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A large, faint watermark of the University of California seal is visible in the background of the title area. The seal features a book, a sun, and the text "UNIVERSITY OF CALIFORNIA" and "1868".

Aesthetics and Ephemerality:
Observing and Preserving the Luxury Brand

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Aesthetics and Ephemerality:

OBSERVING AND PRESERVING THE LUXURY BRAND

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Today the market for luxury goods and services is booming: from the \$2 Million Bugatti Veyron, through gem encrusted \$700,000 Montblanc pens, to a mere \$10,000 for a bespoke Asprey Christmas cracker. However, luxury is nothing new. During the seventeenth century, luxury was found in extraordinary commodities—rare pearls, crystal, perfumes, and spices from the Caribbean. During the nineteenth and early twentieth centuries, with the rise of world trade, luxury was the product of great craftsmen—Christian Dior the frock-maker, Louis Vuitton the trunk-maker, James Purdey the gun-maker. More recently in the industrialized world, with the problem of mass production largely solved, luxury increasingly became the brand—carefully crafted symbols, which go beyond the material, beyond the craftsmen to invoke a world of dreams, images, signs, and motifs. Yet luxury as symbol is hardly new. During the Ch'in dynasty, red coral from the Mediterranean was perhaps the greatest symbol of status among Chinese nobility; during the Cultural Revolution, pet dogs were considered symbols of decadent luxury.

Luxury brands are divisive. For some social commentators, they are considered a betrayal of community values; and to others, the antidote to the mundane. Research on luxury brands presents somewhat of a paradox. They are one of the most profitable and fastest-growing brand segments, yet at the same time they are poorly understood and under-investigated.¹ Although there are a number of fairly well established definitions of what a brand is,² there is no corresponding delineation of what constitutes a luxury brand. Moreover, there is no clear understanding of their dimensionality, and no rigorous conceptualization of the different types of luxury brands. They are generally treated as homogeneous—a luxury brand is a luxury brand. Perhaps it is little wonder that the man-

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agement of these brands is idiosyncratic and shrouded in mystery. In this article, we seek to address these problems. Drawing on the works of philosophers such as Popper, Heidegger, and Whitehead, we dimensionalize, define, and differentiate luxury brands.

Conceptualizing Luxury Brands

A review of the literature reveals a paucity of definitions of what constitutes a luxury brand. Researchers and authors tend to leave the definition implicit.³ The concept of luxury and the corollary of the luxury brand are con-

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tentious. Some consider them to be socially divisive. For example, Veblen argued that people used the conspicuous consumption of luxury goods to signal wealth, power, and status.⁴ Sekora echoing Veblen contends, “the concept of luxury is one of the oldest, most important, and most pervasive negative principles for organizing society Western history has known.”⁵ Others view luxury as a tonic for our humdrum world. Twitchell argues for the “trickle down” effect of luxury: products and services that

are considered luxury in one generation become a common staple in the next.⁶ Luxury is one of the drivers of growth in free markets, for people aspire to the luxurious.

Certainly the former stance characterized the historical view of luxury, for the word’s etymology carries pejorative connotations. The term is derived from the old French, *luxurie* meaning “lasciviousness, sinful self-indulgence,” and reaching back further, from the Latin *luxus*, meaning “excess, extravagance,” and even “vicious indulgence.” Its more positive meaning only emerged in the seventeenth century, and more recently it has come to be more associated with escape from, or cure of, the ordinary and the struggle for betterment.⁷

Any conceptualization of luxury would do well to start with Adam Smith, who divided consumption into four categories: *necessary* (to maintain life), *basic* (for normal growth and prosperity of people and communities), *affluence* (goods that are not essential for growth and prosperity), and *luxury* (goods that are in limited supply, difficult to procure and/or very expensive).⁸ This notion of luxury as being linked with rarity (through material scarcity or high price) has been carried forward by some authors,⁹ while others have identified a laundry list of attributes of luxury brands—quality, beauty, sensuality, exclusivity, history, high price, and uniqueness.¹⁰

However, we argue that the problem with a single definition is that luxury is more than a characteristic or set of attributes. Defining it so leads into the philosophical trap of reification or hypostasization (the variety of reification that results from supposing that whatever can be named or conceived in the abstract must actually exist in a material form). No matter how hard you look at a Cartier bracelet you won't be able to identify what makes it a luxury product. Why? Because luxury is more than the material. Indeed luxury is better thought of as a concept, and thus irreducible entirely to the material, although having various material embodiments. As a concept it is contingent upon context—social and individual. Thus what constitutes luxury varies with social context (i.e., in social time and place). Moreover, it's more than simply social—it has an intensely individual component as well: what might be luxury to one person will be commonplace, or perhaps even irrelevant and valueless, to another. So we see that luxury cannot be reduced to one sphere—it is an amalgam of the *material*, the *social*, and the *individual*. Therefore, rather than define a luxury brand in terms of its attributes, we conceptualize it in terms of what it does—i.e., its role in each of these three spheres: the material, the social, and the individual.

Dimensionality: Exploring the Value of Luxury Brands

To understand luxury brands, it is essential to capture the full dimensionality of the relationships among people, products, and brands.¹¹ The “three worlds” hypothesis of Karl Popper provides an insightful means of achieving this. World 1 is the realm of physical objects, states, and systems; World 2 is the domain of subjective experience involving thoughts, emotions, perceptions, and so on; and World 3 is the sphere of “culture” rooted in objective knowledge, science, language, literature, and so forth.¹² In the context of luxury brands, the three realms of relevance are: (World 1) manifest goods and services; (World 2) individual thoughts, emotions, needs, wants, and perceptions; and (World 3) collective narratives, knowledge, symbols, and images. So for example, a Louis Vuitton roll-on luggage carrier, crafted in leather with the trademark unique motifs (World 1) becomes a brand associated with certain characteristics (World 3), but with different meanings to its potentially different individual owners (World 2). For some it may represent a treasured, received gift; and to others, a well-made, functional, convenient travel accessory; and to still others, merely an overpriced and unnecessary suitcase.

From this we can deduce that luxury brands have three components: the *objective* (material), the *subjective* (individual) and the *collective* (social). In some ways this is similar to Keller's general perspective on the benefits that brands provide for consumers—“the personal value and meaning that consumers attach to the brand's product attributes (e.g., functional, symbolic, or experiential consequences from the brand's purchase or consumption).”¹³ This leads us to proposing that luxury brands have three components or dimensions: the *functional*, the *experiential*, and the *symbolic*, corresponding to Popper's worlds 1, 2, and 3. Let us explore each in turn.

