

CRACKING THE LUXURY CODE



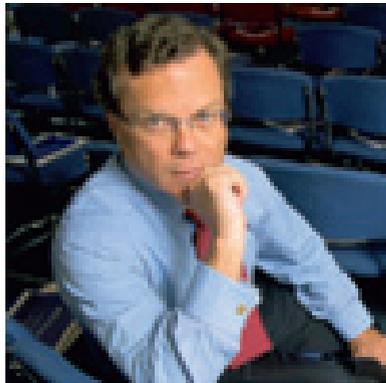
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INTRODUCTION



It's back to the future – wealth is shifting from the West to the East, where it was once thousands of years ago. Asia, Russia and the (former Soviet) CIS countries are very much front and centre of WPP thinking.

The demand for the West's luxury brands is best symbolised by the twin poles of Moscow and Shanghai. Although at slightly different stages of market development, they represent the opportunity for mature Western businesses to experience an extraordinary learning curve.

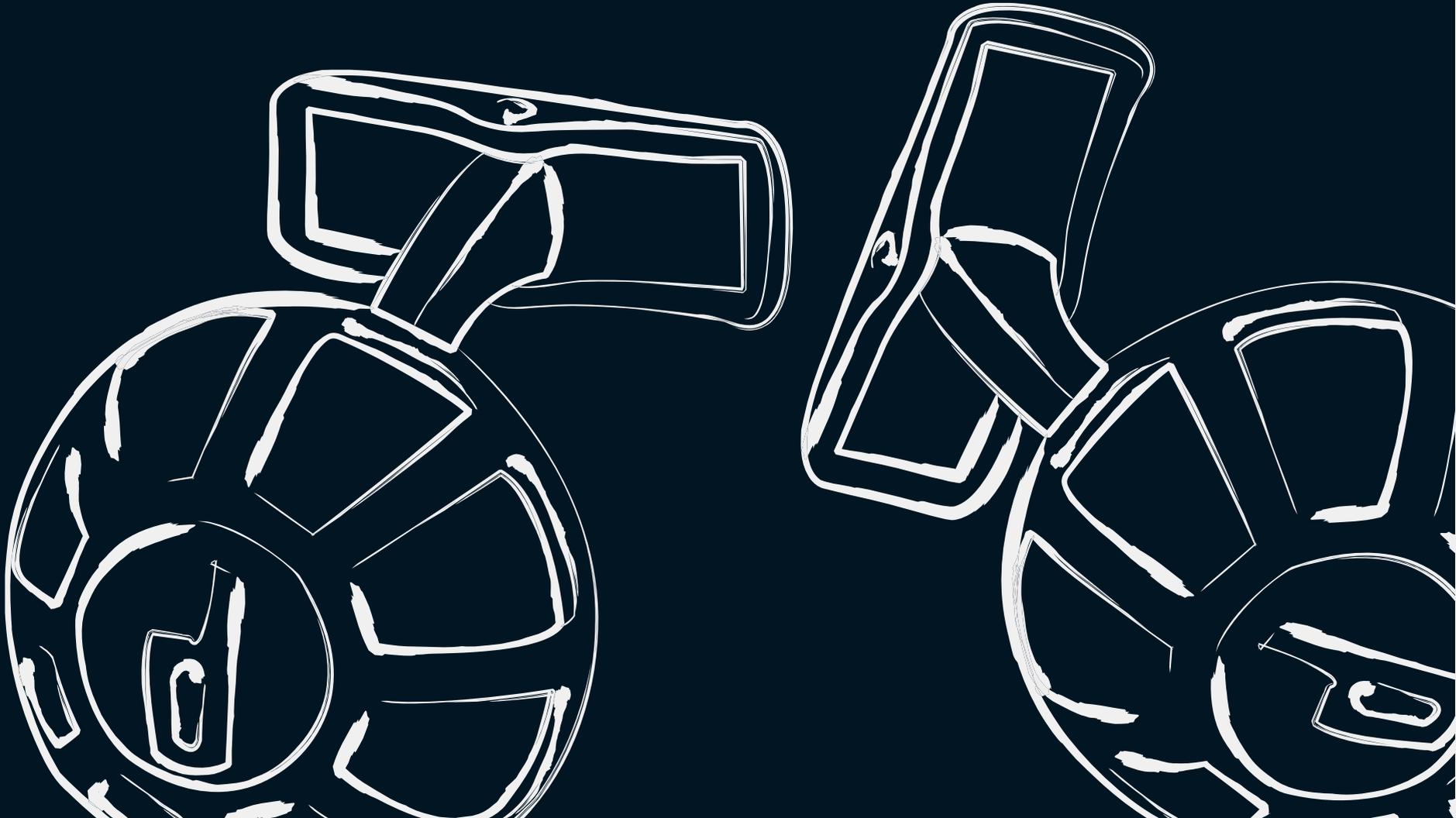
This learning curve motivated Walpole to commission WPP agency, Added Value, to research exactly what is "The DNA of Luxury".

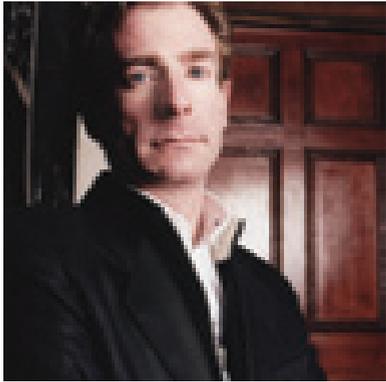
The research findings were revealed at the Financial Times Business of Luxury Summit in Shanghai, in May 2005 and now form the centrepiece of this publication – an essential reference work for those whose job it is to create, define and develop great luxury brands.

Enjoy!

Sir Martin Sorrell
Group Chief Executive, WPP

WALPOLE AND THE LUXURY CODE RESEARCH STUDY





Why does a newly wealthy entrepreneur in China aspire towards buying his wife the latest Chanel jacket or Jimmy Choo shoes? Why does he buy himself a sweater from Dunhill to wear at the golf club? Are the motivations for self-purchase different from gift giving?

Is it because these are all luxury goods which act as signals of his success? Or is it primarily because he (or his wife) appreciates the quality of the products? Is he getting genuine personal satisfaction from being able to afford something beautifully made, or is it a much more superficial need? How does he differ from his European equivalent – have the signs of success for a Western consumer just become more subtle?

Why do almost all luxury brands hail from a very small number of European countries, even the newer brands? Is it because for many wealthy Asians, 'European is best' when it comes to blue-blooded luxury brands? Or is one of the new rising Asian fashion brands seen as cooler?

Does the consumer from the 'new luxury' markets (China, Russia and India) have more in common with

each other (in terms of perceptions/motivation) than they have with their regional neighbours of Japan or Europe?

