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Luxury versus Premium – Luxury Detectives

Does it make a difference to the consumer if a brand is premium or luxury?

To capture the consumer perspective Added Value created an international online community called “Luxury Detectives” using [AV-id™, our digital ideation platform](#), designed to engage consumers for insight and innovation purposes.

This allowed us to identify four main insights.

1. The relationship of consumers to luxury

We identified four types of behaviors for the luxury consumer:

“Don’t be shown up”: Introverted by nature, these consumers use luxury to give themselves confidence and to enable themselves to fit in.

“Show”: These consumers are highly status-driven, demanding, extrovert and extremely materialistic. They see luxury as a benchmark of their success and a way of showing that they are doing better than others.

“Show you know”: This group is also highly status driven. These consumers possess a degree of knowledge about the things they buy, but mainly for the purpose of justification to those they wish to impress.

“Know”: They have a genuine appreciation of beautiful things, with no preoccupation with what other people think. They buy the brands they like, because they like them.

Looking at our Luxury Detectives by geographical area also reveals that Europeans and Americans seem to be motivated by personal pleasure whereas Asian consumers are more motivated by the transformation of their image.

2. Luxury is a highly subjective term for our “Luxury Detectives”

The classification of brands into luxury vs. premium is very personal. For example, there is a consensus that Chanel, Dior or Hermès are luxury brands, but some of our consumers identified brands like Louis Vuitton and Ralph Lauren as luxury while others labelled them premium, highlighting the subjectivity of the classification. However, we were able to identify a consensus about the criteria for luxury vs premium even if the opinions about specific brands were subjective.

3. The criteria used to classify Luxury brands

Although putting a brand in the luxury or premium category is the result of a personal opinion, our Luxury Detectives agreed on seven criteria defining luxury brands.

- Uniqueness: Irreplaceable objects, produced in small quantities, handcrafted. Can only be made in a specific place or country. Exclusive distribution: strategy of rarity, waiting lists, few stores. For one of our Luxury Detectives based in Los Angeles, Villebrequin perfectly captured the spirit of Southern France.
- Timelessness: Products that will last that will never go out of fashion and will be passed on to the next generation.

- Excellence: They will be made by skilled artisans and the finest fabrics and fabrication will be used. Culture of connoisseurship. The best customer service will apply.
- Iconic Communication: A very sophisticated and codified visual universe built on dreams, desires and fantasies.
- Sensual Aesthetic: Refined aesthetic that conveys sensuality, indulgence with a hint of extravaganza and it appeals to the 5 senses.
- Brand Soul: Builds its identity around a creator, the history of the house, and has its roots in history.
- Innovation: Brands that dare to push boundaries and surprise. They stay faithful to their roots, but modernize and adapt style to present time to express coolness

4. What about premium?

Premium brands are perceived by our luxury detectives as having seven defining qualities: less ostentatious, more accessible, more modern, more rational, best in class, sleeker in design, and precision in fabrication.

They are not necessarily seen as inferior to luxury; indeed, in some respects they are seen as superior particularly in Europe and the US. Whereas Premium has a clearly defined, proprietary space in Europe and the US (part of trading-up from standard), in Asia it is more likely to be defined as an inferior version of luxury.

The big question is: if luxury brands are defined by distinct criteria, can these criteria be replicated by premium brands? And will these brands become more attractive in doing so?

We asked our Luxury detectives which premium brands looked like having copied luxury. One of them chose to compare Michael Kors and Louis Vuitton. Despite obvious common design features, our detective says that the Michael Kors bag appears premium because of some design errors: the large MK tag and the choice of inferior materials (fabric and not leather) mean that the Michael Kors bag appears to be trying too hard to be luxury.

Another of our Luxury Detectives brings forward the importance of cultural relevance by comparing Aquascutum and Burberry: two British brands, both with a long history of acknowledged craftsmanship and quality.

However Burberry is perceived as more luxury by this detective because it offers a more updated (culturally relevant) take on English elegance and the endorsement by Emma Watson, trumps Aquascutum's unknown faces.

One of our consumers brought an interesting counter example by looking at L'Oréal and Dior. This detective knew that L'Oréal is clearly positioned as Premium (by its mainstream distribution) but was unable to identify any differences compared to the communication of Dior. When codes are category generic (and not brand specific), they lose their power.

Where to next for Luxury and Premium?

The classification of brands into luxury and premium is above all, a personal assessment.

Each of our detectives was able to advocate for the criteria he or she sees as the difference between the two notions: much in the luxury / premium space depends on an individual's relationship to luxury and their personal experience of a brand.

Nevertheless, there is a strong consensus on the seven key criteria that give a brand luxury status .And the combined result of these criteria is mainly aimed at making consumers dream: their reality is sublimated.

“True” luxury brands still are the most desirable, even in Europe and the US, where premium brands are seen as having genuine quality and not merely as mediocre copycats of luxury brands (as in Asia).

Brands that attempt to copy the appearance of these “true” luxury brands risk to be criticised for their weakness.

Being a luxury brand is a more about appearance; it’s about the wealth of heritage and depth that goes in the mythology of the brands, which is essential in order to avoid slipping into the premium category.

Written by [Mark Whiting](#), Director Added Value Paris, for Added Value’s blog, [Source](#).

This article is based on a market research study on luxury brands by Mark Whiting presented at a conference titled “Luxury vs Premium” organised by [the International Luxury Business Association](#) on September 16th 2011.

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About Added Value Group:

Added Value offers brand development and marketing insight services to blue-chip companies across all industry sectors. Everything they do starts with insight and ends with action, in pursuit of healthy brand growth for their clients.

With a footprint that now extends across 23 offices in 14 countries, drawing on the expertise within its global network, Added Value Group fuses brand marketing, consumer insight, innovation, and communications optimisation to help solve clients’ marketing problems.

Added Value Group is part of Kantar Group, the information, insight and consultancy arm of WPP, a world leader in communications services.

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