pushing original and unity."

### Surprise party

Consumers must be delighted by live event marketing for it to be most effective.

"It is clear that we will see a strong push towards mobile marketing in 2013," CuldeSac's Mr. Moreno said. "I expect the best initiatives to be balanced and powerful creatively."

"Over the last couple of years, there has been a natural weeding out of mindless initiatives that resort to taking the easy way out," he said. "Luxury marketing is hard work and requires a lot of attention to detail, coherency and creativity."

In 2012, luxury automakers got creative with events to cater to precise groups of affluent consumers.



*John Walker & Sons Voyager*

For instance, British automaker Jaguar grabbed the spotlight from affluent male attendees at the Pebble Beach Automotive Weekend by holding an exclusive event with Playboy magazine and debuting the 2013 XJL Ultimate in North America alongside sister SUV brand Land Rover.

Jaguar and Playboy held the first joint invitation-only cocktail party Aug. 17 to show off the XJL Ultimate and the brand lifestyle to a group of select customers.

Also, British automaker



*Rolls-Royce's retro showroom event at Goodwood Revival in Britain*

Rolls-Royce Motor Cars gained exposure to high-net-worth consumers through an invitation-only event in conjunction with Goodwood Revival in Britain.

The automaker hosted select customers, prospective customers, special guests and media over the weekend at the Rolls-Royce showroom at March Motor Works that was refashioned to be a 1960s dealership for the event. The automaker created the setting with original vintage signage, memorabilia, a showroom manager dressed in '60s-era business attire and a large safe in one corner of the space.

Furthermore, there are four key qualities of event marketing that make for an effective execution: strategy, coherency, surprise and detail, per Mr. Moreno.

First, marketers must analyze how the event fits into the long-term strategy. The event should not be a one-time deal.

Next, an event should meet a specific goal. Marketers should compare the objectives of the event with the solutions or ideas that come up at all stages of execution.

There should be at least one element of surprise in the event experience that is exclusive to the audience.

Lastly, attention to detail is key.

"Consumer tastes have changed dramatically and, most important, people are incredibly open to new things more than ever," Mr. Moreno said. "Find unique locations, creative themes, unique menus, et cetera.

"Most importantly, look at all aspects of the event as if they are extensions of the brand," he said.

Marketers should also look to propel event marketing efforts in 2013 through digital word of mouth since this can be influential to affluent consumers.

Word of mouth is important to luxury brands. The digital sharing by affluent guests is a powerful peer-to-peer marketing tool that should be encouraged.

"Most likely, opinion leaders who embrace digital sharing are guests at your exclusive events, so digital sharing is not incompatible with exclusivity," Mr. Moreno said.

"With global initiatives, most consumers cannot take part in the events, so being able to share in that experience from afar is valuable," he said. "Embrace digital sharing.

"Within an event, RFIDs can change the experience dramatically, creating community and linking them with their digital communities seamlessly. These are powerful tools if used correctly." ■

## In-store experience to be advanced by 360-degree, tailored approach

By Tricia Carr

Marketers should embrace digital and mobile technology to aid in enhancing the in-store experience and provide convenience, transparency and service to all consumers, but particularly entry-level millennial shoppers.

Experts agree that technology should not be ignored as brands are looking to improve the physical shopping experience in 2013. To avoid an all-digital path to purchase, luxury marketers can also offer in-store touch points within the ecommerce arena so that consumers have options depending on where they are comfortable shopping.

"As many brands have made investments in systems that enable one view of the customer, we will see more and more integrations between ecommerce and offline retail," said Marko Muellner, senior vice president at Shoplgniter, Portland, OR.

### Customer is always right

Customer-centricity will be a major focus for luxury retailers in 2013, per Mortimer Singer, CEO of Marvin Traub Associates, New York.

The integration of in-store and out-of-store shopping channels will make the customer journey easier.

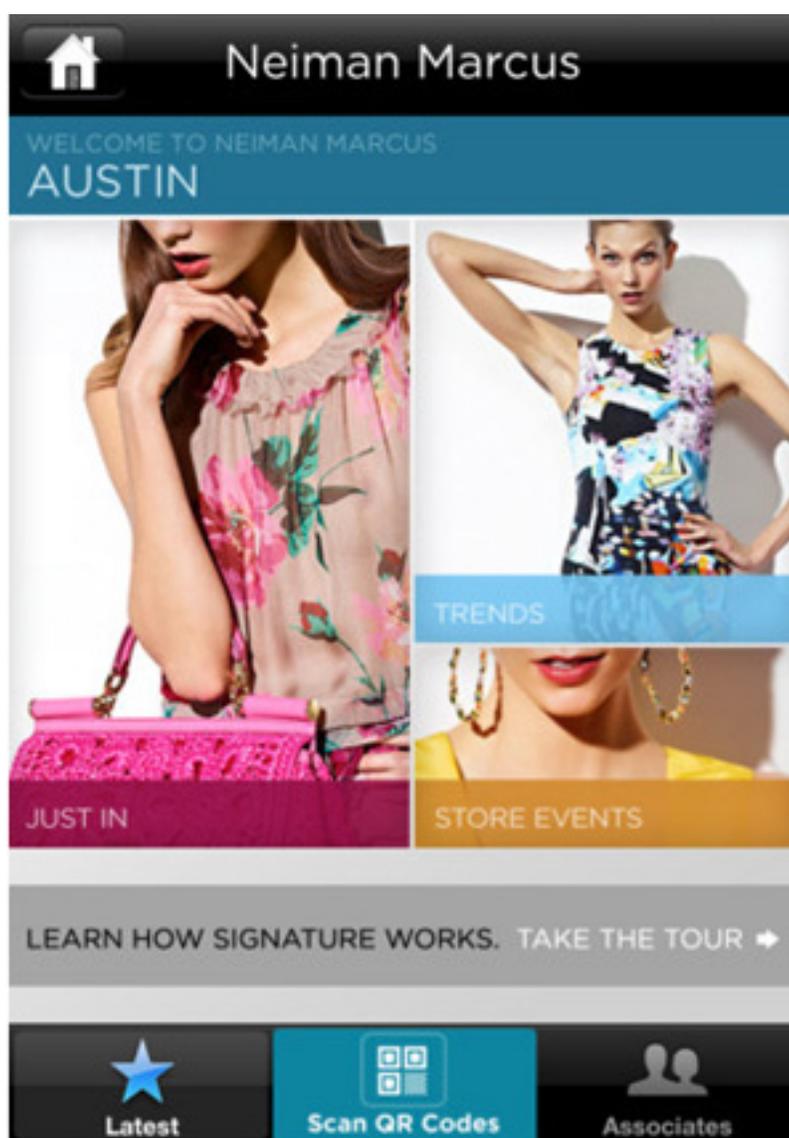
Mobile should be used to make a customer's transition between the in-store and at-home shopping experience more seamless.

Luxury brands and retailers began to use technology-based service during the in-store experience via mobile point-of-sale technology in 2012.

For instance, department store chain Neiman Marcus launched a new experience in four of its U.S. locations that serves to heighten customer service and the in-store atmosphere.

The NM Service app works on a few different levels. To help entice consumers in-store, the app sends users information about new arrivals and store events.

There are targets set up around store entrances that make the app live in a different way. When this happens, consumers get notifications for new arrivals, store events and the salespeople working that day.

