



Luxury lifestyle: Beyond the buzzwords

When luxury players expand into lifestyle offerings, they must be careful to avoid diluting their brand.

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Half a century ago, fashion designer Coco Chanel asserted that fashion transcends products. “Fashion is not something that exists in dresses only,” she said. “Fashion is in the sky, in the street. Fashion has to do with ideas, with the way we live.” Fashion, she suggested, is part of a lifestyle.

Fashion labels and luxury brands have long been interested in portraying themselves as purveyors and curators of a “luxury lifestyle.” Some luxury-apparel brands, for instance, have expanded their product offering to include lifestyle products and service lines such as housewares, furniture, fine dining, hotels, and apartments.

But they should tread carefully. In his remarks at the 2012 *Financial Times* Business of Luxury Summit, François-Henri Pinault, chairman and CEO of luxury giant PPR, raised the question of whether the concept of lifestyle adds value to the business of luxury or detracts from it. We believe lifestyle has the power to do either. Building credibility as a lifestyle brand takes time, and even those who have built credibility find that it is more easily lost than won.

In this article, we examine how luxury players can capitalize on the lifestyle potential of their brands—without diluting their heritage along the



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way. Our insights are based on recent research, including interviews with senior executives from more than 20 luxury-goods companies and in-person interviews with close to 100 consumers in four European countries, as well as our work with luxury-goods players worldwide.

What does lifestyle mean in luxury?

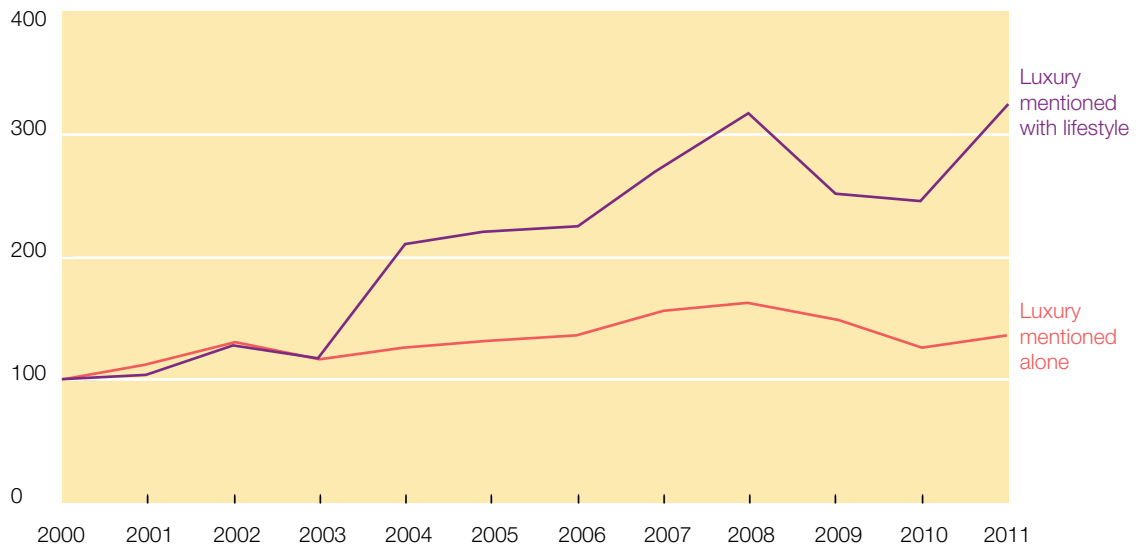
If we look at print media in the past decade, we find the words “luxury” and “lifestyle” appearing together more frequently than ever before (Exhibit 1). But despite the close association between these two concepts, our research indicates that there is no widely accepted definition of “luxury lifestyle.”

Attendees of the 2012 *Financial Times* Business of Luxury Summit suggested the following definitions: “a way of living,” a set of “attitudes and values,” or specific “consumption habits.” Consumers interviewed in London, Milan, Munich, and Paris gave equally diverse definitions. Some offered a broad perspective (“a way of being, dressing, behaving” that “sets you apart from the rest”); others referred to particular products, brands, and experiences (“staying at nice hotels”); still others took a cynical view (“it’s just brand names, that’s all” or “it’s marketing”). Our interviews with senior executives from luxury-goods companies such as Harry Winston, Hermès, and Roberto Cavalli yielded yet another varied set

Exhibit 1

The press increasingly perceives lifestyle as an element in luxury.

Index of number of articles,¹ 2000 = 100



¹The article sample is drawn from an analysis of 12 English-language publications, including newspapers such as the *New York Times* and *Wall Street Journal* and magazines such as *Advertising Age*, *Drapers*, and *Vogue*.

of definitions, including “embodying the lifestyle of an iconic designer” and “offering a holistic brand experience.” Although they all defined the phrase differently, 70 percent of the executives we interviewed said they regard their brands as luxury-lifestyle brands.

Lifestyle provides growth opportunities beyond the core

Many luxury brands have looked to lifestyle for growth opportunities. Through our research, we identified two dimensions in which brands have expanded into lifestyle: touch points and categories (Exhibit 2). The touch-points axis captures the degree to which a brand leverages lifestyle in the content, channels, and formats it

uses to engage with consumers—including TV commercials, point-of-sale materials, Web sites, and experiential offerings such as store events. The category axis shows the range of products, services, or types of experiences a brand offers beyond its original core.

