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Book Excerpt: The Brand Challenge: Adapting Branding to Sectorial Imperatives

January 23, 2015



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Luxury does not lie in marketing but in the offering the anti-laws of marketing

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Successful luxury brands have carved very specific principles, which are the opposites of the classic laws of marketing. They are called the anti-laws of marketing; for luxury does not lie in "marketing" but in the offering of creative, disruptive and hyperqualitative realizations.

Anti-law: When one product sells too much, discontinue it

Building a luxury brand requires that one does not look for best-sellers' but for long sellers' products that will sell for years. Sometimes, unpredictably, one particular product becomes very popular and everyone wants it. While this is a blessing for any other category, in luxury this is a mixed blessing because this means that both the product and the brand are becoming fashionable.' There is a contagion of desire as Ren Girard demonstrated (2005). The flip side of being fashionable is that there will be a day when the brand is unfashionable. This does not matter for fashion brands that keep producing new fashions, but for luxury brands that compete on being pieces of timeless art this can undermine their image of timelessness. The fact that 75 percent of all Rolls-Royces are still running and able to be repaired by the company is because the brand is consciously keeping these timeless works of art alive. Luxury brands typically do not wish to become too fashionable. Herms, probably the most profitable luxury company, is a great example of this anti-law. Herms produces new designs of its famous silk scarves every year. If any one design sells too much, the brand withdraws it immediately. The brand recognizes that the game is not about volume but the feeling of privilege and this has to be protected even at the cost of sales.

Luxury brands pursue a value strategy that determines their pricing power and this explains why beyond the significant differences in quality, Herms bags sell at four times the price of Coach's bags. Even Herms makes an exception to this rule for products that are sold through wholesale distribution (watches and fragrances) or through multi-brand retailers where it is difficult to react immediately.

This anti-law explains why despite its explicit naming (Lexus is not far from Luxus), this premium brand of Toyota is not pursuing a luxury strategy. In the United States, Lexus often reiterates that its goal is to become the No 1 imported luxury car brand in volume. Contrast this with Rolls-Royce's target of selling just one more car in 2014 than they did in 2013 and the difference is apparent. Rolls-Royce follows a bespoke strategy of selling a personalized dream. The personalization of each Rolls-Royce sold creates much more value to the client and to the company too than selling more cars.

Anti-law: Price alone does not define luxury, it is luxury that defines price

A classic mistake is to equate luxury with being overly expensive. One can adopt a strict luxury strategy at quite accessible prices too. Take Champagne, for instance: it is one of the strongest luxury brands in the world. One can find Champagnes at 12 in France, coming from very small producers, who do not have the means to build their own brand. However, they operate under the magic of the umbrella brand Champagne, which unlike any other sparkling wine in the world represents luxury and celebration.

Statistical studies show that Champagne consumption is correlated with GDP growth. This is typical of a luxury product. Economic growth creates more occasions to celebrate. Champagne is a collective brand that can be used by any company if their wine comes from the very strictly defined geographical area of Champagne. Some hundred kilometers east of the Champagne region, one finds famous German sparkling wines called Sekt (they cannot use the word Champagne). So would a German Sekt brand that tasted exactly like Champagne and sold at 120 be luxury? The same question applies to an Italian Lambrusco or Jacob's Creek sparkling Australian wine sold in the United Kingdom at, say, 100.

As stated by the anti-law, price is not enough to determine whether a brand is a luxury brand or not. Price can help qualify a product as premium or even a strategy as a super-premium strategy. Producers can argue on the grounds of length of maturation (how many years in the cask), the quality of grapes used, the soil, the special techniques applied, the grade obtained from judge and critic Robert Parker, all the other efforts leading to the creation of this rare wine. All this is typical of a premium strategy but it's not enough to be considered luxury.

The question then is why does the word Champagne alone mean luxury? And the answer is simply that only Champagne evokes a dream. Customers can buy part of this dream for as little as 12. In contrast, at 120, a Sekt is a very superior product but conveys no dream. The same is true of all sparkling wines of the new wine countries. They promise a tasteful experience, but no dream.

This prompts the question, what is the dream that Champagne is made of? Champagne evokes associations of royal courts, of Louis XIV, also known as the Sun King, queens of the U.K., the tsars of Russia. It calls to mind a region of the world that is known for history, art, savoir-faire, culture. Champagne is known for its connotations of exclusivity. Its consumption is like a staging, a ritual, and is conducted with almost sacred fervor. The thought of Champagne always conjures thoughts of celebration, success, exceptional people and defining moments. Champagne evokes magic and how it is made seems miraculous and not just superior technique. It has a magical touch in its effect, changing bad moods to good. In the liquid, one finds euphoria, seduction, freshness, vigor, effervescence, a subtle mix of tangible and intangible added values.

Interestingly when one talks about Champagne, taste comes last. People hardly speak of the taste. The imagery comes first and this is normal as all dreams primarily have a visual effect. These visuals stage a privileged experience, sharing a legend, absorbing this legend and its magic effect. A dream of exception, exclusivity.

