

Digital Strategies for Luxury Brands

Insights, Examples, and Implications

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A broad look

- Traditionally, luxury brands have been hesitant to move online. Now, because of the internet's increased ubiquity and print advertising's decreased returns, more and more luxury brands are making the transition to online advertising and e-commerce.
- Affluent consumers are particularly heavy users of the internet for both information and for online purchasing. Up to 90% of high-income internet users regularly shop online (the number varies slightly in different markets). The internet is their number one source of information for luxury products.



Luxury brands **must** have a strong presence online

- There are numerous third party information sources online about any luxury brand. These sources might include consumer reviews, discussions, even price comparisons and shopping on eBay. Potential customers have access to this information; it is essential that the brand itself have a voice in the online landscape.
- Because affluent consumers use the web as their number one information source about luxury products, all luxury brands must have an online presence.



What does digital mean for a luxury brand?

- Many luxury brands have now accepted that a digital presence is essential to their brand. However, the following questions are still asked:
 - How do we use the web to tell a luxury story?
 - How do we recreate the sensorial experience of the brand online?
- This report highlights 10 ways that other luxury brands are currently answering these questions to engage with consumers digitally.



10 ways to engage with luxury consumers online

1. Communicate the dream of the luxury brand
2. Digital as a piece of the larger puzzle
3. Tell a great story
4. Be a cultural tastemaker
5. Provide a trusted guide to lifestyle enhancement
6. Use history as a way to push forward
7. Encourage the spirit of competition
8. Talk to younger luxury consumers
9. Offer incomparable service
10. Use digital to convey exclusivity



The spectrum of accessibility and exclusivity

- All luxury communications fall somewhere in the spectrum between **accessibility** and **exclusivity**.
- Luxury brands must, by definition, be exclusive. However, their value must be recognized and desired even by those who cannot attain it.

ACCESSIBLE

EXCLUSIVE

Awareness of the brand's promise is **accessible**.

Acheivement of the brand's promise is **exclusive**.



Where does digital fit into the spectrum?

- Because the internet is founded on principles of accessibility and democracy, luxury brands generally use digital as a way to spread the brand's dream and mythology.
- Digital communications can play a valuable and critical role in spreading information about the brand.

ACCESSIBLE

EXCLUSIVE



TV **Digital *** Print In-store Events VIP service



** There are other uses, too, but we'll get to that later.*



1. Digital's primary role: communicate the dream

- Building the brand's image and mythology online helps to make the brand desirable for all customers, current and future.
- This allows the brand to reach affluent consumers who are potential customers as well as aspiring consumers who may one day have the means to be potential customers.
- Luxury brands usually try to mimic the in-store experience with an interactive web site, but this does not use the web's primary strengths and has limited reach and utility.
- **Who is using the web's inherent strengths for building their brands?**



Differentiate a traditional site experience

Hermes Web Site



<http://www.hermes.com/>

Although it follows the traditional luxury paradigm of a Flash-heavy siloed experience, the Hermes web site is well done because of its light-hearted, whimsical visual tone.

The playful spirit is consistent through the interactions, content, and features.

Tiles in a virtual mosaic lead to product information, video montages, company history, and virtual games.



Engaging potential customers through social content

Gucci Facebook Page



<http://www.facebook.com/gucci>

Gucci is not the only luxury brand with a Facebook page, but they are one of the best because of:

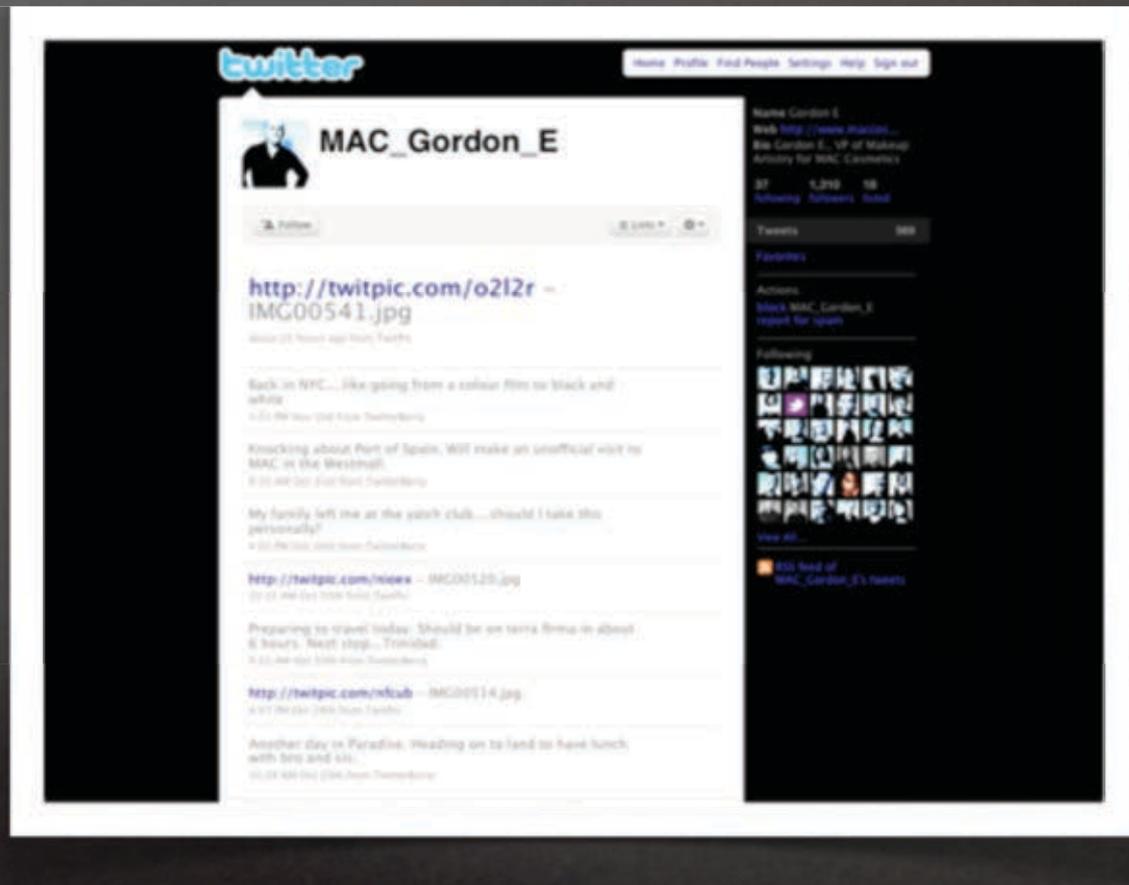
- Constantly updated content - photos, videos, and information about events.
- Interactions with fans and requests for participation.
- No barrier to access the information.

The result is a 454,328 fan pipeline of potential future buyers.



Exclusive backstage access in a very public forum

MAC Cosmetics Twitter Accounts



During Fashion Week in NYC, MAC makeup artists were tweeting from backstage and engaging the community in dialogue around the latest in beauty trends.

This is a good example of how social media can enhance the brand's image rather than cheapening it.

<http://www.product-girl.com/archives/mac-cosmetics-twitter-new-york-fashion-week-2008/>



Highlighting the most exclusive products

Mercedes Benz TV

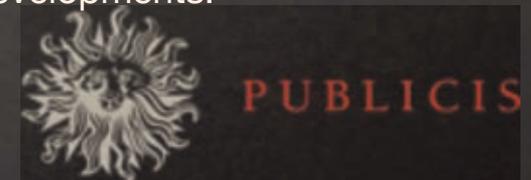


<http://www.mercedes-benz.tv/>

An online TV channel that covers new and exciting car models. It also details endeavors into gaming and other elements relevant to car enthusiasts (both current and potential prospects).

It features various models through artistic videos which highlight the vehicles' performance.

The site also uses Youtube, Facebook, and Twitter as platforms to keep fans up to date on new episodes and developments.



2. Digital as a piece of the larger puzzle

- The most successful luxury digital campaigns are fully integrated with a larger digital strategy and align with the brand's values.
- Digital can be used to support all other touchpoints - including events, campaigns, customer service, etc.
- The digital space can help expose past initiatives to people who may have missed them.
- Many of the examples in this presentation have 360 degree touchpoints, but the following examples highlight some particularly successful integrations.



