

COLUMNS

Why luxury brands must evolve their media planning and buying strategy

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The luxury media landscape used to be simple. It involved television, cinema, outdoor, print and radio. But then luxury consumers went ahead and started finding inspiration and shopping opportunities in places and at times that brands found puzzling.

This consumer-driven puzzle became more complex as high-end fashion brands started showing their collections in-season, launching digital and prints ads instantly and allowing consumers to buy runway items in real-time.

To address this complexity, luxury brands started investing in digital media with fervor unseen in any other industry.

By the buy

Seventy-one percent of luxury companies, compared to 56 percent mass retailers, increased their digital marketing budgets in 2015, according to Ipsos.

More than half of luxury companies expect to spend at least 30 percent of their marketing budgets on digital. Seventy-five luxury labels surveyed by ContactLab and Exane BNP Paribas upgraded their ecommerce platforms noticeably in 2015 to meet the accelerating growth in online luxury sales, which reached \$19.4 billion in 2014.

Zenith Optimedia noted the shift from TV spend to online video, which is expected to reach 4 percent growth by 2017.

Sysomos shows that the largest share of 48 million mentions of the term "luxury" comes from Instagram.

But all of this does not mean that luxury brands are ahead.

On point

Most of their digital media budgets still revolve around building awareness via display and retail promotions in social media, while digital has proved itself to be more effective for customer acquisition and conversion.

This consideration-and-purchase focus is the hang-up of old school media-mix models that allocate marketing spend at a gross level. They fail to take into account the specific goals of discrete touch points which keep increasing in scope and complexity and to accordingly direct strategic media investments to where consumers actually spend their time.

Instead of considering a large number of brands, today's luxury shoppers often already know what they are looking for and evaluate their choices not by comparing price and product information, but through their friends, tastemakers and cultural zeitgeist.

This means that the next brand purchase decision happens through bonding, advocacy and loyalty deeper in the funnel.

In this context, reach-focused paid media investments make less sense than content, native advertising, service, curation or intimate community management.

Opportunities for evaluation and advocacy are abundant in a digital luxury landscape shaped by luxury aggregators, second luxury marketplaces, publishers, digital pure players, mobile first curators and digital flagships.

While digital spending in luxury has reached historic levels, the core question is whether brands are getting the best out of it.

High five

There are five ways to reboot the media buying and planning model in luxury.

1. Build the market, not reach. Customer acquisition and retention are in, buying impressions by volume is out.

Social interactions, likes and comments are all mere vanity metrics.

When crafting their media budgets, brands should keep in mind the reverse network effects, which ultimately drive sustainable business results: In luxury, the fewer people own or access an item or service, the more valuable it becomes.

Creating small, intimate and curated relationships are more viable for luxury business than the mass awareness-seeking media buy.

2. Social media are not for influencers only. A recent NetBase report claims that luxury conversations occurring across social media channels increased by 75 percent year over year.

Instagram, Snapchat and Twitter are environments where street style, fashion zeitgeist and taste making are simultaneously shared and formed.

Social objects such as hashtags gather micro-communities of similar-minded people that are more easily influenced by each other than by an overexposed blogger. So, instead of influencer marketing, money is better spend on capitalizing on passions of ordinary people.

3. Invest in content beyond display. Instagram carousel ads, Snapchat stories, Facebook instant articles, social paid media and sponsored posts all offer targeted native commerce and content solutions that are more aligned with consumers' digital behavior.

More creative content and distribution opportunities shift budgets from variable costs of media buying to fixed costs of managing talent and technology.

This means that the greater portion of the budget needs to go to the nonworking spend, which revolves around creating and managing content for a number of touch points, monitoring and measuring its performance and audience interaction.

4. Get to know your audience. Behavioral audience segmentation and personas have never been more important.

Luxury advertising traditionally focused on affluent consumers and ignored everyone else.

With fast-shifting patterns of wealth and a wide range of audiences interacting, accessing, borrowing and talking about luxury, this focus needs to broaden and reach not only to today's but also tomorrow's luxury consumer.

5. Test and learn instead of a campaign dump. A single massive short-term media spend is less valuable than continuous, scale-building micro-actions supported by targeted activations like search and programmatic.

More digital touch points mean more measurable consumer interactions, and better calibrating content, utility and messaging to different stages of shoppers' decision-making process.

Media planning teams need to start owning data collection and management and direct media buys toward strategic business goals.

LUXURY MARKETERS may be frantically increasing their digital budgets, but they are doing it wrong.

In place of outdated, funnel-obsessed media mixes, luxury's media planning teams need to make the most out of the multi-touch point luxury decision-making journey.

These teams need to peel themselves off their spreadsheets, and start designing strategic, measurable combinations of smart reach, native ad formats, content, partnerships and small, passionate communities.

To fully deliver on its digital promise, media planning has to revolve around the luxury customer, not media.

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