

Management for Professionals

Diana Derval

Designing Luxury Brands

The Science of
Pleasing Customers' Senses

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To Rohan, my Ki & Ka

Foreword

As more and more “giants of the world” shift from developing into developed states, the understanding, accessibility, and desire for luxury goods have amassed like a snowball. In fact, luxury consumption has evolved such that the concept of luxury is no longer limited to tangible goods. In this era, storytelling, knowledge, exclusive service, and dream-realizing are sought after as the ultimate luxury. If I may be too quick to jump to a conclusion, I would say the future of the world economy depends on the successful uprising of the luxury market. However, taking part in the luxury market, I realize that this snowball does face the risk of melting. The optimism that has fallen on the luxury market may be too cheerful.

This is where Professor Derval comes in. In this era, luxury marketing is definitively one of the hottest topics. The luxury industry is in need of talents and tools to maintain its dynamism and germination. Professor Derval is not only a talent in this industry but a talent who develops tools and takes action in nurturing talents. I admire her for her vision and motivation to contribute to the luxury industry.

I myself often question the sustainability of luxury marketing, because I often fail to find the scientific explanation of many happenings of the world of luxury. This sometimes frustrates me. However, Professor Derval gives me faith in the luxury industry because she brings to the table scientific tools and approaches to creating, developing, and revamping luxury brands. I’ve had the pleasure to read one of her previous books “The Right Sensory Mix,” and since then my understanding of the luxury market has elevated and she has brought sense to an industry driven by emotional preferences. Reading this book, I was again genuinely looking forward to acquiring more scientific tools to understand and grow the brands I service.

I hope that the profound insights contained in this work will be a source of inspiration and support to the many interested citizens around the world. Diana, I let you take it from here.

Annie Ho
General Manager Greater China
Stella McCartney, Kering Group

Reviews

Some would believe that luxury goods are all about sophistication and craftsmanship, or unabashed indulgence. However, being inspired by this book by Diana Derval, I myself was amazed by how many more little details influence luxury brands. Under Diana's deep research, luxury positioning tends to be rational, reasonable, and physiological, which has totally brought a brand new era into the rising luxury industry.

Emily Zhang, Advertising Editor, Harper's Bazaar

Author Diana tells a secret—why do people think that luxury items are the most precious masterpieces? Taking the exquisite angle of design, style, color, and other relevant persona preferences, she provides the most powerful explanation on several luxury brands' successes.

Jack Guo, Director, Innovation Management Training Center of College of Continuing Studies, Shanghai Jiaotong University

As a fashion learner, I've already read a lot of books on fashion and luxury, but none of them are as vivid and detailed as this one, which uses many business cases, and at the same time, scientific methods to interpret the status quo and the development of luxury brands. It is an excellent book on luxury.

Lena Sun, Innovation Team, H&M

What appeals to me the most in Prof. Derval's book is the distinct viewpoint created from her years of research on human physiology and behavior, in addition to the core and fundamental theory of luxury branding, which is very impressive.

Xu Bo, Senior Relational Marketing Executive, Gucci

As a commercial trainer for a high-end home entertainment brand, I need to understand customers' lifestyle and purchasing behavior. This book from Prof. Diana Derval helped me to see what customers see, and understand the unique selling point of the brand I am working for. I need now to deliver this knowledge to our sales ambassadors!

Zoe He, Commercial Trainer, Bang & Olufsen

A unique and inspiring approach to the Luxury Marketing world. By giving readers concrete explanations, real life examples, and presenting them with renowned personalities, this book makes them feel closer to the industry, not to say entirely part of it.

Anthony Guérin, Press Public Relations, Lanvin

Create, revamp, and develop luxury brands learning from the best like Chanel and BMW. The book is packed with vivid cases and powerful tools—worth referring to.

Jadey Chen, Senior Manager, Christian Dior Couture

Diana Derval is bringing a fresh and bold qualitative perspective on luxury brand adaptation through local sensorial profiling that will make all marketers out there question their thinking process!

Jean-Baptiste Andreani, Managing Director, IFA Paris International Fashion Academy

All brands are looking for the answer on how to guarantee a sustainable development in the luxury market. Here Prof. Diana makes her appearance. First, she is elegant, perhaps because she is French, second, her experience of studying at ESSEC makes her have special views on luxury goods. In this book, she always manages to discover the secret weapon behind the marketing triumph of each brand. This book on luxury marketing doesn't instill the readers with marketing tools like other books. It provides the results of Prof. Diana's research on physiology and behavior, also some successful cases to inspire readers, so that they can unlock for themselves the mystery of the luxury market. Whether you are the elite of this industry or a freshman with interests in luxury, you will gain a lot with this book.

