

What defines a luxury brand and the motivation of those who establish and develop them?

Certainly it's a specialism - for the last fifteen years there's even been an MBA devoted to luxury international brand management.

It's all about management of character, an understanding of how to profit from selected distribution, the ability to make a deeper, lasting connection with the customer.

So how are luxury brands created, developed, and perpetuated? This report, commissioned by Marketing Matters, considers the issues.

TOP DRAWER





Alistair Hughes

Why competition helps to encourage sales

When a second major luxury brand emerged in his sector, Alistair Hughes, managing director of Savoir Beds was delighted. “As soon as you have a bit of competition, it helps the market to develop,” he explains. “The customer not only sees a high quality produce but also an element of choice, which increases the likelihood of them deciding to buy.”

Back in 1905, the Savoy Hotel wanted a company to make their beds as it were. The relationship with Savoir Beds worked so well, that the company was bought by the hotel in the 1930s and remained under the group’s ownership until it regained its independence in 1997 when Alistair Hughes bought it. “I’d worked for a firm of strategy consultants, working on big brands such as Qantas, but wanted to do my

own thing,” he explains. “I heard the company was for sale and it struck me that fundamentally, it was a very good brand. It had things that you can’t create from scratch, such as its history and reputation, and I felt it could be a decent margin operation and have a global scale if the brand was communicated correctly.

“In buying the company, I basically took on two and a half members

of staff and a lot of horsehair, based in a Savoy warehouse.”

Every Savoir bed is made with actual horsehair which, when you curl it, creates a natural spring which moulds to your shape and supports you when you sleep. “Each bed takes about sixty hours of labour, so the first thing for me to consider was how to convince the customer to pay more of a premium rather than cutting the price and the quality,” says Hughes. “We needed to develop the brand and take it to the stage where we could push it overseas and grow.

“We got a lot of press by phoning journalists up and getting them to sleep on the beds and then write about them. Fortunately I was also doing some work for a private members club, which had eighteen bedrooms, so that gave us a great showcase for the beds.

“When we opened a showroom in 2001, it was about being able to convey the craftsmanship and quality, without appearing fuddy duddy and dusty. It’s taken time, but we’ve got it right now and have a slick, modern looking showroom that also demonstrates the traditional quality of the materials.

“We position ourselves as a luxury goods company, rather than a bed company – so, for example, we are members of Walpole, an organisation which promotes British luxury brands, and not the National Bed Federation. Also, a Savoir bed is the ultimate luxury in that it’s bespoke – we can offer something personal, that our competitors can’t.

“Who are the competition? Our major competitor, the Swedish bedmakers Hastens, entered the UK market in 2005, which was fantastic for us. We were charging about £5000 for a bed at that time and it was quite hard

work explaining to customers why it was worth spending that sort of money.

“The big USP for us is bespokeness. We’ll cover your bed in any fabric you like, whether it’s crocodile skin or pink leather! Hastens only offer their blue and white, fresh look. We also have the ability to make a bed in different shapes, which has been popular with the yacht market.

“We work with the big, quality interior designers such as Nina Campbell. Getting them involved with us in the first place can be tough though as they want to spend the client’s budget on lovely fabrics rather than a mattress! Nina Campbell now sleeps on our beds, but it was only when a client turned round to her and said ‘I want a Savoir bed’ that she sat up and took notice. The designers are very important to us, and we have a trade sales person dedicated to helping them and working with them closely so that they can have their influence on the beds too.

“We have a contract factory in Wales which we bought in 2004 to serve the hotel market. When I first bought the company we were only offering one bed, but it became obvious that we needed more price points. Hotels in particular liked what we were doing but didn’t want to pay the price of a bespoke bed, so we looked at how we could adapt the product to a lower price point but still use natural materials. The Welsh factory only produces those beds now, under a different name, and that’s important. Here in London, everything is made without any compromise and it wouldn’t work to have a craftsman working to a particular gear at some times and not at another.”

“In the past eighteen months,” says Hughes, “we’ve felt we had enough

confidence in the brand to develop overseas. At the moment it only represents 25% of our business, but that’s growing fast. We opened our first franchise outlet in Berlin in 2009 and we now have outlets in Prague, Paris and Nice. We’re also doing shops within shops – a branded area in a department store – and when we opened in New York, we arranged for a journalist to spend the night sleeping there.

“Our sales staff are passionate about the brand. When they start with us, they have a go at actually making their own mini version of a bed which they can take home and use as a footstool, and that’s very important because it means they really do live the brand. We’re the first bed company to have a concession in Harrods, but it was very important to us that we had our own staff working there, as they are so passionate about the brand. I can help to instil that passion here in the UK, but I can’t do it myself in, say Berlin, which is why franchises are the best model for us abroad.

“One of the problems in promoting the brand is that a bed isn’t really something which is seen. They can’t be worn on the red carpet. I think every luxury brand has its issues, but that’s ours. People are quite private about their sleeping lives, so cultivating Savoir as a celebrity brand is more difficult for us. Emma Thompson slept on a Savoir bed at the Savoy years ago, fell in love with it, bought one and has been great for us, but although lot of other celebs own our beds, they don’t want us to mention them. They wouldn’t be able to get away with that if it was their car, or a dress, of course...

“It’s also challenging in that it’s not a regular purchase, so the brand name isn’t always on the tip of the tongue.

Re-inventing an entire concept

Unless you're looking for a bed, you won't necessarily spot the adverts. Referral is our biggest sales driver – approaching 50% of sales start from referrals, but that takes time to build up. People are great messengers once they've got the bed and it becomes their topic of dinner party conversation. They just love the fact that we will make it for them however they want it.”

Ninety per cent of requests come via the Savoir Beds website now. “I feel websites are tricky things for luxury brands though,” suggests Hughes. “If I want to be at the top of every Google search then I'd need to make our site look very different and have a lot more text on it, whereas the look we have is very clean, with little text. Is that the right strategy? I don't know. If you're a Louis Vuitton, you can say you don't care if you're not top of the search engines, but we're not a brand with that level of awareness.