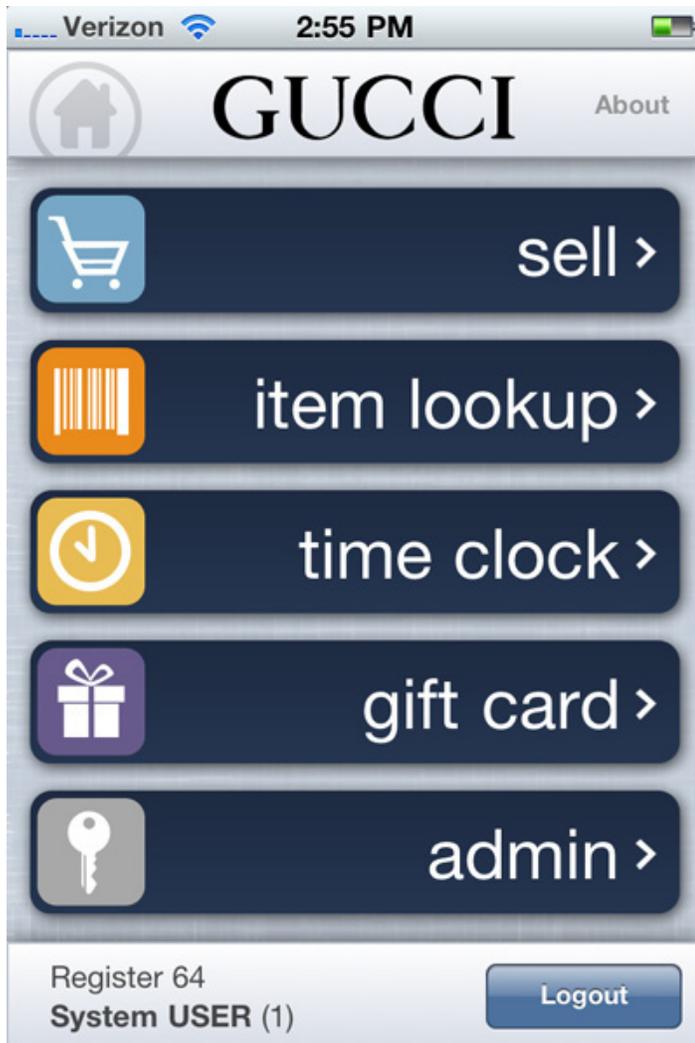


*NM Service app*

Consumers can choose to link with sales associates who will know if they want to try on certain items in the dressing room or need any additional help.

Also, Italian label Gucci turned to mobile to enhance its in-store shopping experience with an app that aims to provide a higher level of service for luxury consumers via employee-handled wireless devices.

Sales associates can offer other items or services that fit with the customer's needs during each transaction.



*Gucci mobile point-of-sale app*

The next step is to start providing service before a consumer leaves his or her home.

For example, luxury marketers can provide an e-reservation system for in-store fitting rooms with pre-selected items waiting for the customer, per Mr. Singer.



*Barneys' Electric Holiday campaign character*

"Retailers will try to make the lives of their customers easier by introducing more places to shop and more convenient ways to shop," Mr. Singer said.

In addition, technology should be used to bring theater back to the store, he said.

Quite a few marketers used this tactic in their 2012 holiday marketing efforts.

Barneys New York enticed holiday foot traffic through a moving art exhibit in its Madison Avenue flagship store holiday windows created with Walt Disney Co.

The Electric Holiday campaign centered on an exaggerated fashion show featuring altered Disney characters as models in designer couture that was shown in store windows and an entrance-way electric light show.

Also, department store chain Saks Fifth Avenue stepped up its holiday marketing through an art projection light show on the façade of its New York flagship store and window displays that told a story down Fifth Avenue.

The retailer offered the light show intermittently in the evenings during the holiday shopping season.

Indeed, digital functions that draw consumer foot-traffic in-store will be vital to keeping the physical shopping experience relevant in 2013.

Capabilities such as in-store pick-up, digital appointment-making, instant access to a digital wish list and special digital invitations are ways that consumers can be enticed to experience a brand in-person via the digital channel, per ShopIgniter's Mr. Mueller.

Luxury marketers are realizing that as the ecommerce channel grows, brands must shift their focus to the end-to-end customer shopping experience.

"They have known this in traditional retail for a long time and this focus and rigor will come online," Mr. Mueller said.

### Next generation

Luxury marketers that wish to draw additional customers to the in-store experience should look to entry-level luxury consumers.

Savvy marketers are realizing that what they have done to market to boomers does not work among millennials, per Chris Olshan, chief marketing officer of The Luxury Marketing Council, New York.

While boomers favor in-store shopping, millennials are more likely to be present on digital mediums. Therefore, digital has potential to draw these consumers in-store.

Also, luxury marketers will gain more from luring the entry-level luxury consumer in-store since the aspirational buyer is disappearing.

Marketers can gain loyal customers in this emerging group of millennial consumers by gearing in-store services toward them.

## "Heritage brands see it as a guaranteed sale, but millennials want to be sold to"

Harrods, for instance, targeted younger consumers to increase in-store transactions by creating a series of events that culminated in a fashion and music festival.

The London-based retailer incorporated youth-oriented brands and music for The Harrods Festival of Fun to encourage male and female consumers to try on apparel, beauty products and accessories in its Way In, Designer Studio and Men's Denim Lab departments.

Millennials want to be treated as special, unique customers, per Mr. Olshan.



Harrods Festival of Fun CD cover illustration by Sandrine Pagnoux

"They are going to get sharper, smarter and faster," Mr. Olshan said.

"The biggest tip for loyalty is to not assume you have their business because you had their parents' and grandparents'," he said. "Heritage brands see it as a guaranteed sale, but millennials want to be sold to." ■

## Mobile integration to rev up digital marketing, branding efforts

By Erin Shea

Internet-based campaigns will become increasingly intertwined with the mobile medium in 2013 as luxury marketers update their digital engagement strategy across all platforms.

Luxury marketers should aim for a seamless connection between digital and mobile platforms since consumers are engaging daily on all screens. Also, two-way communication and engagement with consumers should be a top priority in online marketing campaigns in 2013.

"2013 is most likely the year when connecting to the Internet via mobile will outnumber those through desktop, which is already the case in emerging markets such as India," said Carina Liebeknecht, chief client officer of Createthe Group, New York.

"Brands targeting the affluent consumer will revive their focus on differentiating their online presence through customer service," she said. "It is the backbone of customer acquisition and retention.

"Any opportunities to lower the barriers of communication should be taken."

### Connecting the dots

Luxury marketing campaigns are going to connect more technologies and platforms as the year goes on.

Marketers should be sure to keep mobile platforms in mind when creating the digital brand experience since consumers are viewing digital and social media on mobile devices such as smartphones and tablets.

Some luxury marketers made strides in connecting these mediums in 2012 by redesigning their Web site.

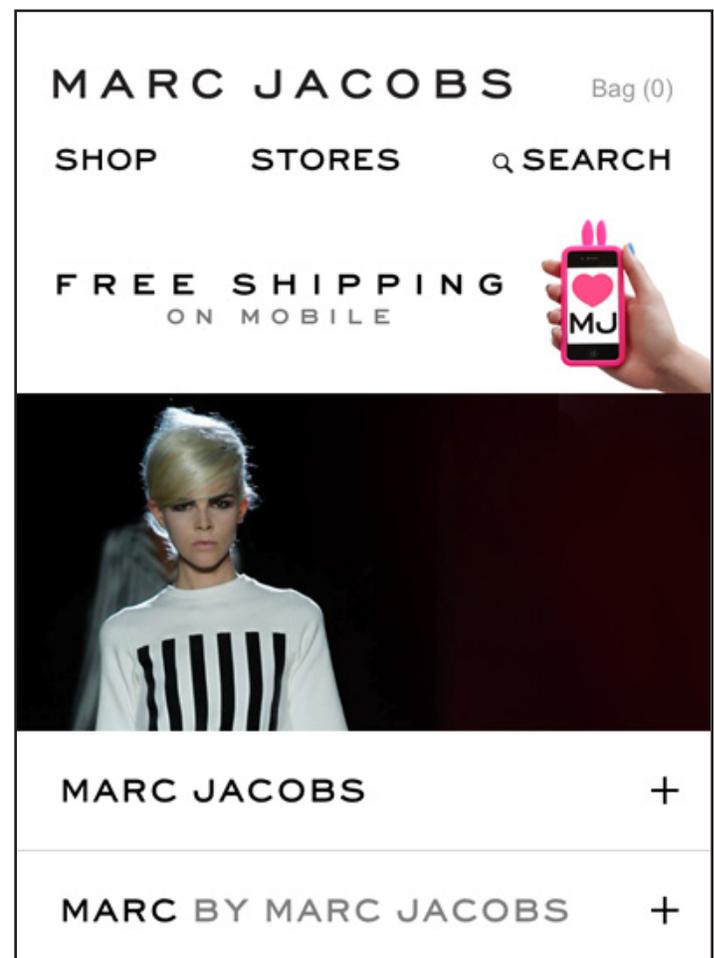
For example, U.S. fashion label Rebecca Minkoff revamped its ecommerce site to include a social media aggregator and additional brand content to enhance the overall digital experience for its customers. The site is meant to offer

a shopping experience that provides context and insight into the brand and lifestyle.