Tyki, International Economy and Trade student, Beijing University of Posts and Telecommunications

Diana Derval's sharp analysis and relevant case studies make total sense in the world of business and particularly luxury: understanding, shaking, amazing in order to create and grow. In one word, this book is inspiring.

Géraldine Michel, Marketing and Branding Professor, Sorbonne Business School Paris

Prof. Derval applies marketing, psychology, brand management, and surprisingly, biology. She seeks the real answers, starting from human research. Meanwhile, she also develops some tools that make me find everything fresh and new. It's a huge innovation and a major breakthrough in the industry. It's the key that can help enter the customers' hearts.

Fuli Zhang, CEO of Aiken Jeans

Professor Derval's analysis of the luxury marketing and consumer types is very sharp. This book will really help people understand what kind of person will consume what kind of luxury.

Tony Ding, Grand Club Lounge Manager, Grand Hyatt

Once again, I am very impressed with Diana Derval's new book. Through lively case studies, powerful marketing tools, and inspiring neuroscientific findings, she manages to explain the whys behind luxury mysteries. Designing luxury brands is a must read for both industry leaders and learners.

Philip Kotler, S. C. Johnson & Son Professor of International Marketing,
Kellogg School of Management

Acknowledgments

This book was inspired by my dearest luxury and MBA students from IFA, ESSEC, Fudan, Sorbonne Business School, MIT, Donghua, Jiao tong, Tsinghua, GEM, IESEG, and INSEEC and by my academic colleagues, in particular Jean-Baptiste Andreani, who initiated me to fashion marketing. Efcharisto to Professor Halkias, ISM, for her guidance during my doctoral research on neuromarketing and luxury. Thank you all for your comments and ideas.

I am grateful to DervalResearch teams and shareholders, especially Srijoni, Sanjna, Sakthipriyadharshini, Gordon, Winni, Daisy, Helen, and the always fabulous and supportive Sandrine Goldie.

It was so helpful to get insights from experts and I am in debt to goldsmith Hettie Bremer, birdologist Yvonne Roelofs, retinologist Loïc Kernevez from Imagine Eyes, and pilot Hachemi Dendoune.

The field knowledge from our clients and friends was instrumental, and I say a big “merci” to all the brand executives who shared their vision and observations, and especially Annie Ho, General Manager Greater China, Stella McCartney, Kering group; Yves Bonnefont, CEO DS Automobiles; Robert-Jan Woltering, General Manager Raffles Singapore; Ahmed Gharib, General Manager Raffles Dubai; Remo Ruffini, CEO Moncler; Shawqi Ghanem, General Manager, Grand Optics; Olivier Arzel, Managing Director Asia Pacific, Christoffe; Joan NG, VP Swarovski; and Grégoire Outters, General Manager Raymarine.

The book has been dramatically enhanced by FangFang’s and Vlad Kolarov’s illustrations and David Gardner’s edits and suggestions.

I cannot thank enough my publisher Barbara Fess for her guidance, enthusiasm, and open-mindedness.

I was happy to count on the active participation of my friends and family. A special thanks to Natalie Ardet who helped with our aquatic bugs testing.

The love of my life Johan supported and petted me all the way: Danke!

Last but not least, a big thank you to you for reading this book.

Introduction

Why do some people buy a golden iPhone or Louboutin shoes? Why do some people “need” the latest LV bag or Hermès belt? What makes them spend over budget on luxury cars or cosmetics? In this book, you will find all the answers and finally understand what makes luxury brands so fascinating and successful. Throughout the chapters, we will explore the arcana of luxury—a world packed with competition, status-seeking, envy, and an incredible drive—and visualize how our body and brain is programmed (or not) to crave luxury products. The science of pleasing customers’ senses will be decoded through the analysis of 30+ case studies featuring leading but also emerging luxury brands like Tesla, Hermès, Tiffany, Louboutin, Swarovski, Jaeger-LeCoultre, Stella McCartney, and Moncler, from Paris to Dubai, and we turned all this knowledge into 6+ powerful marketing frameworks to help you design, revamp, or expand your own luxury brand, learning from the best.