Do American and British consumers have a consistent view of what makes a French brand French and chic? Does it matter? Is it changing?

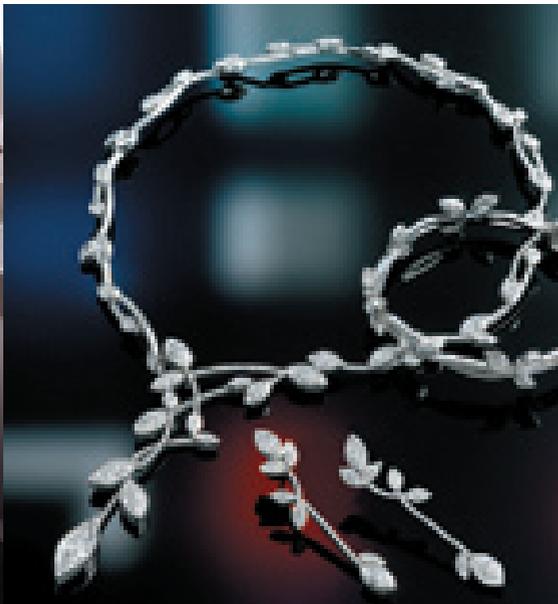
As part of it's ongoing Research & Information project, Walpole was compelled to find the answers to all these questions. Hence our commissioning of this research. I hope you feel that we have added to the all too sparse body of knowledge on luxury consumers with this piece of work – and that you will find at least a couple of useable insights that you can apply to your own business.

A handwritten signature in black ink, appearing to read 'Guy Salter'. The signature is stylized and includes a long horizontal stroke extending to the right.

Guy Salter
Deputy Chairman, Walpole



WHY IT'S WORTH LISTENING TO LUXURY CONSUMERS



In May 2005, The Financial Times published new research from Bain and Co indicating that "the leading luxury businesses which together own 60-70 brands, find that fewer than 10 of them account for 80-90 percent of their profits."

It was also reported that the investment in luxury brand building (including retail presence), as a percentage of sales revenue is on average around 12% compared to 4 to 5% in the packaged goods industry.

We know it instinctively and the numbers support it: the luxury business is all about conceiving, manufacturing, communicating and retailing image,

or to be more precise, brand image. "For decades, the golden rule of the luxury business was: Don't ask consumers what they want; tell them what they should have." (Financial Times May 2005). And industry figures cite a wide range of reasons to explain why listening to consumers is not much help when building successful luxury brands.

"True luxury consumers are incredibly difficult to find."

"They're not the kind of people who would participate in anything as grubby as market research, even if these days it has become politically very fashionable."

Through to:

"The trouble with consumers is that they can't tell you what they will want next. So it's all rear-view mirror stuff... good at explaining the past but no good at helping us determine what to do next."

And of course:

"We see our customers every day in our stores. We know them better than any consultant ever could. Why do I need an independent voice?"

"The trouble with consultants is that they just don't get how our industry works."

All are perfectly understandable viewpoints, but ones that most other industries moved beyond years ago.



SO LET'S TAKE A LOOK AT THESE REASONS ONE BY ONE:

“THE VALUE OF AN
INDEPENDENT VOICE”

As a retailer or a brand owner, you have fantastic proximity to your customers, and a perfect opportunity to observe their behaviour and motivations. But ask yourself this: do they feel comfortable telling you how they feel? And what about the people who don't even visit your stores?

“SAVVY CONSUMER
CONSULTANTS”

By definition consumer consultants know your industry less well than you do. However, what they lack in operational luxury experience they should make up for in consumer savvy – their job is to fill the gaps you can't.

“LUXURY CONSUMERS
DON'T DO RESEARCH”

Let's assume that you are a sophisticated Tokyo socialite. I offer you US\$250 to come and spend an evening at the Four Seasons in Chinsanzo, drinking Dom Perignon and discussing luxury. What would you say?

Thursday at eight?

Finding true luxury consumers is straightforward enough, as long as you know where to look.

“REAR-VIEW MIRROR SYNDROME”

This is a legitimate criticism of **bad** research. Good research, on the other hand, should do two things for you:

Firstly, it should help you define your consumer problem or opportunity with absolute clarity. Who is my target audience? What do they care about? What is it that we have understood about them that our competitors have not? What's my promise, my brand idea?

Secondly, it should help you to develop more consumer-relevant and culturally progressive marketing.

In both cases, if you only talk to consumers who are slap bang in the middle of the market, in the middle of their lives and in the middle of their attitudes, you will end up developing yesterday's brand image.

But if you deliberately set out to talk to tomorrow's consumers, even tomorrow's image makers, you will be much better positioned to create uniquely compelling brands.



THE LUXURY CODE RESEARCH FINDINGS



GIVING VOICE TO THE LUXURY CONSUMER

The Luxury Code, commissioned by Walpole and conducted by Added Value, is a qualitative research project designed to provide insightful answers to the following questions:

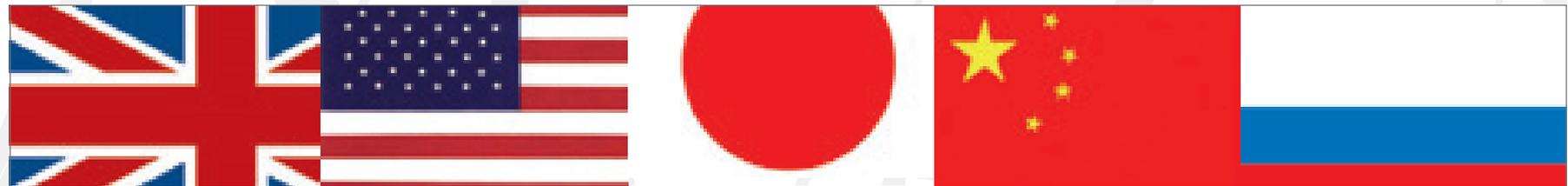
What is the DNA of luxury – the anatomy of passion – the role of 'cool' and celebrity?

Who are the luxury consumers?

How do they discriminate between brands in such a fragmented market?

What is different in developing markets such as China and Russia?

To answer these questions we explored the concept of luxury among a carefully selected group of genuine luxury consumers in London, New York, Tokyo, Shanghai and Moscow.



WHAT IS THE DNA OF LUXURY?

Most luxury goods houses have a strong point of view on what luxury is. We wanted to explore these views and establish which parts of the formula mattered most and whether the hierarchy varied from culture to culture.



Different consumers in different markets expressed their relationship with luxury in different ways:

*"I walk taller." "I feel sexier." "I command respect."
"I feel complete." "I live my dream."*

As one might expect, underpinning these different individual drives, lay a single, common motivation:

"Luxury makes me feel more desirable."

At the end of the day, luxury matters because it makes people feel more desirable.

But what are the ingredients that make luxury, luxury?

