

COLUMNS

## How to market to the various kinds of luxury consumers

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Luxury goods and services are a significant market worldwide. The 350-million strong consumer base is an enormous revenue opportunity, according to Bain. What is more, Hong Kong consumers spent close to U.S. \$8 billion on luxury goods in 2014. Their counterparts in Singapore spent close to U.S. \$4 billion with Indonesians weighing in at U.S. \$700 million, per Euromonitor.

Marketers must know their customers intimately to capitalize on this huge revenue opportunity. To help them, we surveyed 498 LinkedIn members in Hong Kong, Singapore and Indonesia. The result was three personas of luxury consumers to shed some light on their consumption habits:

1. Aspirationalists: the new age of young professionals who are passionate about work-life balance and have their sights set on senior positions in the future
2. Travelistas: professionals in director and above positions who have to travel often for work
3. Alphas: director and above level professionals in the finance, legal or management consulting industries

How do consumers conduct research?

New products and brand launches have significant effects on all four personas' decisions. However, product reviews sway Travelistas' opinion the most.

Also, all four personas are active on social media. They use mobile phones to view and engage with content.

The standout persona here, the Travelistas, are 6.9 times more connected to others on social media. They engage with content five times more than average users. This means that they find their online peers' opinions highly influential.

We believe that the smarter way to market luxury goods is to produce engaging content about new products, targeting prospects as well as their peers. Publishing on various platforms, and using a variety of content including long form posts, infographics and slide decks is a great way to accomplish this.

What are they looking for?

Eight in 10 of all personas rate high quality as the foremost feature they want in luxury products. Alphas and Aspirationalists rank international brands higher than the uniqueness of the product.

However, Alphas want something unique or bespoke to signal exclusivity. Thus, marketers should position their brands as high quality while showcasing the brand heritage.

Depending on their target customers, they should emphasize uniqueness or the international nature of their brand. Further, highlighting heritage and tradition of the luxury brand is important to achieve the right positioning in their online presence.

What are they spending on?

Alphas spent U.S. \$13,000, on average, on luxury goods and services over 12 months. Most of this expenditure is on clothes and shoes followed by watches and bags.

While the majority of purchases happen in stores, what is interesting is that they use mobile to consume content and product reviews. Thus, marketing serves an important function of informing the pre-purchase research and consideration.

How to best reach luxury consumers?

Thirty-six percent of Aspirationals and 44 percent of Travelistas are making their purchases online.

Given an increased engagement online, this proportion is likely to increase in the future.

Therefore, cultivating an online presence is essential for luxury brands.

Our research also found that half of Aspirationals buy luxury products to reward themselves for professional accomplishments such as promotions, raises or new jobs, while 69 percent of Travelistas attributed this to birthdays or anniversaries.

Marketers need to find the best way to leverage this information and reach their target audience effectively.

Here are the three steps we think luxury goods and services marketers can take immediately:

1. Use online channels to communicate the emotions that their products elicit, not just to sell to prospective customers, but to augment the in store experience. This is best achieved by engaging prospects using great content
2. Create content pitched at all the people who influence the purchase decision i.e. peers, friends, and family members
3. Not all luxury consumers are the same. The three personas all look for specific things when researching products to purchase, and have differing triggers. Triggers such as promotions, birthdays and anniversaries are available easily on social media.

Market smarter, market social.

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