Documenting and publicizing an event

Grey Goose at the Toronto Film Festival



<http://blog.greygoose.com/>

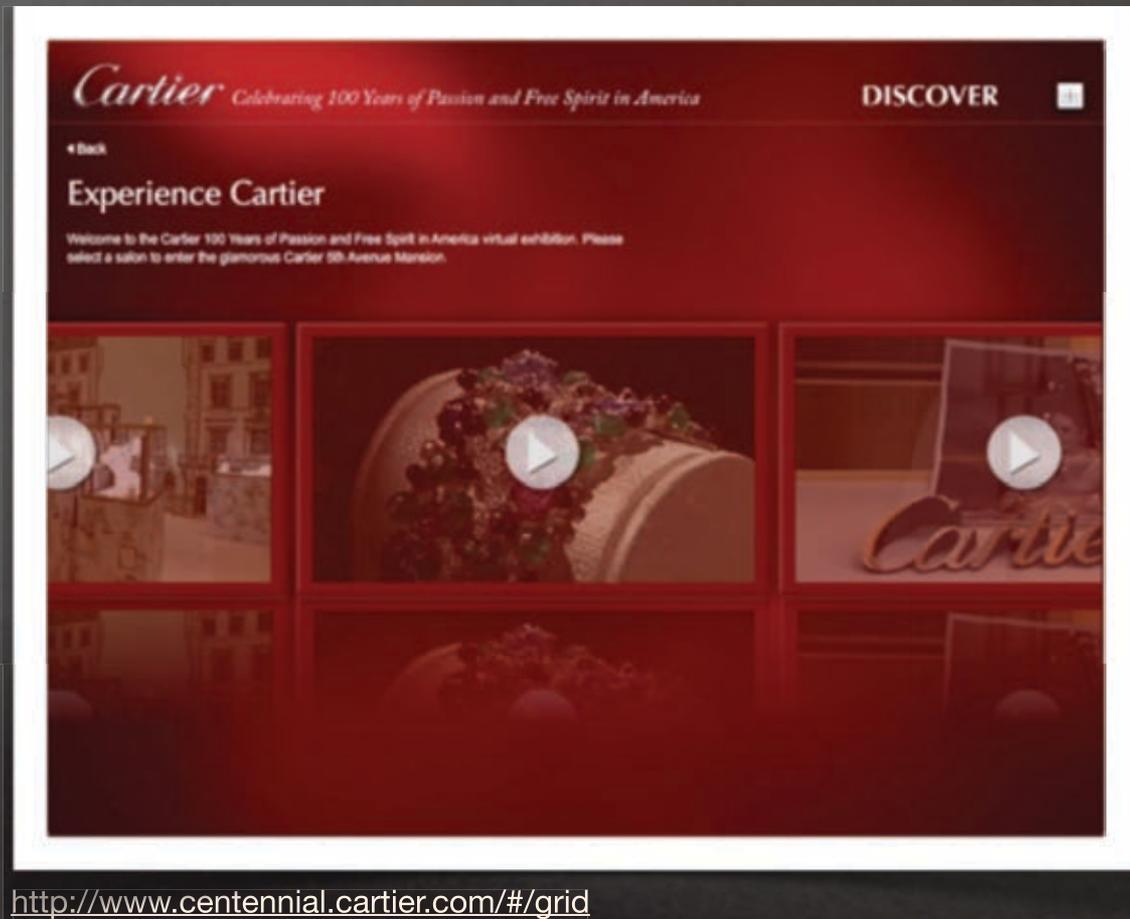
Grey Goose had an extensive partnership with the Toronto Film Festival, in which they sponsored awards and parties.

The blog catalogued the Grey Goose team's journey and experiences at the festival and provided documentation on the parties, thus providing virtual access to the exclusive event.



Supporting an iconic event with an online showcase

Cartier Centennial



Cartier celebrated its 100 year anniversary with number of commemorative events: an exhibition in the Cartier Mansion in NYC, a touring exhibit of iconic pieces, celebrity events, and a photography book.

Each of these efforts has a gorgeously designed online counterpart, which allows consumers to experience the events even if they couldn't actually attend.



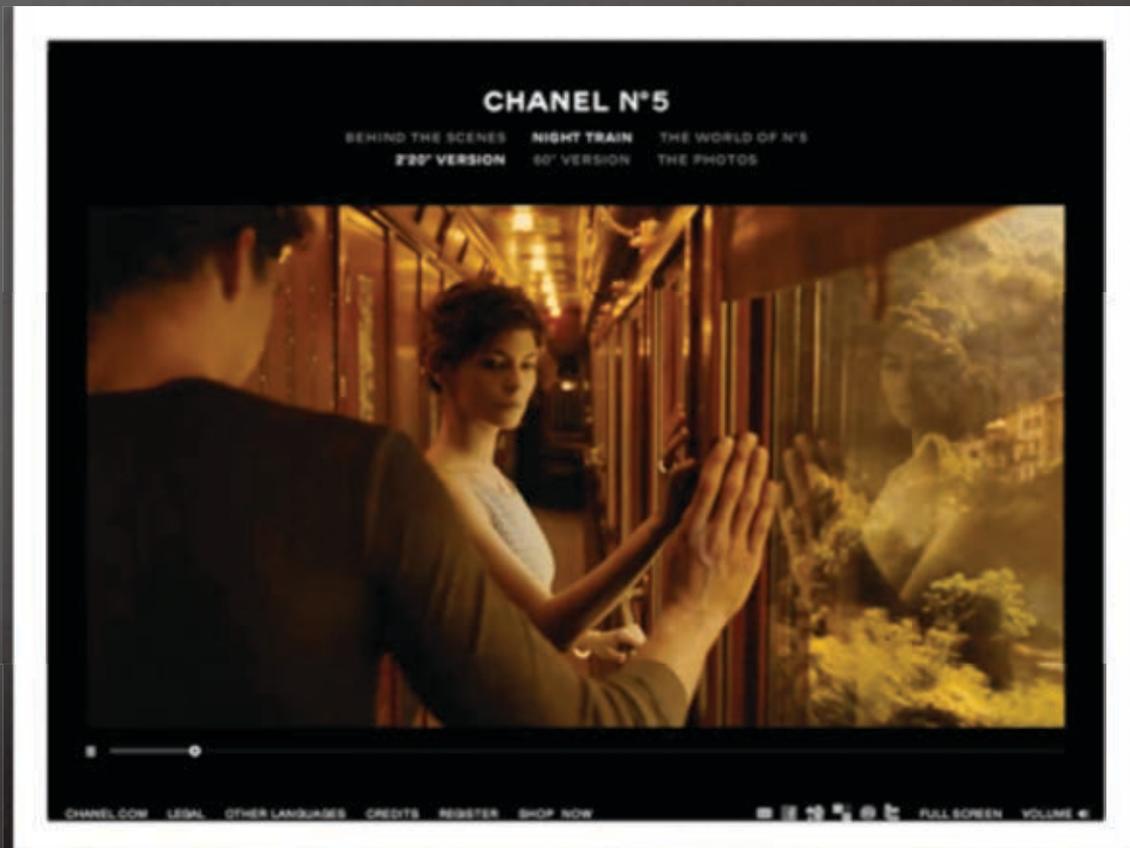
3. Tell a great story

- Go beyond aesthetics to create marketing products that add value for the consumer - whether it is entertainment, education, or utility.
- Most value-added marketing includes a heavy storytelling component, giving consumers a reason to engage with the brand.



Articulate the mood of the brand

Chanel No. 5 “Night Train”



<http://www.chaneln5.com/>

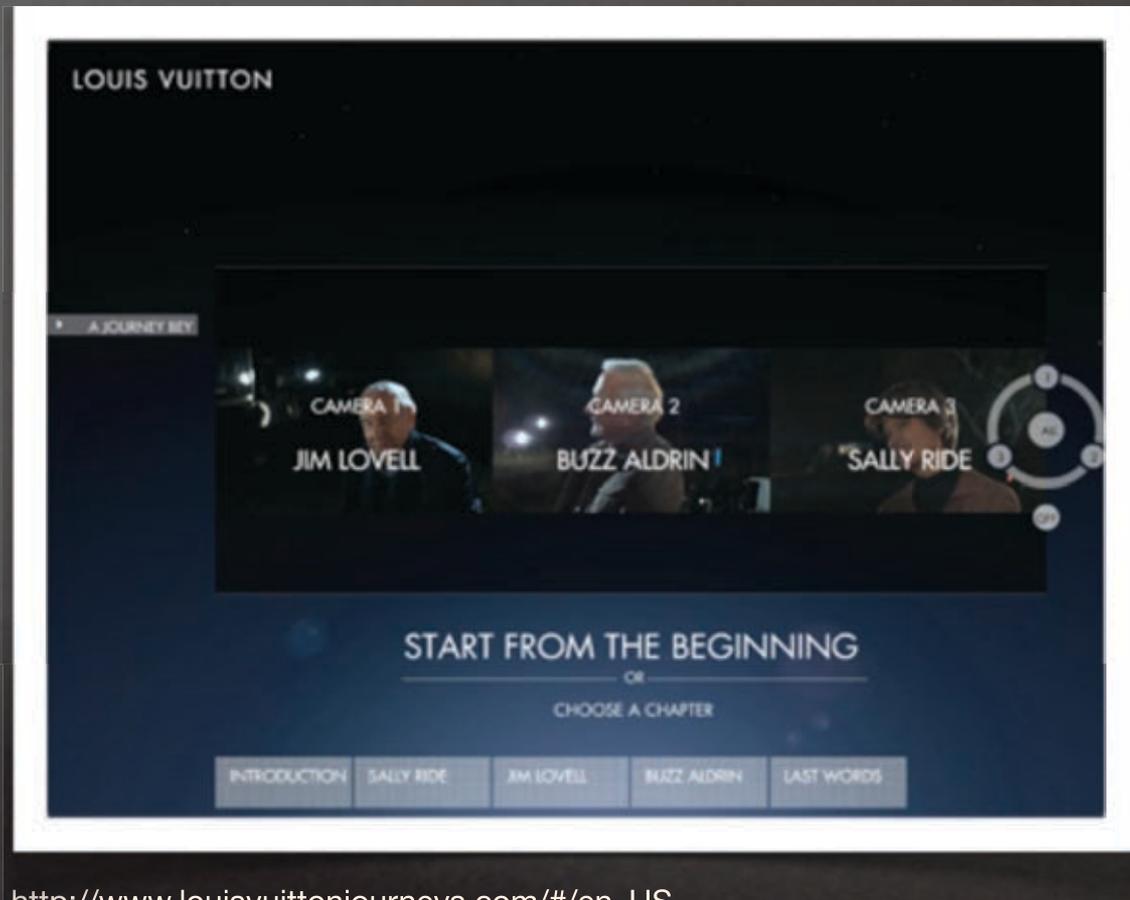
The Chanel video featuring Audrey Tautou ignited conversations online because of its value as a piece of film and its storytelling.