The label also tapped responsive design to offer a mobile-optimized version of the site.

## "Consumers do not think of mobile as a different experience than ecommerce"

For its part, Marc Jacobs Intl. revamped its Web site and enhanced its mobile optimization to increase online



*Marc Jacobs Intl. mobile site*

traffic and captivate consumers with improved visuals, mobile commerce features and social sharing options.

The Web site includes social integration with platforms such as Facebook, Twitter, Google+, Pinterest and Storify.

Indeed, luxury marketers should make their commerce technologies available and easy to find on any platform.

"Consumers do not think of mobile as a different experience than ecommerce, but it is just a different path to purchase, so marketers should think this way as well," said Jordan Phillips, founder and director of Lure of Luxe LLC, New York.

"In the near future, mobile will no longer be a buzzword, but just another crucial component to any initiative," she said.

Another innovation in digital marketing is the use of different kinds of screens. Now consumers are shopping and gathering product information from their smartphone, laptop, desktop and tablet.

"There is no first, second or third screen – there are only screens," said Scott Forshay, Austin, TX-based mobile and emerging technologies strategist at Chicago's Acquity Group.

"Regardless of their uniqueness in form, factor or function, these connected screens are simply humanized interfaces allowing us to communicate with and experience a digitally optimized world," he said.

"The challenge ahead will be primarily focused on how best to address this fundamental shift from a technology-centric marketing model to one of experience-centricity."

### **Two-way street**

Conversations between luxury marketers and their customers will become more important this year as consumers become increasingly involved in new Internet and social media platforms.

"Brands should have a two-way conversation with their followers to get value from their social media platforms," said Jean-Marc Bellaiche, New York-based senior partner

and global leader of Boston Consulting Group's luxury, fashion and beauty practice.

Some luxury marketers set aside their business needs and simply interacted with their customers through social channels this past year.

For instance, New York department store Bergdorf Goodman took to Twitter during Superstorm Sandy to support its home city and the rest of the East Coast.

Bergdorf transformed its Twitter feed into a news source for New Yorkers during the week of Sandy. It provided information about making donations and the status of public transportation.

The retailer also encouraged consumers to stop by to recharge electronics and use its wireless Internet via Twitter and Facebook.

Also, Italian label Ermenegildo Zegna upped its social media strategy in the fall of 2012 through the launch of a new Google+ channel called "Zegna: The Modern Man's Manual" to engage male consumers in an online fashion dialogue.

Zegna's Google+ page is an editorial calendar and a guide featuring style tips and trends for male consumers.

Creative director of the Z Zegna line Paul Surridge frequents the Google+ hangouts. The brand will have more virtual encounters to unite fashion bloggers and fans of the brand so that they join in the conversation and share ideas.

Affluent consumers will feel more connected to the brands that they follow when marketers create these types of conversations through social media.

"The Internet and social platforms such as Twitter and Instagram have made the luxury shopping space feel like one increasingly connected small world," Lure of Luxe LLC's Ms. Phillips said.

"In 2013, I anticipate that more brands will expand distribution and manage public relations efforts digitally, as opposed to via bricks-and-mortar," she said. ■

## Digital authentication to be most effective at combating counterfeiting

By Tricia Carr

Luxury brands will continue to fight the good fight against counterfeiting by offering internal and external authenticity tools that employees or consumers can access through digital and mobile media.

The state of the global economy provided an environment for counterfeiting to become more widespread in 2012. Therefore, marketers need to address the issue head-on by tightening their supply chain and increasing authentication requirements to serve consumers who are looking for and willing to pay for the real thing.

"Brand attacks will certainly continue to plague luxury marketers in 2013," said Alessandra C. Vercelloni, director of brand protection for Southern Europe at OpSec Security, Milan, Italy. "Illegal business functions such as counterfeiting, parallel trade – also known as grey market goods – [and] piracy and product tampering are issues marketers should address upfront with a comprehensive brand protection program.

"Increased globalization, manufacturing delocalization, sophisticated supply chains, complex distribution models, differential pricing policies and a constant uptick in consumer demand have all emerged as key economic factors for luxury brands to generate revenue," she said.

"However, though this model appears attractive and has increased margins for manufacturing and welfare in emerging markets, it has also left room for weak links within the supply chain."

### The real deal

Efforts to combat counterfeits

often overlap with marketing efforts such as package design and online sales Web sites.

Therefore, marketers can use digital serialization to give consumers access to self-authentication tools.

Digital serialization delivers many benefits including product verification and tracking the movement of the product through the supply chain, per Ms. Vercelloni.

Each product can be verified by anyone at any location.

## "Digital authentication empowers consumers to join the fight against counterfeits"

Public availability of serial numbers prevents the unintended purchase of counterfeits.

QR codes are another tool that marketers can provide to consumers to help prevent the purchase of counterfeits.

Mobile bar codes can be access through a smartphone application. Once scanned, the consumer can go through the authentication process.



*France's Comité Colbert, of which Louis Vuitton is a member, joined the fight against counterfeits in 2012*

Authentication via digital and mobile channels opens up dialogue between the brand and the consumer.

"Digital authentication empowers consumers to join the fight against counterfeits," Ms. Vercelloni said. "If digital authentication is combined with complex originated holograms – eye-catching, but at the same time easy to understand – this will increase brand awareness and loyalty, preventing consumers from being duped into purchasing a counterfeit.

"Digital authentication technologies not only authenticate products, but are also a powerful tool for marketers to interact with the brand's customer base in the form of segmented promotions or new product information," she said.

"This, in turn, will encourage consumers to know how to spot fakes and where to buy genuine products."

### **You are the weakest link**

There is a greater need this year for anti-counterfeiting programs since an increase in communication channels means an increase in opportunity for infiltration.

In fact, French luxury industry association Comité Colbert enacted a campaign against counterfeiters in 2012. The campaign comprised 10,000 posters at 18 airports in France and other countries in Europe.

French luxury brands lose more than \$7 billion per year due to counterfeiting, per the group.

Chanel, Hermès, Louis Vuitton and Saint Laurent Paris are part of Comité Colbert.

Counterfeiters take the weakest links in the supply chain as their chance to compromise a brand's merchandise, per Ms. Vercelloni.

Therefore, luxury marketers should take necessary steps in 2013 to keep outsiders from robbing from the brand.

The first step in counterfeit prevention is to adopt a multichannel protection program.

Brands should incorporate the appropriate technologies into the product or label, track and trace distribution and enact intellectual property enforcement through all available legal channels.

The next step is to keep a team of employees engaged with the product along the distribution journey.

The third step is to monitor, analyze and secure all aspects of production, so there is decreased risk.

Questions to be asked include: Is this a case of controlling stock distribution? Is someone copying the product? Is the threat something else entirely? What is the major vulnerability? Each question matters.

"It is not so much that there is one single anti-counterfeiting technology that's universally better than the other," Ms. Vercelloni said. "Instead, it is more about marketers working closely with solution engineering to find the most-effective combination at the right total price point.

