



Social Media Guide for Luxury Brands



Content. Strategy. Optimization.



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“Success will be dependent on developing strategies that address the new behaviors of the modern consumer online while appreciating that luxury brands in social media must remain just that, luxurious.”

Introduction

With over 75 percent of wealthy Internet users actively using social media, the question is no longer if luxury brands should utilize the web as a luxury market, but rather a question of how to do so. The dynamics of the online marketplace continue to shift with the exponential growth of social media platforms. Consumer behaviors and expectations have changed.

The modern consumer demands more from brands—especially luxury brands—than what they have traditionally delivered for the past fifty years. The days of captive media audiences are coming to an end. As social media establishes itself as the premiere venue for information exchange, the conventional methods of messaging favored by many organizations will become decreasingly relevant. Although luxury brands face unique hurdles, they also stand to reap significant rewards by embracing social media. Social media is still a relatively uncharted frontier for luxury brands, and the early adopters will have a large advantage moving forward. Success will be dependent on developing strategies that address the new behaviors of the modern consumer online while appreciating that luxury brands in social media must remain just that, luxurious.

The Numbers

The number of affluent¹ internet users is expected to grow from 43.7 million in 2006 to 57.1 million in 2011².

Households of \$100,000 or more spend on average 23 hours a week on the web—nine of those hours on Facebook³.

Over 50 million unique affluent US internet users visited websites in March 2009, making up over a quarter of the entire internet population for the month⁴.

66% of affluent Internet users conduct research online before making a major purchase⁵.

Facebook reaches 51% of online households of \$100,000 or more⁶.

Nearly 80% of consumers with an income of at least \$240,000 have at least one social networking profile, usually Facebook⁷.

Four in five US businesses with at least 100 employees will take part in social media marketing in 2011⁸.

1. household income of at least \$100,000

2. eMarketer, Affluent Internet Users: How the Rich Live Online November 2007

3. Morpace, Omnibus Report, June 2010

4. ComScore, State of the US Online Retail Economy in Q1 2010, May 2010

5. "The New Face of Affluence Study." Dwell Strategy + Research, March 2010

6. Google AdPlanner, June 2010

7. Unity Marketing, How the Affluent Luxury Consumer Uses the Internet and Social Media: An In-Depth, Feb 2010

8. eMarketer, How Many Marketers Are Using Social Media, Dec 2010



The Luxury Difference

Luxury brands distinguish themselves through superior quality, from the actual product itself to the in-store experience to the cachet of the brand. Purchasing a luxury good is akin to making an investment. This is why luxury brands take pride in every step of the process, from design conception to production. Social media can help demonstrate to consumers the level of craftsmanship that goes into production and can serve as a powerful way to showcase the luxury difference. Impactful, turn-key solutions such as providing vintage pictures or linking to old newspaper clippings help consumers appreciate the significance and history of what they are buying.

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The Luxury Dilemma

While social media has empowered consumers with deeper insight, it has also had an unintended consequence for luxury brands. In the past, communications from luxury providers to consumers were provided through tightly controlled traditional media channels (print, television, direct marketing, etc.) to influence the conversations of the elite. For the most part, only those with the means to purchase luxury goods had influence on the desirability of particular goods and services. Simply put, luxury consumers made purchase decisions based on other luxury consumers.

Social media has opened doors to give more consumers access to both information and products previously unavailable to them. With respect to luxury brands, what is desirable or undesirable is no longer the sole purview of the traditional luxury audience. While portraying that image remains crucial in social media, the reality is that even non-luxury consumers can now have an impact on the success or failure of luxury brands. When providing their “two cents” online, a suburban teenager in Orlando is on equal footing with a socialite from Paris. Over time, a crowd of relative unknowns can create a tipping point for a product’s success or, if they so choose, failure.

Many of the qualities that luxury brands are built on such as tight quality control and immersive shopping experiences, may seem contrary to the nature of social media communications. Certainly, the use of social media inherently trades some control for increased engagement. The reality is that discussions about brands are happening already and will continue to flourish with or without the direction of the brands themselves.

Challenges Online

- Creating an online experience that meets or exceeds brand standards and consumer expectations.
- Relinquishing some control to give consumers a sense of brand ownership via user generated content.
- Adopting a social media mindset and participating in two way conversations.
- Recognizing that luxury brands require a more sophisticated social media presence than other brands.
- Devoting the appropriate amount of resources to make social media a priority as part of an overarching marketing strategy.

“The reality is that discussions about brands are happening already and will continue to flourish with or without the direction of the brands themselves.”

Luxury brands face a choice: influence the conversations themselves or be drawn into the fray through less desirable circumstances. Blogs and platforms like Gilt have, for better or worse, opened up access to luxury to a larger audience. Luxury brands can no longer afford to differentiate purely on higher price points and claims of quality. Brands need to prove their worth online in other ways.

A luxury brand requires stringent attention to the qualities that make the brand what it is. To maintain that level of quality online requires a commitment of both human and financial resources. Corners cannot be cut just because it is the internet. Cheapening a brand's image online has the same negative effects as it would in the real world. A semi-functional website; a dead social media profile; an inadvertently tacky sponsorship—can all factor into a brand's downfall. Due to the fickle nature of brand equity, any social media marketing done without a well-researched approach and full scale commitment is highly risky.

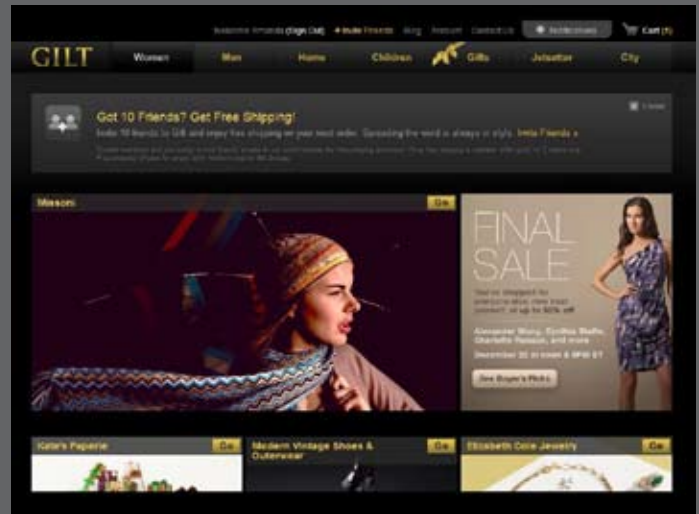
Social media marketing shares a fundamental similarity to other marketing efforts: with a well-developed strategy and good execution, brands stand to gain in the short and long term.

GILT GROUPE

Despite the economic downturn that had pundits fearing the worst for the luxury industry, Gilt—a revolutionary member's only shopping website that holds 36 hour “flash sales” selling labels like Christian Louboutin and Derek Lam and luxury travel packages at prices around 70 percent off retail—has more than thrived. In 2009, just two years after launch, Gilt has posted revenues of \$170 million and for the year 2010 expects between \$400 and \$500 million. Gilt's over 2 million members are also predominantly female, young and high-income—a target audience for many luxury brands.

Gilt has changed the fashion industry by allowing both small and large luxury brands to unload merchandise. Moreover, Gilt has fundamentally altered how consumers shop for luxury. It has given consumers from Paris, France to Paris, Illinois access to exclusive brands at insider prices previously only available at New York City sample sales. Gilt has also transformed the notion of online “retail therapy”, or as Forbes put it “of logging into a site and clicking “buy,” from something mundane and impersonal to something exhilarating, with its blink-and-you'll-miss-it sales and aura of exclusivity.”

In many ways, Gilt is both friend and enemy of the luxury business. On one hand, Gilt is fundamentally a discount shopping rack which cuts profit margins from the brands it sells. From a business perspective, however, it doubles as a risk-sharing platform since Gilt contracts with brands to unload a mix of inventory that includes both “home run” products as well as a brand's more speculative or unsold stock. And whereas a department store may take a whole season to unload product, Gilt is expected to do it within 36 hours.



Abrams Research Roadmap

Social media for luxury brands is no longer an optional marketing consideration. The definition of a luxury consumer and of luxury itself has changed. Luxury brands must deliver brand experiences online to see continued success. With a deep understanding of how these new tools can be used appropriately, brands can harness the power of social media to directly communicate with their audiences, promote their brands and further their brand equity.

This guide explains how luxury brands can best accomplish these goals in social media and offers solutions for particular challenges. Additionally, this guide presents case studies of luxury brands to illustrate the industry best (and worst) practices.



1. Translate unique brand elements to social platforms
2. Adapt business practices to the online business model
3. Identify and expand audiences
4. Empower consumers
5. Manage customer relations

“To avoid this pitfall, a good digital and social media strategy first identifies the essential qualities that define the brand, then packages those qualities into relevant content and finally delivers it to their audience(s).”