The companion web site treated the video similarly to a movie release - it included behind the scenes information, screensavers, and photographs which enhanced the experience.



Create engagement through interactive storytelling

Louis Vuitton Journeys



http://www.louisvuittonjourneys.com/#/en_US

The interactive website showcases personal stories from groundbreaking astronauts.

Even without the Louis Vuitton brand the web site is fascinating for both its content and the way in that the stories are told - they overlap and the consumer can choose to follow each astronaut individually.



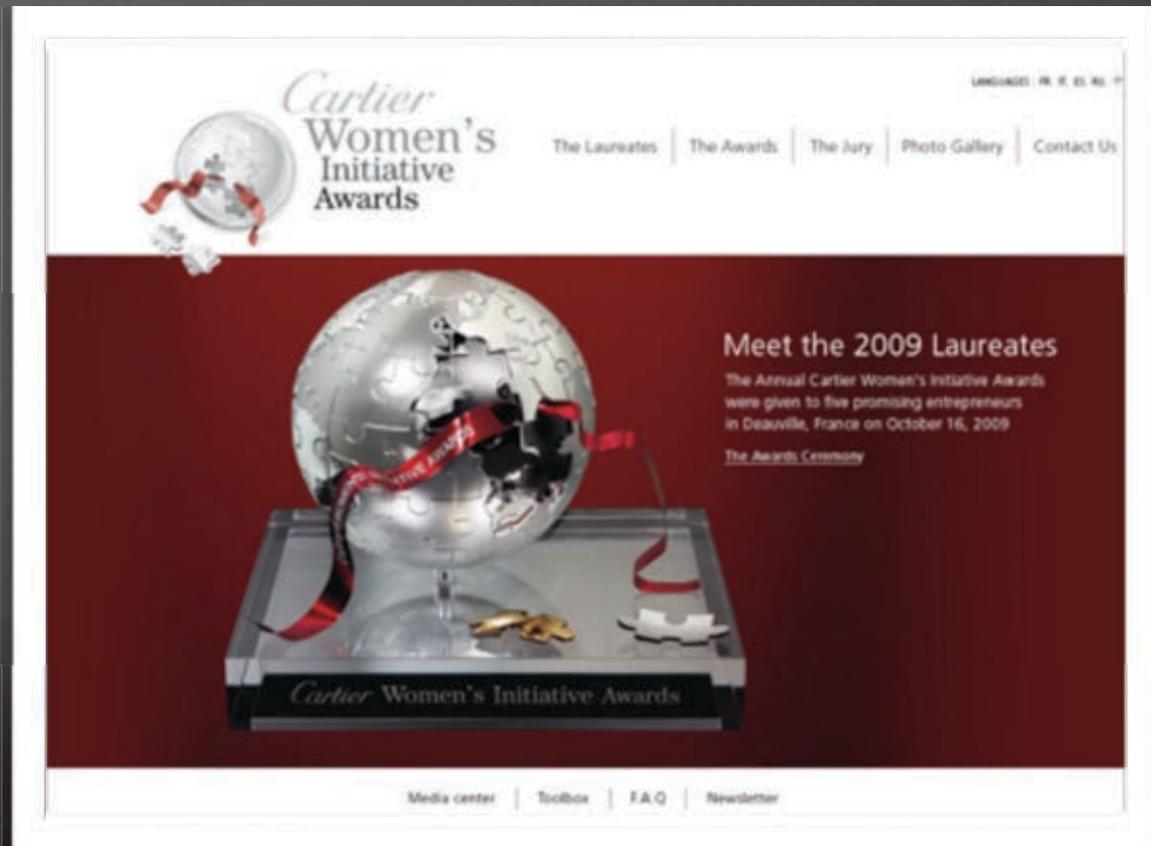
4. Be a cultural tastemaker

- Elevate the brand's luxury status by acting as an arbitrator of taste, recognizing and guiding consumers to cultural excellence.
- In addition to arts and culture, the brand can also take part in the global community by recognizing pioneers and innovators for global good.
- Cultural content can also be a valuable way of giving consumers a reason to engage with the brand on a more frequent basis.
- Many brands (luxury and not) attempt to act as tastemakers for their audience. The most successful efforts work because they align with the brand values and they take an innovative approach to highlighting the content.



Celebrate achievements that resonate

Cartier's Women's Initiative Awards



<http://www.cartierwomensinitiative.com/cms/>

Cartier's Women's Initiative Awards is an annual awards event that celebrates five promising female entrepreneurs.

Because the awards celebrate female business initiative, they are relevant to Cartier's audience and also match the brand's spirit of achievement.



Recognize innovators who align with the brand's values

The Rolex Awards



<http://rolexawards.com/en/the-laureates/index.jsp>

The Rolex Awards recognizes pioneering projects that demonstrate innovative thought and contribute to the betterment of humankind. The awards were established in 1976 and have received and evaluated 25,800 submissions.

This aligns with Rolex's brand position of unwavering excellence and precision, within the realm of improving the global good.



Present acheivers in the arts in a unique way

Grey Goose Iconoclasts



<http://www.greygoose.com/#/global/en/entertainment/iconoclasts/>

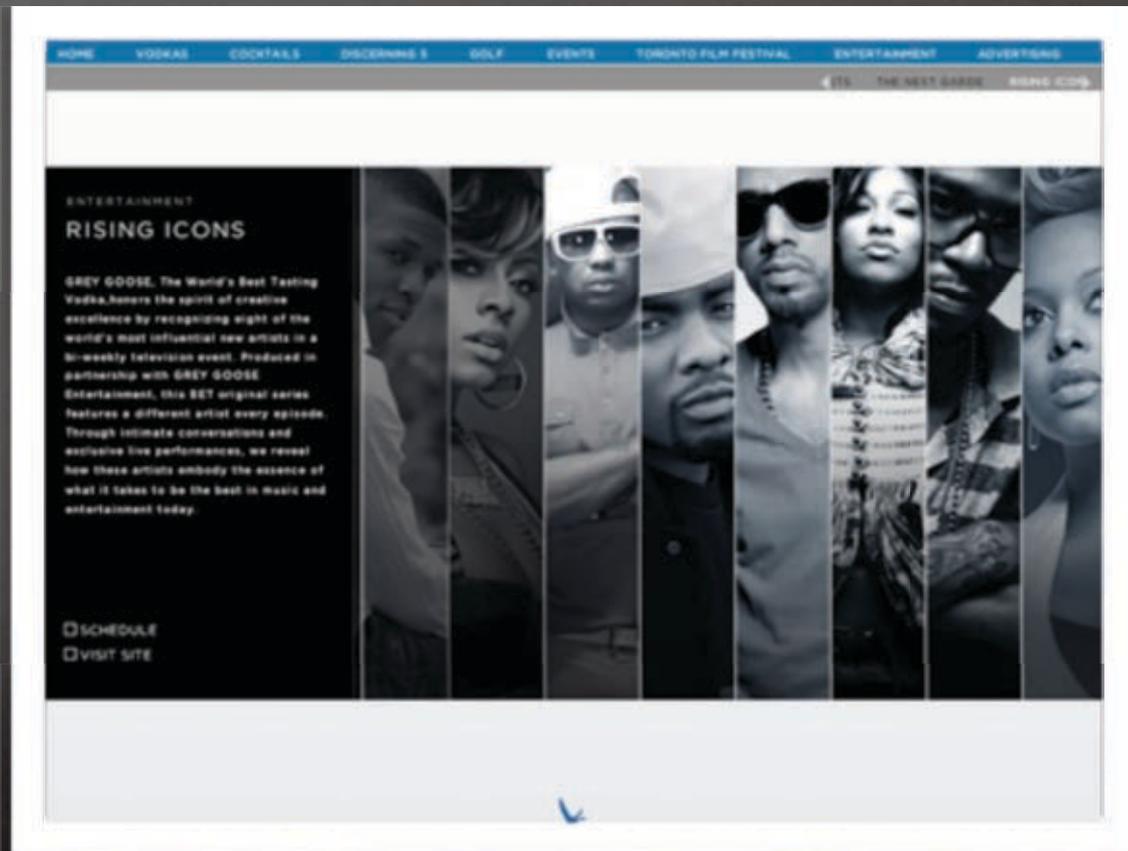
Grey Goose partnered with the Sundance channel to create a critically acclaimed television series that features dynamic encounters between two well-known innovators from different fields.