Brands with low scores on the touch-points axis focus their communications on the product. Their print advertisements, for example, tend to show the product and perhaps a model, at most. These brands also tend to limit their marketing mix to traditional vehicles, such as print advertising and flagship stores, and rarely use digital communications or social-media platforms.

Exhibit 2

Several luxury brands already leverage lifestyle elements, both across touch points and in their offering.

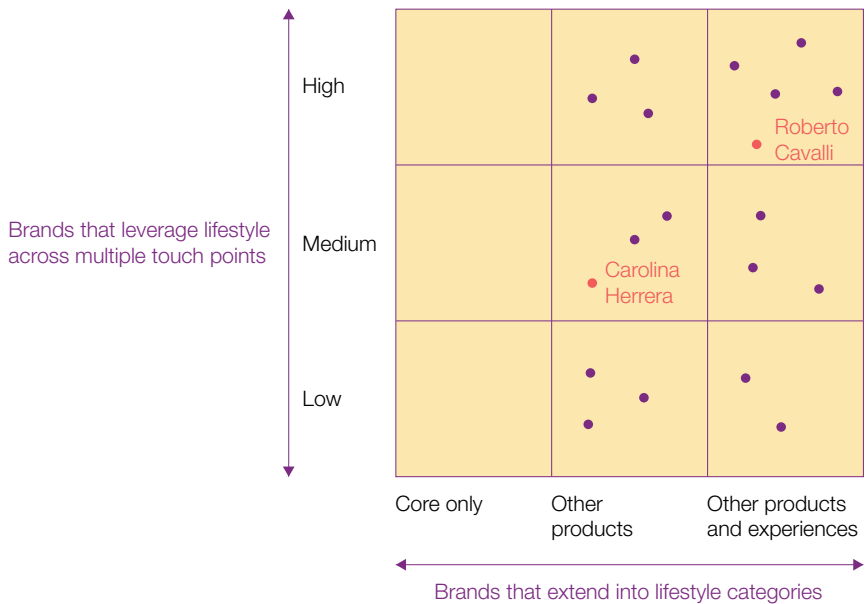
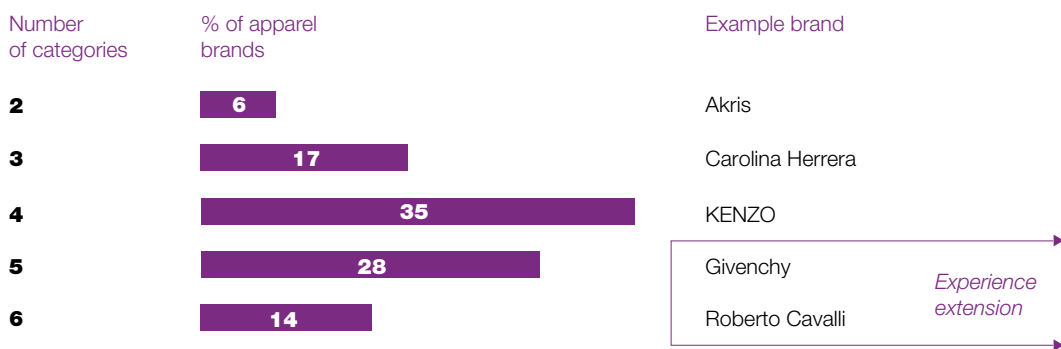


Exhibit 3

Apparel brands have expanded into lifestyle products and experiences.



By contrast, brands that score high on this axis use imagery that extends well beyond the product; their campaigns feature cityscapes, leisure activities, and other scenes portraying a luxurious life, in which the product is not necessarily the focal point. One example is the Louis Vuitton “Core Values” ad campaign, photographed by Annie Leibovitz and featuring well-known personalities: Keith Richards in a hotel room with a Louis Vuitton custom guitar case by his side; Mikhail Gorbachev and his Louis Vuitton travel bag in the backseat of a car, driving by the Berlin Wall; Sean Connery with a deserted white-sand beach in the background, Louis Vuitton bag at his feet. In their attempts to become associated with a luxury lifestyle, luxury brands develop marketing campaigns that connote exploration, adventure, glamour, and celebrity. And they depict a luxury lifestyle consistently across multiple touch points, often including not only fashion magazines and videos but also blogs, social media, and mobile applications.

On the category-coverage axis, all the companies we examined have extended their business well beyond their original core. Thirty-five percent of brands that have their origins in apparel, for example, now offer an assortment that spans four categories (Exhibit 3). Some brands have even moved beyond the realm of products, adding experiences and hospitality services such as hotels, restaurants, or spas to their offering. Examples include Givenchy and Roberto Cavalli. Although hospitality services may generate only a fraction of an apparel maker’s total revenue, these ventures can make a meaningful contribution to the brand’s identity. Armani is among the most active apparel players in the hospitality arena, with more than a dozen cafés, two restaurants, and several hotels.

