

History, Hallmarks & Habits of Luxury Brands

THE ICONIC MARKINGS OF GREAT BRANDS

Since time immemorial, our attitude to gold and silver has been inexplicable. Of the 118 elements in the periodic table, both metals are chemically boring and have few special qualities. And yet ... they're the ones we've tended to use for personal adornment and currency for the last 5000 years. Why? They're valuable. They're also storied, scarce and special, like every luxury brand. In the first of a series of articles on luxury branding, **Neil Osborne** explains the hallmarks of a traditional luxury brand and how the myth of luxury has evolved.

Since ancient times, gold and silver have been connected with money. Both 'noble' metals, their malleable nature and rarity made them the perfect choice for currency, but purity proved problematic. Without set standards, unscrupulous silversmiths debased the currency by melting down coins, reducing the silver content, increasing the quantity of copper alloy and then passing them off as pure coins.

Ah yes, luxury fraudsters existed even then.

Silver coinage was used throughout England and the crown needed a way to protect the reputation of its genuine craftsmen and enforce the quality of its silver. At the end of the 12th century a statute of law was passed, stating that no item made of silver could be sold until it had been assayed and then hallmarked, to indicate its standard of quality and purity.

Thus hallmarks became your luxury guarantee.

Part One: Traditional luxury – hallmarks and habits

Hallmarking is the oldest form of consumer protection. Its original aim – to protect the public against fraud and the trader against unfair competition – remains unchanged to this day.

In a more general sense, the term also refers to distinguishing characteristics or traits. That leads me to highlight the hallmarks of luxury and a luxury brand...

What is luxury?

Luxury is a term derived from "*luxurie*", meaning 'lasciviousness, sinful self-indulgence,' and generally speaking, connected to wants and

desires. As a concept, it's as old as civilization and refers to anything that is held in high (or even exceptional) regard, when compared to ordinary things.

As an industry, luxury emerged in the 18th and 19th century. Exotic indulgences (spices, fabrics, foods and artworks) were more easily shipped, within countries and from continent to continent, and the upper classes took full advantage. In her book "*Deluxe: How Luxury Lost Its Luster*," Dana Thomas writes, "Luxury was a natural and expected element of upper-class life, like belonging to the right clubs or having the right surname. And it was produced in small quantities — often made to order — for an extremely limited and truly elite clientele."

Over the following decades, luxury slowly trickled down through the classes. In reaction to the cultural shock and austerity of WWI, conspicuous consumption emerged and then roared its way through the 1920s. Industry benefitted from post-war technology, with both assembly lines and mass production making it cheaper and easier to produce items on a bigger scale.

Luxury goes big

Since then the luxury fashion and accessory industries have evolved from a tight group of proud, family-owned houses (many founded in the Victorian era), into a multi-billion-a-year mass market.

The key difference to be noted is the disappearance of bespoke, or custom-made, products. In the 18th and 19th centuries, the wealthy class purchased custom clothing, had jewellery made to their specifications and custom fragrances created for themselves. In sharp contrast, most luxury items are now produced in volume.

Over the past 20-30 years major luxury brands have grown significantly. A mere thirty five brands now control over 60 percent of the global market. Of those brands, Prada, Gucci, Giorgio Armani, Hermès and Chanel all have revenue in excess of \$1 billion a year, while the "Mr Big" of luxury is LVMH (Moët Hennessy Louis Vuitton) – an \$11 billion conglomerate whose labels include Dior, Fendi and Berluti.

Branding monoliths

All of these luxury brand powerhouses are marketing machines, achieving tenfold (or more) growth through:

1. Significantly expanding beyond their borders to become truly global brands
2. Becoming retailers of their own products, rather than simply distributing their goods through other retailers



3. Horizontally, or laterally, expanding their brands across a wide range of product categories, often where they previously had no presence
4. Lowering the entrance threshold for aspiring luxury buyers

The democratisation of luxury started in the fragrance industry. While many could never afford custom-made Chanel clothing, they could afford a bottle of Chanel No. 5. From its launch on the fifth day of the fifth month in 1921, the concept of 'affordable luxury' was born.

Hallmarks of luxury

Coco Chanel's famous words "Luxury is a necessity that begins where necessity ends," epitomise the relative ease luxury brands have in convincing you to spend vast sums of money on things you don't really need. Yes, luxury brands defy rationality.

How do they do it? Most, if not all luxury brands, share six distinct hallmarks from which they derive their status and worth:

1. Heritage and story
2. Exclusivity and scarcity
3. Quality and craftsmanship
4. Aesthetics and beauty
5. Statement or symbolic meaning
6. Expensive or valuable

Not every hallmark can be distinguished in all luxury brands, however the majority are built on appealing to and catering for your sometimes-hidden, deep-rooted desires.

Where to from here?

Despite its evolution, at its core, the nature of luxury has remained unchanged. According to Dan Herman, Ph.D., author of the article "The Eternal

Principles for Creating Luxury Brands," three defining factors of luxury remain untouched:

1. Luxury is non-essential
2. Luxury is hard to get
3. Luxury is superb, inspiring feelings of wonder and excitement

It's true; the standard of luxury may now be mutable. Today's luxury is often tomorrow's commonly expected standard, and even not-so-wealthy people now feel deserving of (and able to buy) a taste of luxury. Whether it be 4-ply tissues, red-soled stilettos or an ostentatious smart-phone, the exclusivity aspect of luxury has become redundant, thanks to our own evolution as consumers.

But as always, the French have a saying for that as well. For them, luxury isn't just a market, a product, a lifestyle ... but an aspirational value, an 'art de vivre.'

Maybe we should add that to the list of hallmarks? ■

Neil Osborne is an elite sales trainer and brand coach who has devoted more than 30 years to the salon industry. As founder of The SALES CATALYST, Neil exclusively works with and partners some of the hair and beauty industries' most dynamic sales-driven organisations, sharing with them his salon-specific results driven methods. Contact Neil at The SALES CATALYST 1300 302 859 or visit www.thesalescatalyst.com.au