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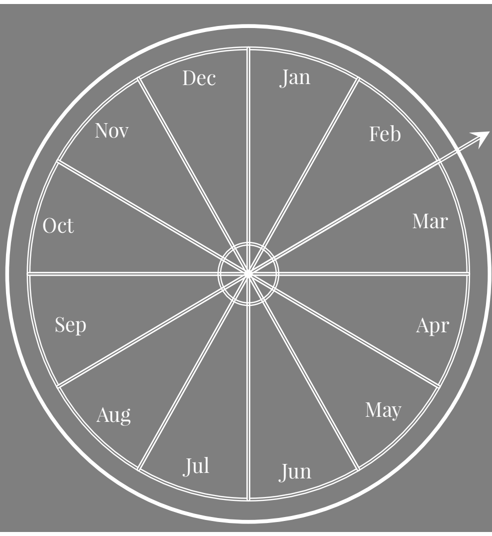

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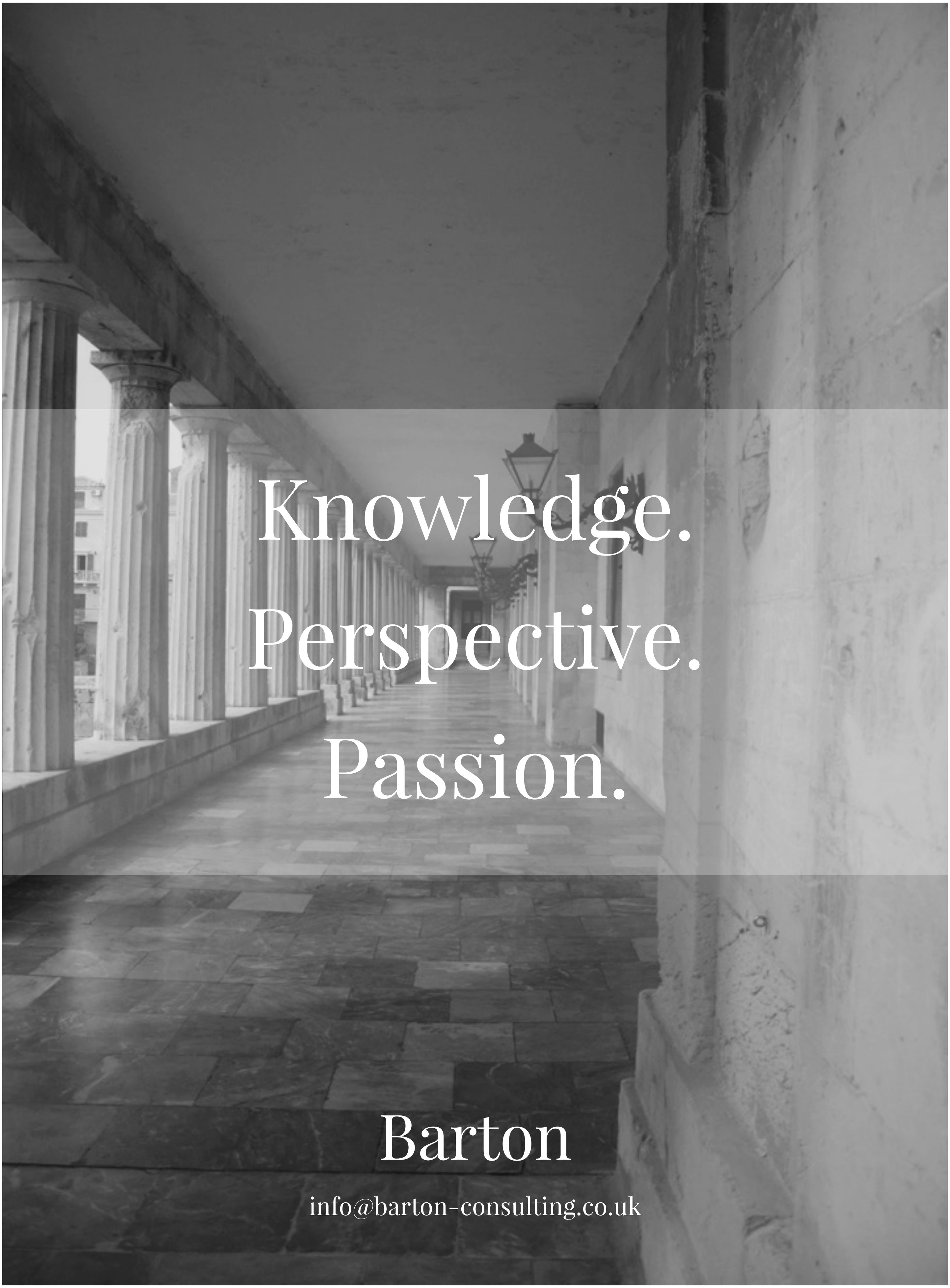
Knowledge.
Perspective.
Passion.
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LESS IS MORE (MORE OR LESS)

Contradictions are not alien to the luxury world. In fact, the deep chiaroscuro is evident in many places.