1. Translate Unique Brand Elements To Social Platforms

Luxury brands offer a uniquely polished experience to the consumer. Many high end brands have been wary of creating a significant online presence because they feel their brand experience does not translate to digital media. While this may have been the case initially, the web now allows brands to create an online experience that compliments and enhances even the highest end luxury business's brick and mortar operations.

Consumers now feel entitled to the same seamless luxury experience online that they are guaranteed when interacting with a brand in the real world. Luxury businesses must deliver on the brand proposition online across all web properties and social media profiles. Social media's low barrier to entry gives many brands a false sense of ease, leading to haphazard attempts that do not represent the brand well. Brands that leave up abandoned Facebook profiles like Manolo Blahnik (as of December 2010) lose credibility to those like Chanel who

commissioned director Martin Scorsese to create a Bleu de Chanel YouTube video. Unsurprisingly, consumers hold luxury brands to a much higher standard online, just as in the real world. Thus it is of extreme importance that a luxury brand maintains its ethos, value proposition and quality of experience. If a luxury brand's voice online is at odds with its image in other media, this creates a dissonance in the mind of the consumer.

To avoid this pitfall, a good digital and social media strategy first identifies the essential qualities that define the brand, then packages those qualities into relevant content and finally delivers it to their audience(s). Ultimately, succeeding online and in social media is about consistently staying in character. To do so, a brand's digital strategy must include insights into their own brand as well as insights into their consumer's expectations online.



Best Practices:

- Treat the web and social media as an extension of your brand because that's how consumers view it. Make sure that aesthetics and functionality are consistent with the brand's offline image.
- Identify qualities that define the brand and ensure those traits manifest themselves across all online offerings, from the brand website to social media profiles. Cohesion is paramount to success.
- Establish objectives, benchmarks and metrics for all social initiatives. This often means scrapping ideas that—while fun and innovative—are not conducive to a brand's long term success.
- Do not try to simply re-create the in-store luxury experience online, expand on it! Give the consumer incentives to visit you online and in-store.

Case Study:

Cartier



Often, brands that are new to social media make the mistake of constructing web and social media properties at odds with the core brand image because they try to do too much. Cartier, one of the most famous luxury watchmakers in the world, fell into that very trap. While digital tools are diverse and powerful, the key to success on the web is often about narrowing its scope. For a luxury brand, that means figuring out the must-have list of brand elements and making sure that they come across online.



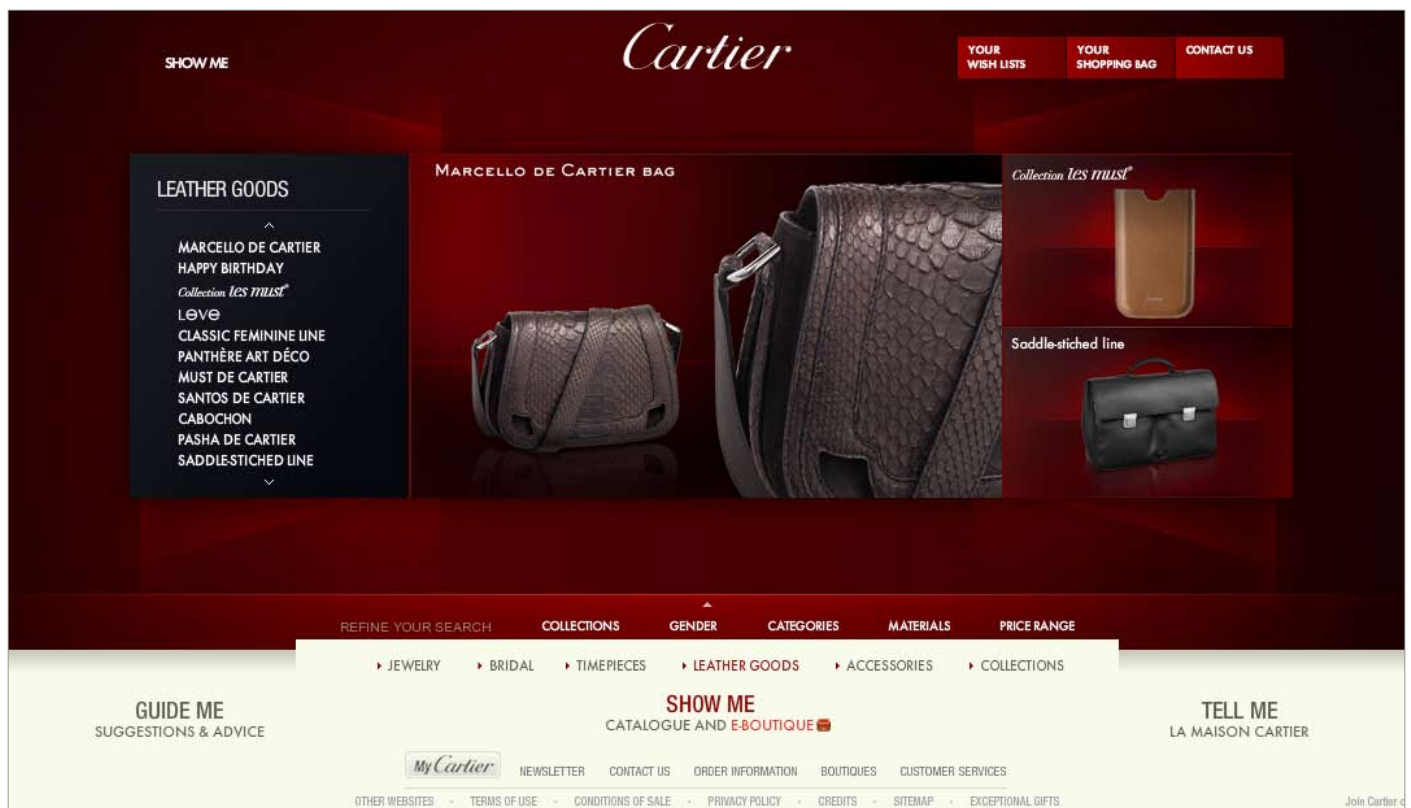
Cartier put in small copy on their website that “the brand is proud of its technical excellence...and reputation as a master watchmaker.”

The Cartier site, however, has been the opposite of technical excellence and obfuscates one of the more compelling aspects of the brand—its storied history and reputation. Online, well-designed user interfaces and ease of use are reminders of a brand’s quality. On Cartier’s site, the fascinating pieces of content that do exist have

“Online, well-designed user interfaces and ease of use are reminders of a brand’s quality.”

been served in a way that aggravates the user (opening extra windows, using burdensome amounts of Adobe Flash, making navigation complicated, etc.). Oftentimes, a user will click a featured link expecting to learn about the brand and instead be delivered a heavy dose of flashy marketing.

For would-be and current consumers of five to ten thousand dollar watches, the Cartier website should not be used as a cheap opportunity to hawk watches in bulk. Cartier should have used its web properties to communicate its brand narrative and speak to its consumers in a way they would not be able to through traditional media. Integrated film, archival footage, and a personable blog are all options that Cartier should have explored. Cartier should focus on the qualities that define its brand, like timelessness and attention to detail, and create web properties that reflect those principles.



Case Study:

Tiffany & Co.



The quintessential American luxury brand, Tiffany & Co. built its name on a legacy of associations with American institutions and icons like the White House and Jackie Onassis. As one Tiffany & Co. fan put it: "what woman doesn't swoon at the sight of the signature Tiffany blue gift box?" Audrey Hepburn in "Breakfast at Tiffany's" remains one of the most familiar images in the history of American cinema. It is with those sentiments that Tiffany & Co.'s brand proposition moves beyond sales of sparkling diamond necklaces, to selling glamour that carries historical and cultural significance.



On the web, Tiffany & Co.'s strategy has been twofold: create a simple yet stylish shopping experience, and remind the audience of its standing in the cultural upper echelon of America. Although the Tiffany & Co site has had a stylized editorial feel, the overall shopping experience is straightforward and intuitive. The focus of the site is clearly on e-commerce and shopping is made to be reminiscent of the in-store experience, with jewelry arranged by price, designer, collection and gem. Featurettes on the brands storied history are sprinkled throughout the site but do not distract the user from shopping. Overall, the succinct messaging and clean design of the web property have created a shopping experience that is as effortless

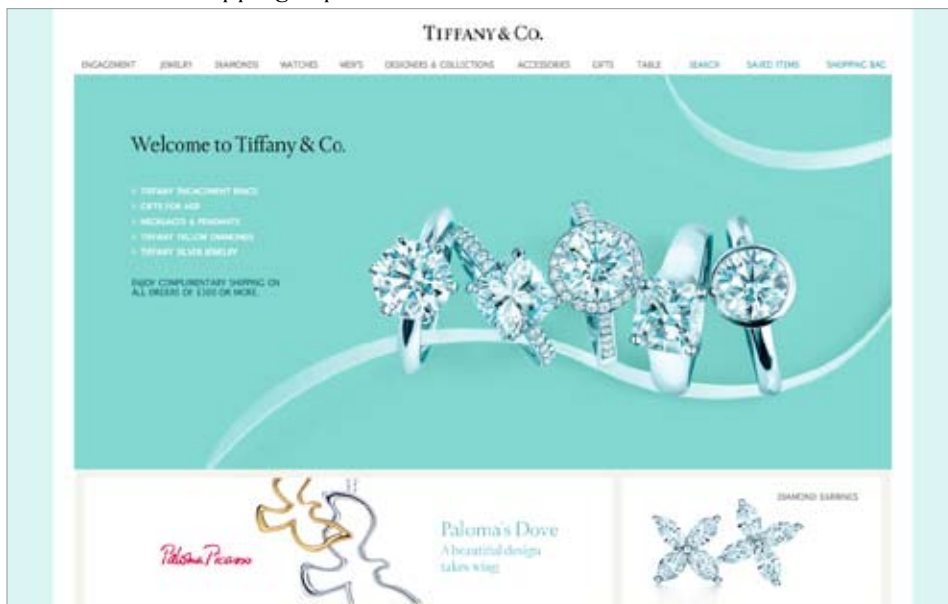
and sophisticated as anything you would expect shopping in-store.