"Additionally, it is important to make sure that the solution is coherent and strategic with a solid track record of providing luxury brands with program management throughout the supply and distribution chain," she said. ■



*Chanel is one of the most counterfeited brands*

## Mobile to stand out as most influential platform in 2013

By Erin Shea

Mobile will become an even more influential platform in 2013 as luxury marketers are quickly realizing the impact of on-the-go technology on the user experience.

Luxury marketers must adapt and keep up with new technologies to remain relevant as multiple screens become more incorporated into users' daily lives. The mobile platform is now essential to connect users to the brand experience and will only become more important in 2013.

"The mobile medium represents the most-powerful mechanism for delivering contextually relevant consumer-brand communications experience in marketing," said Scott Forshay, Austin, TX-based luxury brand digital marketing consultant.

"To take advantage of its unique capabilities, successful marketing strategies must evolve beyond the employment of a unidirectional approach to communicating with customers," he said. "The customer experience is not defined by the message itself, but the context in which the message was presented."

"Marketers who effectively solve the variables associated with the mobile medium will provide unique experiences for consumers, irrespective of the constraints of time or space, in ways differentiated, highly relevant and intensely personal."

### New way of doing things

Mobile connectivity is important to today's discerning luxury consumer.

Luxury marketers have to create new applications and mobile technologies to keep up with consumer needs on the ever-changing platform.

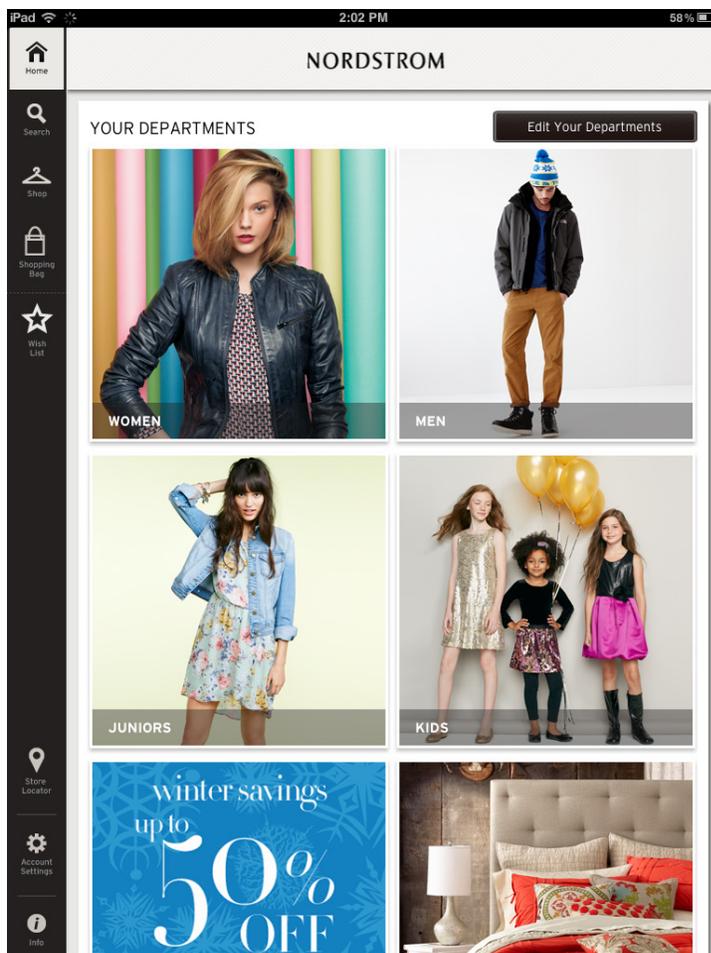
"In 2013, luxury marketers should intensify their focus on how best to articulate the brand narrative to an audience

which demands heightened levels of intimacy, exclusivity, immediacy and relevancy from the brands they most covet," Mr. Forshay said.

This is the challenge that luxury marketers will face in the near future. However, some marketers made strides in captivating their mobile audiences in 2012.

Indeed, a few luxury retailers boosted the in-store experience through mobile apps in 2012.

For instance, department store chain Nordstrom began to offer a personalized mobile shopping experience on its



Nordstrom for iPad app

iPad app. The three main engagement functions of the Nordstrom for iPad app are the virtual dressing room, personalized homepage and social sharing. Users are able to read product details, see additional images, read customer reviews and see if products are available to pick up at a nearby store.

Also, Bloomingdale's' Big Brown Bag app allows users to learn more about in-store events and special offers, scan bar codes in-store and view additional product details and reviews and find discounts and promotions.

"Endearing a highly sought-after audience to the brand via the pervasive interface of the mobile device has proven to be infinitely more complex than with the other digital media"



Swarovski's Multiface(t)s augmented reality app

Another increasingly important mobile technology is augmented reality, which jewelry marketers implemented via apps released in 2012.

In 2012, precision-cut crystal maker Swarovski pushed its how-to book called "Multiface(t)s: Style Yourself with Jewelry" through companion iPhone and Android apps that allow consumers to virtually try on jewelry and see themselves as the book's cover model.

Users can take a picture with their smartphone's camera to "try on" the piece of jewelry. The image of them in the jewelry can be saved and shared with other app users in the photo gallery or via social media.

Also, Danish brand Georg Jensen engaged savvy consumers by combining augmented reality, animation and video in its Fusion Ring iPad app that it launched in the last quarter of 2012.

Users can build their own Fusion Ring and watch it come together through digital animation with the app.

With certain technologies, mobile apps can help users engage with and become more connected to a brand.

"Savvy luxury brand marketers are quickly realizing that emerging technologies and mediums for communications such as mobile are merely enablers of a far more powerful influence of brand loyalty – that of user experience," Mr. Forshay said.

"Endearing a highly sought-after audience to the brand via the pervasive interface of the mobile device has proven to be infinitely more complex than with the other digital media," he said.

**Mobile is a must**

Luxury marketers no longer have the option of including mobile in multichannel efforts – it is now a must-have channel for any successful campaign, experts say.

"Having a thriving and welcoming mobile marketing program should be a key component for luxury marketers

in 2013," said John Casey, founder and director of FreshFluff, New York.

Also, luxury marketers should not forget tablets when creating mobile strategies.

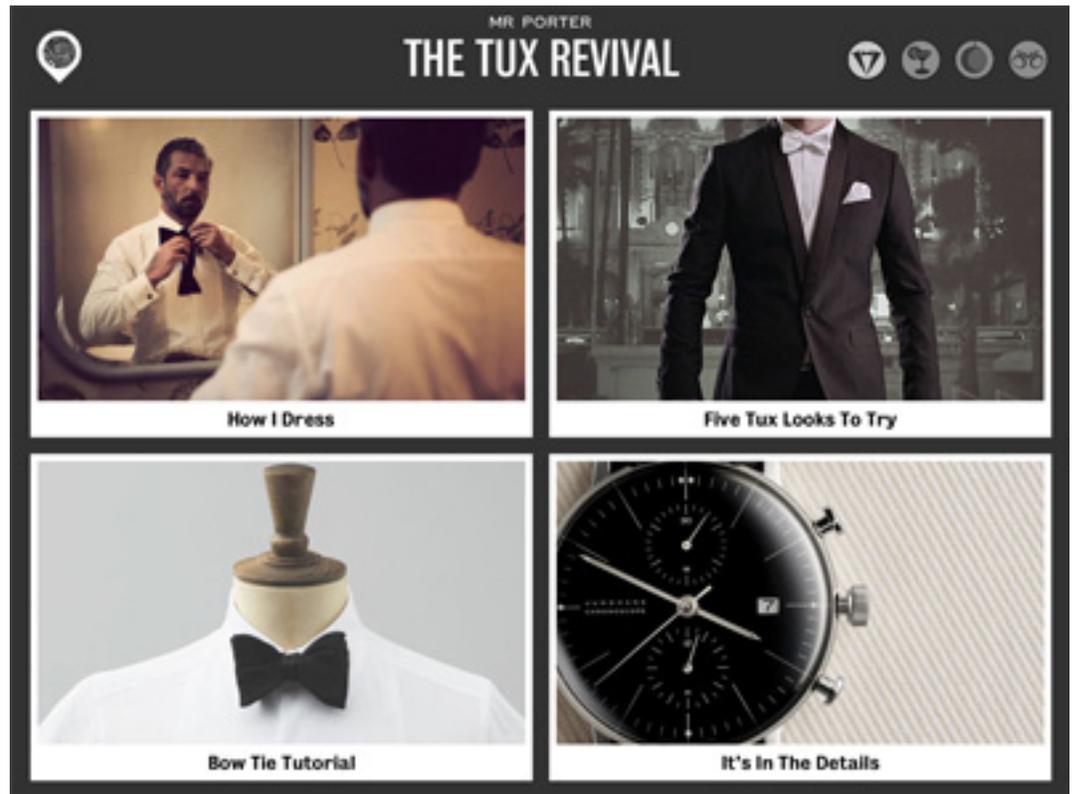
"The tablet, like the mobile phone, is becoming a preferred entertainment destination for consumers," Mr. Casey said. "It would behoove any brand, particularly luxury, to make sure it has a clever way of reaching consumers using these devices."

