

Luxury Brands Need to Rethink Luxury Consumers

BAV Group: The top brands from 20 years ago have fatigued with Millennials

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Jack Mitchell speaking on a panel at the Italian Luxury & Design Summit

NEW YORK—The luxury buyer has evolved and high-end brands that want to continue to court this consumer—and their new definition of luxury—need to evolve as well, said experts at the first-ever Italian Luxury & Design Summit here last week.

Sponsored by the [Luxury Marketing Council](#) and global consultancy firm [BAV Group](#), the Italian Luxury & Design Summit focused on how these brands

can stay relevant and included panelists from [Fendi](#), [Scavolini](#) and [PepsiCo](#).

"The face of luxury has changed," said Michael Sussman, CEO, BAV Group, and the top brands from 20 years ago—including as Rolls Royce, Chanel and Porsche—have fatigued with Millennials. Luxury is now more than status, as even a supermarket such as Whole Foods can be considered luxury, he said. People are spending \$1,000 for a phone – that's luxury today. "You have to talk to Millennials differently."

Great brands are not one-dimensional anymore, but have balance, Sussman added. Tesla, for example, has status but also vision, while Patagonia has status as well as integrity, he said.

Consumers today might not consider luxury to be based solely on price or prestige, said Richard Seligman, president of Retail Advisors Inc. "A great dinner can be luxury." A Moleskin journal may only retail for \$26, but it's the best of its category, so that could also be considered luxury, he added.

"How the consumer is changing is linked to how luxury is changing. We are digital by default today," said Claudia Cividino, CEO Americas, Bally. "Customers are getting younger in their minds . . . We as brands have to be younger minded." For example, music producer Swizz Beatz approached Bally's about doing an apparel collaboration, which was both successful and reached a range of consumers, spanning ages and income brackets, she said. And "much of that business and engagement was driven digitally."

Pepsi debuted Pepsi Perfect in 2015—in conjunction with the mention of the then-fictional Pepsi Perfect soda in the 1989 movie "Back to the Future"—and it sold out in seconds, said Mauro Porcini, chief design officer of PepsiCo, even though it cost 20 times the price of a regular bottle. "It was more expensive but accessible."

Gen X, Y and Z still want to have a comfortable life, but "now being rich is not cool," said Porcini. "You need to add purpose," such as a sustainability aspect. That's different from the Boomer mindset.

Customer service is critical for the high-end market, and is Italian furniture company Scavolini's focus. The brand doesn't sell online because of the line's custom element, said Francesco Farina, CEO of Scavolini. "We don't need to compete with e-commerce." Jack Mitchell, chairman of specialty apparel retailer [Mitchell Stores](#), also said the retailer centers on relationships—both with its customers as well as its employees. "It's a two-way relationship . . . The brand is influenced by people," said Mitchell.

Country of origin can also be considered a brand, and Italy is perceived by consumers for being fashionable, culturally significant and having great cuisine, among other characteristics, said Anna Blender, senior vice president, BAV Group. It ranked number one in both cultural clout and heritage, according to a BAV report. However, people have misperceptions of countries as well, and Italy was further down the BAV list in terms of entrepreneurship and being "open for business."

But, in fact, Italy is just the opposite. Technology and industry represent 60 percent of its exports to the U.S., said Maurizio Forte, commissioner, [Italian Trade Commission](#). Italy "is very strong in industry and manufacturing," he said, and is the second largest manufacturer in the European Union.

An Italian product does have clout at retail, and even brands that sound Italian—such as Lenovo, which is from China—can capture that country of origin essence. Many consumers buy products at retail thinking those items are Italian—because the packaging uses the colors of the Italian flag, for example—but are not, said Forte. As a result, the ITC will invest more in promoting the country's