While the website has been primarily focused on e-commerce, Tiffany & Co's has used Facebook as a content-provider that speaks to the brand's relevance in exclusive parts of society. Facebook is a choice platform for providing consumers with snippets of a brand's narrative. In this case, Tiffany & Co's profile is filled with pictures of celebrities wearing Tiffany pieces, as well videos of Tiffany & Co. galas and parties, which all feeds back into the brand's importance to elite American culture.



Tiffany & Co. has also made it easy to take a slice of the brand experience on the go by creating a free iPhone app that allows its users to browse their famed line of engagement rings. The app contains tools to help purchase online, down to choosing the carat size and sizing the ring. The high quality app carries the same simple elegance that Tiffany & Co exudes in all of its marketing, and offers a valuable tool for anyone investing in a Tiffany piece.

Tiffany has successfully repositioned its historical and culturally significant brand experience online across all of its web properties, and as a quintessential American brand, Tiffany & Co. continues to set the standard for luxury, even in the digital and social space.



Case Study:

Balmain



Since Pierre Balmain's death, The House of Balmain has undergone several regime changes which have taken the brand from classically luxurious to edgy tough yet chic evening wear. Although Balmain's style has evolved drastically, the label has always remained true to its trendsetting roots. Unlike its clothing, Balmain's web presence has reflected neither its changing identity nor its commitment to modernity.



For a brand that has looked to shake things up, Balmain's antiquated website is bland and un-inspiring. As of January 2011, the site formally presents the runway collections and e-boutique without any of the glitz and glitter inherent in a

night out on the town. Although Balmain has never been afraid to be over the top, the site is minimalistic and filled with static content that should lead to extra features, but does not. The web property looks more like an amateur blog than it does a luxury fashion house's webpage, as it has used minimal graphic design and a lo-fi interface. Balmain's brief foray into social media has been similarly bland and amounts to an abandoned Twitter handle. The account--@balmainparis-- as of the start of 2011 had over 7,000 followers but only two tweets: one that directs followers to the Balmain website and another to a

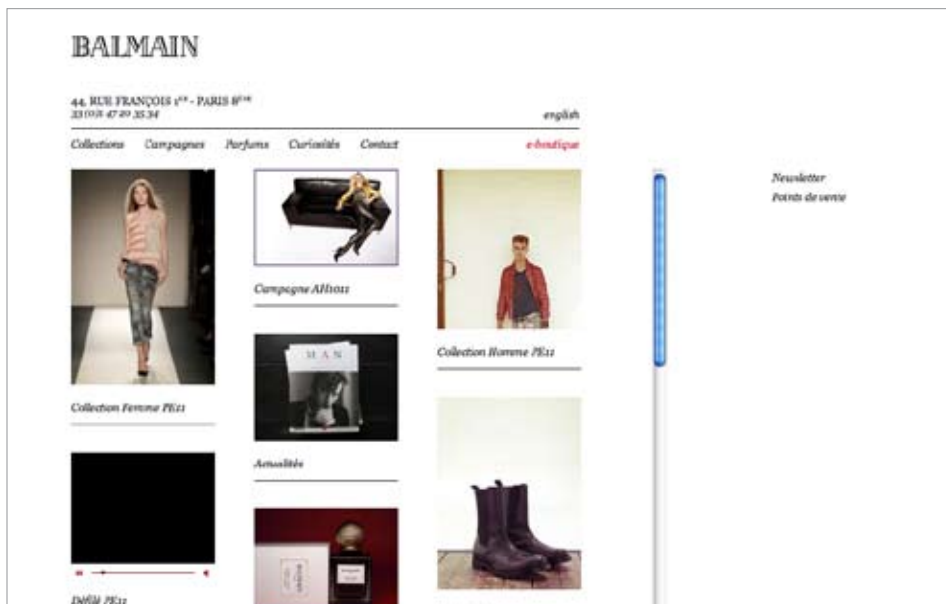
“Leaving a halfhearted attempt at a Twitter presence active sends the same message that a half finished magazine advertisement does and Balmain has appeared sloppy and unpolished.”

picture of Kate Moss in a Balmain dress. Neither the webpage nor the Twitter handle are properties befitting a designer once considered a “king of French fashion,” nor strategic as to the company's desire to remain cutting edge in the fashion world.



Balmain's website and Twitter handle are the antithesis of current as neither medium allows fans to connect with or learn from the brand in a meaningful way. Leaving a halfhearted attempt at a Twitter presence active sends the same message that a half finished magazine advertisement

does and Balmain has appeared sloppy and unpolished. Balmain should have taken steps sooner to counteract the consequences of this page by either shutting it down or directing fans to alternate channels of communication. Balmain would have been better off creating an entirely new website that reflects its brand essence and devoting an employee to maintain the Twitter account.



2. Adapt Business Practices To The Online Business Model

The principles of marketing in social media often fly in the face of traditions that have defined luxury brands for decades. Social media's democratizing nature is a particular challenge for luxury brands, since much of the luxury cachet historically comes from controlling access. In the physical world access can be synonymous with brand dilution. In social media, access is the currency itself.

Oftentimes, a brand will want to modify existing traditional media campaigns to fit into digital and social media platforms-- for example, to try to turn a billboard into a banner ad or a bus shelter placement into a Facebook profile picture. Brands like Zac Posen (whose website, ZacPosen.com, has been little more than a glorified catalogue) risk insulting the internet savvy consumer who realizes old marketing has been forced to fit the web. Although in rare instances that may work, the better approach is to identify the core idea that defines a brand and/or a campaign and use that to inform the digital and social media work. This strategic approach ensures the digital adaptation of the campaign is a more relevant creative execution.



There is no template in social media that works for all luxury brands. In some cases, a luxury brand's archival work is refreshingly relevant in social media (as has been the case on sites that focus on historical brands, such as Michael Williams' AContinuousLean.com). Other times, an entirely new strategy must be developed from scratch, using only the core message and insight from initial brainstorming.

Best Practices:

- Don't force traditional media campaigns into social media. Start from the planning stage and identify the insight or the core message that needs to be communicated.
- Every brand has an ethos that can be the centerpiece of messaging in social media, whether it is impeccable customer service, or a commitment to innovation.
- To decide what type of content to offer online, find what continues to draw your brand loyalists, and expand on it.
- Digital consumers are savvy enough to differentiate between PR/marketing material and authentic content—give them the latter.

Case Study:

BMW



BMW TV, which has its own YouTube page as well as its own microsite, has been a perfect adaptation of a brand message onto a social media platform. To hear it from Forbes.com: "There are three reasons why the BMW brand scores so highly: consistency, patience and a simple, upbeat message. It has been beating the drum for 25 years that BMW offers customers the ultimate driving machine. "BMW is very, very consistent in providing the product line that echoes what the brand is all about..."

(Forbes.com, The Best-Driven Brand, July 2002) BMW, which has driven this message home through traditional media and event marketing, has smartly recognized the importance of continuing that strategy on the web.