This example goes beyond simply developing or sponsoring tastemaker content to create a brand new format that is highly engaging for consumers.



Recognize influencers on the rise

Grey Goose Rising Icons



<http://www.greygoose.com/#/global/en/entertainment/risingicons/>

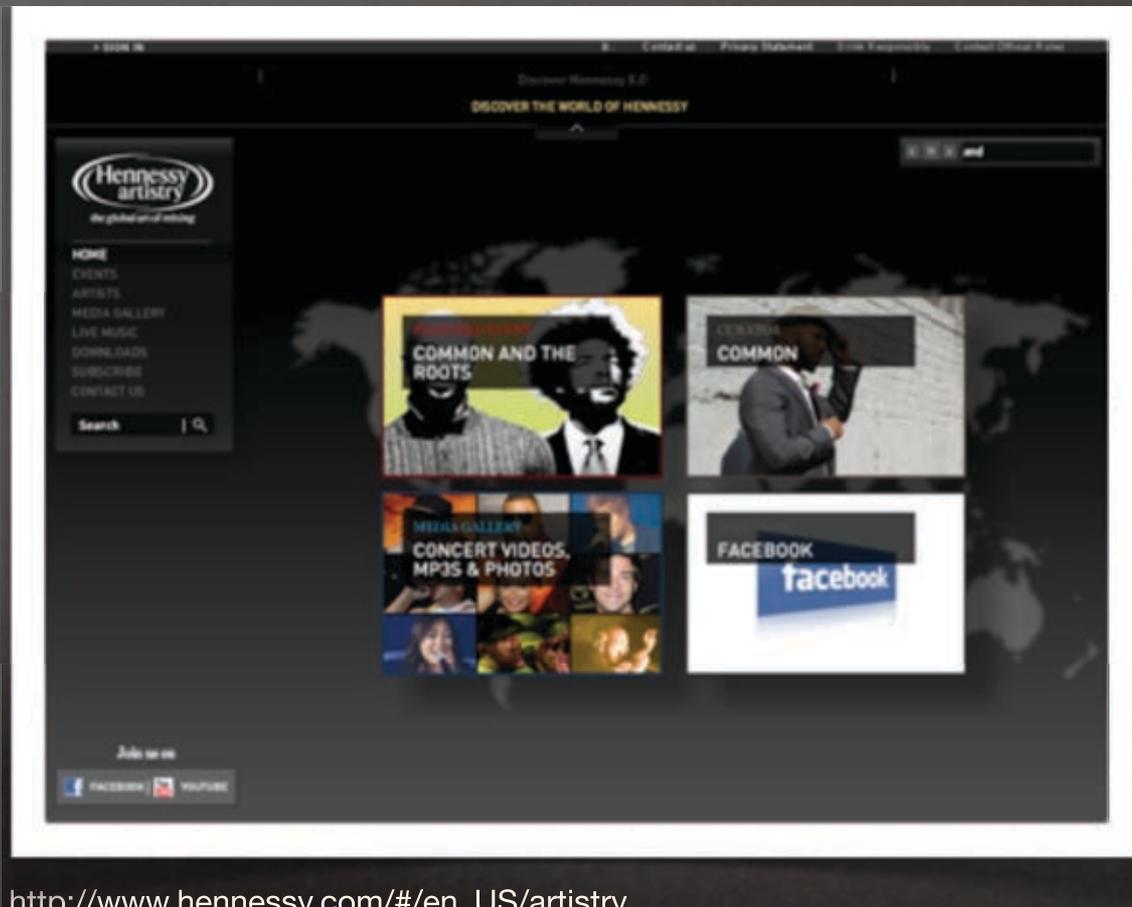
Grey Goose recognizes eight of the world's most influential new urban artists in a bi-weekly television event that airs on BET.

This example is valuable because it is a partnership between a brand and a trusted entertainment network. Additionally, it highlights artists with grassroots beginnings and huge followings - including Kid Cudi, who built his initial popularity online.



Allow an established artist to curate content

Hennessy Artistry - Curated by Common



http://www.hennessy.com/#/en_US/artistry

Rather than presenting themselves as cultural tastemakers, Hennessy went another route by partnering with respected musicians and allowing them to curate the best in upcoming artists.

This effort also includes a series of global concerts, which are documented and presented online.



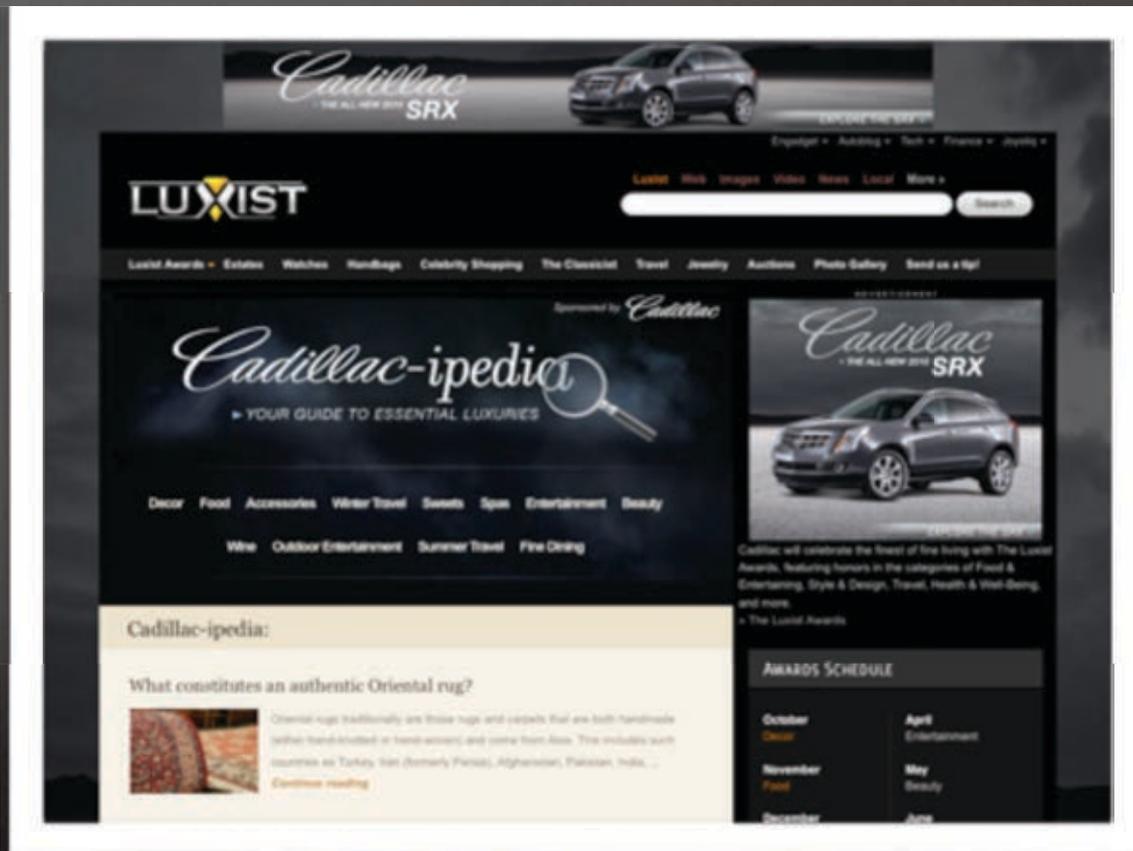
5. Be a trusted guide to lifestyle enhancement

- Be the trusted source for best-in-class lifestyle content. Give people interesting nuggets on widely popular events and also lesser known niche materials.
- Creating unique content that grabs the audience's attention can be difficult, given the abundance of lifestyle information online. Partnering with an existing lifestyle source is a good strategy for gaining a built in audience and ensuring editorial quality.
- Providing ongoing educational content is a great way to increase the opportunities for brand engagement.
- There is a lot of room for improvement in this space because even brands that are doing a good job are not getting a lot of traffic and exposure.



Partner with respected lifestyle guides

Cadillac-ipedia



<http://www.luxist.com/cadillacipedia>

Cadillac partnered with Luxist, the top blog for luxury lifestyle content, to sponsor the “Cadillac-ipedia”. This branded section of the site aggregates all of the blogs lifestyle tips and tricks by topic.

Because Luxist is already well-established (600K monthly visitors), this partnership provides Cadillac with a larger audience than it would have on its own.



Provide on-the-go cultural recommendations

Gucci Little Black Book



Gucci iPhone App

Gucci has an iPhone app that offers users exclusive access to Gucci fashion, videos, and products.

Additionally, the Gucci “Little Black Book” offers users recommendations for local restaurants, shopping, and cultural events based on the user’s current GPS location.



