

# *8 Key Insights From Luxury Society Keynote*



PARIS, OCTOBER 8<sup>TH</sup> 2015

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# *Luxury Society*

## *Keynote Paris*

### *2015*

On October 8, Luxury Society launched its 2015 Digital Luxury Keynote event in Paris, bringing together industry executives from across the globe for a day of exclusive luxury business insights. Here, we present a debrief of the best from the day's presentations.

This particular event was also of specific importance as it marked a milestone – Luxury Society's 10th Digital Luxury Keynote.

Since 2013, Luxury Society has connected more than 2000 delegates in London, New York, Paris and Hong Kong, sharing the insights and experiences of some of the industry's most revered executives.

This year, our events series have focused on better understanding the digital behaviour of the luxury consumer; examining their habits in connection to mobile, media consumption, search, social and shopping.

Here, we bring you an exclusive recap of the Paris presentations, from speakers including: Conde Nast, Baidu, Digital Luxury Group, The Ritz Paris, Harrods, rewardStyle, Socialyte and more.



# THE ROLE OF BRANDED CONTENT IN LUXURY'S MARKETING MIX



SARAH HERZ  
Head of Digital  
Condé Nast France

Whisking the audience behind-the-scenes of Condé Nast's branded content studio – which launched in February this year – Herz revealed three key factors altering the course of the publishing conglomerate and the way it communicates luxury.

*“Luxury brands have the most beautiful stories, but sometimes need help from publishers to tell them”*

## 1. ADBLOCKING

Forcing advertisers to find less intrusive methods to capture consumer attention which means more interesting content needs to be produced.

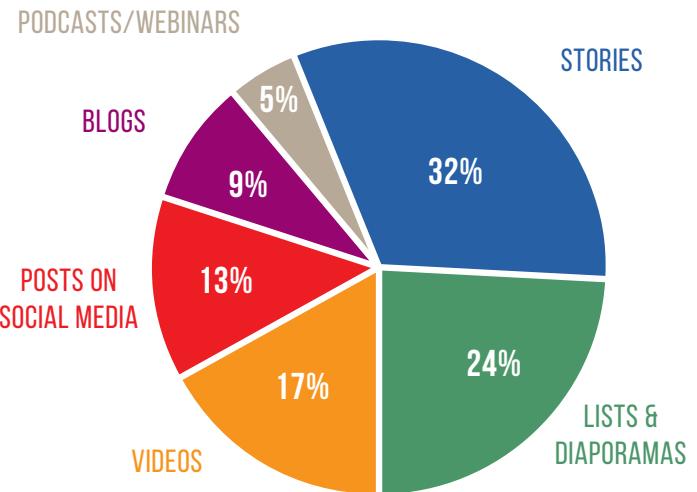
## 2. NATIVE ADVERTISING

Advertisorials have always happened, but more ways to create engaging advertising content are arising. It's important to match the visual design of the experience ads live within, and for messages to look and feel like natural content.

## 3. BRANDED CONTENT

Blurring conventional distinctions between what constitutes advertising and what constitutes editorial content, branded content is the merger between advertising and entertainment and major millennial territory.

Zoning in on the final point, Herz went on to explain that "millennials are the most interactive with brands, so stories and two-way communication are key", before sharing some best practice examples of luxury brands leveraging content and storytelling strategies within their digital marketing mix.



*A Narrative Generation: Brand Content Clicks Of The Millennials*

One such example included Conde Nast's partnership with Lancôme, which culminated in the creation of an online magazine titled 'Paris Inspires' for the beauty brand.

The microsite, which sports fresh typography and a bespoke navigation bar, is filled with discerning Condé Nast editorial content, with Lancôme products subtly and seamlessly woven into the beauty element of the magazine.

Highlighting her point, Herz concluded her presentation with cold, hard facts on the power of content and said: "Luxury brands have the most beautiful stories to tell, but sometimes need the help from publishers to TELL that story."

- Brand content = comprehension + inspiration + discovery
- Conversion rate is six times bigger when products are linked to content and newsletter (Abberdeen 2014)
- 31% of millennials say they could buy a product if content around it is interesting (Newscreed 2014)
- The growth of e-commerce sites leaders of brand content is eight times bigger than other sites (Aberdeen, 2014)
- Content makes a brand exist in SEO vs retailer's content is shared and drives visits to e-commerce platforms



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# Luxury Society

## Keynote Paris

### 2015

## IS DIGITAL THE FUTURE OF MEDIA FOR LUXURY BRANDS?



KATIE ALLEN

Regional Director France, Spain & Switzerland  
The Wall Street Journal



AUGUSTIN LETELLIER

International Digital & Innovation Director  
ZenithOptimedia

Shedding light on the future media formula for luxury brands, this panel discussed the state of traditional advertising, its strengths and the importance of folding new digital channels — social media, search, video, display and mobile — into the mix.