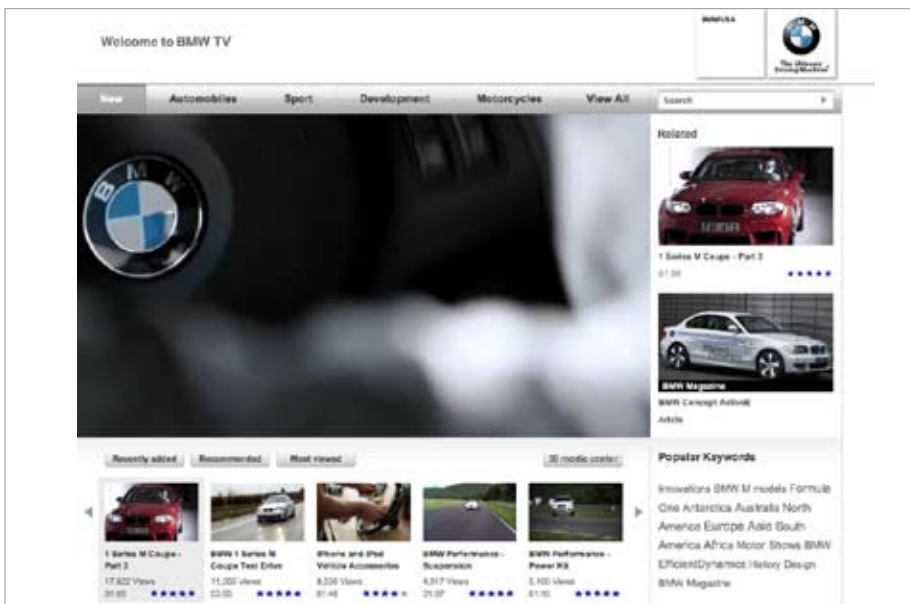
In creating BMW TV, BMW sought to speak directly to their brand loyalists—the luxury performance car enthusiast. BMW has used its insight into its consumers—educated, early-adopters of technology, appreciative of education about car-racing and tuning—to deliver content that supplements as well as reiterates the brand message. BMW did not skimp when pouring resources into video production to make high quality videos that look and sound professional. The videos range from interesting and innovative advertising clips to



mini historical documentaries on the cars and brand (ex: Origins of the BMW Logo). BMW TV rewards enthusiasts by letting them feel "in the know," ensuring that this group will continue to back the brand.

The selection of online video as a platform was likewise deliberate: videos on YouTube and bmw.tv are embeddable in blogs and message boards, which are the main web properties used by online car enthusiasts. Importantly, both the page and the content have carried the trademark look and feel of the BMW brand—a nod to

the brand's willingness to devote resources to maintaining the brand proposition. The BMW TV content has allowed both existing fans and curious potential consumers to learn more about "The Ultimate Driving Machine" in an intellectually honest way. Consumers appreciate BMW for not speaking down to them.



Case Study:

Oscar De La Renta



“Without a doubt, the role of a runway show has changed. In the past, the show was principally for buyers. While they are still a key constituency, we also show for the media. Online media is increasingly influential in fashion. This allows that group and others that can't attend in person to see things in real time. It's evolution.”
- Oscar De La Renta.



In fashion, it is not enough to just stay relevant and follow trends as they emerge. Any noteworthy fashion house, from the established like Gucci to relative newcomers like Elie Tahari, seeks to push the envelope in terms of both the fashions themselves as well as brand image. According to Oscar

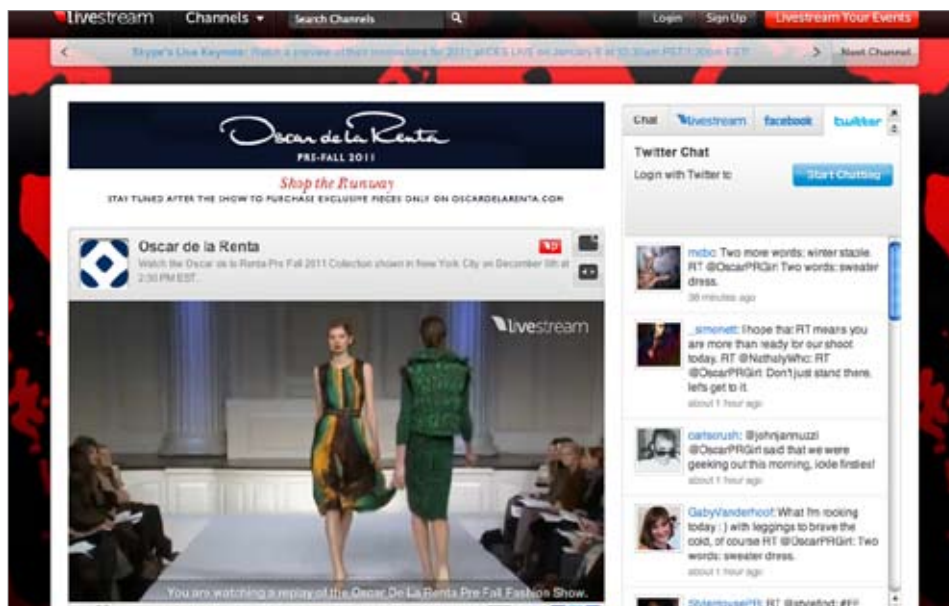
De La Renta's profile in New York Magazine, despite being "the tailor of note for women of a certain age... [De La Renta]'s begun to court a slightly younger, hipper customer."

To adapt this overarching marketing strategy and simultaneously evolve his industry, Oscar De La Renta partnered with Livestream.com to broadcast his runway show live online. An event previously accessible only to fashion media and the social elite suddenly opened up to anyone with an internet connection and a computer. The brand

also leveraged its Twitter account (one of the more celebrated Twitter accounts in fashion circles because of its honest voice and frequent posting), OscarPR-Girl, to "live-tweet" from the show (a form of minute-by-minute coverage of an event).

This provided yet another platform for internet fashionistas, a powerful and growing demographic, to feel connected to the brand.

Oscar De La Renta seized an opportunity to pioneer both the brand and his industry on the web. After embracing the evolution of 'private' to 'public' caused by social media and adapting his brand's marketing strategies to it, Oscar De La Renta quickly came to be seen as a luxury brand that "gets it." According to the 2010 L2 Luxury Digital IQ Index, Oscar De La Renta was ranked 11th. By opening the door to throngs of followers who might not otherwise be able to experience a runway show, Oscar De La Renta traded a marginal amount of exclusivity for a much larger amount of brand loyalty and industry influence.



Luxury brands can and should reassess their marketing efforts, identifying those initiatives that are currently only for industry-insiders. With an open mind and the right platform, some of those exclusive initiatives can be adapted to reach a bigger audience without any detriment to the brand itself.

“Audience building is not always about breadth—it can be about narrowly targeting the audiences that know how to leverage social media on your behalf.”

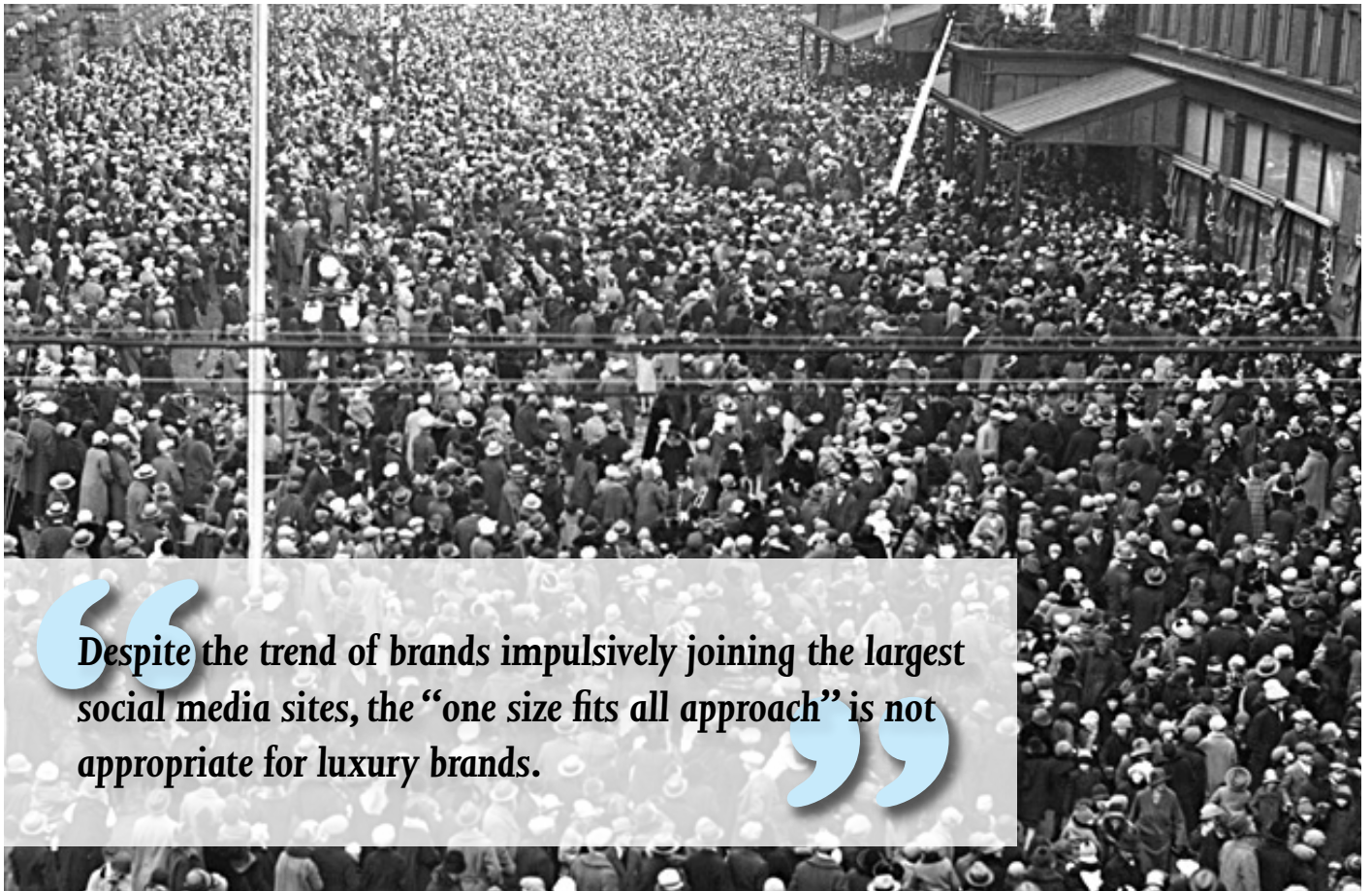
3. Identify and Expand Audiences

Once a brand has successfully translated its core traits online, it must find the corresponding digital spaces that coincide with its marketing strategy. Despite the trend of brands impulsively joining the largest social media sites, the “one size fits all approach” is not appropriate for luxury brands. Platforms like Facebook and Twitter are called “social” networks because they foster relationships. Consumers look to form connections with brands that have personality.