“We don't do Facebook or Twitter either, but that's probably down to my personal revulsion for them! I am wondering though if, looking ahead, we can build on the idea of 'sleep' and 'dreams' rather than just beds.

“What we are seeing is people being much more questioning about their purchase. Five years ago, they used to come in and were just happy to spend, but now they want to justify it – so that allows us to tell our story and make them feel better about the purchase. I think that's how luxury will go – when times are tough, you need to have some depth, something of substance behind the brand.”

www.savoirbeds.co.uk

With more than a nod to the Spartan philosophy in terms of customer experience, spas had been about health, fitness, and weight loss. What Susan Harmsworth realised is that the luxury spa market needed to rejuvenate itself to meet a change in demand.

She saw the growing popularity of short-stay breaks at luxury hotels and correctly predicted there would be demand from high-worth individuals for a new spa concept. “The world was getting faster because of technology, people were travelling more, and there was an increasing number of women executives,” she recalls. “I could see that the focus needed to switch to relaxation and wellbeing.”

A journalist in the sixties with Vogue and Nova magazines, marriage took Susan Harmsworth to Canada where she set up a multi-million spa business which she sold before coming back to Europe where she became MD of a company which designed and managed spas on cruise liners.

In 1988 she decided to go it alone, setting up ESPA international, initially as a consultancy. Today ESPA manages fifty branded spas worldwide, fifty more on a 'white label' basis. “We're the only company to conceptualise the space, create the brief, run the project, recruit management and staff, provide the marketing and training, provide the products, and then manage the spa once it has opened,” she explains.

“As a luxury spa brand we need to achieve consistency of standard without it being cookie-cutter. You will see the same uniform, experience the same ambience but the design reflects the

orientation of the particular building.

The E in ESPA stands for education, and the company deploys twenty lecturers from Hong Kong, Dubai, the US and the UK to provide staff training. “You know, it's not just teaching therapy skills - it's about inter-personal skills, presentation skills,” says Harmsworth. “We're big on emotional intelligence. We need our people to be empathic; they are working on someone's energy fields.

It was when ESPA was designing Turnberry Resort in Scotland, the first five star hotel and spa development in the UK, that the company began to look at what it was using during the treatments. “There were a number of separate, little known brands for the mud, the oils, skincare in random bottles and tubs,” recalls Harmsworth. “They were unattractive and not as natural as they should have been, so we began to develop some products for Turnberry.”

Not only does the ESPA brand cover all the bases but it was the first to be designed to appeal to both sexes without separate packaging for each gender. At the Gleneagles spa, opened three years ago, 40% of the treatments are taken by men. “I hate the expression 'gender neutral' but we have the right environment for men to be comfortable with as well,” maintains Harmsworth.

There are some ninety products in the range (which started with twenty-five). Last year she sold a 40% stake to Dubai-based private equity to expand, including a quadrupling of the ESPA products.

“What would happen before,” says Harmsworth, “is that a hotel would have to get a consultancy in to design the spa, a separate company to manage

it, procure products from different brands, which would mean they haven't created a philosophy for their spa, which I believe is essential. Because we do everything, I see ourselves as being the custodian of the journey. I can understand why a hotel spa might want its own branded product, but their customer is well-educated and knows that the hotel hasn't formulated its own products. What the customer wants is a proprietorial brand, clarity of ingredients, integrity of product."

ESPA at a city centre hotel will attract 50% of its visitors from its environs. The difficulty has been enabling people who have visited, say Turnberry, being able to locate again the products they have experienced. The internet provides refuge, but could ESPA have high street representation? "The department store route to market is quite interesting," says Harmsworth. "At a spa, the therapist, who only works with our products, will understand how they work and which will be most suitable for the individual customer. In a faster paced retail environment it's hard to replicate that level of expertise and customer experience."

At Harvey Nichols and at Liberty, ESPA products are available, but sold by the company's own people. "We were a much smaller company at the time we put product in," says Harmsworth, "and we did it because we were of a size where we gained from their brands, and also for the international recognition."

Harmsworth has a vision which would take ESPA to another level - a wellness concept at the spa which would bring together an osteopath say, a physiotherapist, a nutritionist to draw up a week's programme with the customer, who would stay at the hotel.

"The trouble with wellness, or whatever we call it, is how to define

what we are offering," she muses.

"I would say it is about maximising energy, or taking steps which are preventative. We could take someone after their annual medical health check and put together a programme based on the results."

ESPA is incredibly cautious about who it works with, a template perhaps for a luxury brand looking to align itself with third parties. "We turn down 70% of enquiries for spa development," says Harmsworth, "because they don't meet our brand values. It could relate to their commitment to training for example. It isn't done in an arrogant way, but we have to be able to sort out what is right for our company."

There are some interesting opportunities for brand leverage. "We receive 350 calls a week from customers asking if there is a hotel close to a particular location with ESPA because they'll stay there," says Harmsworth. "We could look at some way to link up the spas worldwide."

Harmsworth, who received an MBE for services to the spa and beauty industry last year, has been joined in the business by her two sons (as MD and director of marketing).

"I've been able to build a crew who are passionate about the brand and have a real understanding of integrity," she says. "I'm also conscious of the need to empower people, but delegating isn't dumping something onto someone else; they need to be have, or be given the skills to do it, and a relationship with you which means that they can talk to you openly if there is a problem.

"But a luxury brand still needs a leader, who should be inspirational rather than interfering."

www.espaonline.com

Getting technology and tradition together



Intimacy is how Nathan Brown describes the basis of a relationship between a luxury brand and its customer. His competitors have been around for a hundred years, but he could see a way of winning affection for his contemporary take on tradition.

Probably he had no choice but to go into shoes. Nathan Brown, founder of Lodger Footwear was born in Beaverton, Oregon, where both Nike and Adidas had their headquarters.

“I’ve always been a product geek, but with a fascination for beautiful craftsmanship,” he says. “What I wanted to do was to take the technology from trainers into traditional shoemaking.