It's a question that has been posed many times and defined in many overlapping ways. Few in the industry would disagree with the following list of ingredients:

- Heroic Myth
- Exquisite Product
- Iconic Communication
- Carefully Engineered Celebrity
- Ultra-Selective Distribution
- The Power of "Cool"

The question we face is which of them matter most to the luxury consumer?

"People with money like beautiful things. It's our job to create them." Guy Salter

"A myth, an exquisite product, some sex, at an unreasonable price and constant innovation." Bernard Arnault

"You can have as much pedigree and integrity as you like, but if it isn't cool, it won't sell..." Jeffrey Kalinsky



THE THREE PARTS OF THE FORMULA THAT MATTER
MORE THAN ANYTHING ELSE WHEN IT COMES TO
IGNITING DESIRE FOR LUXURY BRANDS ARE:

Brand soul, story, myth and legend

In other words, luxury consumers need to believe that the brand has an exceptional history, either as a consequence of its own origins or because of its association with exceptional people, periods or places in history.

Product quality and rarity

Every research respondent felt some need to explain why the luxury articles they had bought were items of genuine value and not purely items purchased to feed their ego. In Russia, for example, this could extend to the most extraordinarily academic discourse on the art of watch-making. In China, by contrast, responses were generally bland observations about the beauty of an object, indicating a more superficial level of product knowledge.

Cultural Cool

Certain categories such as couture and leather goods are transparently fashion-driven, seasonal purchases and, by definition, are assessed in terms of their "Nowness": Who's wearing it, Who's talking about it? And does it have the all important "Must Have" ticket? But in fact luxury goods in all categories rely on cultural cachet for their appeal.

"So beware: a famous brand, with a beautiful product and a proud history, left to its own devices, quickly becomes an artefact, a footnote in the history of fashion."

Carmen Ringelmann



BUT NEVER FORGET

Iconic identity

In packaged goods marketing, it is rare for consumers to comment spontaneously on a brand's identity. Familiarity breeds a kind of contempt. People become inured to the way brands dress. In luxury, identity has tremendous power. It encapsulates the brand's myth, and its personality. It's a calling card at every point of contact.

*"In 'Secrets of Los Angeles' the heroine would only accept gifts from her admirers in the form of little blue Tiffany boxes. Her room was full of them. Very chic."
MOSCOW*

In addition to this core formula, there are other elements that demand attention and investment within the DNA of a luxury brand.

Iconic communication

Often the more famous the brand, the harder it has to work to feel rare, special and intriguing. However, luxury brands can and do use the power of communication to engineer their own cultural cachet. It's striking how in the world of luxury, much as in the world of beer, consumers drink the advertising. This is largely because advertising is the most flexible and targettable canvas on which to paint the aspirational identity the brand is selling.

*"Xxxx... is so overused. But now they have very beautiful ads in Vogue. There's a cardboard insert depicting a girl wearing different watches. It's very beautiful."
MOSCOW*

Celebrity

It may not be fashionable to cite celebrity as a key driver in consumer decision-making, but it's a fact that whether you are in Tokyo, New York or Shanghai, celebrity continues to have enormous impact.

"I love Jennifer Lopez. I read in magazines about the jewellery and the sunglasses she is wearing in her latest movie and I want it. I like her, I want to be like her, I want to wear what she wears."

TOKYO

Retail environment

Any retail analyst will tell you that retail is detail, but when it comes to luxury retail, detail takes on a whole new meaning. This is where the serious seduction takes place. It's the role of the sales consultant to live the brand and adapt to the client. The customer is ushered into the inner sanctum of the temple, where he or she can be attended to with maximum discretion. Staircases, private changing areas, secret vestibules, subtle changes in flooring and lighting... all add to the experience.

"If you go to the LV shop in Shanghai, the lady there is like royalty. She is so elegant and dignified. It feels like I am leaving real life behind and entering her world."

SHANGHAI

Whilst the research largely confirmed the DNA of luxury, and demonstrated that many aspects of it were increasingly applicable in Russia and China, we were left asking whether this was equally true for all consumers or whether, as happens in most mature markets, the business segments into groups of consumers with markedly different motivations.

WHO ARE THE LUXURY CONSUMERS?

What makes luxury consumers tick? Is it all about show, or about being in the know; or perhaps some subtle combination of the two?

ATTITUDES TO LUXURY

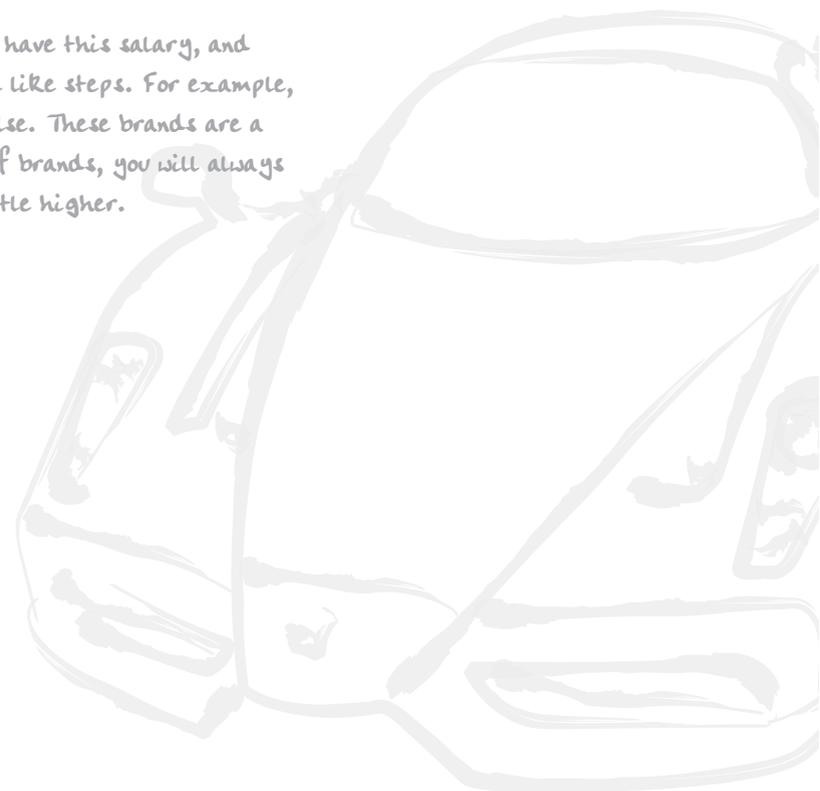
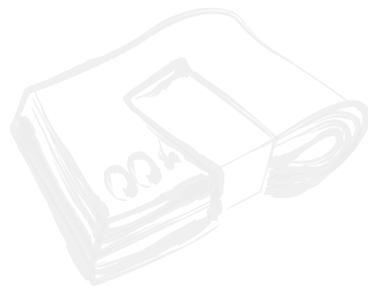
The research identified four clearly defined types of luxury consumer. Their attitudes to luxury brands differed in two regards: firstly their degree of outer or inner motivation, and secondly the extent to which they perceive luxury to enhance them as human beings or simply to maintain them in the excellent condition they already consider themselves to be in.



