

COLUMNS

Luxury's slowed growth forecast: How brands can come out on top

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By **Patrick Lorentz**

The Boston Consulting Group recently announced its prediction that luxury sales growth will slow to single digits over the next 10 years.

Strong sales figures from China have played a huge part in the industry's near double-digit growth year-over-year for the past decade.

With Asian luxury consumers reeling in their spending, and luxury consumers holding steady throughout the rest of the world, BCG posits a modest 4 percent growth figure well into the year 2020.

We certainly are not ready to panic. After all, any growth is good.

That said, there are plenty of ways that luxury brands can help themselves during lean or slow growth periods. Here are three:

Make your customers feel loved. Recent research reinforces a sentiment that many marketers already know: luxury consumers are looking for a personalized experience from the brands they consume.

In fact, luxury brands tend to lose 50 percent of their top customers when they fail to deliver an experience that is personal.

With millions of consumers around the world, it would be easy to ask, "How can we possibly create a personal one-to-one relationship with every single person?" That is a natural reaction.

Still, it is not impossible to infuse an aspect of personalization at every consumer touch point.

Let your roots show. There is a reason that certain luxury brands never have a bad year. They have a compelling and authentic story to tell, and consistently find new and innovative ways to tell it.

Brands can help themselves by sticking to the basics, and never fabricating a tall brand tale.

Consumers are smart, and can sniff out a liar from 1,000 yards away.

Remind them about where your brand came from, why they originally fell in love with it, and why they should continue to love it.

Keep it simple. When consumers pump the brakes on spending, there are typically a lot of factors at play many of which might be out of their control.

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A great way to keep consumers engaged, despite tightened purse strings, is to give them options to engage with the brand that fit into their current situation.

Now, this is not a suggestion to shift into discount territory as that could have dire effects on a luxury brand's long-term health.

Instead, focus on how consumers can stay engaged with your brand without having to buy the whole hog.

UNDERSTANDING HOW consumers behave is a key part of running a successful brand, but predicting how they will react in uncertain times can make even the strongest brand managers lose sleep.

By maintaining a steady and strategic approach that focuses on the basics, luxury brands can not only survive lean times, but actually build a stronger relationship with their consumers over the long run.

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