After leaving Adidas he went to London Business School, graduated,

and worked for Puma where he developed his notion in his spare time, making prototypes, and visiting factories which could make the shoes. Over Christmas 2006, four months after his daughter was born, he said to his wife he was going to start his own business.

The name he chose, Lodger, is the medieval term for the itinerant craftsman who went from town-to-town making shoes. “We launched six weeks after Lehman Brothers went bust,” Brown recalls, “but on the bright side we didn’t have to worry what the bottom of the market might be like. Everything is designed at the shop, and we select our own leathers which are made into shoes at factories in Naples and Northampton.”

The two locations are geographically and culturally mission critical. At the

latter, a shoe is made with Goodyear welting, the English way where the ‘upper’ is stitched to a strip of leather that runs around the shoe, which in turn is stitched to the sole. It makes the shoe more robust, easy to repair, and there is no stitching inside it. By contrast, the Italians ripped out the heaviness, much like they did in tailoring, and stitch the upper direct to the sole without a welt. The English primarily use coloured leather which is then burnished by hand. Some of the best Italian factories paint shoes by hand, layer after layer.

“One isn’t better than the other,” says Brown, “they’re just different. But if we didn’t embrace those local traditions, then we may as well have our shoes made in Asia.”

The Lodger ‘Shoe of the Month’, a design available just for that period of time, was born out of a realisation that

factories in the UK and Italy are good at batch production, but elsewhere in the world they are better at continuous production. Lodger collate the orders through the month in question and then send them as a batch to the factory to be made. “It’s a signature piece, not a loss leader,” explains Brown. “From cutting the leather to completion of the shoe, technology can’t touch craftsmanship, but it can enable us to be innovative around the core. We can use a laser to take the measure of your foot, and then make a custom pattern for your shoe on a CAD program, and that will create the form to cut the leather from.”

“I’m hugely curious about how things are done, and although nothing we have done here is unique, the ingredients have never been put together in this configuration before. What it means is that if a person who wants a good pair of shoes but has exceptionally large or small feet can come to the shop and because of our technology becomes a regular guy. The rationalisation is that there is a difference between bespoke and customising. But 80% of our sales are off-the-shelf. And six months into the business, analysis revealed that 34% of our customers had come back to buy a second pair of shoes.”

Brown believes it’s easier for a luxury brand to sell to existing customers, but there’s a rider. “If we should lose someone who spends say £500 on a pair of shoes with us, then it matters not only financially but because they will talk about it,” he suggests. “If a luxury brand doesn’t deliver on promise, it’s screwed. It’s a really basic principle.

That said, there is a recovery position. When a ‘Shoe of the Month’ took appreciably longer to make, Lodger

put £100 in each box in addition to the apology. “Our customers didn’t need the £100, but we gained more loyalty from that gesture than if we had delivered on time,” muses Brown.

One of the things that he’s most proud of is the Lodger shoebag, which is made of 100% bamboo. “I designed the fabric and the knit, which is like a car cover, with a little tag which has a photograph of the shoes on it,” he explains. “We also have shoeboxes which can be stacked at home, each with a photograph of the shoe on the front so that the owner can identify what’s in it.

“To be really blunt and basic about it, I started Lodger because I wanted to explore craftsmanship and its possible relationship with technology, and I had an obsession to build a business. It wasn’t to take a flip in five years.”

Although at the end of last year, he did sell Lodger, leaving the business in April 2011. “The investors decided not to take the ride any more,” he explains. “So I’ve sold my first business at a profit, but it’s not what I envisaged happening, but entrepreneurial adventures don’t always go in straight lines.” (Lodger was acquired by Cheshire Bespoke, hand-tailored suits).

“Even at the luxury end of the market, the biggest barrier to growth is increasing volume and finding distribution channels,” says Brown. “Once you create a brand with resonance, the challenge is that you’ll be going toe-to-toe with companies which have heritage and deeper pockets. What Lodger Footwear is now able to do is to look at taking the concept to America and Japan.”



Simon Terry

How a design icon rediscovered itself

At the time of its launch seventy-five years ago, it was as revolutionary as the 'Dyson' is today. Since then it has probably been the most copied product in the world, but the design icon has rediscovered itself as a premium brand.

The history begins with Herbert Terry, a spring-maker in the Midlands (in the 1920s the firm employed 3000 staff). Already innovative - the company had invented the bicycle clip - it was attentive when engineer George

Carwardine made an approach with a new method of balancing weights with springs. Although it had been invented with a car suspension system in mind, the company saw how it could be deployed as a mechanism for a task light, and acquired the design. In 1934 the Equipoise was launched (the name relates to the mechanism which delivers constant tension no matter what angle the task light is taken to).

When the company found it couldn't register Equipoise as the word had already made an appearance in the

Oxford English Dictionary, it came up with Anglepoise. "The mathematical theory behind it is complicated, and a modest design change can upset the geometry. It's so sensitive that if the light-bulb is taken out, it doesn't balance," explains Simon Terry, managing director and great, great grandson of the company's founder.

By the 1970s, the spring making side of the business was struggling, and Simon Terry's father sold that part of the business to an American company to enable him

to concentrate on the lighting.

Simon Terry joined in 2002 when the company was rattling around a 25,000sqft factory. “It was losing money, the product was tired, and it was being sold through mass-market mail-order catalogues which was totally devaluing the brand,” he recalls. His career had been in film production, but when his father was taken ill, he felt obliged to step in. Advisors suggested putting the business into liquidation. Terry had other ideas.

“I could see that we were selling the wrong product and to the wrong customers,” he says. “Because of that we were selling on price, not brand values, and 99.9% of our market was the UK; the product wasn’t even exhibited abroad. The company had just run out of puff.

“So as you do, I got stuck in. It needed a completely new business model. I moved the whole business to Portsmouth. None of the workforce came with so we were literally starting from scratch.”

Not quite. Simon Terry had inherited an iconic brand. Reading through the archives he found a 1987 article from The Guardian which described the Anglepoise lamp as the favourite design of all time. But rather than rest on that particular laurel, what he did was to persuade Kenneth Grange, industrial designer and co-founder of international design consultancy Pentagram to visit and then become his consultant design director.