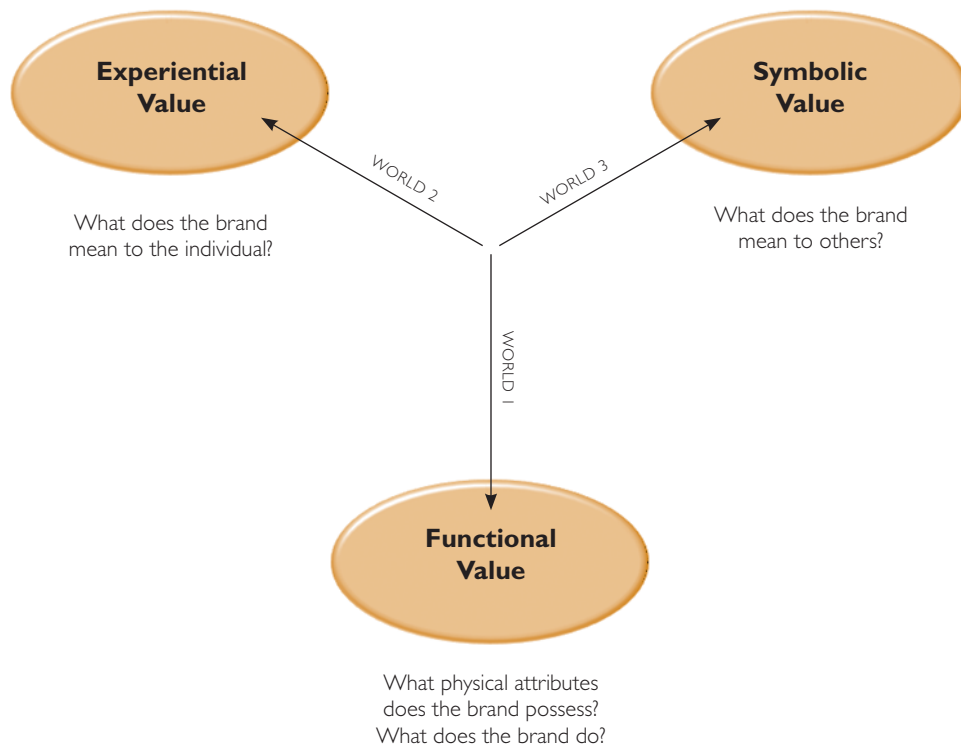
The functional dimension is where the luxury brand has its material embodiment. Both product and service brands have physical manifestations and accoutrements. We stress functionality, because this is the domain of what an object *does* in the material world, rather than what it *represents*. Thus Christian Dior initially made outstanding clothes of great functionality, Louis Vuitton made great trunks built to withstand world travel, and James Purdey made guns that were highly accurate and built to withstand the rigors of hunting life. Today, Rolls-Royce continues to be known for its near silent operation, impressive performance, and for the exquisite quality of materials and craftsmanship.

The experiential dimension is the realm of individual subjective value. This is the argument of “*de gustibus non est disputandum*”—“there is no disputing taste.” In other words, a person’s subjective *taste* is the ultimate arbiter of luxury; it is where personal, hedonic value is found in a brand. While prominent economists might dispute this, our conceptualization of this dimension of value is that it is idiosyncratic and mercurial.¹⁴ Thus, what might be considered epicurean to one person is bland, or even repulsive, to another. For example, Kopi Luwak is the most expensive coffee in the world, selling for between \$100 and \$600 per pound, mainly in Japan and the United States.¹⁵ While some coffee connoisseurs prize the bean’s unique bitter flavor, others are appalled that the main reason for the distinctive taste is that the *kopi* (Indonesian for bean) begins its journey to the cup by passing right through the digestive system of the Asian Palm Civet (the *luwak*). Marketing scholars have begun to give serious attention to the experiential nature of brands in recent times¹⁶—brand experience has been conceptualized as sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand’s design and identity, packaging, communications, and environments.¹⁷

The symbolic dimension is the realm of the social collective. Here the symbolic nature of luxury brands comes into play—by symbol we mean that which signifies a constructed and evolved narrative, myth, or dream-world. It has two aspects: the value a luxury brand signals to others, and the value of that signaling to the signaler. Thus a Ferrari may signal wealth, prestige, and performance, and it can be used to constitute and reinforce the owner’s self image as well. Similarly, Gucci clothing might signal the wearers’ wealth as well as their edgy, *au-courant* taste to others. As Keller has it, for brands whose core associations are primarily non-product-related attributes and where benefits are symbolic, relevance in user and usage imagery is critical.¹⁸ He also argues that symbolic benefits are especially relevant for socially visible, “badge” products.¹⁹

The three dimensions are summarized in Figure 1. It is important to note that these three dimensions of luxury are contextual. Symbolic and functional value change with the context. While coral was valuable in 5th century China, it’s not very valuable today. Similarly, the fact that in the 1920s a Rolex watch was accurate to one second a month is somewhat beside the point today when the cheapest digital watch easily surpasses this. Experiential value for an individual might also change over time—as their tastes evolve or change. For example,

FIGURE 1. Constituent Value Dimensions of Luxury Brands



even gourmets might think paying \$335 for an ounce of Beluga caviar excessive, but as their tastes become more sophisticated, they will seek these products out.

This model serves to locate and integrate the existing writing in the area of luxury brands. Some scholars have highlighted the functional aspects of luxury brands, such as product quality.²⁰ A second group has highlighted the personal, hedonic nature of luxury brands,²¹ which is encompassed by the experiential value dimension. A third group of researchers have highlighted the symbolic nature of luxury brands: first, symbolic to others—the socially “conspicuous” nature of luxury brands;²² and second, symbolic to self—luxury brands used to enhance a person’s self-concept.²³

It is apparent that there is no absolute demarcation between luxury and utilitarian brands; rather that they exist on a continuum. Luxury is not obvious; it is both learned and earned. Having identified the three dimensions of luxury brands, we can conceptualize a luxury brand as a differentiated offering that delivers high levels of symbolic, experiential and functional value at the extreme luxury end of the utilitarian-luxury continuum.