PEOPLE WHO “SHOW”

This group were refreshingly candid about their motivations. They are highly status driven, demanding, extrovert, ostentatious, larger than life personalities, and extremely materialistic. They see luxury as one of the principle mechanisms by which they can benchmark their success and prove that they are doing better than others. And they are not remotely shy about it. In fact, without an audience to notice they would be lost. For this luxury consumer, the louder and more overtly successful the brand, the better.

“Every person has to strive for development. Today you have this salary, and tomorrow you get more. The same with brands. They are like steps. For example, you start with Mercedes, then you get onto something else. These brands are a peak you’re moving to and because of the great choice of brands, you will always have one to aim at. There is always a brand that’s a little higher. They reflect your level of life.” MOSCOW



PEOPLE WHO
"CAN'T BE SHOWN UP"

This type of luxury consumer proved to be rather more complex in attitude and motivation, and more introverted by nature. They use luxury to give themselves confidence and to enable themselves to fit in. They want to be seen to be doing the right thing, buying the right brand, but not overstepping the mark. Their preference tends to be for brands with an established reputation but not an identity that will clamour for attention. And when they find the right brand they feel more confident, more complete. They believe that others will respect them more.

"Wearing luxury brands makes me stand up straight and walk tall."

"You take a quality thing made by a certain brand and it's a metamorphosis, you feel there is a change in you, you feel light, some people push the accelerator, some do good work for others, I buy nice things." TOKYO



PEOPLE WHO "SHOW THEY KNOW"

Arguably an evolved form of "People Who Show", this group are also highly status driven. They possess a degree of knowledge about the things they buy, but only for the purpose of justification; there appears to be no deep or intrinsic appreciation of luxury. They acquire knowledge as a further confirmation of their social status and they tend to be a little older. This type of luxury consumer looks for the less obvious choice of brand, or the extra dimension of knowledge which justifies why they should continue to buy the most established brands.

*"There are people who wear labels with no appreciation of what they are wearing. ?
I like to think I know why the watch I wear, the car I drive, the wine I collect,
...costs what it does, because at the end of the day you can't buy taste
or experience." NEW YORK*



PEOPLE WHO “KNOW”

This group loves luxury for luxury's sake. They appear to have a genuine appreciation of beautiful things, with no preoccupation with what other people think. Those who “know” buy the brands they like, because they like them. They are the kind of people who, if they drink malt whisky, will have in their collection both a place for the most esoteric small batch – an unfiltered malt from an obscure croft on the Isle of Islay, for example – and a home for the Glenfiddich, the world's most famous malt whisky. When they connect with a brand it tends to be because they have found a soul-mate.

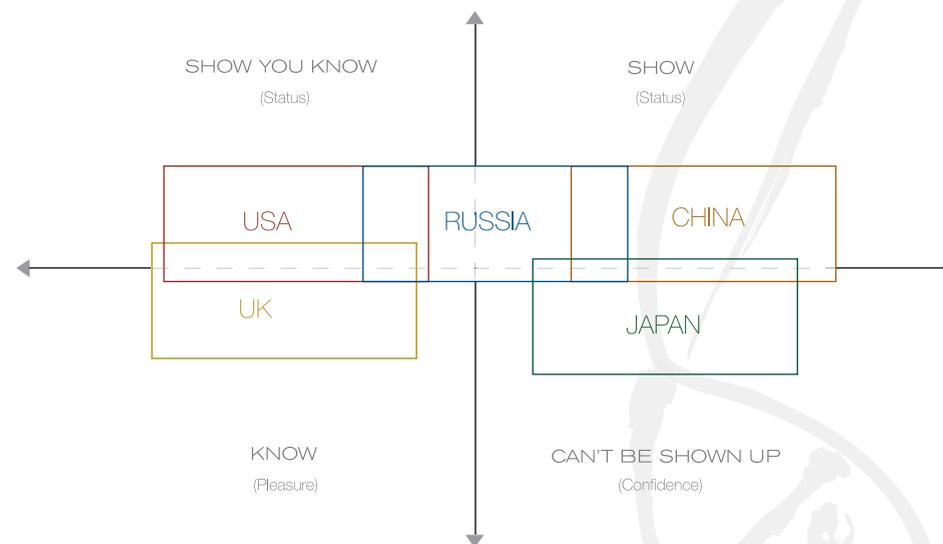
“The brand has got to feel like it's your brand; you have to maintain yourself in a certain condition, you want something warm and comfortable. Something prestigious on one hand but something that gives you inner comfort.” TOKYO



HOW DO ATTITUDES TO LUXURY DIFFER BY COUNTRY?

“Defining attitudes by country inevitably results in generalisations. However, if one wanted to identify the centre of gravity in each of the luxury markets covered by our study, the soundbytes would go something like this: Consumers in the UK like to think they know their luxury, and many of them enjoy showing it. US consumers are pretty well versed and they definitely like to show it. Japanese consumers come in many shapes and sizes but can be amongst the most knowledgeable, and in the main they wear their knowledge with discretion. Russian consumers are on a roll and, having been squarely on the east of the chart in the 1990s, are moving rapidly west. In China, with some obvious exceptions, it feels like the market is still in its infancy and that status and show are the principal drivers.”

Abigail Bray, Head of Luxury Practice, Added Value London



HOW DO CONSUMERS DISCRIMINATE BETWEEN LUXURY BRANDS IN A FRAGMENTED MARKET?

So how do luxury consumers make sense of the brand choices in their lives?

Stephen King, one of the patriarchs of strategic brand planning, once wrote:

"Consumers choose brands in much the same way they choose their friends... on the basis of whether they connect with them and they trust them..."

And in the case of luxury, we would add, "and whether they aspire to be like them."

Respondents were asked to make sense of an array of luxury brands by broadly categorising them. The purpose was not to produce a definitive map of the market with accurate positioning, but to ascertain the extent to which consumer perception of the market varies between the developed markets and the developing markets.

Ultimately, six brand groups emerged to give us a Luxury Brandscape:

The Establishment – the oldest and most established players, like Cartier, Rolex, Hermes, Dunhill, Asprey, Chanel, Mont Blanc & Bentley.

Contemporary Classics – the new establishment; like Giorgio Armani, Tiffany & Co, Jimmy Choo, Calvin Klein, Agent Provocateur and Mercedes-Benz – brands which have built serious credibility and scale but have not been around for as long as ‘The Establishment’.