In 2012, some luxury marketers began to optimize the brand experience for tablets.

Men's online retailer Mr Porter is showing affluent males how to dress for parties through its first iPad app that acts as an interactive magazine and video hub centered on the tuxedo.

The magazine-style app is split into four chapters that each focuses on a different aspect of wearing a tuxedo.

Also, British automaker Rolls-Royce Motor Cars updated its Phantom iPad app in the last quarter of 2012.



*Mr Porter's The Tux iPad app*

The Phantom app now gives aspirational owners and Rolls-Royce enthusiasts the ability to create and customize their own Phantom Series II vehicle, go to Rolls-Royce media channels and locate a dealer.

However, no matter what sort of mobile device a user owns, mobile efforts should focus on the user experience.

Marketers should also keep in mind the transitions users make between devices.

"Marketers in this new order of constant connectivity must devise strategies for a multiscreen consumer experience, allowing for the narrative of the brand to be transported from touch point to touch point in a trans-media engagement model where the technologies used are no longer the focal point," Acquity Group's Mr. Forshay said.

"The consumer experience is the primary consideration and that experience is, by its nature, transitional," he said. "The success or failure of any future marketing effort will be defined in the execution of transitions, such as the transitions from medium to medium, dialogue to dialogue, and context to context." ■



*Rolls-Royce Phantom iPad app*

## Multichannel campaigns to break down barriers between marketing mediums

By Erin Shea

Successful multichannel campaigns in 2013 will blur the lines between the digital and physical realms in which consumers interact with luxury brands and retailers.

Luxury marketers should aim to create a smooth transition for consumers between platforms in their multichannel approach. The most effective campaigns will be those that can engulf the consumer without compromising the value of the brand.

"Luxury brands and retailers that provide a seamless experience across all channels will have a huge advantage in 2013, as competitors scramble to catch up," said Jordan Phillips, founder and director of Lure of Luxe LLC, New York.

"Many luxury marketers have simply gone too far in promoting and distributing their brands," she said. "Trying to be all things to all people does not work."

"It is important to remember that luxury would not be luxury without barriers to entry, and constantly working to keep brand equity intact is incredibly important."

### Channels of choice

Campaigns that immerse consumers in a brand's content through various platforms are the ones that stick with them the longest.

Luxury marketers must be sure that consumers remember their message on crowded marketing channels.

The message must be available on all platforms, but primarily those on which affluent consumers are present most often.

Marketers that are succeeding in respect to their 360-degree marketing approach are enacting print, digital and mobile efforts to push long-term campaigns.

A desirable, meaningful message on all platforms, espe-

cially digital and mobile, will make more of an impact on the target audience compared to a single-channel effort.

For instance, Chanel's groundbreaking No. 5 fragrance campaign with actor Brad Pitt comprised oversized banner ads on The New York Times Web site and YouTube on the first full day of the campaign as well as a push via its Web site, email, social media channels and the Pandora iPhone application.

Also, French jeweler Cartier targeted holiday shoppers through its multichannel Winter Tale campaign that it spread through various digital and print media.

The campaign video was released at the start of the holiday shopping season and the jeweler continued to use the



*New Collection Tank Anolai*  
Cartier Winter Tale print ad

theme throughout its multichannel holiday efforts.

Next, the brand pushed Winter Tale through its Web site, Facebook page, email blasts, direct mail catalogs and print ads in high-end magazines.

Luxury marketers should streamline the way they approach their efforts and focus on key demographics and customer bases, per Chris Olshan, chief marketing officer of The Luxury Marketing Council, New York.

Indeed, digital and mobile platforms have shifted the way in which luxury brands and retailers market to their target audience.

"Luxury marketers need to have a consistent brand message across all fields of marketing," Mr. Olshan said.

"All channels should hold the same message," he said. "It is easier to find out quickly if their message deviates from the original pillars."

### **Making connections**

Luxury marketers must consider how easily consumers can find and absorb their message on multiple platforms when creating their multichannel approach.

The user experience should always be seamless. This is especially important for digital- and mobile-based marketing campaigns.

Also, there is no question that the mobile medium is a necessity for luxury marketers. There are various ways to include the platform in 2013.

## **"There is no more separation between how consumers behave online and how they behave offline"**

For example, L'Oreal-owned beauty marketer Lancôme bolstered ecommerce through a revamped mobile experience right before the holidays.

The brand's mobile, tablet and desktop sites were redone to give affluent beauty buyers a consistent brand experience on multiple platforms. These new updates added

to the user experience with improved category browsing, simplified checkout and a more-detailed product page.

Also, French fashion house Chanel added to its multichannel push for the J12 white ceramic timepiece through a banner ad on The Cut's mobile site that revealed an animation displayed over the blog's content.

Users who clicked the mobile banner ad on New York Magazine's style blog were shown an animated display of white feathers before the ticking J12 timepiece appeared. Buttons on the ad let users learn more about the watch, find a Chanel boutique or schedule an in-store appointment.

"Many luxury marketers started to incorporate apps, social and shoppable videos and social tools like Thunderclap into their online, social and digital programs in 2012," said John Casey, founder and director of FreshFluff, New York.

"I anticipate that there will be a continued emphasis on incorporating and expanding marketing programs that capture the attention of consumers increasingly reliant on mobile devices, phones and tablets to enhance and supplement their shopping experience," he said.

Furthermore, the way that marketers present themselves both online and offline should be very similar in multichannel campaigns so that the experience feels the same to the consumer, per Jean-Marc Bellaiche, New York-based senior partner and global leader of Boston Consulting Group's luxury, fashion and beauty practice.

In the near future, consumers will not separate how they behave online compared to how they behave offline. This is especially important for luxury marketers to keep in mind when they are creating multichannel campaigns.

Consumers tend to go back and forth in that they search online for a product and then look at it in a store. Therefore, it is vital that marketers blend each of these brand experiences.

"Consumers in their day-to-day lives are on many channels themselves," Mr. Bellaiche said.

"There is no more separation between how consumers behave online and how they behave offline," he said. ■

## Out of home advertising to bring life to screen-based campaigns

By Tricia Carr

The most successful out-of-home marketers in 2013 will use large-scale placements to showcase brand ideals such as design, quality and lifestyle.

Out-of-home marketing requires a significant investment by the brand so that the placement is able to bring the brand to life in a place where affluent consumers are most apt to spend. A targeted approach is key in outdoor advertising so that the consumers who can buy into the brand are the ones to interpret and be immersed in the message.