What do we mean by this? Consider a Lamborghini: someone from a secluded Amazon tribe would have no idea of its symbolic value as the collec-

tive that they belong to will probably have no place for such an item. Moreover, unless one has appropriate training, one would not be able to exploit the handling and power the car offers—i.e., its functional value. Finally, experiential value again comes with experience and introspection: a throttle balanced, four-wheel drift is an individually acquired taste (and skill)—just like the appreciation of great opera. Experiential appreciation matures with time and experience—it has a developmental aspect. The detection or constitution of luxury is a sensibility that is developed over time: one develops a palate for fine cuisine, one develops inter-subjective skills at reading and portraying symbols in public, and one develops motor-coordinative skills to interact with the material world. Indeed this latter developmental sensibility aspect has been missing from virtually all accounts of luxury.

We make two further points. First, there has been a historical migration of the center of value; that is, the locus of luxury changes over time. For example, during the nineteenth century, luxury was the product of great craftsmen, and value was predominantly located in the functional dimension. Luxury was primarily about goods and their durability. Following that, the locus of value shifted to the symbolic—marketers constructed carefully choreographed dream-worlds around their luxury brands. One might speculate that a third shift in locus of value is already occurring as we enter what Pine and Gilmore have termed the “experience economy.”²⁴ What used to be viewed as luxurious services are now seen as luxurious experiences: Dubai’s Burj-al-Arab hotel doesn’t merely offer five-star service—it provides a seven-star luxury experience (at around \$1500 a night). Experiential restaurants no longer simply offer fine food and great service—diners experience *sous vide* cooking and molecular gastronomy, when elBulli’s Ferran Adria prepares liquid nitrogen caipirinha cocktails, and The Fat Duck’s Heston Blumenthal serves bacon-and-egg ice-cream and snail porridge. Second, at times, managers of luxury brands have been tempted to over-focus on one of the three dimension of luxury and neglect the others. For example, since the 1980s, some luxury brands have focused on the symbolic at the expense of the functional: so while the fantasy worlds of Prada and Gucci have never been more alluring, material quality has declined, and the skill of the craftspeople replaced with the ubiquity of outsourced mass production. In many cases this has hurt the brands among connoisseurs—a fact masked by increasing sales fueled by the rapid growth of new markets.²⁵

Differentiation: Towards a Typology of Luxury Brands

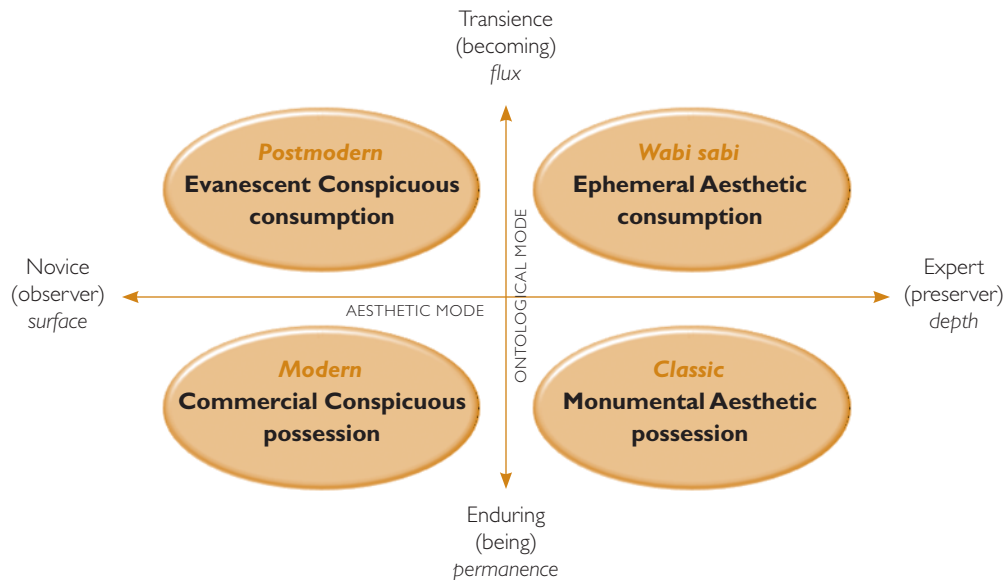
Since we now have some idea of what constitutes a luxury brand, we can build on this to delineate a typology of luxury brands. Specifically we draw on Martin Heidegger’s theory of art²⁶ and on Alfred North Whitehead’s process philosophy,²⁷ arguing that luxury brands can be differentiated along two dimensions: *aesthetics* and *ontology*—the branches of metaphysics concerning perception and being.

The term aesthetics comes from the Greek, *aisthanesthai*—"to perceive"—and was coined by the philosopher Alexander Gottlieb Baumgarten in 1735 to mean the science of perception. It was introduced into mainstream philosophy by Immanuel Kant in his "The Critique of Judgment." Aesthetic judgments rely on our ability to acutely discriminate value or quality in something. Like most faculties aesthetic discrimination is phenomenon specific and only comes with experience of that phenomenon. It is related to luxury through the development of taste and the appreciation of beauty and refinement. Howard Gardner in his theory of multiple intelligences contends that people have an aesthetic intelligence that is developmental in nature.²⁸ Heidegger argues that a work of art is not finished when its structure is complete,²⁹ rather its existence is a process—a continual creation that needs a viewer "making present the being of a thing." The same can be argued for luxury—luxury is a process, an experience rather than a thing. Thus the role of the viewer becomes central, as does their experience, expertise, and aesthetic refinement. Heidegger calls one who brings a work of art alive through their contemplative experience of it a *preserver*,³⁰ this notion is developed by White who generalizes the aesthetic-preserver process as one of *revelment*.³¹ Thus we can make the distinction between the neophytic *observer* and the aesthetic *preserver*.

Ontology (from the Greek *ontos*, "being") is the branch of metaphysics dealing with the nature of reality or being. Philosophers have argued that the nature of reality is either permanence or flux, *being* or *becoming*. While the majority of Western philosophers have focused on the former, a minority (such as Whitehead)³² have explored the latter. Process- or becoming philosophy argues that change is fundamental, while being- or substance philosophy argues for identity or states. What has ontology to do with luxury? Well, luxury goods have traditionally been associated with endurance—items that last: the Élysée Palace, the heirloom repeater watch, and the diamond that is forever. Transience has received less attention in relation to luxury.