6. Use history as a way to push forward

- Luxury brands frequently illustrate their brand's history and story to help contribute to the sense of craft.
- They also draw parallels to historical moments outside of the brand to help articulate their points-of-view.
- Providing users with a story about what makes the brand special makes the purchase decision more compelling.



Showcase a history of technical innovation

Lamborghini Museum



<http://www.visit-lamborghini.com/#gallery>

The Lamborghini Museum opened in 2001 to celebrate the company's ongoing commitment to producing the best "dream cars".

The Lamborghini web site has a corresponding virtual museum that highlights the technological milestones of the brand.



Celebrate a history of iconic style

Cartier Centennial



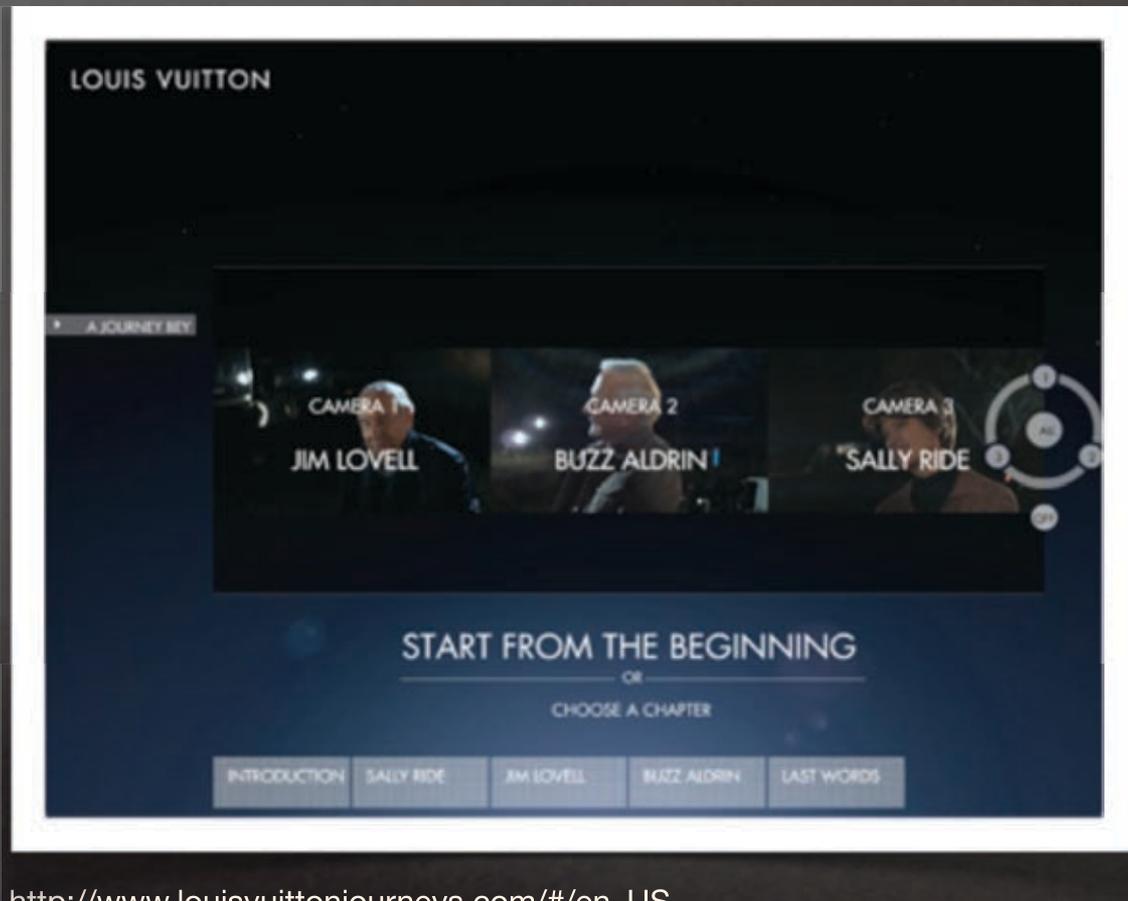
<http://www.centennial.cartier.com/#/grid>

The Cartier Centennial web site highlights the brand's history of creating iconic jewelry through an interactive mosaic. This gives access to people who can't attend the real-world tour dates.



Draw parallels with historical moments

Louis Vuitton Journeys



http://www.louisvuittonjourneys.com/#/en_US

The Louis Vuitton Journeys web site features interactive videos featuring Jim Lovell, Buzz Aldren, and Sally Ride: all pioneers in space travel.

Louis Vuitton's respected and long brand history is a vehicle to tell captivating stories about great journeys in history.



Use history to build brand mythology

Jack Daniels



There's a sense of mystery around the life of Jack Daniel, and this aura is elevated in the way the brand communicates: i.e. – the #7 on the bottle, the distilling process, Daniels' first foray into bourbon, and even his death.

<http://www.jackdaniels.com/TheDistillery/Default.aspx?st=cavespringwater>



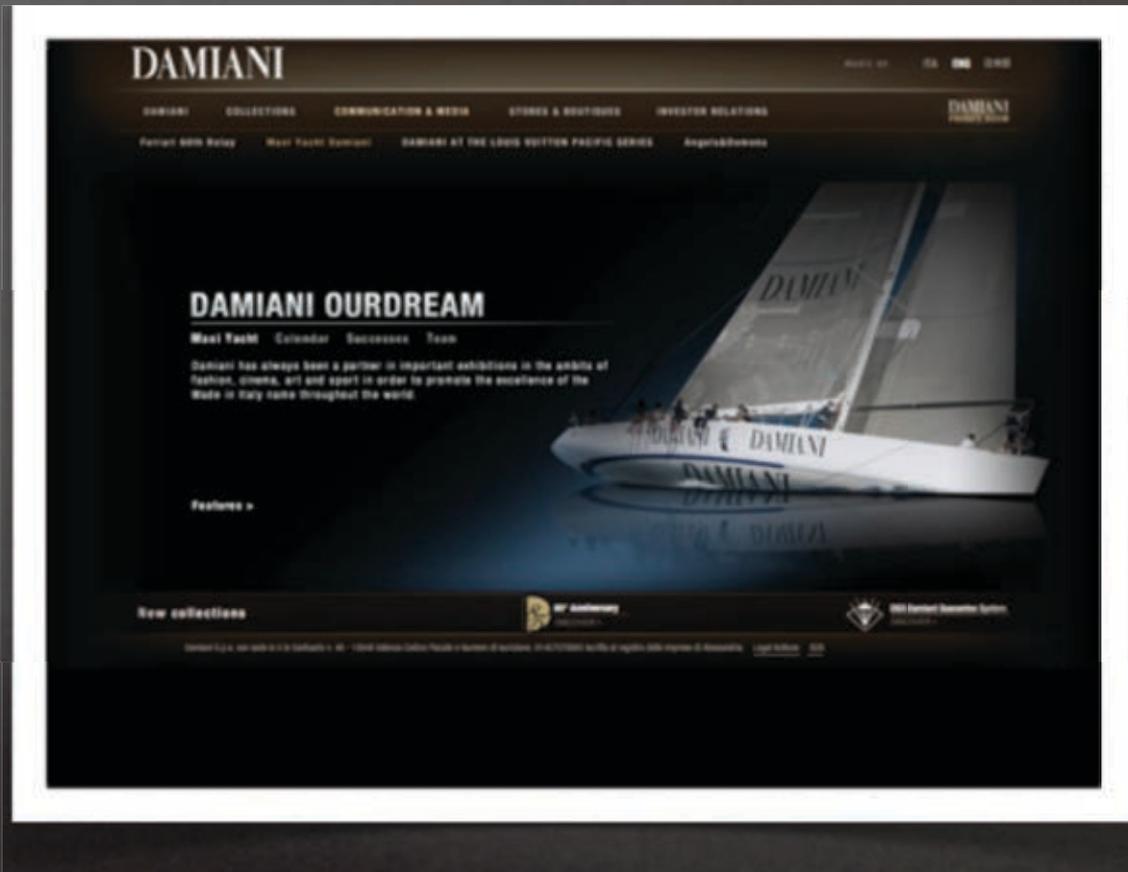
7. Encourage the spirit of competition

- Leverage the camaraderie of sport and the excitement and engagement that competition generates. This can be effective because luxury consumers tend to be overachievers with a highly developed competitive spirit.
- Contests can tie in with real world events or even real products to add gravitas.



Emphasize collaboration through sport

Damiani Yacht Racing



Damiani organized a team made up of both professionals and amateurs to compete in a ragata in the Mediterranean.