"We have seen outdoor ad spend double this last year from exclusive brands and services," said Brad Porter, CEO of B.E. Porter, Beverly Hills, CA. "Their efficient and directed advertising has reaped them increased profitability in a challenging marketplace, and they want more."

### Larger than life

Luxury marketing in 2013 should consist of experiential tactics so that products and services become desirable in the way that they enhance the life of the buyer.

Large-scale outdoor advertising is an effective way to bring life to products and services, per Mr. Porter.

Marketers that want to influence affluent buyers should purchase ad real estate on billboards.

Consumers will see the brand ideals come to life in a glamorous way just as luxury events and in-store marketing allow consumers to experience the brand.

Luxury marketers should use billboards to target areas in which affluent consumers are most willing to make emotional purchases.

In 2012, British fashion label Burberry placed large-scale out-of-home ads inside New York's iconic Grand Central Terminal that could have spurred purchases from eager tourists.

**"In this information age, it is easier to target specific environs where superfluous shoppers abound"**

The brand placed an image of actor Eddie Redmayne in a navy suit holding a rain jacket and umbrella on large digital screens that are approximately 10 feet above the floor of the station's main concourse.

The ad panes flashed between a few different marketers, with Burberry being the only luxury brand featured at the time, and appeared between train track entrances.

"In this information age, it is easier to target specific environs where superfluous shoppers abound," Mr. Porter said.



*Eddie Redmayne for Burberry*

## Right on target

Despite its mass-reach, out-of-home advertising must be targeted to the affluent audience.

Large-scale out-of-home efforts need to tap what affluent consumers are craving: status, exclusivity, high-design and pleasure.

Affluent consumers can decode messages in a different way than most consumers, per Mr. Porter.

The triggers can be vastly different and surprising.

For instance, affluent consumers do not solely care about logos and brand names, but want to see the elements of design and performance shine through in marketing efforts.

British marketers Burberry and Alfred Dunhill each presented out-of-home experiences to consumers in international markets in this manner.

Burberry began its ambitious event series in 2012 that ignited a global campaign focused on fashion, weather and the combination of physical and digital channels.

The label's first fully-immersive event experience called Burberry World Live took place April 26 in Taipei City, Tai-

wan, to celebrate the opening of its first flagship store in the country.

The event focused on weather, labeling Burberry as a brand that protects consumers from the elements with fashion.

Also, British apparel and accessories brand Alfred Dunhill combined sight, smell, sound and vision in a recreation of famed Trafalgar Square in London that displayed a simulation of all four seasons over the course of one day.

The event was broadcast March 16 to more than 1,000 global guests in Shanghai, China, as the third of a series of installations. Trafalgar was one of the longest live single CGI sequences ever made to simulate a full year of British seasons over one day, claimed the brand.

Luxury marketers should incorporate the 360-degree brand experience into the outdoor ad placements so that affluent consumers can take in a consistent message, but through a platform other than digital.

"All consumers are the same – the thought is as understandable as it is tempting," Mr. Porter said. "Getting through to basic emotions can be key to marketing communication success.

"In some categories, the market leader benefits from significant media investment," he said.

"A strategy to outspend competition results in a significant stab at profitability and the general public ends up spammed with ineffectual eye pollution." ■



*Burberry World Live in Taipei City, Taiwan*

## Print to be most influential in 360-degree campaigns

By Erin Shea

Luxury marketers should incorporate print marketing into a larger multichannel push for it to have the most impact in 2013 as print media may be on the decline.

Brands will continue to place print ads in 2013, especially in high-end magazines and newspapers that target the affluent audience. Although the print industry is under threat of diminishing advertising, it can still be a useful medium to reach affluent consumers.

"I am not convinced that dead-tree publishing is over," said Matthew Egan, strategy director at Siegel + Gale, New York. "There is no question, [however], that it is diminishing in relevance.

"Print still delivers a well-targeted, high-quality reader experience," he said.

"That quality is key to luxury marketers and that is why they have not abandoned the medium."

### Not over yet

Print is losing out as consumers today spend 6 percent of their time with the medium versus other major media, according to Mr. Egan.

Also, U.S. print expenditures have fallen from approximately 20 percent of total advertising spend to less than 10 percent.

"The data tells us that print is less prevalent today as a marketing platform," Mr. Egan said.

However, many luxury-focused magazines are seeing an increase in the number of ads and ad revenue than they have in previous issues.

Magazines such as Architectural Digest, Departures, Town & Country and W saw increases in the number of print ads in their publications in 2012.

Condé Nast's Architectural Digest rounded out 2012 with a 10 percent ad page increase over last year with the December issue on its own boasting a 15 percent ad page increase in comparison to the year-ago period. The magazine contained 86 pages of ads.

Hearst's Town & Country's September issue was up 7 percent year over year, which correlated to the 10 percent year-to-date increase.

Also, American Express Publishing's Departures magazine rounded out a successful calendar year in 2012 during which it saw ad revenue rise 12 percent and ad pages grow by 2 percent. In 2013, Departures will move into a 900,000 rate base effective with the January 2013 issue, which is a 2.9 percent increase from the 2012 rate base.

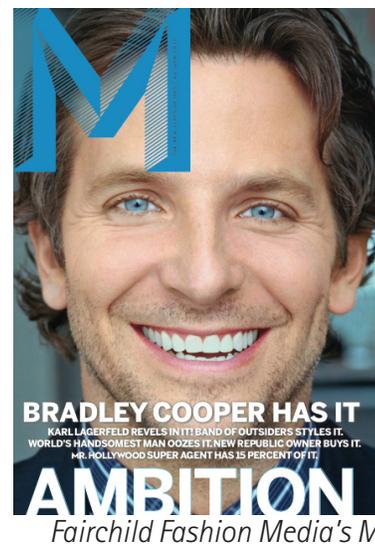
Condé Nast's W magazine was up 105 percent in ad pages in its November issue compared to the year-ago period. The issue was W's 40th anniversary issue.

Furthermore, new publications geared toward affluent consumers popped up throughout 2012.

Condé Nast-owned Fairchild Fashion Media debuted M magazine in 2012 that is targeted to affluent males with a household income of more than \$200,000.

Also, DuJour magazine debuted in the fall of 2012. It was founded by former Niche Media CEO Jason Binn in collaboration with the Gilt Groupe.

The publication is distributed through 250,000 direct mail copies and 15,000 copies displayed on newsstands.



New print magazines aid brands that use the medium in their campaigns.

Furthermore, both Robb Report and Departures plan to release new publications for affluent consumers that focus on the home.

Robb Report will introduce a new home magazine titled "Home & Style" in March.

Departures will release a new home and lifestyle magazine this spring called "Home + Design."

"While print helps to establish an image, it will increasingly be used as a point-of-entry into a broader, multichannel marketing program that reaches consumers across a range of media," Mr. Egan said.

### Incorporating technology

As print marketing evolves, there will be more integration of technology into static ads.

This strategy was seen in magazine ads placed in 2012 that used mobile-enhanced content and digital watermarks.

Toyota Corp.'s Lexus engaged Sports Illustrated readers by letting them interact with an ES advertisement with their iPad to add movement to the static page.