When a brand uses a social network as another venue for press releases, like Chloé has on Facebook, consumers lose interest in engaging with the brand. Just like any aspect of the luxury business, establishing a social media presence requires detailed and extensive planning. The reckless use of social media to increase exposure can hurt the brand in the long term. Even though the possibilities for interacting with online communities are immense, any attempt to do so

must be done with the same care and commitment that a traditional communication would command.

For luxury brands, the challenge is in harnessing digital and social media to promote the brand while still cultivating an aura of exclusivity. One way of doing so is targeting influencers, such as prominent bloggers like BryanBoy.com or GemGossip.com, who sway the consumption desires of their readers.



“Despite the trend of brands impulsively joining the largest social media sites, the “one size fits all approach” is not appropriate for luxury brands.”

“The new “era of customization” presents a prime opportunity for luxury brands to strategically offer unique and exclusive experiences to targeted subsets of consumers.”

3. Identify and Expand Audiences (continued)

Audience building is not always about breadth—it can be about narrowly targeting the audiences that know how to leverage social media on your behalf.

While the internet is an equalizer, in many cases audiences still self-segregate, forming groups of like-minded individuals through forums, message boards and blogs. Importantly, the sharable nature of social media often means that brands can communicate with niche communities who will spread brand messaging on their behalf to a wider audience. The elite status desired by purchasers of luxury goods parallels the insider access that social media users crave. Thus, social media can be another venue for brand evangelists to show off their standing to others. By limiting direct communication to target audiences, luxury brands keep the cachet and elite quality of the brand intact yet benefit from consumer endorse-

ments within their social networks. Luxury brands are renowned for their highly personalized brand experiences which allow customers to form emotional connections to their products. Fortunately, the internet is increasingly focused on the idea of personalization, where all content is customized for the consumer and customizable by the consumer. The new “era of customization” presents a prime opportunity for luxury brands to strategically offer unique and exclusive experiences to targeted subsets of consumers. This can include everything from invite-only communities to access to private sales. By employing different tactics for different audiences, luxury brands can still maintain exclusivity without alienating potential customers by ignoring them online. Savvy brands will utilize a diverse portfolio of social media strategies to reach niche communities and/or the mass market through each distinct online platform.

Best Practices:

- Identify the online spaces and social media platforms that best fit what and how the brand wants to communicate. Discussion boards are not for every company.
- Create individual strategies to target particular consumer segments based on how they behave online. For example, according to Google Ad Planner data, 0-17 year olds disproportionately use Myspace and \$100,000+ income earners don't use it much at all.
- Don't be average in many social media platforms; be excellent in one or two by allocating resources efficiently as opposed to spreading them thinly.



Case Study:

Coach



In the summer of 2010, Coach created the “Poppy Project” which aimed to generate buzz for its new line of Poppy bags. Coach reached out to bloggers to install a Coach-created Poppy “widget” onto their blog page and offered prizes to the most engaged bloggers as well as readers who spotted a Coach bag via the widget. Coach’s successful blogger outreach created an army of over 400 bloggers who self promoted the “Poppy Project, spreading a trail of poppies across the web.



By specifically targeting fashion blogs, Coach reached niche communities with a demonstrated interest in fashion. Visitors to the participating blogs saw the prominently featured Poppy widget every time they frequented the blog, reinforcing exposure to the new line of bags for the duration of the contest. Since bloggers not only featured the Poppy widget on their site but urged their audience to share the contest with their social networks on Twitter, the Poppy Project spread to audiences Coach couldn’t have otherwise reached effectively.

For the consumer, a favorite bloggers endorsement of a brand or product can carry equal weight as a friend’s recommendation, strongly influencing purchase decisions

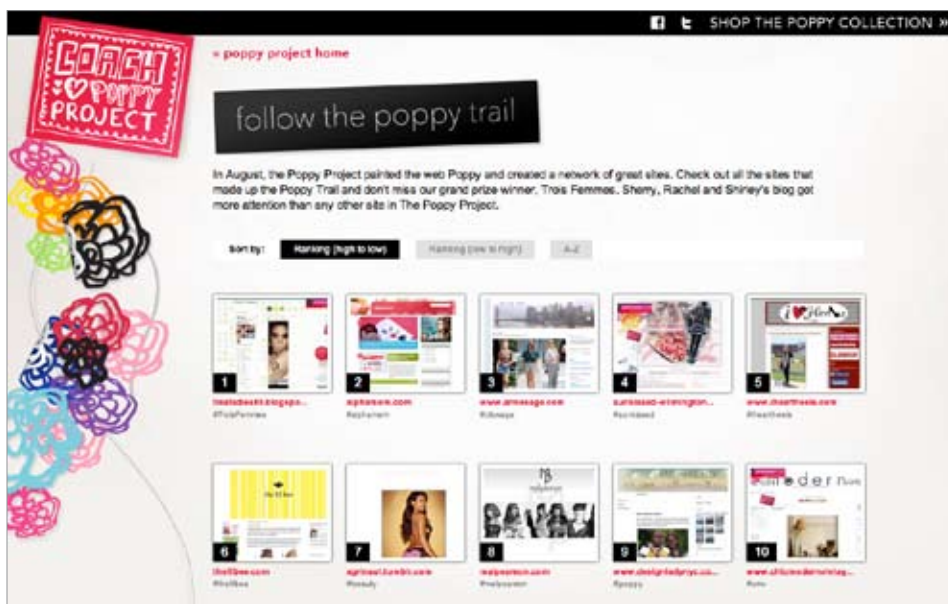
“For the consumer, a favorite bloggers endorsement of a brand or product can carry equal weight as a friend’s recommendation, strongly influencing purchase decisions and brand preference.”

and brand preference. Since Coach limited its direct outreach to bloggers, consumer participation in the contest happened naturally. The participating blog reader did so because a respected blogger, not Coach, asked them too. Consumers who saw an involved friend’s social shout out on Facebook or Twitter were even further removed from Coach’s marketing effort and thus the endorsement was that much more credible.



By offering prizes and allowing bloggers to use the Coach name, the Poppy Project tactically engaged the blog community with both intangible and tangible incentives. Consumers treat social media as a form of personal brand-building, and mentions and displays of brands—much like namedrops during a social conversation—contribute to this activity.

Coach’s forward looking strategy provided the brand with a built in network of bloggers to call on for promotions or (favorable) coverage of Coach products. Coach understood that in social media the approach is often to reach a specific, narrow audience and let the ripple effects of an effective communication spread organically.



Case Study:

Jimmy Choo



In partnering with geolocation platform Foursquare, Jimmy Choo creatively turned the metaphorical pursuit for its products into a physical one. Jimmy Choo's 2010 "Trainer Hunt" helped the brand reach new audiences by offering the general public the opportunity to win a pair of its new trainers (aka sneakers for those of us on the other side of the pond). During the campaign, clues were left online so that anyone following on Foursquare, Twitter or Facebook could chase the shoes around London, trying to find and win them. The trainers smartly "checked in" to trendy locations such as the members-only Morton, synergizing the trendiness of the visited locations with the shoe brand itself. It was precisely Jimmy Choo's decision to highlight the allure of the brand as well as offer a tangible incentive that made the initiative such a success.



As the first brand to check in an object—instead of a person—on Foursquare, Jimmy Choo innovatively used social media to create desire for a new product. According to digital agency FreshNetworks, the promotion ultimately increased sneaker sales by 33%. For everyone who followed the hunt in real life or digitally and did not win a pair, the time investment into Jimmy Choo primed future

purchases. The brand's decision to do a one-off, highly entertaining and interactive campaign on social media created buzz that had a lasting impression on consumers.