Anti-law: Anchor the brand in its roots yet surprise by transgressing the normal

While Champagne as a category has a collective dream, each Champagne brand, however, has to build its own dream. The Dom Perignon brand is quite recent. Certainly the name itself (that of a monk born in 1638) is part of the legend of Champagne. It was owned by the Maison Mercier who had not used it so far and sold it to Mot & Chandon who launched it in the 1950s at the occasion of the coronation of Queen Elizabeth II. But their main target was elsewhere, the U.S. market. The brand used a special glass for the bottle to make it look visibly different and very old, and its label looked like an ancient blason. It also spoke of the legendary recipe of Champagne and length of maturation. Dom Perignon sells only vintage wines and its quantities, while important, are limited.

As a rule, new brands must capitalize on sociological or technological disruptions and this holds good for luxury brands too. To penetrate the U.S. market, Dom Perignon aimed at the emerging ruling class in the United States, the nouveau riche of the booming post-Second World War economy. It was the Champagne of meritocracy, sold at twice the price of Krug, which was the reference of high-end Champagnes at that time. Its arrogant pricing matched the psychology of the new class of rich people, the capitalists. Interestingly, despite its mythical anchoring in a legend, Dom Perignon did not hesitate to break the rules, just as the nouveau riche them-selves do. Instead of following the personalized communication approach of all Champagnes of that time, Dom Perignon chose to be very visible far beyond its real target by sponsoring the very first James Bond movie in 1961 and some others since then. Dom Perignon focused on showbiz and the jetsetting corporate executive. As a result, it became a legend, known and recognized by many, drunk by a few. Ironically James Bond gave a sexual connotation to this monk brand.

Then came Cristal Roederer, a different brand with a dream resulting from a different disruption. It used a crystal bottle associated with a legend. Roederer was a respected maison de Champagne and supplied Champagne to the court of the tsars. According to the legend, Tsar Nicholas II was displeased at the thought of drinking the same Champagne as the members of his court. In order to please him, Roederer created a very unique and rare blend that would be served in a crystal bottle. The end of the reign of the tsars meant the decline of the maison. As did all other Champagne houses, Roederer tried to emulate Dom Perignon by launching what is called a Special Cuve and for that they used their forgotten Cristal bottle but that didn't work. A me too' strategy is never sustainable in the long run. Why would anyone drink a copy that lacks the prestige and magic of the original brand?

Tired of their poor results, the local U.S. importer took the bold decision to overprice the laggard, Cristal, pricing it at \$160. This was close to 50 percent more than the king' Dom Perignon, that sold for \$120. This worked brilliantly as suddenly Cristal was on fire in the United States! The brand had just tapped another sociological disruption, the emergence of a new flashy hedonistic rich class. Cristal was a success in Miami as well as among the rappers of Los Angeles because of its provocative yet legendary identity. Cristal's success repositioned Dom Perignon as a classic' Champagne.

Anti-law: Beware of celebrities

Browsing through glossy magazines, one is struck by the presence of celebrities in the ads of all so-called luxury brands. Yet the luxury strategy demands that one be very careful about the use of celebrities. In such a strategy it is the brand/the house that is the hero and not the celebrity. You may therefore ask why Hollywood stars Nicole Kidman and Brad Pitt were hired to endorse the mythical perfume Chanel No 5, which is soon to be a century old.

Firstly, the fragrance market is no longer a luxury business, with most brands adopting an FMCG approach to marketing. All the leaders in this market apply mass-marketing principles. Marketers in the United States (where Chanel is now headquartered) have traditionally believed strongly in using celebrities for marketing, whether to sell soap (Lux) or a perfume like Chanel. They apply mass marketing to all categories, which explains why Coach and Ralph Lauren too are run somehow like FMCG companies.

One will never see a Herms ad in a magazine with a celebrity promoting a Herms leather bag. As mentioned earlier in the luxury strategy, the brand is the hero and not the celebrity.

Herms iconic bags are called Kelly (named after Princess Grace of Monaco, the former actress Grace Kelly) and Birkin (named after actress Jane Birkin). Interestingly, both stars already owned Herms bags, demonstrating how celebrities themselves dreamt about Herms quality, beauty and distinction. This is very different from hiring a celebrity in a commercial to push the sales of a product that is a sign of weakness. Finally, this does not mean that brands cannot hire ambassadors to represent the brand on official occasions.

In the famous core values' advertising campaign of Louis Vuitton, one sees a Keepall beside Mikhail Gorbachev, former president of the Soviet Union, as he is traveling to negotiate on the fall of the Berlin Wall. In another ad, one sees an LV bag in U2 leader Bono's airplane as he flies to Africa to promote his fair-trade brand EDUN. These are the heroes of our modern times and are examples of the ordinary of extraordinary people' who are changing the world. These brands have used them as symbols and not as salesmen.

This is an excerpt from Chapter 5 of [The Brand Challenge: Adapting Branding to Sectorial Imperatives](#) (978-0749470159) by Jean-Noel Kapferer, edited by Kartikeya Kompella. Published November 2014 by Kogan Page. Copyright 2015 by Kartikeya Kompella and the individual contributors. Reproduced by permission of [Kogan Page](#).

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