Carefree Classics – similar to ‘Contemporary Classics’ in terms of credibility but felt to have a lighter and more feminine foundation; Chloe, Yves Saint Laurent, Issey Miyake, Prada, Joop! and Louis Vuitton.

Wild at Heart – like Vivienne Westwood and Yohji Yamamoto who, amongst others, are the most radical, daring and groundbreaking brands.

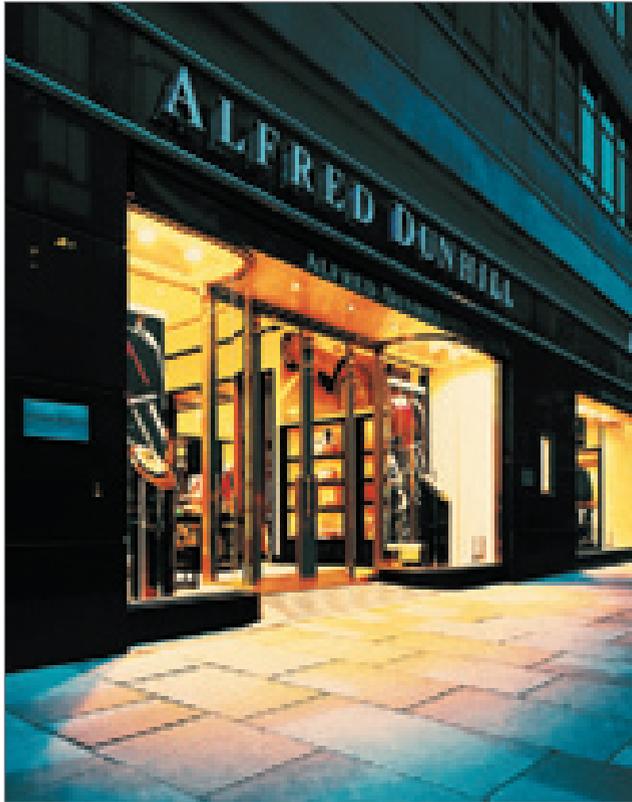
Bold and Beautiful – the most flamboyant and dramatic brands, such as Gucci, Versace, Kenzo and Ferrari.

Affordable Luxury – like Omega, Mulberry, Davidoff, Shiseido and Crème de la Mer, are brands that are known or perceived to be more accessibly priced or operating predominately in categories where the investment required, in terms of purchase price, is lower, such as skincare.

“Interestingly, our Moscow respondents segmented the market in much the same way as their counterparts in London, New York and Tokyo. That, we believe, was because our Moscow respondents were extremely wealthy and well-travelled Russians who did much of their luxury retail therapy in London and Milan. China, however, presented a different picture. For the consumers we spoke to, luxury has only been a possibility for the last five to six years. Few of our Chinese respondents had travelled extensively, so they had fairly limited experience and market knowledge compared with luxury consumers from other markets. As a result, the luxury brandscape in China comprised four of our brand groups: The Establishment, Wild at Heart, Bold and Beautiful and Affordable Luxury.”

Carmen Ringelmann, Head of Luxury Practice, Added Value New York

CHINA AND RUSSIA'S ATTITUDE TO LUXURY
BRANDS IN THE DEVELOPING MARKETS



THE CHINESE LUXURY CONSUMER

In Communist China luxury was politically incorrect. In Modern China, SHOW is everything and luxury is a fundamental signal of an individual's new, wealthy identity. Luxury goods satisfy their Pride, affords them Respect and introduces them to Quality.

Two of our defined consumer types dominate this market:

“SHOW”: Self-made men with limited education and sophistication but a high need for face.

“DON'T BE SHOWN UP”: White-collar business people who want to show their class, and need to dress well for professional credibility.

Because of SHOW, fashion and accessories with ostentatious, well-known logos or brand icons are the preferred choice. Jewellery (excluding watches) is less popular unless specific designs (for example, Cartier) are unmistakable. Luxury brands do need to have heritage (recognised identity) and are therefore, by definition, foreign.

The Chinese luxury consumer knows very little about the substance or culture of luxury brands, but they believe there must be a good product reason for a luxury brand to ask for such a high price.

“When selling luxury brands to Chinese consumers, think PQR. P is for Pride. Consumers of luxury brands in China want to show. Using a luxury brand is an absolute display of pride. Q is for Quality. There is a very strong belief among Chinese consumers that the premium paid for a luxury brand is worth it because of the design, the material and the overall quality. R is for Respect. In China, respect is driven firstly from what you wear and then who you are. You need to make yourself presentable to suit the occasion. One research respondent said, ‘If you have signed a contract and it is worth millions of US dollars, you need to put it in a luxury branded suitcase to show, in front of your customer, that you really appreciate and treasure this piece of paper.’”

Magdalena Wong, Head of Luxury Practice, Added Value Hong Kong



THE RUSSIAN LUXURY CONSUMER

Russian luxury consumers seem to have had an accelerated experience of luxury and demonstrate a strong desire to be considered highly sophisticated. This is evidenced by their high degree of identification with established Western markets (England in particular).

At least three of our defined consumer types are already present in the market, with a rapidly increasing desire to showcase their knowledge of luxury:

“SHOW”: wives of magnates.

“SHOW YOU KNOW”: children of magnates and the MBA crowd/professional managers.

“DON'T BE SHOWN-UP”: typically, high-end government functionaries.

The brandscape in Russia appears to be understood with as much subtlety of definition as in London or New York. For these consumers, luxury is an Olympic sport and they intend to win.

“Successful and well-off Russian consumers see themselves as professional luxury consumers on a mission. The aspect of belonging to the club of select people is still quite important but now it has a new flavour to it. This club is just for those that understand. Heritage is crucial, but alone is not enough. Russian luxury consumers want to see the uniqueness of the functional features as well as the uniqueness of the legend. Celebrity is also very important. A few years ago it would have been enough for any Western celebrity or movie star to be advertising a brand. Now Russian luxury consumers look for a person who should be a real authority, a real intellectual, really cultured... someone they can really admire, someone they can follow.”

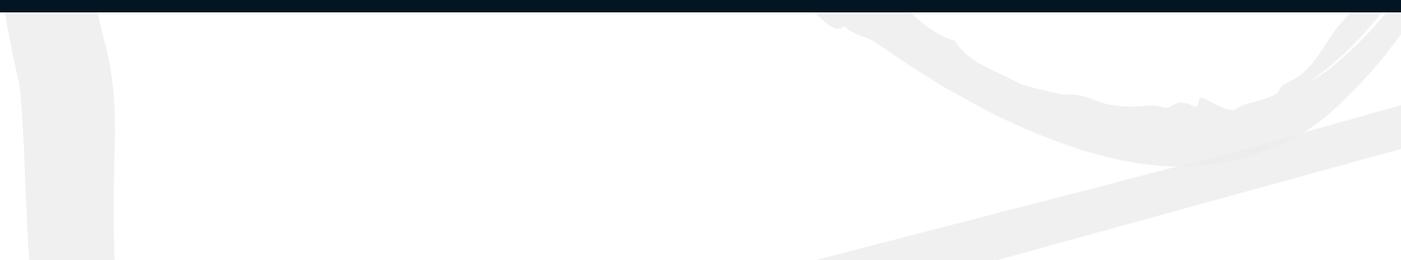
Tatjana Ziglina, Head of Luxury Practice, Added Value Moscow





KANG XI

Named after emperor Kang Xi,
who ruled China from 1662 to 1722.