The company didn’t just shift geographically. “Our mentality changed from production line to crafting a product,” says Terry. “We have moved from Argos to John Lewis as their first branded lighting product.”

Since the relocation, product is made in the Far East and the sales emphasis now takes in professional users and specifiers such as architects. Exhibited overseas now, Anglepoise is positioned as an English institution.

“We’re still really a one-product company,” says Terry, “but that means we can be very clear about the basic values which made us great. The enduring design doesn’t go out of

fashion, so it’s a question of focusing on what the brand stands for and move it on; we’ve not introduced an LED version for example.”

That said, the brand has attempted both variation and diversification. A version was covered in flock fabric and sold in Liberty. And at the same time as the lamp was launched, the mechanism was applied to create an Anglepoise mirror for a dressing table; it didn’t sell. During the Second World War, the company made 100,000 lamps which were used in bombers by their navigators.

“A luxury brand is all about design, from the brochure to the packaging,” argues Terry. “There is no such thing as not being designed - it’s either good or bad. Unless our branding is strong and the product reflects the brand values, then we are going to be at risk from generic copies which would be able to eat away at us.” What the company has done though is to trademark the shape.

When the Roald Dahl Museum was being set up, the author’s daughter contacted the company to say that her father had one on his desk and that she wanted an over-size version to put on display. Anglepoise made one the size of a small person, but it generated some 100 enquiries. This particular model the company assembles in-house, and has sold 2000 for larger private houses and corporate reception areas (the Royal Mail headquarters for example, which is appropriate as the Anglepoise appeared as one of the design icons stamps, the others being Concorde, the Mini, and the Routemaster bus).

“The perception of the Anglepoise brand is much larger than the company,” muses Terry. “It’s still a family business, and I like to think it will be here for my son if he wants it.

www.anglepoise.com

Unusual sector in which to seek perfection

Quite literally, Nigel Armstrong has been constructing a luxury brand. And the building industry must be one of the most challenging environments in which to do it.

There was nothing particularly unusual about RW Armstrong & Son when the grandson of the founder joined the building contractors in the nineties. “If someone rang up, we’d do the work, whatever it was,” recalls Nigel Armstrong, now chairman. “But there are a lot of high net worth residents in the surrounding villages; they know each other and passed our name around.

“To work with country houses requires style, an understanding of aesthetics, and quality of workmanship. That appealed to me. I’m a perfectionist; I don’t like to work with or for people who want to cut corners.

“To be honest, a contractor can get away with average for a school extension, because the sign-off isn’t by someone who has personally paid for the project. So for a builder, a job which involves pulling apart the client’s own country house would be a nightmare, and most tended to shy away from it. I thought - great, not so much competition then and I’d be doing the work I want to have.”

He set out to position the company as specialising in the construction, renovation, and extension of period and country houses. At the time, establishing a niche with high-worth property owners rather than creating a luxury brand was Armstrong’s intention, but he began to realise that the two were converging.

Influenced by the strong branding of Eddie Stobart trucks, Armstrong put his builders into uniform. He figured that would be a point of departure from other, more general contractors who ventured into his space. “As a family company, we got everyone together and explained it in person to get their buy

in,” says Armstrong. “There will always be one or two who rebel a bit, but we train our own apprentices so they’re used to the uniform from the start.

“To differentiate ourselves, it isn’t enough to say oh, we’re a luxury brand. One of the characteristics of a luxury brand is that it costs more than others, but while high worth individuals will pay for top architects and interior designers, for the nitty-gritty, cost suddenly appears on the agenda. So if we are able to achieve a premium, we have to be smarter.”

The behavioural traits are also different. Operatives put on overshoes when they come into a client’s home; they position and place dust sheets rather than drape them. And they’re directly employed by RW Armstrong, so they’re imbued with the brand values. Door frames, stair hand rails, everything is protected. “It takes time to do it,” says Armstrong, “and other contractors will cut it out and take the risk because they can immediately reduce the cost.”

Another differentiator is that he studied building management, became a chartered builder, and there are enough of them at RW Armstrong for it to be described as a chartered building company.

But consistency of delivery is absolutely essential in terms of quality of service and ‘product’ for a luxury brand - not easy in building where every ‘product’ is bespoke. Which is why RW Armstrong rely on their own trained staff.

“If we sub-let the work, we’d be diluting our brand,” says Armstrong. “Usually a contractor will go to six plasterers, find the cheapest, who will get in and out as quickly as possible. He doesn’t care if he’s done the best job he can or how he’s left it for the next trade to come in.

“In harder times, contractors who don’t carry that overhead but still need to buy work will undercut us

by a country mile. The client will then come back and tell us that they have been bitterly disappointed by the result, but that doesn’t get us the job back. I suppose that illustrates that a true luxury brand believes that having a customer who is delighted is the best form of advertising.”

Armstrong accepts that his company has probably built more reputation than brand, but the latter is of real importance to him. He explains why: “If Joe Bloggs Automotive built a car which was the equal of a Ferrari, they couldn’t sell it at the same price because they haven’t got the brand. In the building industry, historically you tend to receive an enquiry because of referral or recommendation, not your name.”

“There is a limit to how much further we can grow in any one geographical location,” cedes Armstrong. “I would say that £20million is probably the right turnover, but we could have several with that turnover.”

The company made a start by acquiring another long-established independent contractor, Chiverton, which is still in the general marketplace, although Armstrong is edging them more into the country house market.

www.rwarmstrong.co.uk

Creating a range with lost charm

A luxury brand made possible by the internet is now growing a bricks and mortar presence. And provides an interesting commercial take on the expression ‘a rose by any other name.....?’

Rosebie Morton started planting roses and herbs in the walled garden of her Hampshire farm some fifteen years ago. Her aim was to create a range with all of the natural charm, character and heady scent lost in mass-produced varieties.

Three years later she met Tim Hobbs, owner of a farm in Nanyuki, Kenya who was looking for new ideas to develop on his land. The climate in Kenya is perfect for outdoor grown roses and they saw the opportunity for a year round supply if they joined forces.