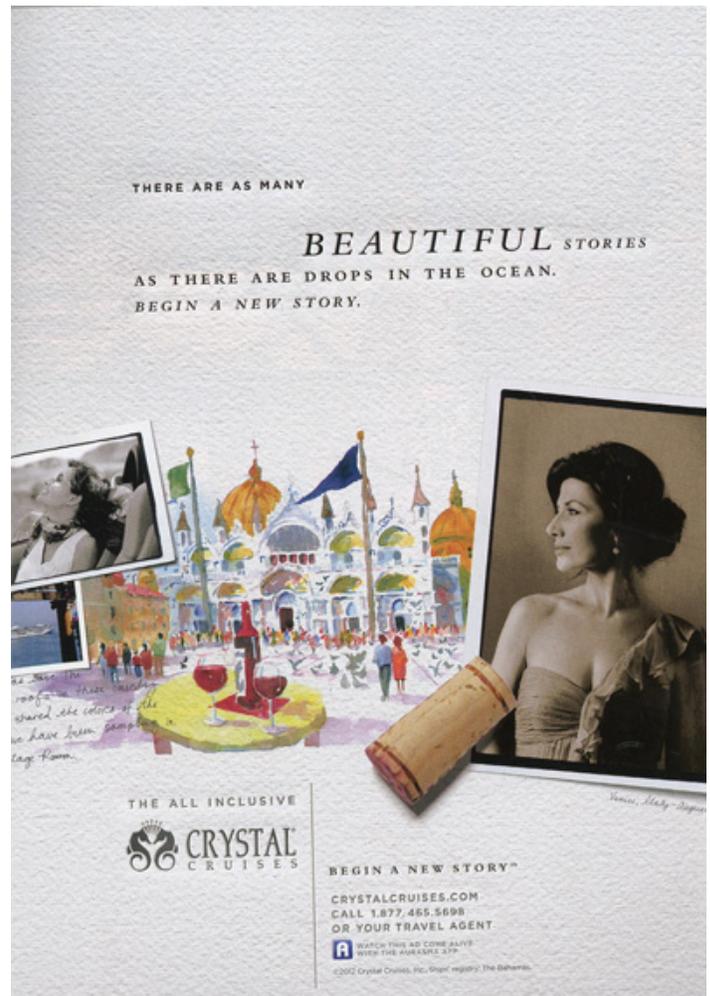
The automaker used CinePrint technology in this effort so that when users put the Lexus ES print ad over their iPad while playing a video found on the tablet version of the magazine, there were light and sound effects on the print ad.

Also, Crystal Cruises bridged the gap between old- and new-world technology via print ads that use mobile application Aurasma to show additional video content.

Breaking away from 2D bar codes typically used in print ads, Aurasma technology allows brands to engage on mobile without a bar code in their ads. Users who have downloaded the Aurasma app can hold their smartphone over the ad and wait for it to come to life.

Luxury marketers will integrate more digital technology into the print medium in the future, per Mr. Egan.

There will be three main areas that comprise these moves: technology integration, media integration and retail integration.



Crystal Cruises digitally-watermarked print ad

Technology integration will feature components such as QR codes, augmented reality and geo-fenced content.

Media integration constitutes a print advertisement serving as the gateway to other forms of media as in any multichannel campaign.

Lastly, retail integration will make the print ad an entryway to a mobile commerce experience.

"Luxury marketers will continue to use print as an anchor for their brand campaigns," Mr. Egan said. "I expect to see more innovation around integrating print into broader omni-channel brand experiences." ■

## Radio to remain relevant with future innovations

By Erin Shea

Luxury marketers should continue to make use of radio-like channels in 2013 due to the innovations in the music industry such as Pandora, iHeartRadio, Spotify and other digital and mobile applications.

These digital music channels have increased the usefulness of radio in the modern world. Luxury marketers should incorporate these channels into their digital advertising strategy to reach young, affluent consumers in 2013.

"Given new apps and Web services such as Pandora, iHeartRadio and radio streaming apps, radio advertising is actually still a relevant medium for marketers," said John Casey, founder and director at FreshFluff, New York.

"Since services and apps are a destination for young as well as older adults reliant on apps for their musical choices, it makes sense for luxury marketers trying to reach a younger demographic to advertise on these emerging radio platforms," he said.

"So long as radio streaming apps proliferate, and as more and more mobile devices lend themselves to making radio accessible to a wider audience, radio advertising should actually be a consideration for marketers."

### Medley of marketers

In the past, insurance companies and automotive manufacturers were the primary advertisers present on the radio medium.

But the players have changed ever since mobile came into the picture.

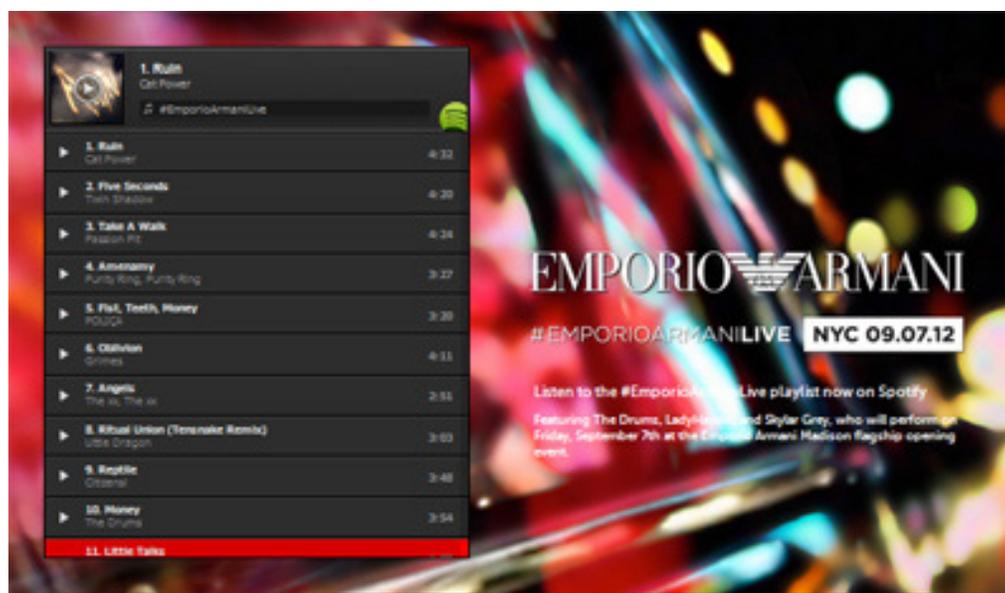
In 2012, Giorgio Armani took its digital advertising to a new level by promoting a store opening through radio and

digital ads on music provider Spotify.

There was a banner ad at the bottom of the Spotify desktop app and a takeover ad of which consumers had to actively click out.

These ads linked to the Armani Web site where consumers could check out a special playlist and look at all lines including Emporio, Giorgio, Armani Collezioni and Armani Junior.

The goal of the campaign was to drive traffic to the Emporio Armani store in New York for a live performance on the day of its opening.

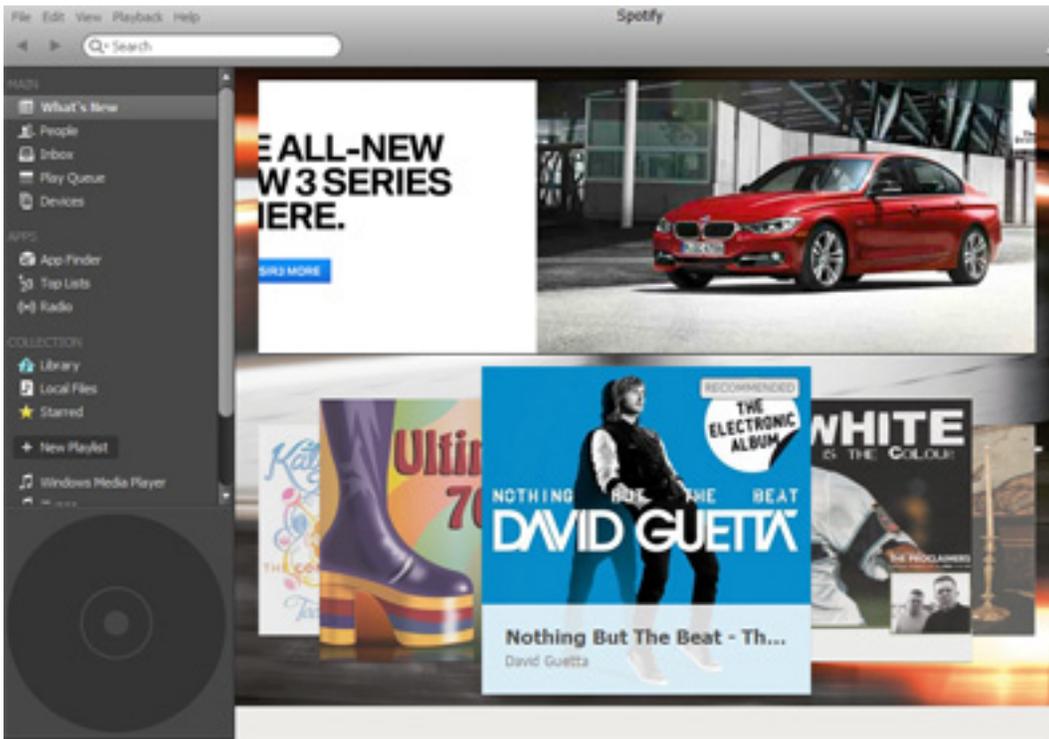


*Armani Spotify campaign*

Also, BMW strayed from traditional radio advertising for its DESIR3 campaign through an ad placement on Spotify that connected to a microsite for its 3 Series.