Luxury garments and accessories being made by craftsmen whose annual salary is lower than the recommended retail price. Powerful men who never wait for anything being told they have to wait a year to be offered a watch for sale. The most impractical, dangerous and uncomfortable automobiles being the most expensive to buy. People queuing up in the cold for the opportunity to spend their monthly savings.

The absurdity of luxury is one of the reasons it is special. It's silly, not sensible. However much we tell ourselves a luxury item will last longer (and it may), a lot of luxury has to have a feel of indulgence attached to it, otherwise it ceases to be luxury. That is the key challenge for luxury brands appealing to the very wealthy today: if you're merely useful, to them you are a utility brand. Luxury has to have a more emotional, not rational, motivation and explanation.

This irrationality is why rational forms of messaging rarely work in the luxury world. One example of this is discount messaging, which from a consumer perspective is entirely rational. Discount messaging can force success for the specific product in question, but not for the brand as a whole. In other words, discounts promote buying behaviour but don't really change the emotional relationship with the brand.

Many of the top tier luxury brands steer clear of discount messaging, eschewing seasonal sales of stock and avoiding multi-purchase deals. Those that do have promotional events in luxury do so with greater subtlety and lower frequency – and often at arm's length. Black Friday has become an increasingly tempting annual promotional period that capitalizes on pre-Christmas consumption as the highest level of luxury goods purchasing in the year typically occurs during the holiday season, specifically from November through December. However, brands like Louis Vuitton and Chanel do not participate.

This brings an important point to light: when it comes to luxury brands and marketing, it's also about what you don't do, what you avoid and what you are not part of that speaks to who you are. Too many brands are afraid that if they aren't at the party, no one will remember they exist. However, there is often a greater dignity in absence, and a conscious separation in the consumer's mind of 'genuine' luxury brands as those which avoid sales promotions.

However, it can be tempting as a luxury brand marketer to believe that in place of rational brand marketing (promotional sales events), you can push more of the emotional marketing to which luxury is more connected. This is dangerous. The fear, once again, is of being forgotten, or being replaced. One example of this is a luxury hotel mailing out in advance of every conceivably 'special' event (whether it is Mother's Day or the Wimbledon final) in an attempt to assert

> "…The successful luxury marketer is one who is undetected. In the most successful luxury brands we feel the absence, not the presence, of marketing. Rationally of course, we know it has had its role, but we are so bamboozled by its subtlety, we are practically blind to its influence."

relevance. The message is not one of elegance or exclusivity, but of desperation. "Just letting you know we exist!" as a motivation comes from a position of weakness and need, and luxury is never that.

Another mistake made by luxury marketers who are not permitted to use the typical weaponry available is to spend a great deal of time attempting to create buzz and interest through faddish experiences and partnerships. The reason this is dangerous is that, beyond the products, this is a frontline activity conducted directly with the consumer which can seriously alter the consumer's perception of the brand. To the marketer these may feel like temporary cherries on the cake, but the consumer sees it differently.

Every single partnership and experience pursued by a brand needs to be thought of not just in terms of what it adds to the brand but also what it takes away. It's not simply about 'less is more', it's that the fine balance of a successful luxury character can more easily be upset by fiddling with its collar and tie.

The successful luxury marketer is one who is undetected. In the most successful luxury brands we feel the absence, not the presence, of marketing. Rationally of course, we know it has had its role, but we are so bamboozled by its subtlety, we are practically blind to its influence.

What is the "absence of marketing" in a narrative? Quite simply it is a single, human voice instead of AI-developed mulch. It is simplicity and an economical approach to SEO. It is understatement and humility. The most genuine articulations I have ever seen of a luxury brand are the result of when its leaders and consumers sit down, in a room, and talk with each other about what it means to them. The least genuine are when SEO agencies are thrown copy that has been cribbed from competitors or produced by ChatGPT. This is not to attack marketers as irrelevant in luxury, quite the opposite.