In the early days, the business started selling flowers directly to

florists and floral designers throughout the country who would use them for wedding and event work.

In 2003 Karen Watson discovered the farms when she was looking for a source of old fashioned scented garden roses for the first of a chain of flower shops she was to open for a French company. She had worked in the fashion industry for most of her career and had recently left her role as a buying director for Harvey Nichols where she had worked for ten years. Having cultivated a flower garden in among the vegetables on her award-winning allotment, Watson had

re-trained as a florist and had set up in business serving clients across the fashion, music and publishing sectors.

When the three met up they soon realised that they all shared the same passion. “We wanted to bring natural, scented, fresh garden roses, perfumed flowers, cut herbs and seasonal foliage back to a market that had lost touch with the beauty of real flowers,” Watson explains. For the next few months she worked as a consultant for The Real Flower Company, and joined a year later as an equal equity director.

“Our first USP is that we grow and make our own products, from planting



Karen Watson

to the finished bouquet, so we have control over quality assurance and provenance,” Watson explains. “Our second is scent - the whole idea is when the recipient opens the box, they’re delighted by the presentation and surprised and pleased by the scent.” It isn’t just the flowers (grown for their scent potential) but the herbs added for decoration.

A problem that The Real Flower Company had to start with is that compared to the forced hot house grown blooms from Holland, which have had the scent bred out of them as a consequence, they wouldn’t begin to compete on price. But, says Watson, that’s not what a luxury brand is setting out to do. What’s important is the reason for doing it.

“We’re the couture of the flower market,” she explains. “For me, it’s all about authenticity. Our bouquets and displays are guaranteed for five days, over which time they release their scent. After that, the petals fall, as they always did in the past.”

An early breakthrough came with Selfridges. “They had started to buy our pot pourri and then we discovered that a vacancy for their floral concession at their Oxford Street flagship would be coming up,” recalls Watson. “I knew all about retail concessions because part of my job when I was at Top Shop was to bring them in, so although one of the country’s iconic department stores might have been a goal for most new businesses to aim for, having an outlet in Selfridges seemed a simple first step.

According to Watson, it isn’t enough that a luxury brand puts the customer at the forefront. “It needs to lose anything in terms of what it does which isn’t adding value to the customer,” she suggests. “A ‘lean engineering’ approach means asking the question

‘does this procedure add value to the customer experience or are we doing it because it makes life easier for us’?”

“It’s amazing when you analyse your business how you find that you’ve been going round in circles with certain tasks. For example, we would put all the bouquets into the fridge as we were making them, then take them out to wrap them before putting them back in the fridge. Now we make a bouquet and then wrap it straight away before putting it in the fridge so it isn’t in and out of ambient temperature, which is better for the customer. Before you could say it was a minor form of batch processing!

Interestingly, Watson could have added a third USP to her earlier list. “I’ve been sent flowers and from experience knew that the packaging, how they were presented, was in terms of first impression as critical as the product inside,” she explains. “We have a distinctive hat box design which also provides better protection. Flowers as gifts, predominantly ordered online, represent 50% of our business; Selfridges 25%, wedding and events 20%, with wholesale activity to florists making up the balance.

“I know that some luxury brands have kept people at arm’s length rather than encouraging them to interact, we were an early adopter of Twitter, to tell people what’s happening on the farms for example, because we wanted them to engage with our brand. Another way is to hold courses on floristry, such as how to grow roses. At Chewton Glen we gave a talk on roses in the morning, and then flower arranging in the afternoon. There is value in guru marketing, where your target audience is exposed to you as an expert.

“I think we are an internet business which is becoming a bricks and

mortar company. We have a shop in Sussex but we would like to have our own premises in London which would also accommodate a floristry school. I would like to open more shops, which perhaps could be on a franchise or joint-venture basis.

“The problem with the internet is that luxury brands bring in third parties who understand the technology but not the language of the customer, and the danger is that the website dilutes the brand.

“For a luxury brand it is all about recruiting the right people and partners, but isn’t that the same for any business which wants to take the next step? The founders of a luxury brand will produce a great product, but they’re not always so good at being market makers. My concern is that a luxury brand can lose something if, or when it becomes ‘industrialised’ because of its size. What can prevent that from happening is that if the owner is still actively involved and everyone continues to speak the same language.”

www.realflowers.co.uk

Aiming to achieve global significance

“I’d rather drink this than Bollinger Special Cuvee,” opined the wine correspondent of *The Guardian*. “Tasted completely blind, I would have marked this down as a good NV champagne.” declared the author of *The Winedoctor*. “An English icon for the future,” suggested the wine columnist in *The Economist*.

The last quotation is maybe the most telling. Because Nyetimber Vineyard is indeed becoming the first English wine brand of global significance.

The American founders Stuart and Sandy Moss had seen the potential - but in terms of the quality of the sparkling wine rather than the branding.

“They had realised that the soil and climate in this part of Sussex mirrored the Champagne region of France, but they founded the vineyard to prove it could be done rather than to meet commercial objectives,” explains Eric Heerema, the lawyer originally from the Netherlands who set up a successful asset management operation and went on to acquire Nyetimber Vineyard from songwriter Andy Hill in 2006. “Pricing had always been at a premium level, but there wasn’t a marketing or a sales strategy as such.

“There is still scepticism in this country of the notion of worldclass wines being produced from home soil, and I have even heard people in the trade ask why we should produce it against the odds when there is plenty of production elsewhere in the world.

“But I am an outsider, an enthusiast with energy and ideals, and there is a parallel with how the wine industry came about in New Zealand, but their hurdles are lower - their better climate means higher yields.”

“Ultimately I want Nyetimber to be a globally renowned British luxury

brand,” he says. And by that he means globally active in terms of sales overseas. “We have been declining export sales because instead of the model of growth by reacting, we want to make the effort to support the brand and to identify pro-actively the right partners in different countries,” Heerema explains. “I would rather we sell less at this particular stage of our development in order to make sure we have the structure in place to sell bigger numbers on a sustainable basis.”