Consumers who clicked on the ad were brought to a page where they could explore the 3 Series by scrolling with their cursors.

Meanwhile, luxury marketers such as department store chain Nordstrom and French fashion house Chanel placed



BMW's DESIR3 campaign on Spotify

### On-the-go radio

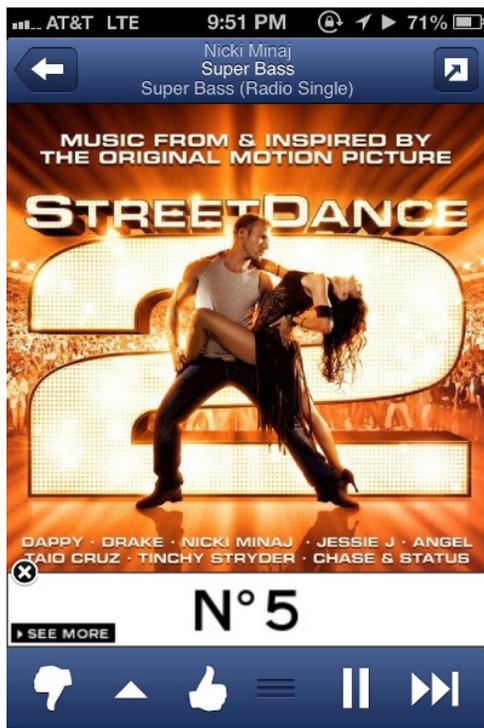
Most luxury brand radio marketing efforts in 2012 were placements on Internet services and mobile apps.

These developments in radio listening are helping marketers reinvent the idea of radio marketing.

"Other technologies have actually enhanced the viability of radio marketing, such as apps and the Internet, and have allowed for radio to be even more accessible than simply through an actual radio, stereo or a car," Mr. Casey said. "Radio comes in many varieties."

ads in Pandora's mobile app during 2012.

Nordstrom was aiming to increase traffic to its mobile site through a new advertising initiative that enticed affluent consumers to shop the latest winter products during the holiday season.



Chanel No. 5 Pandora ad

The retailer ran the ad on Pandora's iPhone app. The ads featured winter boots.

Also, Chanel promoted its No. 5 fragrance campaign with actor Brad Pitt via a mobile banner ad on Pandora. The ad linked to the label's mobile commerce Web site.

These new radio platforms, Web sites and technologies can also allow users to get a more personal experience since they can listen to certain playlists, genres or artists.

"These are interesting channels for reaching consumers, because they offer personalized products for their audience and over time should be able to build substantial followings," said Ron Kurtz, president of the American Affluence Research Center, Atlanta.

However, luxury marketers should be aware that reaching their target audience on radio and Internet radio platforms may be more difficult compared to using other media platforms such as mobile, digital or print.

"I'm not sure that these platforms' audiences can be effectively segmented so that marketers of luxury brands can buy advertising for exposure to just the people with the profile of the affluent consumers they need to reach," Mr. Kurtz said.

"In addition, there is an issue of whether luxury products can be effectively presented simply with voice and with no visual of any type," he said. ■

## Cable spots hold most value for luxury marketers

By Erin Shea

Luxury marketers that are looking to use television advertisements in 2013 should rely on cable channels to reach affluent consumers.

Marketers need to keep in mind the meaning and content of their message to determine the best TV channel on which to place it since picking a similar program helps it to resonate best with the audience. Also, marketers that plan to use TV should be ready to invest in a good campaign.

"Luxury marketers should avoid broadcast TV, which is too expensive and does not cover enough high-end consumers," said Al Ries, chairman of marketing strategy consultancy Ries & Ries, Roswell, GA.

"Our experience suggests that the most-effective TV commercials are in shows that are consistent with the advertiser's message," he said. "If an advertiser has news to announce, for example, then CNN or another cable news show might be the best medium to use."

### Big investment

TV is a strong, yet expensive marketing medium.

Luxury brands that use TV spots as part of their marketing efforts should be prepared to invest in the campaign for it to be most successful.

"TV requires a relatively massive budget to be used effectively," Mr. Ries said. "An advertiser needs to spend enough money on TV to get the noise level.

"Small TV budgets are usually a waste of money," he said.

Celebrity endorsements can

help luxury marketers get the most from a TV spot.

However, marketers should be sure that the celebrity is a good fit for the brand.

Also, more marketers are looking to TV and Internet to advertise since the effectiveness of the print medium is declining.

"The issue for luxury goods manufacturers is, should we drastically cut back on print in order to have enough money to launch an effective television marketing program?" Mr. Ries said.

Last year, many luxury automakers took to TV to promote their brand and new vehicles.

Automakers such as Jaguar, Audi, Lexus, BMW, Land Rover and Mercedes-Benz released TV spots in 2012 to promote certain vehicles.

For example, Land Rover targeted affluent males with its sponsorship of ESPN college basketball.

Land Rover accelerated male interest for the 2013 Range



*Land Rover ESPN halftime sponsorship*

Rover Evoque model through a short film titled "The Collector" that showed off the brand's history of luxury and capability.

The commercial debuted during the Florida State University versus Virginia Polytechnic Institute and State University football game on ESPN.

The sponsorship included TV spots and a prominent presence during the half-time analysis.

Ralph Lauren, for example, became a corporate sponsor of Masterpiece, the drama series on PBS that boasts TV programs such as Downton Abbey and Sherlock.

The brand chose to partner with PBS' Masterpiece since both represent the same qualities, per Ralph Lauren.

"There is an array of cable channels that are far less expensive and have a much higher percentage of luxury buyers," Mr. Ries said.



*Audi S8 commercial*

Audi chose to release a commercial during a sporting event this year as well.

Audi hyped its S model range via a dedicated TV campaign that began with a commercial that aired with National Football League games in addition to placements on select cable networks and online media.

The automaker also secured a commercial spot during the Super Bowl XLVII, the automaker's sixth consecutive placement during the game.

Additionally, Audi took a turn in its marketing efforts for the A6 model by premiering a TV commercial that used child humor to appeal to consumers during the National Hockey League playoffs.

Similar to luxury automakers, marketers in other categories should look to advertise on specific cable channels to get the most from their dollar.

### **Out of the slump**

The luxury industry is expected to do better in 2013 along with the economy, and affluent customers will be spending more.

Marketing budgets are likely to rise with this upturn, which leaves more funds for marketers to invest in TV advertising.

"We expect the luxury goods market will be up sharply next year, along with marketing budgets of major companies in the field," Mr. Ries said.

"Wealthy individuals are going to increase their spending after years of holding back, since nobody wants to spend big when so many Americans are out of work," he said.

"But high-end consumers are getting older and they are likely to be thinking, I have worked hard all my life and this is my chance to enjoy the fruits of my labors."