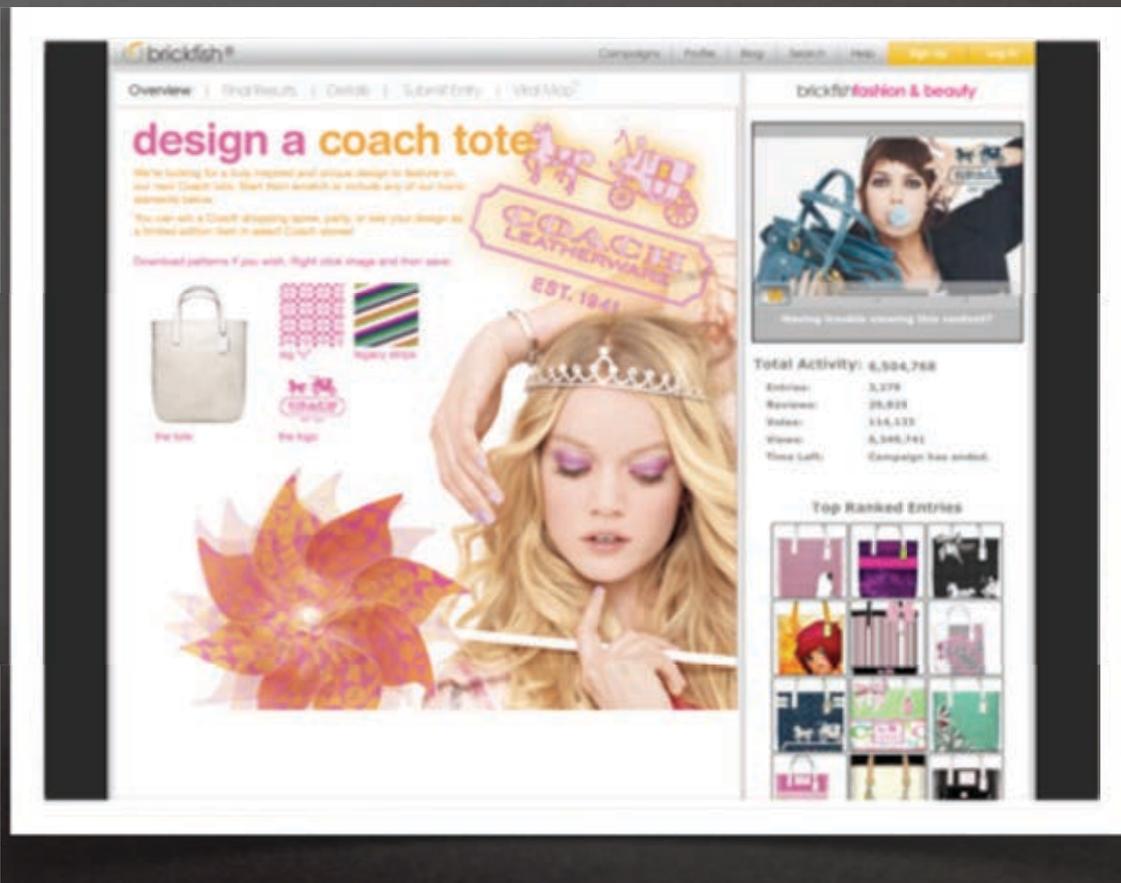
The mixture of professional and amateur participants maintained a collaborative spirit with the excitement of the competition.



<http://www.damiani.com/index.php?lng=eng>

Engage fans with product customization and design

Design a Coach Tote



<http://www.brickfish.com/fashion/Coach?tab=overview>

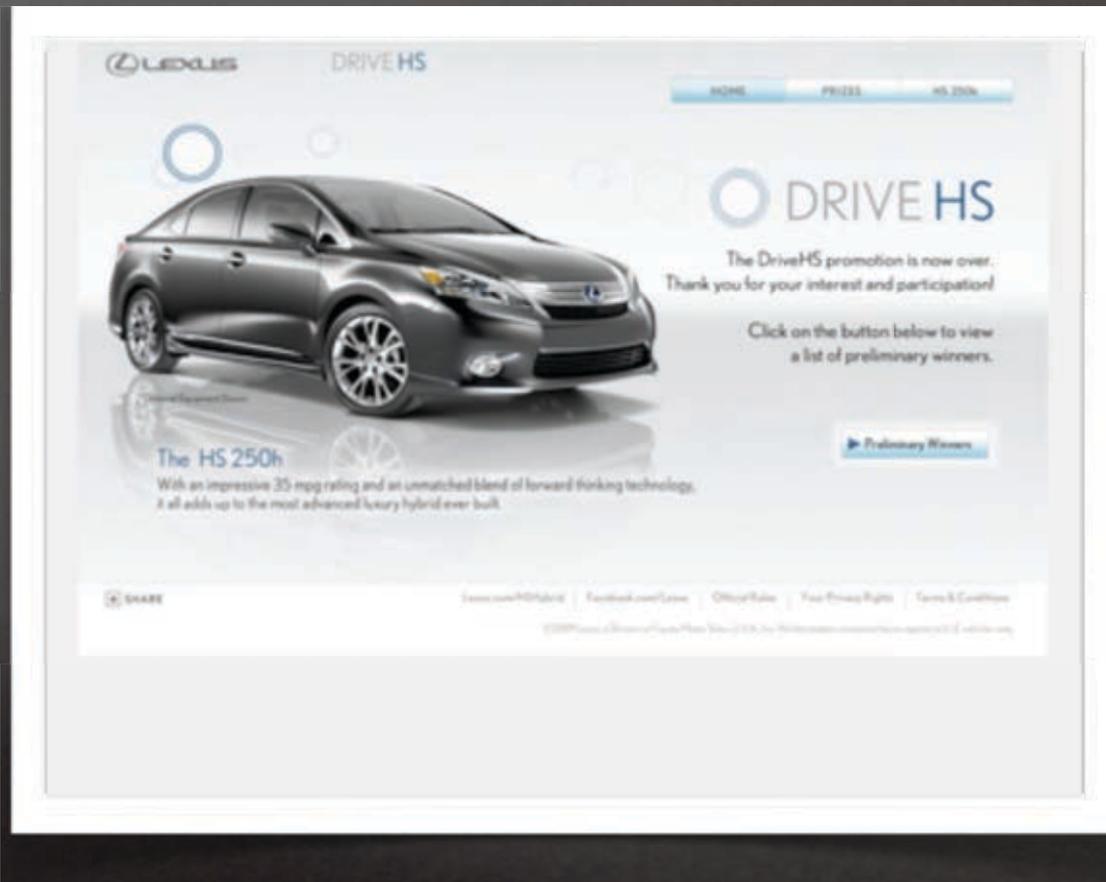
Coach created a contest allowing participants to design, share, and rate Coach bag designs. The winning tote sold as a limited edition item.

This contest was successful because it engaged a committed fan base by allowing them to participate in the creation of the product itself, within the parameters defined by the brand.



Encourage fans to enlist their social networks

Lexus DriveHS



<http://www.drivehs.com/>

Lexus sponsored a contest where the prize was a one-year lease for their latest hybrid model. They asked fans to post a profile and statement about why they should win.

The contest gained a lot of buzz, and the winner used many social media networking techniques to gain votes.



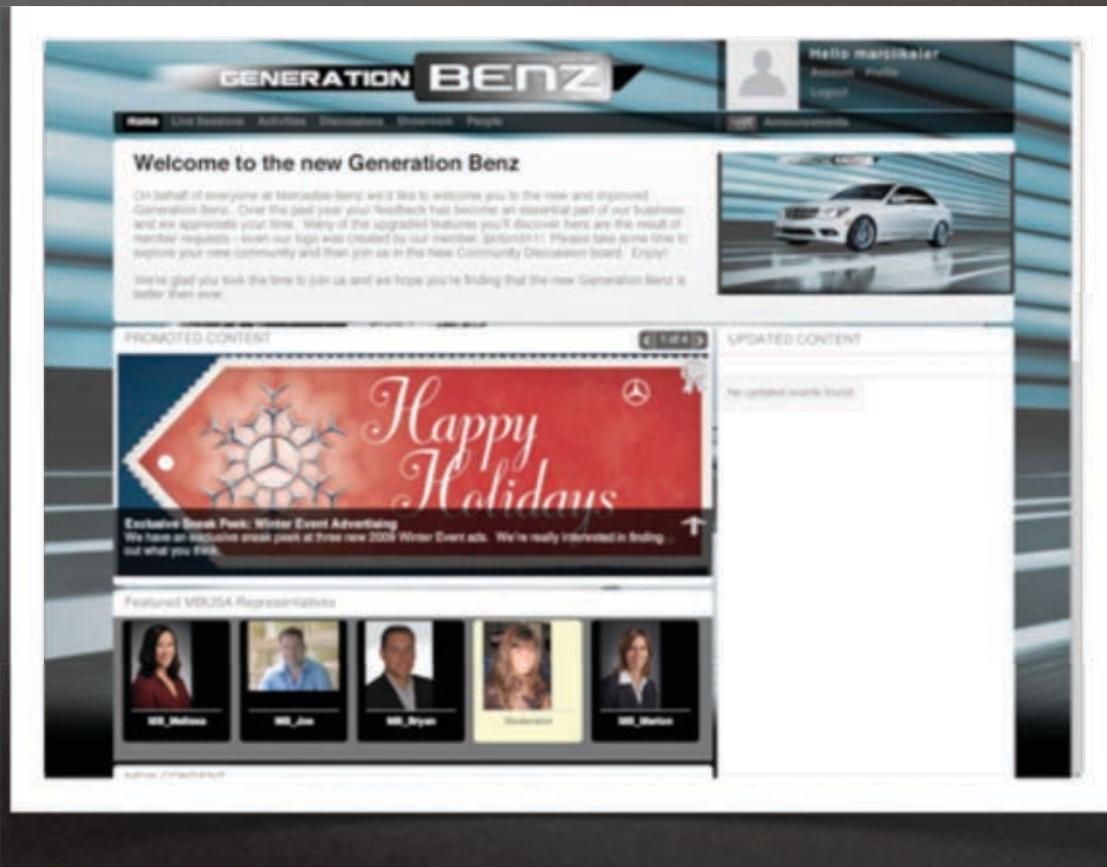
8. Talk to younger luxury consumers

- Luxury brands need to have a strategy for reaching the next generation of luxury consumers. Although young people may not be potential customers now, over time they will accumulate the resources required to become luxury customers.
- Luxury brands need to have two approaches to their youth marketing strategy online: first, they should be listening and engaging with younger people in order to understand the market; and secondly, they should be outputting awareness marketing materials that are relevant to the youth market.