Commenting on traditional media, Augustin Letellier of global media agency ZenithOptimedia — which boasts clients including Cartier, Mercedes-Benz, and Jaeger-LeCoultre — said “brands can track most of the user experience in digital, but they still believe in print”.

*“Mobile is going to explode this year, and viewability is crucial for brands”*

He was also quick to point out the differences between the two and things brands should consider when musing over a medium, particularly the fact that no specific audience experience optimisation is required via print, whereas with digital, targeting makes customisation mandatory.

Viewability was central to the discussion, with Letellier drawing attention from the audience by stating the general definition of “viewed” digital ads to be: 50% of the ad seen for at least one second.

He said viewability is crucial for brands investing in desktop advertising, but warned that while users used to be on desktop, mobile will be key for luxury brands going forward.

“Mobile is going to explode this year. Users access their mobile for social networks and then consume other content,” he said.

On the topic of traditional advertising avenues, such as print, Letellier also revealed that he has observed a shift and is seeing luxury brands “coming back to classical print in the airports”, as publishers have also evolved “technologically speaking”. All panelists agreed, however, that traditional media, such as print, will have to work harder for their piece of the pie.

Despite the rise of native content, The Wall Street Journal’s Katie Allen revealed that she has also seen a strong interest for display from luxury brands, along with growing interest for mobile and tablets, although these have brought more “challenges in terms of format”.

She also highlighted the continuing core value of print as an advertising medium with an engaged, high quality, and dedicated consumer following.

“Nobody knows our audience better than we do, and we know what kind of content they expect,” she said.



# HOW CAN LUXURY BRANDS BEST LEVERAGE VIDEO?



CHRISTOPHE PARCOT  
Chief Operating Officer  
Teads

Teads Chief Operating Officer Christophe Parcot got off to a flying start announcing video as “the best-rated advertising medium for luxury brands”.

Predicting a 370% increase in video advertising between 2013-2018 to the value of \$36.2 billion, Parcot said the medium is bursting with potential for luxury brands, but added that while there are plenty of videos – only 5% overall are considered premium.

“A lot of ads are not viewed. 90% of users skip the pre-roll. Consumers are demanding better quality – they shouldn’t be forced to view a video.”

Continuing on the subject of embracing effective video advertising, Parcot stressed the importance of quality and said mobile and tablet are crucial resources, with 75% of luxury consumers now connected via smartphone or tablet.

75% of the total luxury sales are also influenced by brands' digital impact, according to Teads.

*“Video is the best-rated advertising medium for luxury brands, with an increase of 370% predicted between 2013-2018”*

Citing four golden rules of video distribution for premium brands (see visual below), Parcot stressed the art of storytelling via video for luxury brands and championed the company's inRead solution as the perfect format for editorial content.

“When compared to the average of Facebook Video Ads, YouTube Pre-roll and standard pre-roll, inRead was more effective across brand metrics,” he said.

He added that inRead boasts a 100% viewability rate compared to the 26% benchmark\*.

\*Source: Integral Ad Science Case Study based on a technology Teads Platform Profile company's campaign ran on Teads' platform.



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## 4 golden rules of video distribution for premium brands



REACHING THE  
RIGHT AUDIENCE



... IN THE RIGHT  
ENVIRONMENT



... NEXT TO THE  
RIGHT CONTENT



... USING THE  
RIGHT FORMAT

# Luxury Society

## Keynote Paris

### 2015



## WHAT ARE CHINESE LUXURY CONSUMERS SEARCHING FOR ONLINE?



**CHARLY CAI ZHIYUAN**  
Director of Luxury Industry  
Baidu



**PABLO MAURON**  
General Manager China  
Digital Luxury Group

Unveiling exclusive insights from a yet-to-be released report, Digital Luxury Group (DLG) and Baidu joined forces on stage to tackle 2015's China Luxury Trends.

The full report, to be featured exclusively via Luxury Society upon publication, incorporates results from 18 months of data (January 2014 to June 2015) and more than one billion spontaneous search queries, analysed across four segments (Watches, Ready-To-Wear, Jewellery, Bags), and including over 80 brands.

*"Luxury industry search volumes are growing steadily at double-digits, with watches still the most popular"*

Exclusive data and indicators include search volumes, click-through-rate, mobile share, and breakdown by keyword, as well as rising trends in the areas of gifting trends and seasonality, influencers and Key Opinion Leaders (KOLs).

Setting the scene, the duo revealed the number of 'netizens' in China has grown from 137,0 to 667,7 million from 2006 to 2015, with almost 90% using mobile for search over desktop.

Luxury industry search volumes are growing steadily at double-digits, with watches still reigning as the most popular segment overall, and fashion searches "no longer limited to accessories (handbags)".

Fashion in particular has experienced a stronger seasonality, with 560k searches daily for Ready-To-Wear (RTW), with peaks of interest at the beginning of summer and winter, and a growth of 38%, with 57% via mobile.