KANG XI THE LAUNCH OF A NEW LUXURY BRAND FROM CHINA

Our research findings were shaping up into a rule book of luxury, but to guard against complacency and a too easy acceptance of what was being heard from respondents, a challenge of the 'rules of luxury' was needed.

When carrying out studies of this kind, we generally do two things. Firstly, ask the important questions in a way that gets under the skin of the subject. Secondly, develop and execute a hypothesis that knowingly breaks some of the fundamental assumptions in the market.

This allows for a double-check – whether the researchers really believe what they have learnt and to make a distinction between what consumers say they care about and what they really care about.

Hence, the concept of the world's first luxury watch brand from China.

THE HERO PRODUCT

The Tian Jue Timepiece from Kang Xi. Exquisite timepieces harmonising precision with the therapeutic mystical energies of precious gems.



IT'S UNIQUE MYTH

The Tian Jue timepiece combines the finest watch craft with the therapeutic energy of precious gems. Its precision mechanism focuses a different precious stone at the wearer's pulse point every hour of the day, every day of the week and every season of the year.





For the purposes of research the brand was imbued with many of the key attributes for success in the luxury market. Product, Price (c. \$10k),

PR (Johnny Depp), and place of distribution (four holistic Spas deep in the Middle Kingdom), were all chosen to deliver against luxury expectations.

The Kang Xi brand was conceived by the Added Value Luxury Innovation team and created by London identity agency The Partners.

THE VERDICT ON KANG XI

The consumer response was fascinating and different in each market. It reinforced how difficult it is to create brands in the luxury segment.

"We don't
do luxury;
we are the
factory of
the world."

SHANGHAI

"But what
about the
mechanism,
tell me about
the mechanism..."

I know about
these things."

MOSCOW

"Nice design,
but not from
China."

TOKYO

"Who knows,
maybe, but
I'd take some
convincing."

LONDON

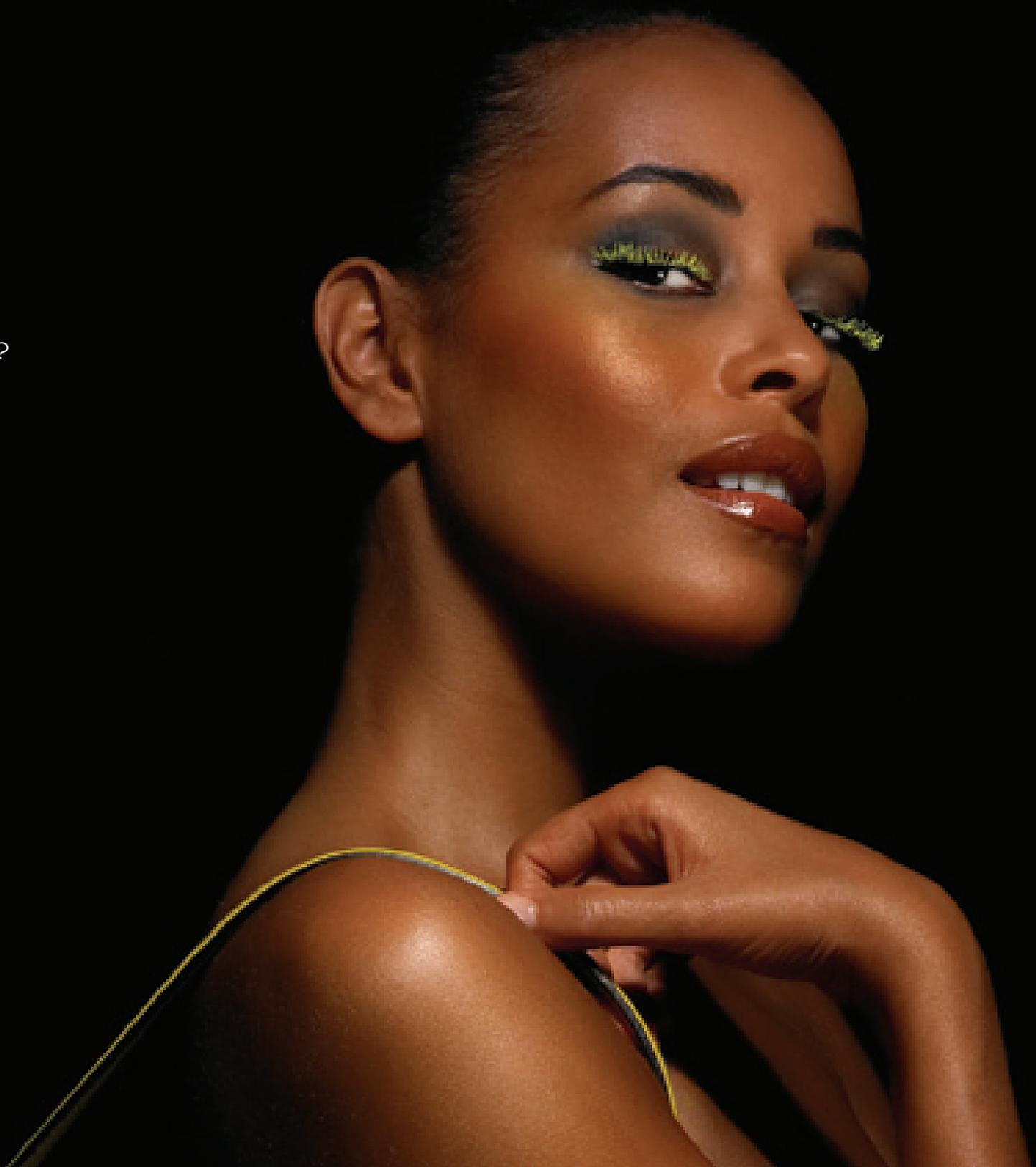
"But you
know, if I
saw it on
Fifth Avenue
and read about
it in the right
magazines...
be a different
story."

NEW YORK

But, the most striking thing was the **indifference** encountered. The new brand was just another unknown brand in the segment, with no particular fame or kudos. It was a nice idea, but the brand had no depth of reputation.

And that is the ultimate golden rule: in luxury, reputation is everything.

WHAT DID WE LEARN?