Thus from aesthetics we can differentiate the novice and the expert, the uninformed from the educated enthusiast. From ontology we can distinguish being and becoming, enduring and transient. Taken together, these provide an insightful typology with which to differentiate and explore luxury brands. Specifically, the dimensions of aesthetics and ontology delineate four modes: the *Modern*, the *Classic*, the *Postmodern*, and the *Wabi Sabi* (from the Japanese aesthetic for transience). These are outlined in the AO (Aesthetics and Ontology) model depicted in Figure 2.

- *The Modern*—Here the ontological mode stresses the enduring, while the aesthetic mode is as a novice. This is the realm of commercialized luxury: there is no need for expertise to understand or appreciate the luxury product or service. The price of admission into this mode of luxury is simple: money—and not astronomic amounts of it. This is the world of democratized luxury. As Schumpeter says, "The capitalist achievement does not typically consist in providing more silk stockings for queens, but in bringing them within the reach of factory girls."³³ This mode is exem-

FIGURE 2. The AO Framework—A Typology of Luxury Brands

plified by Bernard Arnault who created the conglomerate LVMH SA and has since then gone on to make Gucci bags and Givenchy perfume accessible around the world. The modernist luxury mode is typically vilified by purists such as Thomas who argue that popularization of traditional luxury brands goes hand in hand with their abasement and vulgarization.³⁴ While Thomas might be viewed by some as a disparaging snob, he might indeed have a point: The price paid for popularization is often loss of exclusivity, identity, and a deterioration in quality as a result of mass production. As the aesthetic mode is predominantly novice, luxury brands in this quadrant are typically used for symbolic value; luxury is *bought* status. Luxury becomes *conspicuous possession*.

- *The Classic*—As with the modern, the ontological mode stresses the enduring, while in contrast the aesthetic mode is as an expert. Here the world of luxury is in the tradition of great art, the monumental. The ancient Greek ideals of beauty, perfection, and endurance have informed much of the West's notion of art and classic luxury.³⁵ In this instance "luxury is not consumerism. It is educating the eye to see that special quality."³⁶ That is, one needs expertise or aesthetic discernment to fully appreciate this mode of luxury. For example, unlike the enthusiast, the novice is unable to appreciate the superb balance and craftsmanship of the Purdey side-lock shotgun. This is the realm of "purist luxury," which of course has huge symbolic value but is only truly appreciated and understood with experience and the development of aesthetic discernment. This mode has higher

barriers to entry than the modern, as one needs experience and expertise in addition to money in order to appreciate it. Now luxury is an *aesthetic possession*.

- *The Postmodern*—In this instance, the ontological mode stresses the transient, while the aesthetic mode is as a novice. Here the world of luxury is evanescent—it is the latest hot thing, it is glitz and glamour. There is no need for expertise to understand or appreciate the offering. It rejects hierarchies of taste, refinement, depth and other cultural distinctions.³⁷ Experience can be baggage, knowledge can be an anachronism. This is the world of surface and appearance: It is the Hollywood actress' Oscars dress, the latest nightclub (and nightclubs typically have a product life-cycle of eighteen months),³⁸ "Dancing with the Stars," Las Vegas, facelifts, and makeovers. It is the hyper-real. Indeed, the copy can transcend the original as in the case of the Venetian hotel in Las Vegas—all the magic of Venice (the canals, the gondolas, and the buildings), without the downside (the garbage, the smell, the flooding, the mosquitoes). Here luxury is *conspicuous consumption*.
- *The Wabi Sabi*—Here, like the postmodern, the ontological mode stresses the transient, and like the classic, the aesthetic mode is as an expert or enthusiast. This is luxury as the ephemeral—the rare orchid that blooms for just one day. Although present in all cultures and times, a philosophy of the ephemeral is perhaps best enunciated in the Japanese notion of *wabi sabi*, a world-view that is centered on transience—where the impermanence, incompleteness, and imperfection of life is raised to the highest form of art.³⁹ It is mirrored in the tequila connoisseur's obsession with real agave (rather than raw spirit alcohol) as an expression of the *soil*;⁴⁰ it is the British obsession with wild gardens; it is the rare black truffle; and it is the antithesis of homogeneity. Here luxury is the deep taste of the moment; it is mindfulness of ephemerality;⁴¹ it is *aesthetic consumption*.

Management Implications

The AO model reveals that luxury goods and services are far from homogeneous and that luxury brands need to be managed in very different ways. For example, the promotion of a Wabi Sabi brand as Modern would be disastrous, as marketing the former hinges on emphasizing its ephemerality to a select group of educated connoisseurs who will eventually lose the good altogether (e.g., by drinking the bottle of 50-year-old single-malt Scotch), while the latter requires mainly money, centers on possession, and is used to signify affluence and status.

All Luxury Brands Are Not the Same

This leads to our first insight for luxury brand managers: all luxury brands are not the same, despite the convention in the literature that says they are. As such, managers must first and foremost understand where their brand pre-

dominantly falls on the grid and the principal marketing strategies they should employ for each separate category of luxury good.

Modern luxury brands primarily offer status, which is especially important to newly affluent individuals. Luxury goods in this quadrant must be tangible goods; they are not necessarily services or items that are consumed. To reiterate, explicit possession is what matters most. Small leather goods by Vuitton typify products in this quadrant—they are non-subtle reminders that their owners have enough money to spend (potentially) thousands on a bag.

Modern luxury brands are global brands with universal cachet. Managers of these brands need to ensure that their goods are readily, but not widely available. That is, readily purchased worldwide in select (often company-branded) retail outlets, or on high-end websites. The challenge in doing so is to manage the tension between exclusivity and ubiquity. It would not do for Vuitton to sell their goods at Wal-Mart, Sears, or Costco. By the same token, they cannot have Vuitton retail stores on practically every street corner (or even in malls) *à la* Starbucks. One key solution might lie in developing a luxury, stand-alone retail environment that creates a destination for shoppers in a central shopping location; ideally clustered around other stand-alone luxury boutiques (it is no accident that Vuitton and Hermes stores are often located near each other). Web sales should be limited to one or two websites that specialize in luxury goods, and screen buyers based on their product affinities and past purchase behavior. Price stability is paramount (it would not do to sell these goods at a discount), and considerable effort must be taken to guard against counterfeits (which dilute the brand's quality, and increase its potential ubiquity).