And actually there’s good reason for Heerema to take the long-game approach. When Nyetimber is benchmarked by the specialist press and wine correspondents, it tends to be against Champagne producers rather than other English vineyards. Certainly Nyetimber is the only English producer to be positioning itself as a luxury brand. “Our brand is at an early stage of its journey,” says Heerema, “and the first challenge is consumer awareness. Advertising doesn’t have an effect if the people you are trying to appeal to don’t know you at all. But if you work too much on awareness, if people can’t get the product, they lose touch with you.”

That said, Nyetimber has made rather more than a tentative move in the right direction. It’s been served

at Downing Street, is on the wine list at La Gavroche and at The Ivy, and is available at Harrods, Harvey Nichols, Fortnum & Mason, and Berry Brothers & Rudd. Waitrose are the biggest mainstream stockist.

Meanwhile, production of its Blancs de Blancs, Cuvee, and Rose is increasing - by leaps. In 2008 Nyetimber produced 100,000 bottles; a year later, with the advantage of grape from additional planting, 500,000, which is the equivalent of a small Champagne house. With 438 acres under vine, Nyetimber is now the largest vineyard in the United Kingdom.

Last year Nyetimber was one of seven English producers who received the ‘silver-best in class’ accolade for sparkling wine at the International Wine and Spirit Competition.

Intriguingly, would a commercial test of the brand’s progress be if a bank sees Nyetimber vintages laid down as an appreciating asset? “This is not an issue in our minds at all,” says Heerema. “The real test is the perception the consumer has of our wines and our brand.”

www.nyetimber.com

Location completely made-to-measure

For the luxury brand he was launching, Karl Dunkley liked the sound of Grosvenor because of its resonance. Little did he know that five years later he'd be opening a showroom in the Mayfair street with the very same name.

“My entire working life has been in retail,” says Karl Dunkley, founder and managing director of Grosvenor Shirts. “I left school and started working in Harrods at the age of sixteen, then became a clothing rep, and at twenty-six, was director of an Austin Reed manufacturing division. I'd moved to Gieves and Hawkes as their international director when I heard that Austin Reed were closing down their factories in Northern Ireland. I thought it was a real shame, and so, in 1999, raised the finance to start our own label, Grosvenor shirts,

using the skilled workforce from the Lifford factory. We're now making the Grosvenor shirts in Strabane, Northern Ireland, and I think we're the only company making shirts from their own factory in the British Isles.

“Our made-to-measure shirts retail for £110 to £150, and we probably sell more of the expensive lines. We filled a high quality niche from the start and in twelve months had a concession in Selfridges. That was good for growing brand awareness, but it's harder to make a profit in concessions. After about five years, we needed more

space, but Selfridges were refitting and didn't have any more space available for us, so we started to look elsewhere. By sheer coincidence a shop came up in Grosvenor Street in 2004. It was perfect. I'd only chosen the name Grosvenor initially because it sounded English, but it was clearly meant to be.

“We now have a wholesale salesroom in Bond Street too, and the business is split more or less fifty-fifty. We provide our wholesale clients with the more generic shirts, but we're not as stuffy as a lot of shirt manufacturers and can offer a more dandy and flexible look for



customers who want it, so they can have a bit of fun. We were one of the first to offer different colours and fabrics in the bespoke range. More people are doing it now, but we pride ourselves on doing it tastefully. We can produce made-to-measure shirts in two weeks, and will provide a two-day express service.

“It’s that, and the quality of the fabric that sets us apart – and the fact that it’s exclusively woven for us to our own designs. Our customers are wealthy business owners – self confident and entrepreneurial. We sell to a lot of barristers, European royal families are good customers of ours, and we make plain white shirts for Eammon Holmes. We do fine white twill, made in Treviso, with a square construction that prevents it from creasing so much. Eammon has been wearing them for three years, and got married in one this year.

“People find us through word of mouth. Referrals are very important to us. I also spend a lot of time in the store too, as it’s important to get feedback from customers – that can inspire our new lines. A lot of my customers were interested in a father and son look, so we’re launching boy’s ready-made shirts now, made to the same standard as the adults’. We’re photographing this week and it will be very cute.

“We did have the FIFA licence for producing World Cup themed shirts and pyjamas aimed at the wealthy customer going to see the game in a corporate hospitality box. The range was unique and innovative, looked fantastic, and brought us some new customers, but unfortunately the press didn’t take an interest. I was disappointed in the PR we got for the range – it just didn’t get the coverage it should have.”

“You can’t respond to every trend customers seem to want,” says Dunkley, “but we might go into polo shirts next, focusing on the more luxury end, because we have new staff and equipment at the factory now which can do that for us. Because we are manufacturing for ourselves, it means we can do a trial run, and give it a go in the store - we can go from concept to being in store in just six weeks. We’re almost certain to go into trousers and accessories next.

“Last year we spent a lot of money

on the website, but I think it needs a bit more attention still, in term of search engine optimisation. We’re generating £50,000 a year on the website, but I think we could get that to £200,000 in the next twelve months.

“A lot of people have heard of us now, so we are getting franchise enquiries. We’re having initial discussions for franchises in Qatar and India. If I had ten franchises abroad, for example, we could be attractive to acquisitive luxury product groups.

www.grosvenorshirts.com

Edgy but still rather discreet

“A luxury brand product has to look even better in real life than it does in the photographs. On the surface it’s easy to make a sweeping statement that all luxury brands are in existence because of their heritage, but each of those companies had a beginning. A luxury brand has a distinctive story that sets them apart, and more importantly, a finer quality product with unique characteristics.”
Frederika Cook, founder of lingerie company Dietrich knows which boxes have to be ticked - from hard experience.

“Lots of kids have their dreams about what they are going to do when they grow up - I wanted to be a dancer, an astronaut, a doctor, professional climber, lawyer; you name it, I dreamt it. Then, when I was doing maths at UCL, I realised that actually I had no idea.”

From higher education Frederika Cook worked on lingerie for Donna Karan, and Wacoal, joining a personal wealth management firm before setting up a lingerie business with a

friend. It fell apart, and Frederika Cook knows why. “A business partnership needs defined responsibilities or you’ll be at loggerheads,” she says. “I left to start Dietrich to build something of my own that didn’t require compromise, but I jumped into it completely unprepared.

