

NEWS & ANALYSIS

01 May 2012

Rebranding Luxury

What does luxury mean now? Stylus spoke to Rebecca Robins, European director at branding consultancy Interbrand and co-author of a new book, *Meta-Luxury: Brands and the Culture of Excellence*.

BRANDING & LICENSING

Rebranding Luxury

What does luxury mean now? Stylus spoke to Rebecca Robins, European director at branding consultancy Interbrand and co-author of a new book, *Meta-Luxury: Brands and the Culture of Excellence*.

Over the past few years, the meaning of luxury has been warped. A range of definitions and categories have evolved, ranging from merely a high price point to affordable luxury or masstige. A new book by Interbrand directors Manfredi Ricca and Rebecca Robins, *Meta-Luxury: Brands and the Culture of Excellence*, seeks to resolve the issue by introducing the concept of meta-luxury – “a form of luxury that escapes the clichés of so-called luxury” and “is about luxury beyond luxury”. It unpacks meta-luxury as a culture and a business model that translates well-established principles of quality into a set of drivers of demand.

“Luxury has always defied a single definition,” says Robins. “But over recent years, the term ‘luxury’ has become more problematised than ever. We honed in on the question of ‘what is true luxury?’ and, in the process of our research, coined a new term to cut through the clutter.” Meta-luxury, she explains, is a paradigm based on knowledge, purpose and the pursuit of timelessness, which is captured in a unique achievement.



Manfredi Ricca



Rebecca Robins

Four Drivers of Demand

Ricca and Robins identify four drivers of demand for meta-luxury:

Craftsmanship: Meta-luxury consumers are drawn to unique, non-substitutable products created by using skills and techniques that have been built over time. The authors write: “By capturing in a single object a form of mastery developed across decades, if not centuries, the craftsman’s work reconnects us to a kind of wealth that is irreplaceable in the span of one lifetime.” Francis Kurkdjian, who launched the fragrance house Maison Francis Kurkdjian in 2009, agrees that “luxury is about know-how and how you do things”. He adds: “Luxury is very much about the legitimacy to do something. In real luxury, creations are marketed, whereas fake luxury is about creating marketable things.”

Focus: Brands secure demand by limiting scope to a field where proven expertise can be developed and an unblemished reputation protected. A brand’s status is reduced when it extends its offering to include products that require competences it cannot lay claim to. Salvatore Ferragamo is a key example of a company that has diversified without diluting its brand, by translating its skill in shoemaking into a broader style and signature that preserves its legacy.

History: In meta-luxury, history is about enduring value and origins. To remain relevant, brands must leverage their heritage to explain to consumers where they come from and where they are going. The idea of being part of tradition appeals to consumers who are increasingly looking for a deeper sense of value amid economic uncertainty. “Meta-luxury brands may, perhaps, be best described as those that look through both mirrors and windows. There is an introspection and self-scrutiny inherent in these brands that cause them constantly to reflect on what they are doing, how they are doing it and how they will sustain it,” explain Ricca and Robins.

They go on: “History breathes life into brands, transforming them from inert trademarks into icons that are dear to our feelings, not simply relevant to our choices.” For meta-luxury brands, the ability to represent more than their present is crucial. Prada’s Made In collection, launched in 2010, emphasised the quality of the brand’s origin, while trumpeting local, artisanal techniques; a piece of clothing that featured woollen tartan was labelled “Prada, Milano, Made in Scotland”.

Rarity: Quantitative and qualitative rarity – “the idea of being, at once, rare in numbers and remarkable in manifestations” – drives desire among meta-luxury consumers. François-Henri Pinault, chief executive of the French conglomerate PPR,

captures this tension neatly: “Over the past decade or so, the luxury industry has focused on developing derivative goods – like lower-priced accessories – to make a brand and its products more attainable to a wider audience. This business model can and should be challenged.” For example, Armani, which operates through a burgeoning portfolio of sub-brands, has now become a relatively less exclusive brand. Its breadth goes against the depth of meta-luxury.



Zai



Maison Francis Kurkdjian

The Economy of Meta-Luxury

The meta-luxury business model is defined by seven distinctive traits:

Sustainability: Sustainability, not profitability, is the goal of meta-luxury: it is always the brand that drives the business.