Curiously, the "Trainer Hunt" had its own Facebook and Twitter pages, which was a missed opportunity to centralize all traffic and fans onto corporate Jimmy Choo web properties that would live on after the campaign. Once the promotion ended, any new audiences who connected with the brand were lost as the Trainer Hunt's pages lost their relevance. Furthermore, driving traffic to the corporate web properties would have been an opportunity to deliver non-Trainer Hunt content to a receptive audience. Since online attention spans are short, it is unlikely that many fans took the additional step of connecting with the corporate properties. In fact, several months later the Trainer Hunt still has fans and followers of its own, although the accounts are inactive.

Despite the immediate success of the "Trainer Hunt", the company still overlooked its ability to retain its new audience and build the brand long term. It is important for luxury brands to think about the after effects of a campaign, including how to keep the audience and goodwill that was created.



“Brands can harness this genuine advocacy by creating interactive platforms that weave consumers’ experiences into the brand narrative.”

4. Empower Consumers

Traditionally, brands have constructed messaging—advertisements, press releases, mailings—etc—with the captive audience in mind. By its very nature, social media is not an effective tool for broadcasting to captive audiences or speaking to them in a way that presupposes their inability to walk away. In old media models, consumer recourse was usually limited to, to borrow an economic term, “exiting the market” e.g. flipping the magazine page or turning off the television. In social media, however, consumers have a host of options at their disposal to respond to welcome or unwelcome messaging, and they can do so with disproportionately wide reach.

Consumers often identify themselves by items that they purchase and what the brands of these products represent. Consumers can use luxury brands as status symbols, broadcasting their association within their social circles for personal brand building efforts. Online, consumers concretely map out their identities by selecting interests and brand affinities to publicly display on their social profiles. By “liking” brands on Facebook or sharing content about a brand on Twitter, consumers add to their online credentials while simultaneously promoting the brand. For luxury brands, this authentic endorsement is the most valuable form of online advertising.

Since online audiences are constantly on the hunt for content to digest for entertainment and/or share for personal brand-building purposes, brands have a huge opportunity to connect with them. Creating content has become a collaborative process. Many consumers publish stories and pictures that describe their relationship with brands. Brands can harness this genuine advocacy by creating interactive platforms that weave consumers’ experiences into the brand narrative. With the right strategy and execution, brands can become a part of the consumer’s online identity and vice versa.

For consumers, online empowerment comes from being given access and information. Fans want to socialize with brands the way they do with their friends. Consumers feel special and wanted when they associate with favorite brands on social networks. Of course, this is usually antithetical to the way luxury brands live in the real world, where brands like to maintain a sense of exclusivity. Just fifteen years ago, a brand like Louis Vuitton would not have been able to bring consumers en masse into its leather-making facilities. Now, however, that is exactly the kind of experience the brand can offer online. Savvy luxury brands see social media as an opportunity to deliver content that provides a deeper experience of the brand. Social media consumers

abhor blatant marketing efforts and welcome content that involves them personally. The latter ultimately results in the kind of good advertising that a luxury brand would traditionally budget far more for. For luxury marketers, the key is to build a social identity for the brand that furthers a consumer’s emotional attachment to the brand.

Best Practices:

- Deepen the brand consumer relationship by becoming part of the consumer’s online status and identity. Allow them to flaunt the brand to their friends.
- Bring the consumer into the brand narrative through creative marketing initiatives that incorporate user generated content, such as encouraging photo uploads.
- Humanize your brand by directly communicating with followers and letting the brand’s personality shine. Reply to comments and answer questions that will be seen by other consumers.
- Deliver content that provides new perspective on the brand. Obscure historical facts and glimpses into a brand’s archives add to the lore of the luxury brand’s narrative.

Case Study:

Burberry



During the 2010 London Fashion Week, Burberry Creative Director Christopher Bailey tweeted that Burberry is “now as much a media-content company as [it is] a design company because it’s all part of the overall experience.” Burberry lives up to Bailey’s words with its content rich site, Art of the Trench. Taking a cue from user-generated content platforms such as Lookbook.nu (a website for users to share pictures of their daily outfits)



and Facebook, Burberry teamed up with Scott Shuman of The Sartorialist to create a standalone social media property for the iconic Burberry Trench coat. The site is designed for fans of the Trench Coat to enter pictures and stories about their coats into a visual database that they can participate in and share with friends. The result has been a user-generated scrapbook of all things Burberry Trench Coat.

Burberry knew that their Trench Coat was already a recognizable piece of culture but needed a way to bring together consumers on that one commonality. Burberry also recognized that in social media many users like to show off and carve out their own internet fame, to build their personal brands. The Art of the Trench platform has taken advantage of both insights. First, the content has been almost entirely driven by users who upload pictures of themselves in their own Burberry Trench coat, creating a sense of ownership. Also, the

Burberry has taken a focused approach to a pre-existing concept—user generated content—and managed to make it both luxurious and fun.

editorial feel of the site has made users feel like they are part of a magazine spread. Second, the site has been designed to be both a stand-alone world as well as easily shared with other social media platforms. Within the site, users can easily browse, “like”, “comment”, or “share” content seamlessly across Facebook and Twitter. Many users uploaded pictures of themselves and shared their content for their friends to comment on and see what a fashionista/o said.



The Art of the Trench received significant coverage in the online fashion world and was lauded for its simple concept and smooth user interface. Access the platform now, a year after its inception, and there is content provided from users all across the globe. Burberry has taken a focused approach to a pre-existing concept—user

generated content—and managed to make it both luxurious and fun—call out. By curating the crowdsourced content, Burberry has ensured the site continues to be both authentic and appealing. Users have been tempted to submit a photo since he or she becomes a featured part of the platform, showcased instead of stored away in an album. Everyone understands how Burberry’s platform works because they have seen it before, and participating is as simple as uploading a photo. The site has empowered an international community to become a living online scrapbook of the Trench Coat that has produced essentially free advertising for Burberry.



Case Study:

Gucci



In late 2009, Gucci released an iPhone app that was designed to give users a taste of the Gucci lifestyle, complete with hotel and restaurant recommendations by Gucci's creative director, a music channel and a Mark Ronson inspired game allowing users to mix their own music. In theory, Gucci sought to extend the brand by associating Gucci with the latest and greatest across the luxury lifestyle category.

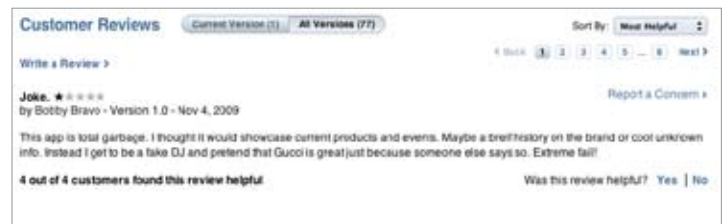
In practice, however, Gucci made glaring mistakes: First, Gucci failed to make its core business—fashion—an integral part of the app, cheapening both the app and the brand by failing to deliver on user expectations.



Users were not able to browse many of Gucci's collections and archives and could not use the app for e-commerce functionality. This might have left many feeling that Gucci's main area of expertise was being underserved. Secondly and more importantly: Gucci did not apply the same quality control to the app as they do to their retail products. Users on appcomments.com as well as reviewers on blogs repeatedly commented on video crashes, software bugs and generally poorly designed content. Users of the app came away feeling disenchanted.

One user succinctly summed up the general response to the app by saying, "I want to have an app that is as high

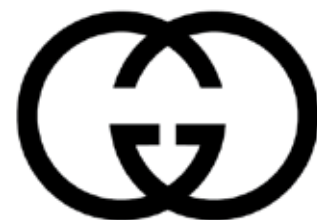
“First, Gucci failed to make its core business—fashion—an integral part of the app, cheapening both the app and the brand by failing to deliver on user expectations.”



quality as your product. Get back to the drawing board." While expanding their niche to encompass luxury living was a natural fit, Gucci hurt the brand's equity by not making sure the experience was up to par. Gucci could have easily integrated fashion by using the app as a platform to propose and sell Gucci products to pair with nights out at recommended restaurants and venues. While the Gucci brain trust recognized that social media could be used to add dimension to a brand, they fell short of successfully using it to add value. Gucci seems to have learned a lesson here since subsequent releases of a revamped app turned it into one of the better luxury apps available.



GUCCI



“The aspirational cachet of a successful business leader remains strong, and this can be capitalized upon in social media to benefit the brand.”

5. Manage Customer Relations

The advent of social media tools has allowed consumers to share and publicize opinions about brands that can spread across the internet in a remarkable way. Social media has not only given the public a voice but also changed consumer expectations as to how brands should treat them. As image is such a critical component of a luxury brand, the consequences of social media can be a blessing or a curse.

One possible approach to using social media as a tool is getting the business' top executive involved. Executives often do not realize that by virtue of being a higher-up at a major corporation, they have a built-in audience for their voice on social media. The aspirational cachet of a successful business leader remains strong, and this can be capitalized upon in social media to benefit the brand. One such executive, Paul Smith, has maintained a blog that feels unedited by public relations gurus and seems to give insight into his personality. His blog has also been featured on Vogue.com, giving the brand valuable exposure.