Possibly the key dilemma facing the luxury brand manager, especially in publicly traded companies, is the issue of balancing the exclusivity of the brand while generating increasing revenues. For on the one hand, revenues are generally increased through volume—and volume kills the cachet of exclusivity; while on the other hand exclusivity is generally maintained through limiting supply or access to an offering—and this generally sacrifices growth and even long-term viability. Failure to solve this dilemma has resulted in the death of many a luxury brand: Pierre Cardin⁴² and Packard (with the Packard Clipper) are prime examples of exclusive brands that failed by chasing revenues down market; Bristol Cars and Wildsmith the Shoemaker are example of luxury brands whose failure to grow rendered them financially unviable.

So how to cut this Gordian Knot? By differentiating the brand from its source, and vigorously protecting the exclusivity of the source, while leveraging the brand for revenue. Consider Ferrari—the source of the brand is the cars; the cars give the brand meaning and identity. This source is scrupulously protected: each car is very expensive, ultra high-performance and exclusive (only a limited number of each model is made). The brand, in contrast, is leveraged so that it appears on items as diverse as apparel to computers (co-branding Acer's performance range). The key here is to leverage the brand in categories that do not compete with the brand's source.

Postmodern luxury brands offer the cutting edge of whatever is in vogue—food, clothing, sports, holiday destinations, automobiles, and the like. As fashion cycles are short, they appeal to affluent consumers who are willing to adopt and discard those things that are of the moment. Consumption of these brands is fickle, and it relies on the taste and judgment of others. The solution to successfully marketing these brands, then, lies in getting the luxury good into the hands of key influencers—those stars, celebrities, and critics who are the tastemakers. For marketing managers, this means getting the goods into the hands of the wardrobe artists, personal assistants, and other members of celebrities' entourages that make the decisions for the stars; and into the hands of fashion reviewers like Vogue's Anna Wintour. Postmodern luxury goods have fast cycles, rapid production turnaround, and commensurate high prices.

Classic luxury brands, on the other hand, are only built over time. For example, British luxury retailer Fortnum & Mason opened in 1707 and has since become renowned for its food hampers. Fortnum's history spans innumerable wars and the rise and decline of the British Empire. Its commitment to sourcing obscure, quality goods has made the store a staple to generations of English aristocrats. Today, Fortnum & Mason still operates its St. James' store (dating from the late 1700s) in London, as well as branches in Japan and the United States, and a worldwide website. Fortnum's hampers are available to all and sundry, albeit at a price. Rare natural pearls—the kind that enthusiasts often collect, not necessarily to wear as jewelry, are another example of Classic luxury goods. The exclusive New York jeweler Siegelson (<www.siegelson.com>) sells a multi-row necklace of natural "black" pearls, which take many years to collect, at \$2.75m—"only an educated connoisseur would recognize its rarity."⁴³

The marketing challenge in developing and sustaining Classic luxury brands is monumental. It often spans generations of managers, and can be quite disconcerting, for there is no guarantee that an ongoing commitment to high quality will lead to being recognized by connoisseurs as the *ne plus ultra* of a given good. As such, the risk to brand managers is great. They must on the one hand obsess about quality, limit distribution, and create enduring goods, while on the other hand nurture a cult of amateurs, educating them about the nuances that make great products in their brand category in general, and their particular products noteworthy. They must be complicit in creating influential critics, and then live with the results of their criticism. As McCoy so aptly states in her biography tracing the rise to prominence of wine critic Robert M. Parker, "Americans, who had known nothing, were educating themselves and realizing that anyone could learn about wine, just as Julia Child had taught them that anyone could learn to cook French food. . . . The time was right for Robert Parker." ⁴⁴ Parker, she contends, has been the single-most influential critic, responsible for the explosive growth in fine wine collection, consumption, and prices. His 100-point scale makes or breaks wines and wineries.

Finally, Wabi Sabi luxury brands rely on the development of aesthetic acuity to value a masterpiece experience: the appreciation of a great work of art—music, painting, food, and so on—is a skill that is only developed over time.

Thus, possessing a Wabi Sabi brand is not important; experiencing it is—but that experience is a function of aesthetic development.

Marketing the Wabi Sabi consists of balancing the tension between ephemerality and accessibility. If gourmets didn't know and didn't care that the restaurant elBulli had been voted the number one restaurant in the world for five years running, and that famous French chef Joël Robuchon had called its chef Ferran Adrià "the best cook on the planet,"⁴⁵ then they would not be willing to enter a lottery to reserve a table—more than 2 million people try to reserve places each year, and only 8000 are successful.⁴⁶ Thus, managers of Wabi Sabi luxury offerings must emphasize the unenduring nature of their goods (or services) while striving to make them reasonably accessible to their devotees. This might include communication initiatives like magazines and restricted websites, exclusive Facebook groups, and special events. It also means keeping prices high (to emphasize the exclusiveness and impermanence of the offering). This is easier to achieve than for enduring goods, as by their very nature, the Wabi Sabi do not endure. As such, marketing efforts should concentrate on building events surrounding the brand, and on creating celebrations.

***Luxury Brands Can Be Different Things to Different People
or Even Different Things to the Same People***

Many of the examples above were repeated across brand categories. For example, fine wine could appeal to consumers in the Wabi Sabi segment (who seek to savor rare wines); in the Classic (those who collect wine and derive pleasure from having a deep and unique cellar); in the Modern (consumers who use expensive wines as signifiers of wealth and taste); and the Postmodern (stars who turn to collecting and drinking expensive wines, to show off). This leads to our second insight: each quadrant could, in and of itself, represent a different market segment for the same luxury brand. In fact, the people within each of the quadrants could be the same. For example, one wine collector we know of buys first-growth Bordeaux by the case. He does so to enjoy them in quiet reflection and solitude (Wabi Sabi); to enhance his collection (Classic), which he can never hope to drink in his lifetime; to show others his wealth by serving Margaux at dinner (Postmodern), and to his dismay seeing some of his less-knowledgeable guests 'cut' the wine with lemonade to enhance its sweetness on the palate; and to becoming a taste-maker for his peer group (Modern), who may follow his actions without thinking, by virtue of observing and participating in this behavior. This is what Bourdieu refers to as *bodily knowledge*, where the social becomes embodied within members of a certain group.⁴⁷

Thus, luxury brand managers face the challenge of marketing to events or usage as well as to consumers. That the same luxury good can mean different things at different times to the same or different people is one of the nuanced paradoxes of luxury brands.