The Luxury Code research confirms that, luxury goods businesses are right to follow the 'Myth-Product-Cool ID-Retail-Celebrity' success formula. Within this formula, however, the power of myth, cool and celebrity is perhaps even greater than many luxury brands wish to acknowledge.

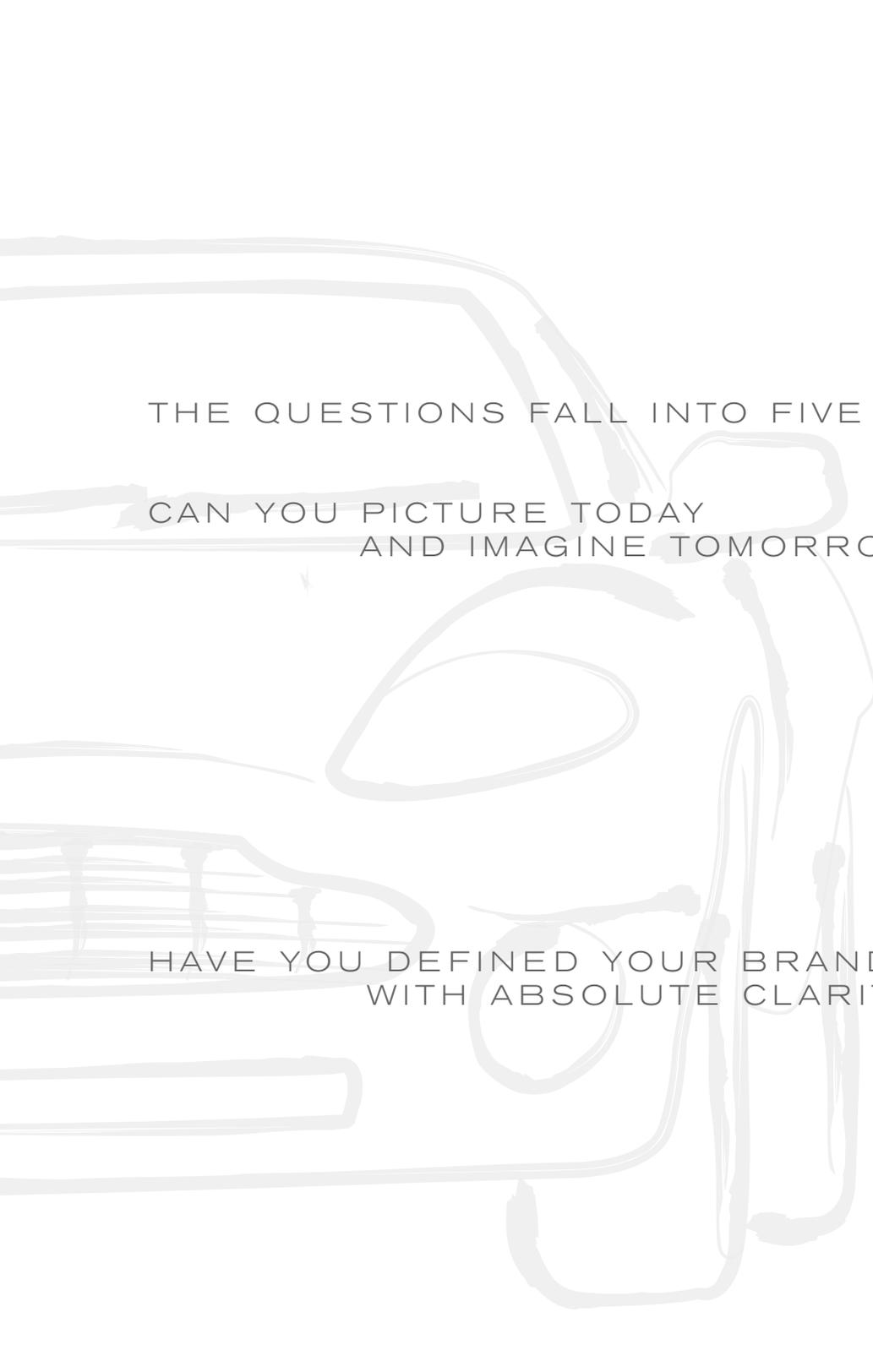
Even more important for luxury consumers, is the feeling that they are buying into the luxury label of the moment. In this respect, they are at the mercy of those who influence them: their celebrity heroes, the titles they read and the people they see adopting the brand. Media management is everything, and convincing the opinion formers that your brand's take on the future is more interesting than the next brand's, can be the difference between success and failure.

Given the limited amount of consumer research in the industry, we are left with the profound impression that very few luxury brands execute the success formula, confident in the knowledge that their actions will attract the endorsement

of key influencers and satisfy the desires of their end consumers better than the actions of their competitors.

Luxury goods marketing in its broadest sense feels like it relies far more on the instinct of its creative directors than on any hard knowledge base. It's no surprise, therefore, that only 10 of the world's top 70 luxury brands produce 80 percent of the profit. Many of the other brands will be shooting in the dark.

So, if knowledge, insight and consumer intelligence are lacking, what questions do luxury goods businesses need to find answers to in order to fill the gap? The list is a long one. Inevitably some houses will already have answers to some or many of the questions. But many will not.



THE QUESTIONS FALL INTO FIVE KEY AREAS:

CAN YOU PICTURE TODAY
AND IMAGINE TOMORROW?

The key to a successful growth agenda, is being clear about what people desire and clearer still about how to satisfy that desire.

But in order to grow, you also have to take a point of view about the future, which means knowing some key essentials, such as: What strengths do your brands have? Who is buying your brands today and who might be interested tomorrow? Who are your most valuable customers? Who are your competitors and what are their unique strengths? And what is happening around you that might change things for your brands in the future?

Once you can answer these questions, you'll be able to target your resources in the most profitable way, so avoiding wasted effort on the 'wrong' customers. You'll be better placed to move forward armed to create change, or better still, ready to react when change comes to you.

HAVE YOU DEFINED YOUR BRAND
WITH ABSOLUTE CLARITY?

We know that brands carry baggage; some good, some bad, some plain irrelevant. The trick is to unpack the baggage and hone in on the *emotion* that will make your brand *sparkle*. Grasp this, put it in a bottle, label it clearly and use it to inspire every single thing you do.

It will help you build an even closer emotional bond between your brand and your customer. And by creating a unique space for each of your brands, you can also avoid competition between them.

DOES YOUR MARKETING
REALLY TALK THE WALK...?

How confident are you that your brand speaks consistently around the world and in all its encounters? Achieve this, and you will constantly reinforce the magic and emotion you know your customers desire.

ARE YOUR SALES SET
TO CLIMB, STALL OR FALL?

Sales performance has been proven to lag about one year behind brand equity. So, if you constantly monitor the health and equity of your brand, you'll know, before your stores tell you, that there's a problem or an opportunity around the corner, giving you time to react.