A Balance Sheet Approach: The brand – the nucleus of the company – is a powerful asset that must be nurtured and protected. Its strength drives profit.

Monopoly: Meta-luxury brands tend to create a virtual monopoly because they cannot be substituted. Using a brand's history as a driver of choice creates demand for an element that is by nature unique.

Growth Through Limitation: Long-term growth is achieved through limitation, not expansion. Following the four pillars of meta-luxury naturally leads brands to reduce output volume to preserve qualitative integrity: "Meta-luxury is, from an economic standpoint, a game of patience, discipline and modesty."

Effectiveness: Many industries place a high value on efficiency – maximum productivity with the minimum use of resources, which is often achieved by standardising products or streamlining processes. Meta-luxury, however, favours effectiveness – achieving the best result, rather than trying to achieve more with less.

Long-Term Vision: The meta-luxury approach is grounded in long-term vision, rather than short-term opportunism. This means measuring performance over decades rather than quarters.

Minimising Risk: Meta-luxury brands create value by mitigating risk over maximising returns. They do not compromise on a culture of constant improvement.

A Culture of Excellence

Central to the meta-luxury paradigm is the notion of a culture of excellence. Many brands consider that they fall under the category of luxury, but few represent a unique achievement, brought about by embodying purpose, knowledge and skills. Francesco Trapani, who became CEO of jewellery brand Bulgari in 1984, echoes this view: "I believe excellence has a lot to do with being able to really anticipate customers' needs, and to then transform that deep understanding into the basis for an impeccable execution in terms of service. This, along with quality and distinctiveness, is what luxury should ultimately be about."

Robins references Zai, the ski company co-founded by Simon Jacomet in 2003, as a brand that is beginning to make its mark, but that captures the essence of meta-luxury. Zai skis are individually handcrafted, using innovative materials and manufacturing techniques. "Nowadays, we seem to embrace a concept of luxury which seems to want to distract us – to help us forget. To me, on the contrary, real luxury is about remembering the true value of what you have," says Jacomet.

Another example of a brand that is driven by excellence and continues to make its heritage relevant is Burberry, which Robins contrasts in light of the recent demise of Aquascutum: "Both enjoyed a strong product, but clarity of proposition and consistency with which that proposition was communicated is where we see a divergence in the two brands. Burberry is much vaunted for how it has embraced digital platforms and it succeeds in connecting the online and offline worlds seamlessly and beautifully. What Burberry has constructed is akin to retail theatre. Clarity and consistency comes from rigorous management of the brand across every touchpoint and that's something that Burberry does brilliantly."

How might brands cultivate a culture of excellence? "It comes back to the premise of knowledge, purpose and timelessness. These are brands that begin with a distinctive knowledge and expertise, with a rock-solid conviction of themselves, but crucially beyond themselves. Their purpose is beyond the quarterly target of commercial performance, extending into the indomitable pursuit of making a mark in history. The word 'cultivate' is apposite. As we have stated, and as we have seen in our discussion around Burberry, you have to stay true to your core values, but you have to remain relevant. There is a common thread that runs throughout the conversations with the individuals we interviewed in the book: Tradition begins as innovation. Artist Kazumi Murose, who has been named a Living National Treasure of Japan, captures this very effectively. He makes a critical distinction between the passivity of inheritance, which is simply passed on, and the active nature of tradition, which is something we nurture and evolve over time."

Stylus Summary

The concept of luxury has been used in so many contexts that its meaning has become clouded. Time now for a deeper understanding that resonates with brands and consumers.

Craftsmanship, focus, history and rarity drive demand for meta-luxury. “History breathes life into brands, transforming them from inert trademarks into icons that are dear to our feelings, not simply relevant to our choices,” say Ricca and Robins.

Meta-luxury brands must adopt a business model that attaches higher value to long-term sustainability and brand protection than to short-term profitability and rapid expansion.

To cultivate a culture of excellence, brands must champion and protect the unique qualities they represent across all categories.

ARTICLE REFERENCES

Meta-Luxury: Brands and the Culture of Excellence