“So I wish I could tell you that in the beginning I had a firm idea of what this market was missing and that I set out to provide it. But actually what I could see was an opportunity to create an edgy collection that is

fundamentally experimental but in a particularly discreet way so it would still be feminine and elegant. I set about creating underwear which is more fashion oriented but still commercial as opposed to mass market.”

And the name? “I grew up watching old black and white movies with my mother who would point out the beautiful clothes to me,” Cook explains. And it was all very aspirational. I took the name because as an icon Marlene Dietrich was bold and took risks, but even though she pushed the boundaries, she was always beautiful, elegant, and feminine. Dietrich isn’t designed to be a retro brand; our product is authentic.”

There are two lingerie trade shows a year in Paris; Cook started the business in May 2008 and booked a stand for the September event. With time against her to create her first collection, she approached De Montford University who helped provide an intern from their degree course in lingerie; Cook designed and cut the fabric, and she sewed.

From the show, Coco de Mer, the somewhat racy luxury boutique placed an order, but send it back three times. It hardly sold. “You ask yourself, was it the fit, the price, the design? It’s hard to be self-critical, especially if you have created it, but if you still want to climb that mountain you have to be honest with yourself,” muses Cook.

Her second collection attracted the attention of the luxury on-line fashion retailer Net A Porter. But Cook noticed that the samples made up by the factory were beginning to fall apart. “The problem was that my volumes weren’t

big enough for most factories,” she explains. “I needed to order a minimum of several thousand units per set, and I couldn’t afford to do that. So my choice of manufacturer was limited.”

She found an appropriate factory in Italy, which, ironically, went bust. A manufacturer in Tunisia seemed ideal, but the bill for the first bit of work was three times what Cook had been quoted and agreed, and they held onto her patterns and fabric to try to force her to pay.

By this stage, her brand had almost disappeared from view.

Not that it mattered.

“I’m not a Gucci or a Chanel,” smiles Cook. “If I miss a season, nobody is going to say what happened?”

Then she found another factory, again in Italy, which will make the patterns from her designs and take them through production. “Their costs are based on low volumes so although I’ve had to cut my margin, I’ve managed to get to a retail price point of around £200 a set,” she explains.

“I genuinely have respect for people who start their own luxury brand business. I stress the word business, because one of the hardest things to learn is that you can’t be soft and succeed. Every time you make a friend of someone you started off collaborating with at a work level, it becomes harder to tell them if you’re not entirely happy with their work. You can still be nice and polite, but unless you are prepared to battle, what you can end up with is a really expensive hobby, not a business.

“Of course I would have liked an easier ride, but I’d go through those damned failures again and all those tears again because I’ve learnt so much and I’m liking the view from where I’m standing now. If it hadn’t been for consistent interest from three major retailers, including a leading US department store, and several leading boutiques, I don’t know whether I could have persevered. And also I’ve found that for the first time in my life I really know what I want to be doing.”

www.discover-dietrich.com

Finding (again) the right place to be

“The danger for a luxury brand is becoming complacent, because there’s always someone coming up with a new idea which could steal a portion of your market.” The fact that Robin Hutson, chairman of the Lime Wood Group has flagged that up just a year or so after opening a five-star £30million hotel and spa in the New Forest means they’d have their work cut out.

In addition to the twenty-nine-bedroom Lime Wood hotel, set in fifteen acres, the group also owns nearby Whitley Ridge, a twenty-four-bedroom hotel, which will have a makeover soon, and a hotel in the French ski report of Courchevel along with three luxury chalets nearby.

The sole owner is Jim Ratcliffe, chairman and principal shareholder of speciality chemical manufacturer Ineos who used to live locally but is based in Lausanne now.

It all started seven years ago when he would go into Le Poussin restaurant in nearby Brockenhurst. He and its Michelin starred chef Alex Aitken decided that the restaurant would be better in a hotel and so Ratcliffe bought up the property which would become Lime Wood when it was a crumbling hotel called Parkhill, to house it.

It was a long arduous route getting planning permission because the hotel was going to be knocked around quite a bit, so they decided to buy Whitley Ridge to house the restaurant instead. Aitken subsequently sold his stake to Ratcliffe and Le Poussin is no more.

Meanwhile at Lime Wood, architect Charles Morris who has worked at Highgrove, and David Collins who recently designed the interior of The Langham were appointed. Then,

Ratcliffe, a ski-ing enthusiast, saw the hotel in Courchevel had come up for sale, so he bought that too.

“The group was getting quite unwieldy, and costs were going up and up here, and in early 200, I got the call from Jim, asking if I’d come and help them out,” recalls Robin Hutson. The former MD of Chewton Glen had created Hotel du Vin with Gerard Basset (who also opened his own luxury hotel, a couple of miles away in the New Forest) which they sold to Malmaison.

“Because of other commitments (he’s chairman of private members club Soho House) I wasn’t sure that I’d be interested but when I came down here I was knocked out by the quality of the build. It was clearly something special. I also live up the road in Winchester, so I thought why not? The initial idea was that I’d only do one day a week, but it soon became clear that I needed to be chairman of the company and take control.

“The country house market has really changed recently. Von Essen has gobbled up a lot of the luxury independents and it’s left a bit of a void for the personally run country house hotel. At the one end you have rather formal models, such as Chewton Glen, then on the other hand you

have Babington House which, when it started, was almost too laid back for its own good, even though it broke the mould. I could see a gap in the middle.

“I like to think that we have looked at every process to make it more interesting fun or appealing. It would have been easier, for example, to simply phone up a hotel supplier and order standard bathrobes, for example, but I’d rather offer some individuality. We spent ages going backwards and forwards, thinking what people could wear that wasn’t white and fluffy. We even found some taupe robes, but when we put them in the laundry fifty times to test them, they ended up half the size!