What is needed from them is the intelligence to know the importance of restraint, and to truly understand the DNA of the brand they work for, not simply to employ methods that theoretically perform in the marketplace.

Another way in which luxury marketers can be potentially dangerous is in advocating for a brand to change more fundamentally. Clearly, most marketing departments do not possess the sole power to alter the direction of luxury businesses, but they do have enormous sway. Why? Because so much of the value of a luxury brand is in how it is perceived *as a desirable brand* by consumers.

Marketers are highly valuable as they bring the voice of the consumer into the heart of the business. They also bring another perspective to the mapping of the competitor landscape, and they are the brand's heralds. However, they can often be blinded by short-term thinking, passing fashions and can too keenly pursue a select archetype of consumer (at the expense of others) in a rush for quick wins. Words like 'modernise', 'rebrand' and 'reset' come too easily unbidden from their lips, with little understanding of how radical they are.

The emotion and irrationality of luxury means it requires a special treatment from a marketer. Consumers have 'relationships' with luxury brands in the way they do not with non-luxury brands. The specificities of a brand need to be personally, humanly, understood by them.

The danger in not doing so is increasing groupthink and homogeneity, which is alien to luxury. Many brands are losing their individual identity due to an increasing lack of confidence in their value and place in the market. A move to be all things to all consumers – young and old, aspirational and elite – is creating murky, indistinguishable monoliths of mere commerce, exacerbated by a fear to embody the 'thing' they are rather than attempting to be the 'thing' they want to be.

Sector updates

Image: Denza

One of the longstanding rules of luxury is that mass mother brands cannot birth luxury sub-brands. In other words, luxury can only be diluted. One brand that is set to challenge this orthodoxy is the Chinese car brand, BYD (also known as Build Your Dreams, which to Barton sounds more like a mid Tik-Tok influencer's catchphrase than a maker of passenger automobiles). **Denza**, BYD's more exclusive offspring, will make its European debut at Brera Design Week in Milan. Denza can lay claim to a more exclusive bloodline than its parent: it was formed in 2010 in a joint venture with Mercedes Benz. Denza has five models: two SUVs, a minivan, a sedan and a shooting-brake style GT. There isn't what you would call, er, a consistent design narrative to the brand: the minivan is a carbon copy of a Toyota Alphard and the smaller SUV looks like a Porsche Cayman. Far from countering stereotypes, this rather adds barriers to its potential success, along with the anti-subsidy tariffs the EU places on Chinese brands like BYD, although its plans to build a manufacturing plant in Hungary may mitigate these tariffs.

Rumours of a potential sale of **Versace** by its New York owner Capri Holdings Ltd have excited an M&A market that has been starved of juicy gossip of late. Capri acquired the brand in 2018 for $2.1bn, with an objective to grow brand revenue to $2bn a year. It hasn't happened. Current annual revenue has been stuck around $1bn for a number of years. Of course, Barton would note that the quiet luxury trend hasn't been helpful for one of the loudest brands in the marketplace. But it has also struggled in Asia over a period in which other brands were booming in the region. The intended buyer is Prada Group, which along with Prada and Miu Miu is also owner of Church's, Car Shoe and Luna Rossa. The rumoured acquisition price is around $1.6bn, which would represent a loss for Capri. If Prada are successful in their acquisition, one hopes they achieve more success than with Church's. Sales at the shoemaker declined 24% in 2023 following two post-pandemic years of even bigger declines – the biggest for 40 years.

Image: Versace

Image: LVMH

"Now is the winter of luxury's discontent, made summer by this son of…Dior?" For the first time in what feels like decades, **LVMH** announced last month that its 2024 fourth quarter sales rose 1% - analysts were expecting a 1.25% fall. And as an added bonus, this month, the Italian courts lifted controls on LVMH-owned Dior's Italian unit following a challenge over alleged labour practices. Despite the fact that, year on year, the moneymaking fashion division of the group declined by 1% between 2023 and 2024, the market was so desperate for green shoots from the industry's bellwether that they were keen to point out that this beat an estimated decline of 3.3%. However, expectations for the all-important Chinese market to pick up the slack may be ill-founded, with analysts such as Bain in their latest *China Luxury Report* expecting it to remain flat in 2025. It will certainly stick in the craw of the largest luxury group, in Barton's view, that Hermes continues to outperform, posting Q4 sales growth of 17.6% and overall annual revenue increase of 14.7% in 2024. APAC was Hermes slowest-growing region but was still up by 8.9% YoY.