Target Marketing and Luxury Brands

The AO framework not only implies that there is really no such thing as a generic luxury brand, it also suggests that there are likely to be multiple market segments for any one luxury brand. The dimensions of these might depend on relatively simple market descriptors such as geographic location, income, and culture, but could also be determined by more intricate variables such as whether the purchase is for one's own use or as a gift and the circumstances of purchase (for example, a wedding present or a retirement gift). There is evidence that different market segments purchase luxury brands for different motivations. For example, the classic Bordeaux first-growth wine Chateau Margaux has long been a favorite of connoisseurs in North America and Western Europe where it is prized for its sublime qualities and heritage—a Wabi Sabi brand. In this target market, the brand competes against other classics, such as Chateau Haut-Brion or Chateau Lafitte. More recently however, the brand has seen a surge in sales in markets in Asia and Eastern Europe, no doubt boosted by economic growth and rising incomes.⁴⁸ Here, in markets with no long history of wine consumption, the brand is more of a Modern brand, purchased because it is famous and expensive. In these markets it competes against other luxury goods such as Rolex watches and Mont Blanc pens. A dilemma facing the brand's custodians is, of course, the choice among priorities: While the luxury brand market might be growing more rapidly in the Modern segment, it could also be more fickle. On the other hand, the connoisseur (Wabi Sabi) market could easily feel slighted if more attention were to be given to the Modern market.

It is indeed possible that a luxury brand could have target markets in each of the four quadrants in Figure 2. At its simplest level, it could be a *commercial* luxury brand that appeals to novice consumers who purchase and consume conspicuously. In this instance, the brand manager might emphasize distribution as a key instrument of marketing strategy and ensure that the brand is in premium outlets that give it adequate exposure, particularly when arrayed against attractive alternatives. The recent phenomenal growth in airport retailing is testament to this. It could also be a *monumental* brand to connoisseurs. In this instance the brand manager might concentrate marketing efforts more on the product itself, as well as marketing communication activities of a more interactive nature, such as database management and visits to production facilities. Third, the brand might be an *evanescent* luxury brand that targets customers who consume conspicuously, "in the moment." They might not be expert, and might not ordinarily purchase and consume the brand, but under certain sets of circumstances will purchase and consume the product in order to be seen using it at a particular place and time. A recent example of this behavior includes a businessman who consumed a Methuselah of Cristal champagne with friends in a London restaurant—the purchase added around \$60,000 to the bar bill.⁴⁹ Here the luxury brand manager's marketing artillery might include advertising in exclusive magazines and promotions in specialist outlets.

Finally, the *ephemeral* brand targets expert consumers who wish to enjoy the brand inconspicuously. Someone wishing to purchase a special gift for an

aged relative might be torn between buying them a Rolex watch, or a bottle of a vintage First Growth Bordeaux, knowing that they would appreciate both. After careful consideration they will probably purchase the latter, recognizing that a fine watch could easily outlive the recipient, whereas the wine could be enjoyed together, and 'in the moment.'" Obviously targeting this segment is a real challenge for luxury brand marketers.

Vulnerabilities

Luxury goods in the transient quadrants are at the greatest risk. Their very nature precludes building long-standing relationships with consumers. As such, the *brand* takes on even greater importance. As noted earlier, clothing fashions change from season to season, yet the Dior and Chanel brands endure. As such, in order not to be displaced by another good, managers must focus on building strong brands.

Luxury goods that are enduring are less susceptible to the effects of changing tastes. Therefore, one possible avenue for brand managers is to turn their ephemeral goods and brands into enduring ones. For managers in the Post-modern quadrant, this implies changing fashion into fashionable, that is, migrating users from taste-makers and influencers to the more mainstream. This is not as far-fetched as it might seem. Hermes' Kelly bag, named for actress Grace Kelly (long before she became a Princess) has become the *sine qua non* of handbags long after Kelly's untimely death. It has transcended its original user to become shorthand for a luxurious, scarce, well-made, and unique purse.

Brand managers in the Wabi Sabi quadrant have a different and more daunting task. The ephemeral only becomes enduring when it turns into a classic. For example, while nothing can replace a 1982 Margaux, the 1991, 1995, 1998 and 2000 vintages were equally well-regarded. Thus, consumers become either repeat consumers with each year's release, or they become collectors. Value, then, is reflected in the brand and in consistently producing (in Margaux's case) great wine.

Enduring luxury goods also face threats. In the case of Modern goods, brand managers must contend with the dual threat posed by ubiquity. Ubiquity first makes an exclusive good less exclusive. It also creates situations where copycat goods proliferate. Vuitton's handbags, for example, are amongst the most replicated in the stalls of the Ladies' Market in Hong Kong. As a result, there is little or no cachet to owning an original, when its knock-off is, *prima facie* the same on the arms of two different ladies. Ubiquity also dilutes the cachet conferred by the luxury good in the first place. When Christian Dior licensed his brand to any and all that would pay in the 1970s, they saw the value of the original fall considerably. That any middle-class consumer can now afford a Mercedes-Benz thanks to aggressive financing packages and extensions into lower-priced vehicles diminishes the brand's attractiveness to those in the elite classes. When a luxury good becomes jejune, it loses its luster, and falls from luxury to the more commonplace.

As noted earlier, developing a Classic luxury good takes generations. The biggest threat is that tastes and trends will bypass a brand manager's efforts, and that the brand will subsequently become anachronistic. The luxury tobacco brand Davidoff provides a good example of this. Despite still producing and marketing premium pipe tobaccos, cigarettes, and cigars that were once highly sought after by smokers, the worldwide decline in smoking has rendered these efforts less valuable and the brand somewhat obsolete. A solution to this type of problem might be to continuously monitor trends that could affect the category of luxury offering, and have contingency plans in place. Dunhill—also originally a smoking products marketer—seems to have overcome the decline in sales caused by smoking and health concerns somewhat more effectively by recognizing the trend earlier, and extending the brand to luxury clothing, leather goods, and fragrances to neutralize its effects.

Luxury brand managers, then, must engage in a delicate balancing act where they ideally have goods in each of the quadrants. The challenge is to decide which goods, at what time, and how they should move, if at all, from one quadrant to another.

Luxury and the Economic Cycle

An important question to address is the relationship between luxury brands and the economic cycle. Now, the question is not whether spending on luxury brands will decline in a recession—spending in virtually every category of non-essential offerings declines in such times—but rather what types of luxury offerings are differentially affected?

