

COLUMNS

## Luxury marketers are in the happiness business

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By **Pam Danziger**

Through the research process, it has become clear to me that at its heart, every brand participating in the luxury market is ultimately in the **happiness business**.

Consumers trade up to luxury not because of quality, value or enhanced features offered, but for the sheer, unadulterated pleasure and joy received in the anticipation of the purchase, the buying and the using experience. And if we are really lucky and do our jobs amazingly well, customers also get happiness in the memory of each of those.

Delivering happiness, joy and pleasure to the customer is what our business really is about. But too many of us obsess over the luxurious details of our brands, going deep into the product or service to make sure we get all the touch points right.

Yet we miss the bigger picture: How we have to transform the things we are selling into a joyous, pleasurable, happiness experience for the customer.

Food for thought

We need to shift our focus from the thing we are selling to the experiences that thing will deliver to the customer. As a result: too many of us cannot see the forest (experiences) for the trees (products).

It is the customer's happiness experience that luxury marketers must focus on. That is because the **academic research on happiness** confirms this: Greater joy and happiness comes from the things we do (i.e. experiences), not the things we buy and acquire (i.e. luxury goods).

A recent survey we did on luxury consumer psychology makes this real.

In a question of what categories of luxury purchases give the customer "much enjoyment," as opposed to some or little or no enjoyment, experiences travel, dining, entertainment get the highest ratings.

The exceptions are a few material things that by their very nature deliver experiences to the customer:

Gourmet food, a luxury thing but that delivers an experience through taste and sharing it with others

Gifts, a thing that is bought to be given to others as a token of love and affection

Books, videos and music that entertain and engage

In other words, brands that target these specific experiential luxury goods categories have an easier time selling

their special brand of happiness to affluent customers.

It gets more challenging when considering the product categories that are traditionally associated with luxury brands fashion, jewelry and other luxury goods. They index well below the average, meaning that purchases of those traditional luxury goods are not delivering high on the happiness index.

How to deliver more happiness

While certain types of luxury purchases naturally deliver greater levels of personal satisfaction and happiness, marketers in other happiness-challenged categories can overcome their deficits to increase the level of happiness that they deliver.

Here are some ideas:

- Understand the happiness index for different types of affluent customers

Different customers get more or less happiness from different types of purchases.

For example, affluent men gain significantly greater enjoyment from spirit and liquor and technology purchases and less from entertainment events. Affluent women get more enjoyment from fashion purchases.

HENRYs (high-earners-not-rich-yet; household income \$100,000 to \$249,900) get less enjoyment overall from luxury goods purchases than do ultra-affluents (\$250,000-plus), especially jewelry purchases which are especially pleasure inducing for ultra-affluents. This suggests that jewelry marketers that aim to attract the younger HENRYs to their brand need to position around ways to make their shopping, wearing and gifting experiences more pleasurable to them.

- Brand story telling is way to bring your product to life as a happy experience

Author Bernadette Jiwa makes creating compelling brand stories the foundation of her business. She writes, "Creating a brand story is not simply about standing out and getting noticed. It's about building something that people care about and want to buy into. It's about thinking beyond the utility and functionality of products and services and striving for the creation of loyalty and meaningful bonds with your customers."

Those "meaningful bonds" Ms. Jiwa writes about are formed by stimulating pleasurable emotions and feelings of happiness through brand promises to the customer.

For years, for decades, and in some cases for centuries, luxury brands have been telling aspirational stories about how ownership of the brand confers special status to the individual.

At its core, this is a story of elitism disguised by claims of exclusivity, design excellence and workmanship. It is supposed to create desire and aspiration in consumers to buy luxury brands to confirm one's status and to show off to others.

But today's affluent consumers are not buying into that old story of luxury anymore, most especially the younger consumers.

The idea of consumer aspiration for luxury brands that people will see the brand as a realization of a hope or ambition is dead. The truly affluent do not need status symbols. Quite the contrary, today they are going undercover.

Affluents need inspiration, not aspiration, to buy luxury brands. The inspiration must come from new luxury stories that connect with the values and ideals of today's affluents. This challenges many mainline, traditional luxury brands, but creates opportunities for emerging brands that interpret luxury in a new, value-based way.

- Make the shopping experience fun

A recent article in the *Journal of Consumer Research* featured a provocative title, "Should the Devil Sell Prada? Retail rejection increases aspiring consumers' desire for the brand" with an even more provocative conclusion: in luxury retailing environments, treating some customers with indifference, even disdain, may increase their desire to buy.

The key words are "some" and "may," but in today's 140-character Twitter-verse, people will read the headline, skip the details, and decide that haughty and indifferent sales clerks are the answer to the current stagnant retail climate. Wrong.

The real customers of luxury brands will not stand for anything less than exemplary, caring service.

The truly affluent customers do not have aspirational yearning for luxury brands. They believe they are entitled to getting what they want. when they want it. That starts with an exemplary shopping experience. online and most

Service is the key to luxury retail. It is the personal touch between a caring service provider and the customer.

Too many luxury brands today are focused on technological solutions to enhance the customer experience, rather than training and developing the personal touch delivered by sales professionals on the floor.

Grgory Pouy, from his position as a thought leader in technology-enhanced marketing, makes it clear that the in-store shopping experience is critical for luxury brands and that experience must be delivered first and foremost person-to-person.

Mr. Pouy writes in a white paper entitled the *Future of Luxury Shopping Experience*: "Retail is not going to change much. You can write and over-think it, but you still need happy customers and salespeople. However, automation and robotization will clearly make many new things possible in-store. But when it comes to luxury brands, more so than anywhere else, human contact will make the difference."

IN THE FINAL analysis, our job is to make our customers happy.

To achieve that luxury brands need to focus on transforming the things they sell into experiences for the customer.

We need to understand what makes our special customers happy. We must tell new brand stories in ways that connect with the mindset and psychology of our customers and target customers.

And we must focus on personal customer service to enhance the shopping experience.

High-tech retail can never replace high-touch customer service in the business of luxury.

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