Climbing the lifestyle ladder

Exhibit 2 shows where a few brands stand on today’s luxury-lifestyle playing field. However, it tells us little about the path they followed to get to where they are. In studying the trajectories of

different brands—in particular, the sequence of their category-extension efforts—we identified two distinct patterns:

Luxury brands with their origins in apparel are the most prolific lifestyle players. Many of them expanded into fragrances in the 1980s and 1990s, then added jewelry, watches, and home products in the early 2000s. Within the last few years, several have entered the experience business. But each apparel player has taken a unique approach. The Carolina Herrera brand, for example, has stayed close to its core, venturing into scarves, shoes, handbags, eyewear, and fragrances. Roberto Cavalli, on the other hand, now operates service establishments such as the Cavalli Club restaurant and lounge in Dubai and Caffè Giacosa in Florence.

Luxury brands with a technical core, such as makers of jewelry or watches, tend to be more cautious about brand extension. Only a handful of jewelry brands have expanded into perfume, cosmetics, and accessories. During a panel discussion at the 2012 *Financial Times* Business of Luxury Summit, Frédéric de Narp, president and CEO of Harry Winston, opined: “There are ‘soft’ luxury goods, which stand for fashion, and ‘hard’ luxury goods, which stand for timelessness. Timelessness and hard luxury goods do not allow easily for lifestyle expansion, while fashion brands allow more easily for extension.”

The executives we interviewed noted that as they expand into lifestyle offerings, the risk they fear most is brand dilution. While about half the respondents see lifestyle as an opportunity to enter new categories or expand their customer

base, 61 percent say they are afraid such ventures may damage their brands.

We believe luxury brands can properly manage the risks of brand dilution and consumer confusion by following three steps sequentially. The order of these actions is as important as the steps themselves:

Strengthen the brand’s core and exploit its full potential. As Marc Puig, CEO of Puig, the parent company of Carolina Herrera, explained: “Each brand needs to focus on core topics and do these right, rather than branching out too quickly.” A luxury brand must communicate exactly what it stands for in everything it does—in the quality and design of its merchandise, the look and feel of its stores, and the words and images on its ads. Its essence and identity should be unmistakable to its target customers and constantly reinforced. Moving into unrelated product categories prematurely and going in unexpected directions can create unnecessary complexity and damage the brand.

Promote the brand’s lifestyle message across touch points. Once it has clearly articulated its message on its “home turf”—that is, via its core products, its own stores, and its advertising—a brand can start expanding into lifestyle offerings. It could begin by placing its products in slightly broader contexts, the way Louis Vuitton did in its “Core Values” campaign. It could articulate its lifestyle proposition across touch points, including less traditional ones such as social media or carefully chosen event sponsorships. And it could expand into adjacent product categories that are a good fit with the brand, all the while sticking to its

distinct design language. Many players choose to avoid service and experience at this stage so as not to stretch their credibility.

Expand into categories that embody the brand's identity and strengthen its association with a luxury lifestyle. Over time, a luxury-lifestyle player can offer a broad spectrum of products and experiences, so long as the entire offering is true to the brand's origins. Any additions to the product line should tie back to the core; consumers should be able to make a seamless mental connection between new categories and the brand's core assortment. Brand extensions that are too much of a departure from the brand's roots can backfire badly; they tend to be seen as crass commercialization and can alienate loyal customers.

Emphasizing uniqueness and authenticity

Our research suggests that climbing the ladder—touch point by touch point, category by category—is the wisest path for established brands. But we've also seen that new luxury-lifestyle brands can be built from scratch. A few years ago, for example, Hermès launched Shang Xia with Chinese designer Jiang Qiong Er. The Shang Xia brand seeks to project a modern lifestyle founded on Chinese design traditions and Chinese culture. In a public statement, Hermès chief executive Patrick Thomas noted, "The idea is to bring the Hermès philosophy to China, to create a Chinese Hermès." Today, the Shang Xia assortment includes apparel, jewelry, home accessories, and furniture.

Only time will tell whether Shang Xia can move beyond the confines of its home market and establish itself as a global luxury-lifestyle player. What we do know is that to achieve sustained success, a luxury-lifestyle brand must offer uniqueness and authenticity. When we asked consumers what they expect from a luxury-lifestyle brand, their answers, although diverse, underscored a common desire for something special and genuine: "it needs to be exquisite, not for everyone"; "authenticity, know-how, skilled craftsmanship"; "a certain quality of design, something original, something different."

A luxury-lifestyle brand will quickly lose its luster if it strays from its particular heritage and identity. For example, if a brand is known for high-quality leather goods hand stitched by European artisans who have honed their skills over decades, it should not be manufacturing products for its new furniture line in factories in low-cost countries. Luxury lifestyle holds the promise of growth, but brands that aspire to drive and sustain growth must stay true to their roots and "keep it real."



A luxury brand that thoughtfully pursues lifestyle can capture tremendous upside—but every brand needs to find its own way and pace. Just like traditional craftsmanship, building a lifestyle brand requires patience and meticulous attention to detail. And, just like luxury products, with the proper attention and care, luxury-lifestyle brands can become more valuable over time. ○