While blogging is one way to go, other corporate executives have found Twitter to be a more effective tool. One blog editor commented

that the Ritz-Carlton Hotel Company's President, Simon F. Cooper's, Twitter account "shows an iconoclastic global luxury brand taking a new tack, using a new tool, to expand on what they've always done -- demonstrate unwavering luxury hospitality and showing that it's approachable. 'Welcome to my luxury brand. At the Ritz, as my guest, you have more than luxury. You have my ear.'" Brands that recognize such an opportunity and do it with gusto stand to gain appreciably.

Many businesses worry that to foray into social media is to become a target for an unregulated, unruly mob that uses social media to gather and attack at the slightest misstep. These types of public relations nightmares are not the norm and are usually the result of poor strategy. Generally, consumers use social media to connect with brands, not as a means of making unwarranted attacks. By maintaining an active social media presence, brands can respond quickly to customers and situations. More importantly, brands should use social media to proactively establish consumer loyalty so that when a blunder does happen the brand can use the relationships it has built to its advantage. Since a brand's social media properties can also serve as the

pulse of consumer sentiment, brands should carefully monitor social media to avoid crises before they start, do instant damage control or engender fans that will fight on a brand's behalf.

Best Practices:

- Devote enough resources—financial, manpower, attention—to maintain a social media presence, especially when it comes to customer relationship management (CRM), which is 24/7.
- Don't sound like a PR shill. Leave the marketing speak for press releases and investor relations. Social media is about authenticity.
- Acknowledge consumers—both the happy and the disgruntled. Show that someone is listening
- Verbalize efforts to consider the changes they've proposed/actions requested.
- Consider breaking news to social media simultaneously with the press, or even before it hits mainstream news.
- Set rules and guidelines before engaging in social media, making sure that all employees are on the same page.

Case Study:

KLM/Air Baltic/SAS



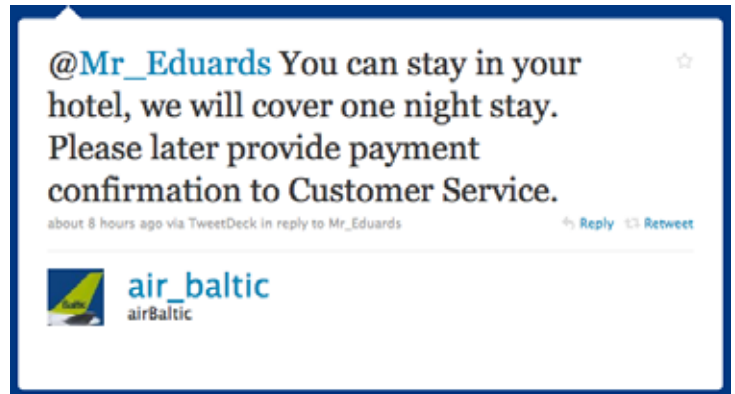
For an industry such as travel, where differentiation occurs at the margins, the effects of social media on a brand are augmented. United Airlines learned this lesson the hard way when a disgruntled customer recorded a music video to voice his displeasure regarding United Airlines Customer Services' handling of his baggage on a trip. The customer posted it to YouTube, and his video has been viewed 9.2 million times since.



On the other hand, companies such as KLM, Air Baltic, and Scandinavian Airlines, were able to positively differentiate themselves in a time of crisis. During the volcanic ash cloud disaster in Europe in April 2010, the hashtag #ashcloud became a trending topic on Twitter. Mashable reported that "in just seven days, there were over 55,000 mentions of #ashcloud..." Recognizing that negative sentiment regarding airlines' response was spiraling out of control, the three airlines used social media to deal with the disaster.

Both KLM and Air Baltic switched some of their customer service representatives onto Twitter to actively engage with customers who tweeted at them. For customers, a company that reaches out to them directly carries goodwill that goes beyond the 140 characters of text in a tweet.

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Scandinavian Airlines created an internal Facebook taskforce to specifically address the ashcloud crisis on their Facebook fan page. The Facebook page continuously updated their customers on flight operations and helped communicate instructions to customers. For anyone who has ever flown, these communications can make a huge difference to the travel experience.

The airlines' choice of Facebook and Twitter demonstrated a good understanding of social media. Many of their customers were stuck with only mobile phone access to the web, which included Facebook and Twitter. Furthermore, Facebook and Twitter essentially act as broadcast channels for large brands, so the airlines knew that they would be reaching a large audience that they couldn't efficiently access by sending emails or making individual phone calls. Conversely, social media connotes a more personal feel than a press release, an important distinction for a consumer feeling ignored and overlooked. Social networks such as Facebook and Twitter are not always the best choice for CRM or PR, but in this case they were.



Case Study:

Marc Jacobs



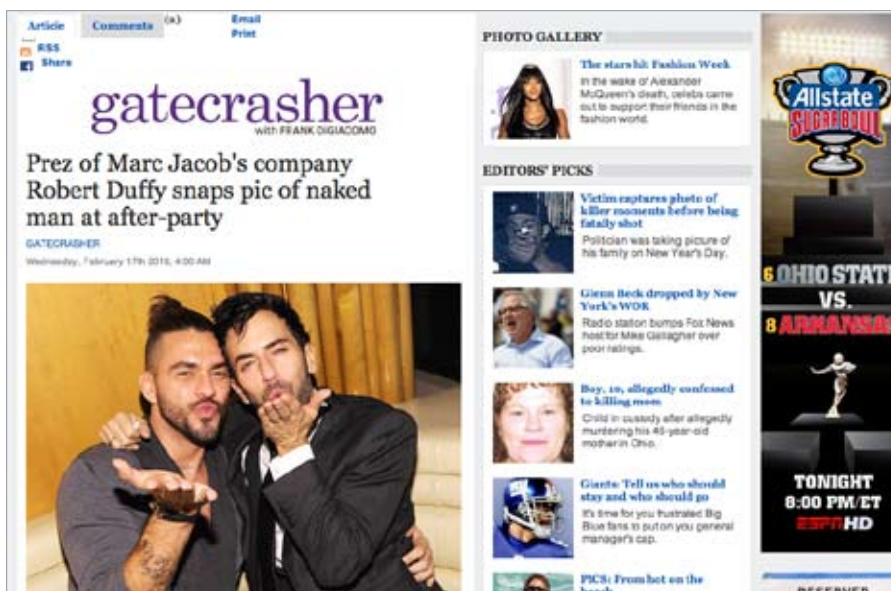
The Marc Jacobs brand's experience with social media demonstrates the dichotomy of social media consequences. The Marc Jacobs Intl corporate Twitter account has been regarded as one of the best Twitter accounts for a luxury fashion brand. The people behind the account give insider access to day-to-day happenings, converse directly with followers and write with an edgy honesty that fits with the brand voice. Followers of the Twitter account feel a vested interest in the brand's activities and actively engage the brand by participating in informal contests, following live-tweets of fashion shows and commenting about fashion.



The other side of the coin reared its head when CEO Robert Duffy used his personal Twitter account (not the corporate Twitter account) to publish risqué pictures of Marc Jacobs after-parties. The tweeted pictures, which showed the designer allegedly inebriated and unflattering pictures of partygoers, ignited a wave of criticism. Duffy responded by shutting down the account. Overnight, Duffy's Twitter went from being a heralded example of social media use to being a black mark on the brand. Duffy's Twitter account gave followers a (possibly) false sense that the company was unprofessional. That could have been avoided had a social media strategy been established beforehand.



Most likely, the company never established a clear set of rules and guidelines for its employees. While executives and customer representatives obviously will have different leeway with regard to social media, a baseline of conduct should apply to everyone. The guidelines should also govern employees' personal accounts, as a way of preventing the kind of negative exposure that happened in Robert Duffy's Twitter account. Ultimately, not all press is good press.



Case Study: Four Seasons

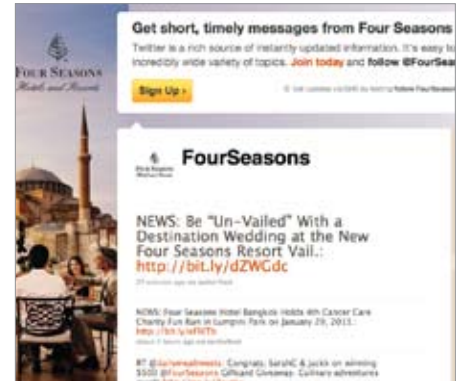


While many companies dabble in using social media as a customer relationship management tool, the Four Seasons Resorts and Hotels Group has fully committed to it. The company has devoted the resources—financial, human, and otherwise—to create and maintain a full-fledged social media presence. The company's strategy and management has allowed their content to be locally focused and relevant.