As we have noted, luxury manifests in three dimensions or “worlds”: the *functional*, which stresses what the offering does on an empirical level; the *phenomenological* (or what we have here termed the *experiential*), which stresses what an offering means for the individual user or consumer; and the *symbolic*, which emphasizes what the offering symbolizes to others.⁵⁰ The emphasis of each of the three worlds changes with the stage in the economic cycle; the symbolic being the center of innovation in times of resurgence, the functional ascending in times of recession, and the experiential becoming focal during the period of reassessment⁵¹ that typically follows a recession.

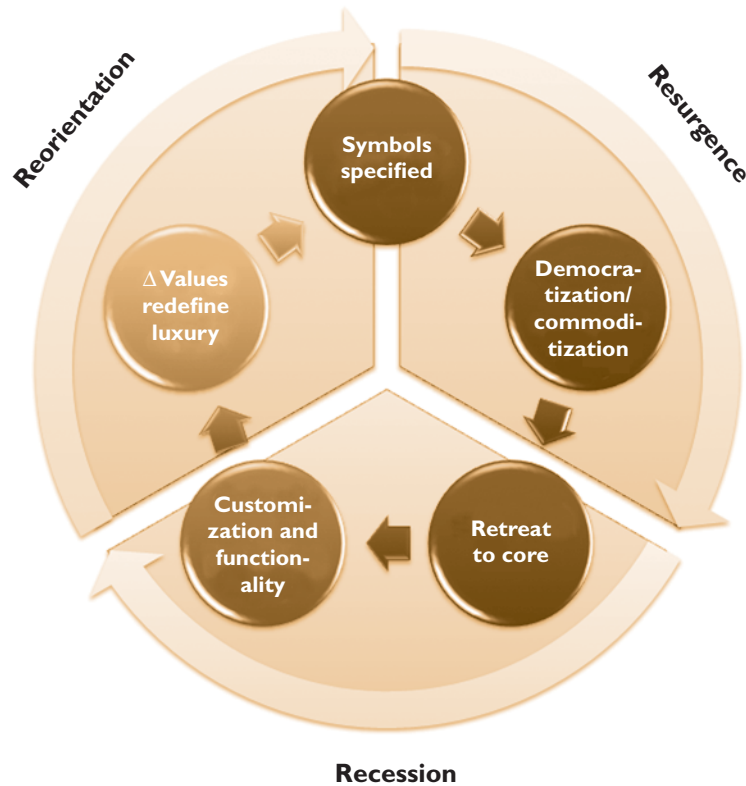
Inspection reveals two components to luxury as a sociological phenomenon. First, *exclusivity*—that is, something that is very rare, highly unique, and typically requiring significant resources to acquire. Second, *social mystique*—that is, the signification by socially sanctioned elites such as cultural icons or recognized experts. The former ensure the functional and experiential aspects of luxury, the latter endows luxury with the symbolic aspect of luxury. In times of economic resurgence, marketers leverage the social symbolic aspects of luxury to extend luxury brands down market.⁵² This comprises innovations that result in the commoditization and democratization of luxury. Here the emphasis is on the symbolic—taking the social sanction of a luxury item by recognized elites and bringing these symbols to the premium mass-market. In the process, the functional and experiential uniqueness of the luxury brand tends to be diluted in the

homogenization process that inevitably accompanies commoditization. Recent examples include brands such as Gucci, Louis Vuitton, and Versace.

In contrast, when boom gives way to recession, there is a tendency for a retreat to the core—the elite. In times of economic contraction, mass-market luxury is affected to a far greater extent than the Über-luxury market of the elite. Indeed, there is evidence that the Über-luxury market can actually expand in times of recession.⁵³ Why is this so? The answer can be found by focusing on the social function of luxury. In times of recession, most middle-class people are reluctant to signal their wealth and sophistication (in short, their difference) to others who may be suffering. Consequently the symbolic aspect of luxury brands is reduced and even rejected. Indeed, the very notion of luxury can be reinterpreted—from a symbol of aspiration to a symbol of dispassion. To the elite, however, the symbolic is of secondary importance—for it is they who endow the luxury brand with its socially sanctioned symbolism. Simply put, luxury for the elite is about the experiential and the functional, and it is precisely those brands that deliver in these areas that excel during a recession. So companies such as Rolls-Royce and Bentley who produce ultra-customized products flourish during economic contraction.⁵⁴ Indeed, Rolls-Royce “has data going back to 1904 that suggest there is no link between Rolls-Royce sales and either stock markets or GDP.”⁵⁵

Apart from the retreat to the core, recessions trigger another important phase in the luxury brand cycle: a reassessment of what constitutes luxury. This reflects the change in values that typically occur during and immediately after periods of socio-economic austerity. Often, the symbols of aspired luxury in one economic cycle can become the symbols of decadence in the next. This was the case of Porsche, the luxury sports car of choice for rich yuppies of the 1980s in the UK and Europe; it saw its market share plummet, even after the revival that followed.⁵⁶ The brand that had come to embody yuppie automotive luxury was rejected as a symbol for luxury, just as the conspicuous consumption of the yuppies had been rejected through a change in social values. Moreover, as old symbols of luxury are rejected, new symbols emerge that are more attuned with the revised value system. For example, values that are emerging from the current recession seem to be those related to ecology and nature. Indeed eco- or sustainable-luxury is the industry buzzword at the moment⁵⁷ and items such as natural (in contrast to cultured) pearls are in high demand.⁵⁸

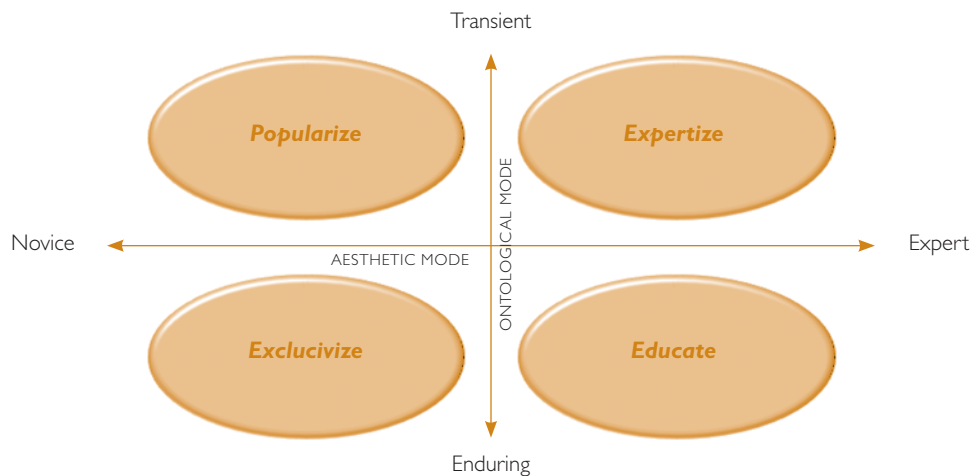
In summary, the cycle of luxury involves the democratization and commoditization of established symbols of luxury during times of economic expansion; a retreat to its roots—the elite—in times of recession with a focus on innovation of the functional and experiential aspects of luxury; a reassessment of what constitutes luxury during the period of reorientation that tends to follow a recession; and the emergence of new symbols that are in turn democratized and commoditized during the next boom. This cycle is summarized in Figure 3.

