

Complex Consumers: Why Your Old Marketing Won't Work In Today's Luxury Market

In decades past, luxury consumers were a primarily homogenous group with ostentatious style and a taste for status-setting items with luxury labels. Today, however, these values are all but obsolete. Luxury consumers are more varied, diverse, numerous, and complex than ever before, and thus less receptive to old marketing and branding tactics such as regionally- and demographically-targeted messaging. Market research shows that the “new” luxury consumer—in all of her instantiations—demands a fresh approach from luxury brands and service providers.

Out With The “Old” Luxury Consumer & In With The New

Although the new luxury consumer does not fit into one box, there are a few sentiments and traits that are growing across the board.

- **Global.** The luxury consumer exists everywhere, and the Internet makes most products and services available to people from all corners of the world.
- **Sophisticated.** Compared to past generations, today's luxury consumer has more refined tastes and thinks more about the impact of their consumerism. These sophisticated shoppers are more educated about their options when making a buying decision.
- **Demanding.** They expect their high-end vendors and service providers to be ever-accessible, as well as near-superhuman in their ability to predict the consumer's needs and concerns.
- **Concerned with sustainability.** The luxury market is not immune to eco-conscious consumers and business practices.
- **Shopping across all channels.** Although today's luxury consumer tends to communicate online, don't assume that they're doing all of their buying on the Internet. The in-person, in-office experience still matters.
- **Diverse.** In age, race, socioeconomic background, taste, and expectations.

Luxury Experiences

One of the most important changes in the luxury consumer is the shift in interest from luxury “things” to luxury experiences. “Shock of the New Chic,” a recent research article by BCG Perspectives, reports that “newly affluent buyers tend to amass tangible goods that show off their wealth. Those who have acquired the ‘things’ they want tend to move on to one-of-a-kind experiences that they can share with others.”

Across all levels of affluence, the interest in luxury experiences is growing, from free-diving with hammerhead sharks to attending art auctions with other community members. American Millennials, for example, generally place much more stock in shared experiences than the elder and wealthier Baby Boomers. BCG's 2013 Global Consumer Sentiment

Survey showed that 29% of Chinese consumers prefer enriching experiences to products, while 51% of American consumers said the same. Today, experiential luxury constitutes 55% of luxury spending worldwide, and sales of luxury experiences now outstrip sales of high-end products.

How to Adapt & Improve

Here are 3 ways that luxury service providers can change their “business as usual” to embrace the changing trends and demographics within their market.

- **Offer luxury experiences.** Real estate professionals should expand their services and offer luxury experiences to clients and prospects. This might mean organizing exclusive events, hosting community meet-ups for high-net-worth individuals, or throwing soirées featuring local luxury brands and products. Think of creative, on-brand ways to enhance your clients’ experience and enable them to “live” luxury, rather than just live in it.
- **Enrich your sales process.** Research shows that, to excel with today’s consumer, all aspects and stages of your service should be top-tier. “Turning sales activities into deluxe experiences in their own right is nothing new,” according to BCG’s research. “But the practice is reaching new levels of excellence across a widening range of luxury segments . . . and across all channels.” Ask yourself how you can enhance your sales experience in the office, online, and everywhere in between. One digital option in real estate is to provide an easy method for clients to track the selling or buying process via a sleek smartphone app with push notifications. With a customer service interface that is branded and personalized, clients feel cared for and informed.
- **Test out new “experiential” business models.** Over the past decade, the luxury market has seen a proliferation of businesses based on “sampling” luxury items or experiences, sometimes through rental or subscription models like those of Bag Borrow Or Steal and Birchbox. BCG noted that, “Although some see such businesses as democratizing luxury—perhaps even diluting the participating brands—the new model clearly resonates with consumers, especially Millennials.” In other words, it’s time to second guess the old assumption that exclusivity begets luxury.

Market research and statistics shed light on the luxury consumer’s ongoing transformation, and there is mounting evidence that it’s time for big changes in the luxury industry. BCG Perspectives stressed that, although luxury brands historically put less stock into research than their mainstream counterparts, “the formulas for success have become much more complicated.”