Lime Wood has become a member of Relais & Chateaux, which is a mark of a certain international standard, but Hutson puts that into context. “At the end of the day,” he says, “no matter what accreditations you have, once the customer is through the door, you’ve got to deliver the product. To impress someone staying here, as say, opposed to someone going for dinner at a restaurant on the high street, is very hard because the expectations are so high.

“The little interactions are very important so you need to have quality of staff too, and that’s not easy in



Robin Hutson

this business. We're in the sticks here, not in Mayfair or Chelsea, so there is never a queue of twenty people for every job. We also had a political system that wanted everyone to end up with a degree, so craft has been decimated. The culture of apprenticeship has gone, and everyone wants to be a white-collar worker.

"The average hotel will farm out the management of their spa, but I didn't want anyone else involved. We're trying to avoid taking the obvious routes. We've brought in some interesting, quality suppliers, such as Daylesford Organics and facials from Nude – Bono's wife's company. We're going to plant the sedum roof with herbs and call it the Herb House, and we're using Voya, an Irish seaweed company.

"We're fortunate that there are some deep pockets behind us, but we have to be solidly profitable. We're very PR savvy and have good connections. When you have a good relationship with people there's a will for you to succeed, so we've had some very good PR. Sophie Dahl and Jamie Cullum getting married here helped.

"We've had a fantastic past few months, but there are twelve months in a year, and we need to be 70% full to break even. Beyond that the profit comes fairly quickly generally speaking, but if chef is 2% off his food costs it can soon begin to disappear."

www.limewoodhotel.co.uk



Global appeal of English heritage

Can a luxury brand so exclusive that it is kept under lock and key by some retailers also sell to a mass market? If the rulebook says it's not possible, then Ahmad Tea are in a position to re-write it.

The business was started by the grandfather of current managing director Rahim Afshar who opened a tea factory in Iran. By the time Rahim Afshar's father took over, the business was exporting to Iraq, Kuwait, and the United Arab Emirates. And then in 1986, the company was nationalised after the revolution, and the family came to the UK and started all over again.

When the Kabir Tea Boutique opened in Southampton in 1986, it was not what it seemed. It was set up by the Afshar family to witness first-hand the tea drinking traits in this country.

The original intention was that

Ahmad Tea (named after the founder's father) would produce tea for the indigenous ethnic population, if that isn't a contradiction in terms, but the first major order for the quintessentially English presentation came from El Corte Ingles, the largest Spanish department store. "At the time, we didn't have a teabag machine, so we had to hand fill and staple each teabag," recalls Afshar.

That order led the company to develop a premium product for the gift market, with packaging redolent of what England might have been some time when. In fact, Ahmad Tea makes prominent use of both 'England'

and 'London' on its packaging and free-standing promotional displays. Their Classic Six Tea Selection has the word London seven times on the front, plus English three times. London appears on the top outlined in gold. One side mentions London twice and the other side displays London and England twice. The bottom of the box demonstrates quality control with a listing of both the packaging date and the best before date. Finally, even the back of the box has London in gold letters. And London is always imprinted beneath the Ahmad Tea logo.

"English tea is known for quality,

so the brand has to reflect that,” says Rahim Afshar, “although interestingly, the English Breakfast Tea blend originated in America. But England was at the heart of the tea trade; that isn’t an illusion.”

Nor is the cachet of the luxury brand Ahmad Tea has built on English heritage. In Russia, Ahmad Tea Limited Edition is kept in locked cabinets at select supermarkets, which adds to the cachet. It sells at the equivalent of £15 for 100grams - three times the price of a premium tea in the west. The television advertisements feature a family taking tea in their stately home. And to promote the brand, Russian journalists were invited to afternoon tea at a hotel.

Could that ever be replicated in the UK? Rahim Afshar isn’t convinced. “We thought the UK market would be the toughest because the existing tea brands were well established and had a big presence in the supermarkets,” he says. “The break-up of the Soviet Union provided us with an opportunity, because although we were entering the market with Lipton, Tetley, and Twinning, we were all in the same position in terms of brand unawareness.

“In the distribution channel from production to the end-user, the dominating factor in the UK has been the retailer. They dictated the price, and by submitting to their wishes, the quality of tea reduces. Expectations for the quality of coffee have increased with high street coffee shops, but there are five-star hotels which will still put a cheap tea bag into a cup.

“Another problem is that the tradition of tea with milk in the UK is no help to

a premium product because it kills the flavour. We need to re-educate people back to an appreciation of the quality of tea, not just interest them in speciality versions. Because a tea has been flavoured, that doesn’t automatically make it a quality tea. We are selective in buying tea so growth will be three or four per cent a year; that is fine for us.”

Today Ahmad Tea is a top five brand in Russia, Ukraine, and Iran, and sells in seventy-five other countries. In the UK, the company has the largest share of the gift tea market.

“The only way for a small company to go forward is quality of product,” suggests Rahim Afshar. But that doesn’t mean a premium brand can’t develop a more mass-market product. Taking advantage of its sales network of ethnic supermarkets, Ahmad Tea launched Primetime, promoted with a free branded caddy, which apart from a quintessentially English rural scene on the facing, has a pack shorn of its usual geographical references. “We hope to generate enough customers within the M25 to be able to say to the national multiples, ‘we’re selling this amount, do you want to stock it?’” Rahim Afshar explains.

www.ahmadtea.com

Capturing essence of attraction

“The entrepreneurs behind luxury brand don’t care how other people do things,” suggests Simon Veale, managing director of integrated creative agency Marketing Matters. “They have singular vision, passion, self-belief, and know exactly how it should be done.

“Their product isn’t necessarily different in terms of quality, but it could be the supply chain is smarter, the customer experience enhanced. The luxury brand is always able to capture the essence of why people are attracted to it.

“For emerging luxury brands the real problem comes when they reach the point where some industrialisation is necessary if they are to grow further. Of course that process doesn’t have to be at the expense of the core values of the brand, and I think the development of Sunseeker is a good example.

“It depends how industrialisation is handled, whether return on investment suddenly comes to the fore rather than it happening as a consequence of adherence to the core brand values. Because what matters with a luxury brand is the long-term view.”

www.marketing-matters.co.uk

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