FIGURE 3. The Cycle of Luxury

Strategies for Migrating Mass-Market Brands into Luxury Brand Markets

Through much of branding's history, luxury brands seem to have been tacked on as an afterthought to general branding strategy and expected to follow the general rules of brand management. The AO framework suggests that luxury brands are in many ways different from brands in general and mass market brands in particular. Rather than learn lessons from mass market branding strategy, luxury brands may indeed have lessons to teach. In particular, the AO luxury brand framework suggests possible strategies for brand managers of non-luxury brands who desire to enter the luxury arena specifically, or who seek ways to differentiate themselves from the masses. This is laid out in Figure 4, where the AO grid is extended to show four possible strategic directions for brands to follow in order to become more like luxury brands, or to further distance themselves from similar competitors.

In the bottom-left "commercial" quadrant, the brand manager's challenge is to "exclusivize" the brand: to make it exclusive to enough customers that pos-

FIGURE 4. The AO Grid and Strategies for Non-Luxury Brands

sessing the brand becomes a victory and not something that everyone can attain. This can be achieved through a skilful blend of product mix strategy, pricing, ads, and distribution. For existing luxury brands, this might mean creating exclusive social networking sites, as did jewelry-maker Cartier when it recently launched its own MySpace page—the first luxury brand to do so.⁵⁹ For brands that are not already luxury brands, the challenge is a little more daunting. For example, in the late 1990s the toy maker Ty turned its Beanie Baby products from simple stuffed toys for children into an exclusive luxury brand by naming individual products, and publishing a date on which the product would be withdrawn from circulation, so that a secondary market in toy trading was started. The products were deliberately withheld from category killer toy stores such as Toys“R”Us and discounters such as Wal-Mart, and they were distributed exclusively through small neighborhood toy stores and priced at about a 100% premium on similar unbranded stuffed toys. As founder Ty Warner observed “As long as kids keep fighting over the products and retailers are angry at us because they cannot get enough, I think those are good signs,” and, as Stephen Brown notes, “Ty Warner turned the ultimate trick of making brand-new, mass-produced toys into semi-precious ‘antiques’.”⁶⁰

Where the offering is transient and the target customer a novice, the challenge facing the managers of evanescent brands is to “popularize” them. This type of offering is usually less tangible, and therefore less visible than a common commercial luxury product such as a handbag, or watch. Typical examples would be restaurants, hotels, and day spas. Chicago restaurateur Rich Melman claims he “designs restaurants much as Steven Spielberg does movies.”⁶¹ His strategy has been to create theme restaurants, usually based on real or imaginary characters (such as Michael Jordan’s and Oprah’s), to run them for a while so that they become “the place to be seen,” and then when there are no longer

long waiting lists, to close them and start again. Patrons of these types of restaurants, or their hotel and day spa counterparts, do not purchase such services just because they are hungry or need a room—they do so because they want an entertaining experience and want to be seen consuming luxury in exclusive and hard-to-obtain surroundings.

In the case of the monumental brand, or where a brand desires to become “monumental,” the task facing the brand manager is to educate customers. The target market needs to be taught the nuances of the offering in order to appreciate what makes it different, unique, and valuable. Throughout the 1970s and ‘80s, when the tippie of choice was the martini, and most Americans associated wine with down-and-outs, California wine maker Robert Mondavi focused on educating them that wine was a cultured, natural product that was part of a lifestyle. While his primary objective was to sell wine, his winery hosted visits and tastings and music concerts. Each year he hosted the “Great Chefs of Europe” program, where food enthusiasts could come to the winery for a few days to learn culinary skills from a master cook, while of course also finding out how to pair the wonderful dishes they had just prepared with the appropriate wine. Working from this base, Mondavi also partnered with Bordeaux first-growth Chateau Mouton Rothschild to market Opus One, a Californian red blend claimed by some to be on a par with the great wines of Bordeaux.

The ephemeral, Wabi Sabi quadrant, is perhaps the most difficult for brand managers to focus on. Here the aim is not so much to educate as to develop true expert customers—we use the term “expertize” (as opposed to expertise) to denote this challenge. The brand manager has to create offerings that will stimulate customers to live in the moment, to experience for the sake of experiencing, and to learn for the sake of learning. Perhaps the easiest parallels to understanding involve institutions of higher learning: Most graduate programs aim to educate individuals so that they become specialist in a particular area of knowledge. Despite claims to the contrary, very few inculcate a genuine “love of learning,” or learning for the sake of it. The University of Chicago’s Graham School of General Studies offers a Master of Liberal Arts degree that focuses on “the next great thing to do with your life.” The program is multidisciplinary, a mix of “the humanities, social sciences, and natural sciences,” and is taught by the very best professors of the university’s renowned faculty, many of whom are Nobel laureates. The objective is not to obtain a qualification that can be used to get a better job, or enter a profession, rather the purpose of the Chicago MLA is to learn for the joy of learning. Students say that the sense of meaningful accomplishment they experience in the program is thrilling.

Conclusion

As Evelyn Waugh pointed out: “luxury is a developed taste”—indeed the role that aesthetic sensibility has played in theorizing about luxury has been conspicuous in its absence. Moreover, the ontological status of luxury has tended to focus on the enduring—the role of the ephemeral in the constitution

of luxury has received little attention. By combining aesthetic and ontological dimensions we differentiate four unique modes of luxury: the Modern, the Postmodern, the Classic, and the Wabi Sabi. Each represents unique challenges to marketers in terms of managing functional, symbolic, and experiential value. Moreover, they provide important lessons for the management of all types of brand. The irony of luxury brands is that, though long marginalized from a theoretical point of view, the understanding of luxury may become a necessity to understanding branding in general.

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