The book also reveals and explains the science behind 15+ incredible facts about luxury shoppers:

1. The need for luxury is physiological
2. The main competitor of Porsche is not a car
3. Louboutin shoes are attractive because of light polarization
4. Women buy the latest luxury bags to compete with other women
5. Emirati are more into luxury than Norwegians, and it is linked to dopamine and testosterone
6. Men wear big luxury items to dissuade other men
7. Females use ornaments ranging from jewelry to surgery to show their value
8. Fundamentally, there are only three types of luxury shoppers, and we can point them out on a map
9. Wearing gold makes people more attractive as it mimicks carotenoid, a bio-marker of health
10. The sense of motion is driving the luxury industry
11. Chanel N°5 is a fragrance for competitive and powerful women, the only ones who can stand its strong chemical scent
12. Chocolate contains three addictive components making it an ideal luxury gift
13. Luxury shoppers are sensitive to magnetic fields
14. Some people can turn water (or blue dresses) into gold

15. People buy Tesla because it is made of SpaceX elements, and conquering Mars is now the ultimate way to expanding one's territory quest
16. Fashion victims love black and white with a pop of color, and it is linked to their sense of vision

In Chap. 1, we discover, through the iPhone, Tesla, and Harley Davidson cases, that in luxury also, size matters, and how hormones, male-to-male competition, and the sense of vibration have an impact on the luxury industry. We will also see how to profile and deeply connect with luxury shoppers using the Persona framework.

In Chap. 2, we investigate the neuroscience behind status-seeking, the sense of motion, and the different reactions towards luxury from one country to another, with the Moncler, Stella McCartney, and Yacht cases. We will use the Benefits framework to predict and address luxury shoppers' most hidden demands.

In Chap. 3, with the Kate Spade, Porsche, and Grand Optics cases, we dig into the physiology of female-to-female competition, explain why some luxury products are must-haves worth over budget spending, and explore the sense of colors. We will then spot the true competitors and best place to be in the luxury market using the Positioning map.

In Chap. 4, inspired by the Swarovski and Louboutin cases, we analyze the role of shiny in luxury and in the mate selection process and unveil the magnetic sense. We learn how to design unique and appealing luxury items using the Brands Codes (Fig. 1).



Fig. 1 In Luxury also, size matters (printed with DervalResearch permission)

In Chap. 5, we study the importance of expanding a luxury brand internationally and introduce the sense of time, looking at DS, Roberto Cavalli, and Shanghai Tang success stories, and grasp the importance of territory in luxury. We use the Wait Marketing 6Ms to engage luxury shoppers at the right moment, at the right place.

In Chap. 6, we dissect the sense of smell and see how brands like Chanel, Maxim's de Paris, and Montblanc involve celebrities and turn trends into classics, making the most of our biochemical urge to imitate successful individuals. We also use the Influencers' map to find the right brand ambassadors.

After reading this book, you will be able to:

- Profile and deeply connect with luxury shoppers
- Predict and address luxury customers' most hidden demands
- Spot the true competitors and the right positioning
- Design unique and appealing luxury products and experiences
- Clarify the messaging and engage luxury shoppers at the right moment
- Find the right brand ambassadors and create classics

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Understanding Luxury Shoppers

1

“I’d rather cry in a BMW car than laugh on the backseat of a bicycle!”

Ma Nuo, Model and TV Sensation (Bergstrom, 2012)

Luxury shoppers have different motivations, behaviors, and preferences, so that vaguely targeting “the rich” is not enough. Through the success stories of Tesla, Jaeger-LeCoultre, BMW, Harley-Davidson, or the golden iPhone, we will see in this chapter how to become a leading luxury brand by targeting the right customers for each product or service. The persona framework will help us decode luxury shoppers’ motivation, behavior, and preferences.

1.1 Introduction

In this chapter, we get to understand luxury shoppers and investigate the following critical questions in Sect. 1.2 with the golden iPhone case:

- Who are the luxury shoppers?
- What luxury items are they looking for?
- What are they passionate about?
- Why do they spend so much money on cars or watches?
- How to target the relevant luxury shoppers?
- How to connect with ~~m~~illionaires?

We find unexpected answers exploring the science behind luxury and male-to-male competition in Sect. 1.3, and particularly the role of hormones like testosterone.

In Sect. 1.4, we analyze the sense of vibration and see how it relates to sound, as well as touch, and review its importance in luxury with the Harley Davidson, the Jaeger-LeCoultre, and the Tesla cases.