

THE LUXURY BUSINESS GAZETTE

Monthly business news, analysis & views from the global luxury industry

Brand Loyalty is Declining for Most Luxury Automakers

➤ New research conducted by S&P Global Mobility has found that brand loyalty—measured as the percentage of buyers that go back to the same brand for their next vehicle—is declining among luxury automakers. The research shows the percentage point change in brand loyalty for the periods Jan. 2020-Feb. 2021 vs March 2021-April 2022. ([VisualCapitalist](#))



Scotch Whisky Shows Strength In the Post-Pandemic Phase

➤ According to [Financial Times](#), distillery numbers at record high, with exports on track to match or pass pre-pandemic levels. As Lukanyo Mnyanda wrote in FT: “consumption during the pandemic made up for the pause in tourism and sales at bars and restaurants, leading to a shortage of some vintages of a product that cannot be replenished quickly.”

LUXURY OUTPERFORMS MASS MARKETS

Not all industries are equal. They can be reduced down to two types: the luxury industry, and all the others. As in the words of François-Henri Pinault, CEO of Kering, “In luxury, the rules are very different to any other industry” and as the chairman of Richemont, Dr. Johann Rupert explained, “ultimately, luxury is not something made by a machine in a repetitive fashion.” Quite the opposite of mass, luxury is an antidote of commoditization but it is also necessary to be aware of the fact that the luxury market is not an arch nemesis of the mass market. In other words, it is not at war with mass production since it is not even in competition with it. Luxury brands are inside a completely different market that is above other markets. They reside and preside in the economies of quality rather than quantity.

Two Types of Luxury Consumer Responses to Global Inflation

According to Pauline Brown, former LVMH Chairman of North America, there are two types of luxury consumers, and they're responding differently as inflation persists. "There are the uber affluent and then there's the aspirational consumer," Brown told [Yahoo Finance Live](#).

Private Clubs On the Rise In the Post-Pandemic World Order

As [WSJ](#) reports: "Casa Cipriani, the Aster and Zero Bond, for example, have annual fees of less than \$5,000. 'We don't want anyone who might be amazing for the club to be turned off by the price...' says Sartiano." Is this the golden age of private clubs? Why are these clubs are making a comeback right now? What's behind the rush of new openings?

More Luxury Brands' Own Coffee Shops Create Desire

Luxury fashion brands' own [coffee shops](#) are part of a growing trend, and they are especially of interest for many luxury fashion brands seeking to diversify their business in China. Figuratively speaking, these cafés provide a more affordable 'gateway drug'. As Shine reports: "a cup of coffee, some sold at 40 yuan, is more affordable for people to taste a luxurious lifestyle."

LUX BRAND OR FASHION BLAND?

Today many of the [renewed logos](#) among luxury fashion brands are drowning in the sea of sameness. There is a trend of trying to fit in the industry. Why try to fit in when you can stand out? They are missing the opportunities and benefits that would come from differentiation. This trend started growing mostly within the fashion industry.

Unlike in the post-WWII decades when fashion brands styled the spirit of the times they operated in, today's fashion companies are styled by their immediate surroundings. During the post-WWII decades one can literally identify the entire decade by the very styles people, elites and the business class would dress up. The designers and advertising specialists behind these brands were much more creative and imaginative rather than conformist, bland and tasteless.

ENTRY PRICE LUX WATCHES

Beyond the Ultra High Net Worth clientele many of the Swiss watchmakers and luxury brands began investing more time and capital to develop entry-price watches for the various new segments of customers. As Craig Bolton, president UK and Europe at retailer called Watches of Switzerland Group, notes that "entry-price watches are often the starting point in a client's journey into the

world of Swiss horology". ([Vogue Business](#))

Creating new entry-level products are a good way to create desire and give a taster experience to the potential clientele. Such products and experiences can, as it were, initiate the potential customer to the brand's cult or culture. After all, one doesn't buy a brand but one joins a brand. However, these brands also need to avoid the full on democratization in order to avoid degradation of the luxury brand's perception.