WHAT'S YOUR STRIKE RATE
ON INNOVATION?

Luxury goods businesses tend not to be short of ideas, but you need the ideas that are uniquely right for your brands and your customers. You need to eliminate the average, nurture the strong, understand the offensive. Ideas that start with a bolt of insight that make your heart beat faster. They take root in the soul of your brand. And provided we allow them some time to play, they get better and better.

Do this and you'll find that your inventions are more right, more often, and for more people; you'll keep the heart of your brand healthy by feeding its unique emotional identity, and you'll stay ahead of the pack.

ABOUT WALPOLE

Walpole furthers the interests of the British Luxury Industry. Its membership, 100 of Britain's most prestigious companies, provides a community for the exchange of best practice ideas and to drive business development in the UK and in Export markets. Walpole is extending this network to incorporate 'Tomorrow's World', aspiring luxury brands that demonstrate the necessary capacity and ambition. Walpole also represents its members in Brussels and Westminster.

Outside the UK, Walpole has formed a European alliance with Altagamma and Comité Colbert to tackle the business of counterfeiting.

Further afield they showcase their members in New York, Tokyo, Hong Kong and plan to take them to Brazil, India and Dubai in the near future.

The Luxury Code research is the latest in a series of research projects commissioned by Walpole. Prior to this, Walpole produced a number of studies including the insightful 'Brands & Nationality' research, which looked into the relationship between brands and where they were perceived to come from.

More information is available at:
www.thewalpole.co.uk

ABOUT ADDED-VALUE

Added Value works with many of the world's leading brands on a global perspective. Luxury global clients include Lamborghini, Bentley, and Maserati, in automotive; LVMH, Pommery, and Dom Perignon in the drinks industry; and Issey Miyake, Jean-Paul Gaultier and Carolina Herrera in fine fragrance. Our new global client management team will provide the focus to build and grow existing key relationships, and attract new clients to Added Value. With a footprint that now extends across 21 locations

across 13 countries, Added Value helps clients ignite desire for their brands, businesses and people. By drawing on the expertise within its new global network, Added Value fuses brand marketing, consumer insight, innovation, and communications optimisation to help solve clients' marketing problems.

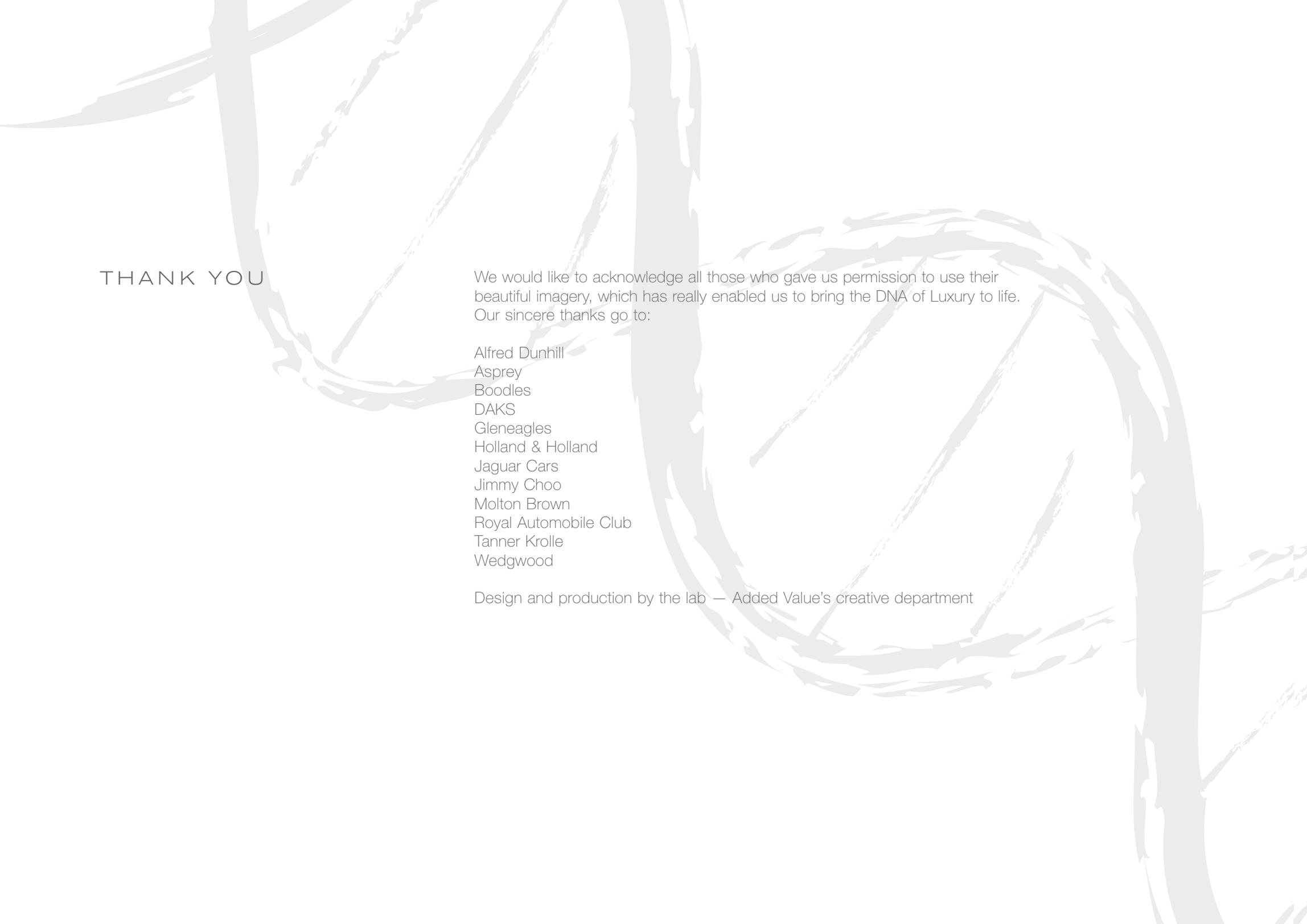
More information is available at:
www.added-value.com

ABOUT THE PARTNERS

The Partners work with some of the world's leading brands, providing a range of design and strategy solutions. Luxury clients include Patek Philippe, De Beers, Stella McCartney, Wedgwood and Jaguar Cars. As one of the most creatively awarded agencies in the world, The Partners

consistently help their clients to achieve the very highest standards of craft and creative ideas across all aspects of their brand and communications.

More information is available at:
www.thepartners.co.uk



THANK YOU

We would like to acknowledge all those who gave us permission to use their beautiful imagery, which has really enabled us to bring the DNA of Luxury to life. Our sincere thanks go to:

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Tanner Krolle
Wedgwood

Design and production by the lab — Added Value's creative department