Create a forum for listening to young consumers

Mercedes Benz's Generation Benz



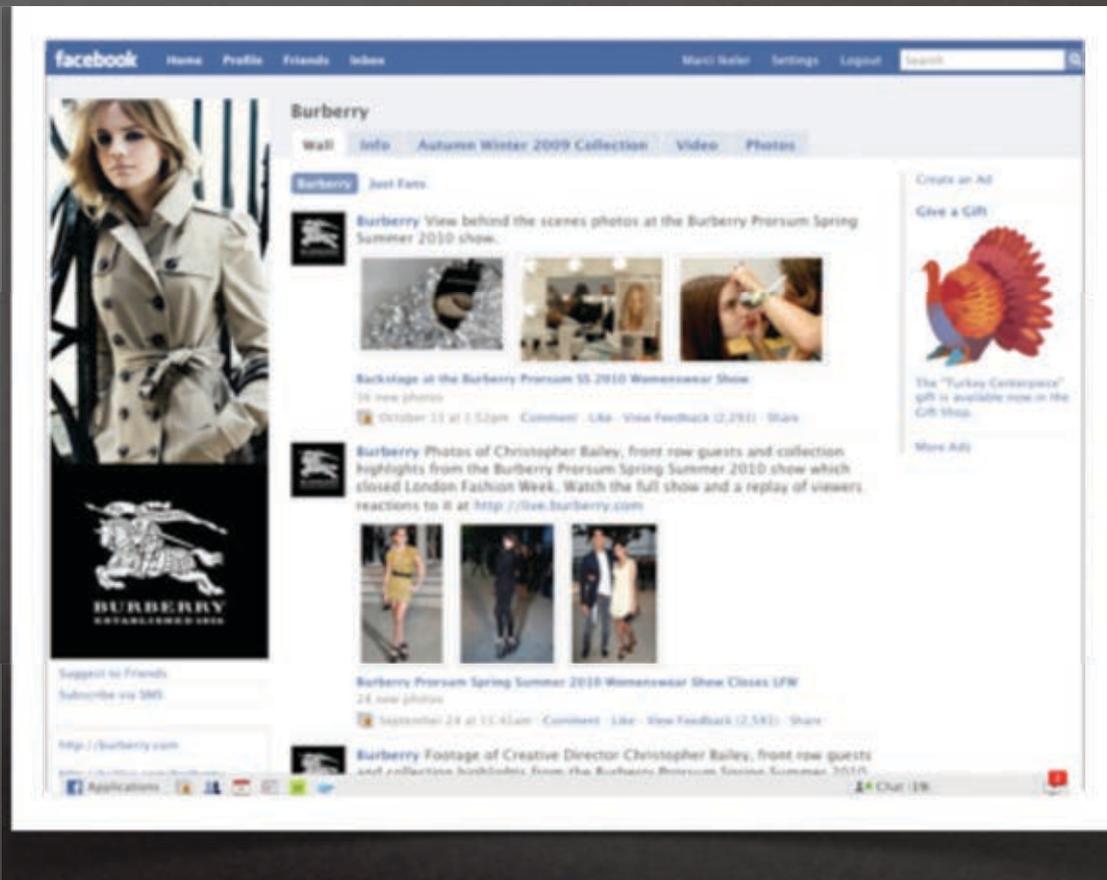
Mercedes created a branded social network available only to Gen Y consumers that allows Mercedes to interact with younger consumers and to solicit feedback on vehicle design decisions.

<http://www.generationbenz.com/>



Creating a forward facing product line

Burberry's Facebook Page



<http://www.facebook.com/burberry>

Burberry created “Burberry Prorsum”, a forward-facing fashion line aimed at a younger audience. The spokesmodel, Emma Watson, is 19-years-old, and is known for her work in the Harry Potter movies.

Burberry has publicized this brand on its Facebook page, a location that can be assumed to have a younger audience than other locations. They highlight the new fashion line with behind the scenes videos, photos, and other exclusive information.



9. Offer incomparable service

- Because time is always valuable, luxury consumers are willing to spend money for service that goes above and beyond.
- Digital can be a perfect channel for bolstering customer service for two reasons: first, it is more efficient than real-world experiences and services, and secondly, the time-starved affluent consumer increasingly looks for customer service and other touchpoints online.
- In addition to customer service, software tools can provide services related to luxury goods that cannot be duplicated in traditional channels.



In-person customer service, online

Astley Clarke

The screenshot shows the Astley Clarke website's 'PERSONAL SHOPPING' page. The header includes the Astley Clarke logo and navigation links such as 'NEW ARRIVALS', 'ALL JEWELLERY', 'DESIGNERS', 'COLLECTIONS', 'GIFTS', 'BRIDAL', 'CURATOR'S NOTES', 'SHOWROOM', and 'CHRISTMAS'. A search bar is also present. The main content area features a 'PERSONAL SHOPPING' heading, a photograph of two women, and a section titled 'CONTACT PERSONAL SHOPPING' with contact details: 'Please call 0845 580 5848 (within the UK) or +44 (0) 207 706 0060 (for overseas orders) personalshopper@astleyclarke.com'. Below this, it states 'Our Personal Shoppers are available by phone or from our London Showroom' and provides the hours: 'Monday to Friday 10am-6pm and Every Saturday 12pm-5pm from Saturday 14th November up to and including Saturday 19th December'. On the left side, there is a 'Customer Service' sidebar with links for 'Delivery Information', 'Returns Policy', 'How To Order', 'Personal Shopper Gift Wrap', 'Payment Methods', 'Gift Vouchers', 'Mobile Codes', 'Ring Sets', 'Showroom Appointments', 'Bespoke Jewellery FAQ', 'Privacy Policy', 'Security Guarantee', and 'Terms & Conditions'. At the bottom left of the page, there is a URL: <http://www.astleyclarke.com/>

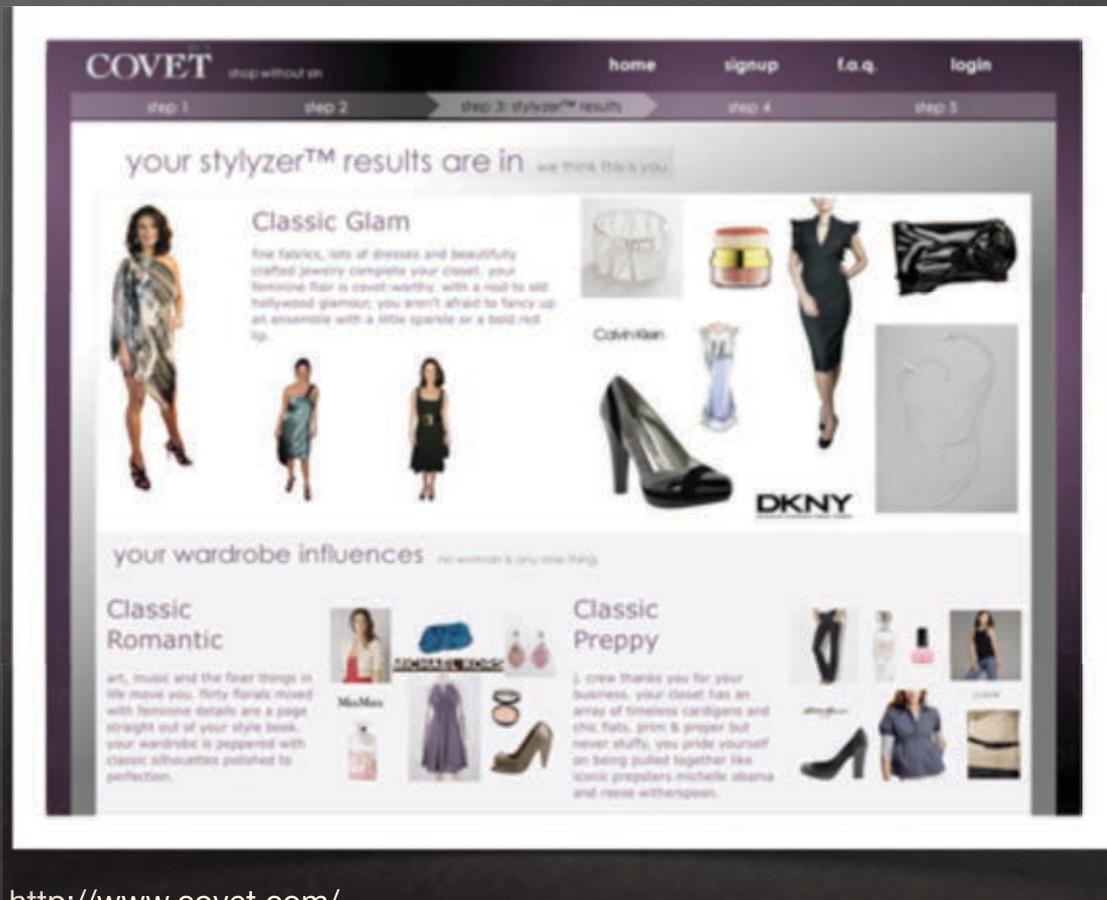
Astley Clarke is a web site that sells high-end, exclusive jewelry.