Instead of coordinating boilerplate messages across all of their hotels globally, the individual hotels' communications teams interact with their local populations, their current visitors and other local businesses through social media. Four Seasons not only has corporate Facebook and Twitter accounts for the brand as a whole, but has maintained Facebook pages and Twitter accounts for each individual Four Seasons location. The corporate Facebook page boasts over 35,000 fans and acts as a hub, providing easy access to its local properties. Additionally, Four Seasons has offered special deals to its Facebook fans and

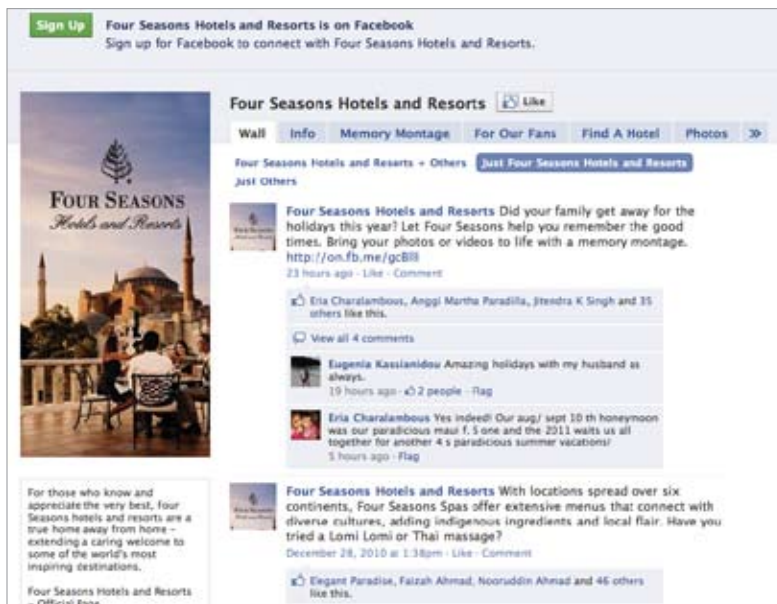
has an app that allows them to plot out their travel experiences (and aspirations) on a map, catering directly to and grooming brand loyalists. Four Seasons also created an iPhone app which allows patrons to book rooms, spa appointments and a host of other travel and accommodation-related features.



Four Seasons clearly understood that a comprehensive social media presence was best for their brand proposition—"offering only experiences of exceptional quality." The company strategically structured its social media offerings to mimic what they offer the consumer in person—courtesy, dedication and exceptional service. Four Seasons understood that the modern day traveler stays plugged into the web throughout the day and needs more capabilities than a simple call-center can provide. Luxury brands are reminded to be cognizant of the specific needs of their consumers and be the ones to offer solutions.



FOUR SEASONS
Hotels and Resorts



Conclusion

According to the latest L2 Digital IQ Index, luxury brands that improved their online experience grew their traffic by 52 percent while brands that ignored their web properties saw growth of only 8 percent. The improvement of a luxury brand's digital presence translates to measurable gains in the number of people who interact with that brand.

The luxury audience has fully embraced the internet as a resource, communication vehicle and e-commerce platform. Luxury brands would be remiss not to do the same. Although the fundamental goals for luxury businesses have not changed, the most effective and efficient methods for reaching them have. Companies must now use social media to build relationships and directly communicate with their audiences.

To succeed online, luxury brands must translate their essence to the web and leverage the unique capabilities of the digital space to reach consumers in new and exciting ways. Consumers will only identify with a luxury brand that brings value to their own personal brand. Luxury businesses who have embraced this are seeing results across the board from consumer connections, to the creation of brand ambassadors, to online sales growth. As the consumer continues to spend more time online, a strategic approach to social media and digital marketing will prove critical.

As a full service social media agency, Abrams Research specializes in helping brands create strategic online experiences that generate earned media. Our holistic approach to digital and social media ensures that each aspect of a brand's web presence delivers on the brand proposition. By examining the specific needs of a luxury business, we provide tailor-made digital and social media programs for our clients, with services that include:

- Creating social media campaigns that reach and target specific audiences.
- In-depth digital audience research and social campaign monitoring.
- Translation of traditional marketing campaigns to the digital and social space.
- Managing social media presences.
- Digital content, editorial strategy and optimization.
- Search engine marketing and web site optimization strategies.
- Mobile, web, and social media application development and strategy.
- Preparing for crises in new media and the blogosphere.



Abrams Research is a full service digital and social media agency, specializing in the development of web-based digital marketing campaigns, in addition to advising on social media strategy. Our strategists create digital plans, supported by in-depth audience research, designed to help build digital audiences and to connect with consumers like never before.



Mainstream Media & Blogs

The mainstream media, which now includes blogs and industry trade journals like Women's Wear Daily, often helps to shape the conversation online. Although the mainstream media continues to be a very important player, the conversation it fosters is a one way dialogue. When communicating with the mainstream media the consumer is a recipient of information, not a participant. Social media is interactive by nature, allowing users to become part of and even lead discussions in a way that they cannot within the mainstream media.

Forums and Message Boards

While the mainstream media and blogs help seed the topics of the day, message boards and forums are often the resulting location for discussions. Forums and message boards are open discussion sites for users to converge on common interests. Users create topical pages dedicated to conversation on specific subjects and participate in these conversations by posting replies. Popular forums such as Style Forum have dedicated communities of people reviewing products, discussing brands and conducting e-commerce amongst themselves. These forums are frequently seen as a source of expertise and trusted opinion about various luxury brands.

Mobile

Mobile Device applications popularized on phone operating systems such as the iPhone and Android are increasingly replacing time spent on computers. According to a Pew Internet September 2010 study The Rise of Apps Culture, 24% of the U.S. adult population actively uses "apps." The advantage of apps is that the maker of an app has almost full control (subject to restrictions by the operating systems' mobile app stores) with regards to content, functionality and branding. Brands have used mobile apps to mirror their e-commerce sites, deliver creative content, make product suggestions and provide a host of other functionalities.

Geo-Location Platforms

Geo-Location services like Foursquare and Facebook Places offer brands an alternative opportunity to engage in social media without "abandoning" their brick-and-mortar business. Geo-location adds a wrinkle to social media in that it incorporates real, physical location interaction to social media platforms, which have traditionally lived 100% online. Geo-location platforms allow consumers to "check-in" to a virtual location when they visit a physical location, creating a log of activity. These locations—usually businesses—can incentivize check-ins with tangible rewards. For brands that worry that their online presentation does not come close to their in-person experience, geo-location provides an innovative outlet.

THE PLAYERS



Twitter

Twitter functions by allowing users to “tweet” short messages of 140 characters and to subscribe to the tweets of others. Twitter has grown to rival Facebook in its social significance and is often the first to break news, before traditional news channels. Twitter also allows the public to follow targeted news and information, straight from the sources they choose to subscribe to. Frequently, Twitter is chosen as the broadcast vehicle for celebrities and top-level executives due to its ease of use, wide reach and possibility for quick interactions. Twitter has effectively allowed its top users to become news channels in and of themselves.

Forums and Message Boards

After Google and Yahoo!, the web property that reaches the most affluent consumers is Facebook. Facebook presents a particularly important opportunity for luxury brands through its ability to run branded applications and promotions in tabs. Applications are tools that allow users to “opt-in” to games, quizzes, contests, news feeds, and so on. Organizations can use these to actively engage with consumers and offer unique content. For the user, Facebook has become a branding tool, allowing him or her to cultivate and publicly display an identity. Frequently, consumers mention brands on Facebook as a form of personal brand-building through wall posts, “likes” and sharing of information.

Video Hosting Platforms

Video hosting platforms like YouTube and Vimeo have allowed social media users to become broadcast channels. Videos have the ability to rapidly circulate the internet, garnering millions of views in a matter of minutes. Luxury brands have the ability to create their own branded media channels on YouTube or Vimeo, as well as use them as hosting services to serve content on their own web properties. The ubiquitous nature of these platforms has essentially created a new content standard on the web.

Specialty Retail Sites (“e-tailing”) such as Gilt Groupe, Rue La La, HauteLook

On the surface, e-commerce platforms selling luxury products at discount prices seem undesirable for luxury brands. The results, however, are undeniable: the popular platform Gilt reached \$400 million in sales for the 2010 calendar year, has more than two million (disproportionately young and high-income) members and caused a fundamental shift in consumer behavior regarding luxury goods online. According to New York Magazine, “During the hour after its weekday sales kick off, between noon and 1 p.m., [Gilt] claims, its site is visited by an average of roughly 100,000 shoppers. For that time, it might as well be the most crowded store in New York.” While this does not mean that every luxury product ought to be sold this way, it will be crucial for luxury brands to have a strategy with respect to these platforms.



Disclaimer: None of the companies cited in this guide, including but not limited to Gilt Groupe, Rue La La, HauteLook, Chanel, Manolo Blahnik, Cartier, Tiffany & Co, Balmain, Zac Posen, BMW, Oscar de la Renta, Chloé, Coach, Jimmy Choo, Louis Vuitton, Burberry, Gucci, Paul Smith, Ritz-Carlton Hotel Company, KLM Air, Air Baltic, SAS Airlines, Marc Jacobs, and the Four Seasons are in any way affiliated with Abrams Research nor have they endorsed the creation of this guide