To address the challenges of selling high-ticket items online, they offer an extensive personal shopper program that provides immediate assistance to their customers. Additionally, customers have access to free returns, same day deliveries, and bespoke services.



Provide a service that can't be replicated offline

Covet



<http://www.covet.com/>

Covet is a virtual personal shopper that analyzes the user's style based on a series of quick questions. Based on the results, it provides style recommendations and shopping deals.

This service uses the advantages of web interactivity and data analysis to provide a highly personalized service that can't be duplicated in other channels.



10. Use digital to convey exclusivity

- In addition to the role of digital communications in driving accessibility and awareness, some luxury brands are beginning to offer selective online content, services, and communities to the brand's customers.
- Closed communities and selective content can drive the brand's sense of exclusivity.

ACCESSIBLE

EXCLUSIVE

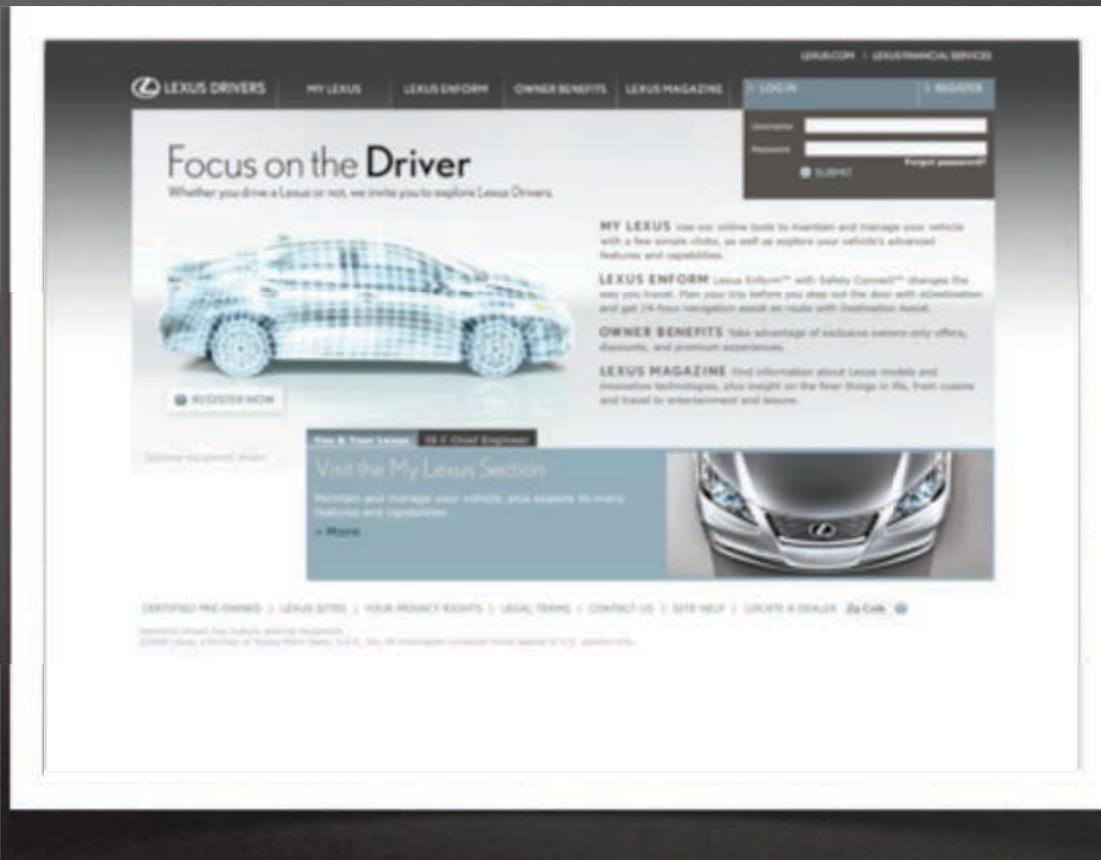


TV Print In-store Events **Digital** VIP service



Create a members-only tool and library

Lexus Drivers



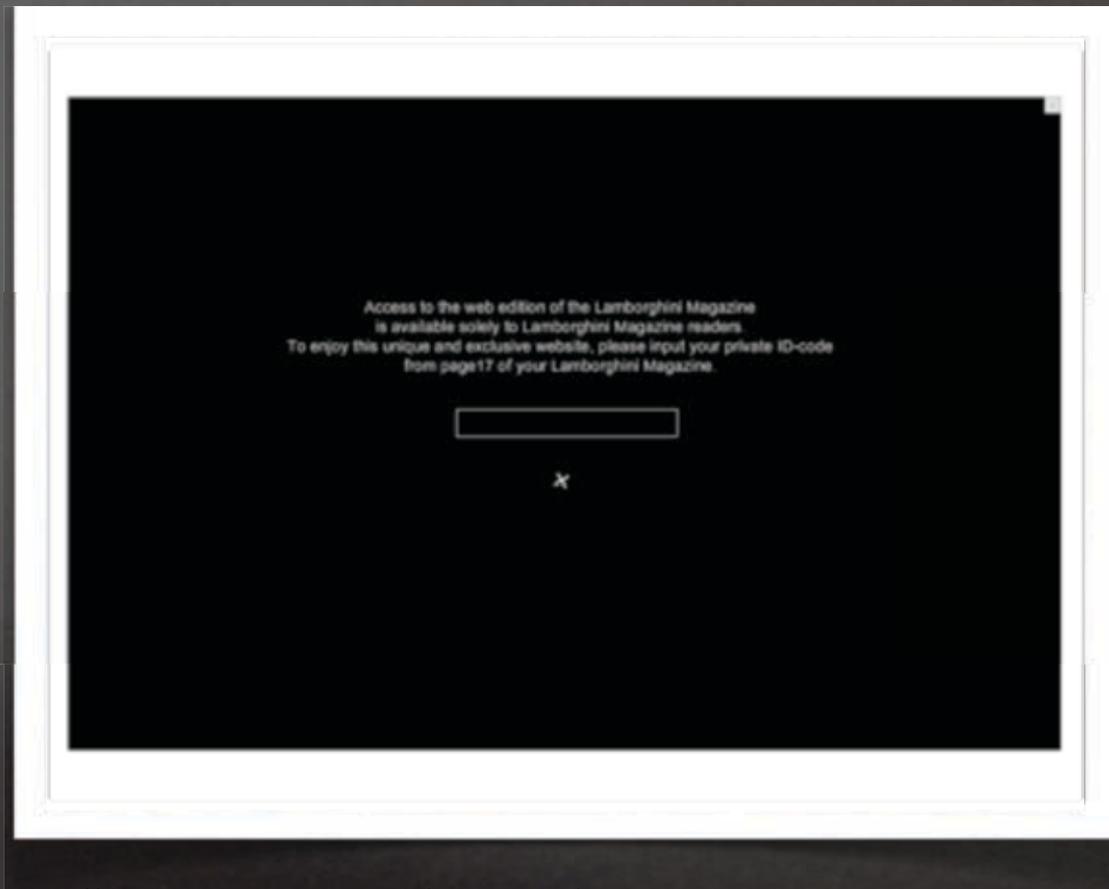
Lexus has an exclusive online community that allows Lexus owners to manage information about their car. Additionally, the Lexus Magazine provides lifestyle content available only to Lexus owners.

<http://drivers.lexus.com/>



Provide valuable content to customers only

Lamborghini Magazine



http://www.lamborghini.com/magazine/index_eng.html

Lamborghini has an online magazine that can only be accessed through a relationship with a Lamborghini dealer.



Summary

1. Communicate the dream of the luxury brand
2. Digital as a piece of the larger puzzle
3. Tell a great story
4. Be a cultural tastemaker
5. Provide a trusted guide to lifestyle enhancement
6. Use history as a way to push forward
7. Encourage the spirit of competition
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Thank you

Questions or comments? Get in touch.

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