Non-brand keywords take up more than half of the RTW category (57%), with Baidu Picture (52%) and Encyclopedia (23%), the most popular platforms, besides search engines, indicating the visual and educational needs required by users.

Louis Vuitton was showcased as a luxury brand taking advantage of users' appetite for pictures during the search journey.

The report also revealed that fashion users are also seeking more inspiration and lifestyle content, with searches for 'Mix & Match', 'StreetShoot', and 'Fashion Weeks', high on the list.

Highlighting the opportunity for luxury brands to leverage these emerging trends, both Mauron and Cai Zhiyuan said that KOLs and designers are playing an increasingly important role in the consumer search and purchase journey.

Celebrity fashion is a rising trend, as are KOLs, with their reach extending far beyond their own channels, and Korean influencers in particular impacting increasingly on Chinese culture.

Western influences are also changing the way Chinese culture responds to gift giving occasions, with the highest number of gift season searches surprisingly identified by DLG and Baidu as: Father's Day with 340K/day, followed by Valentine's Day with 240K/day, and then Christmas (70K/day).



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# ARE INFLUENCERS A LEGITIMATE MARKETING CHANNEL FOR LUXURY BRANDS?



**ANISH BHATT**

Founder

Watch Anish



**DAVE MURRAY**

EVP International Operations  
rewardStyle



**DANIEL SAYNT**

CEO, Chief Creative Officer  
Socialyte

Kicking off a highly-anticipated and controversial conversation about the role of influencers in today's media mix, Digital Luxury Group CEO & Founder David Sadigh moderated this panel, ultimately underscoring the true impact of the millennials on the business of luxury.

Defining influencers as those with a loyal audience, whose impact on that audience can be measured, the panel agreed that while the phenomenon began with bloggers and vloggers (video bloggers) primarily in the fashion category, the net has now been cast much wider, with influencers now expanding to incorporate YouTube, musicians, models, DJs, restaurant owners, entrepreneurs, and Key Opinion Leaders.

*“Marketing is pulling from print and banner ads to push to influencers, but for luxury brands it’s best to partner with them under exclusive contracts”*

What's interesting, however, is that as the influencers' stars have risen, so have their prices, according to Daniel Saynt, CEO & Chief Creative Officer of influencer talent agency Socialyte.

"Now that there are more influencers and they are becoming more famous, they are also becoming more expensive to work with," he said.

"Marketing is also pulling from print and banner ads to push to influencers. This is because they are looking to get organic stories and people talking about the brand's products. But as marketers have more budgets and PR have less, marketers are measuring the results much more and are also choosing more carefully who to work with."

The increase in the number of influencers and the growing trend for brands to leverage their audience via sponsored posts, campaigns and branded content has also led to concerns for luxury brands in particular when it comes to exclusivity and maintaining the authenticity of the message being communicated by the influencer.

"If they work with too many brands they might lose some credibility," Saynt said. "The brands need to work with them on a long-term basis rather than short-term to build legitimacy."

Dave Murray, EVP International Operations at rewardStyle, added: "Compare it to traditional media. If you open a traditional magazine, you will see many different brands in there. If they feature many brands it might be the case that they like that product. But, in most cases, luxury brands should search for influencers that they can hold onto, to be exclusive to the brand, similar to a celebrity endorsement contract."

Not everything is popularity though, according to Murray.

"Data is the big thing: we define influence by the sales that are generated. If they break through thresholds quickly, similarly their audience, the width of their influence (international or not), etc," he said.

Commenting on ways to measure influencer ROI, Saynt went on to reveal that it's a mix of cost per engagement: clicks, purchase, likes, shares, and comments, compared to the overall fans base of the influencer. He stated that results can also be compared to previous campaigns for benchmarks.

Anish Bhatt, Founder of his own blog WatchAnish added that sales, enquiries, and market penetration are also important.

Alluding to the power of influencers to also 'cut through the noise' and attract and engage the millennial generation, Bhatt said the strength of his blog lies in his ability to mix elements of what he likes – watches, lifestyle, cars – and communicate about brands that perhaps once appealed to his dad or grand dad, in a way that resonates with his generation.

*“How to measure influencer ROI? Cost per engagement: clicks, purchase, likes, shares, comments...”*

“I wanted to communicate about these products in a younger way to a younger audience,” he said.

“Also, a luxury product is not a necessity, but I felt that I had the ability to talk about these products without causing offence, being able to talk about it with a sense of humour.”

Rounding off the conversation on how to spot the next big influencer, Saynt said:

“The really successful influencers that have longevity are the dedicated people, those who put in 100 working hours or more a week, speaking, responding, engaging with their audience... the ones that we see rising fastest also are the multi-category influencers. They have so much more power than the traditional fashion bloggers. At the end of the day it's all about consistency and quality of the content.”



*From left to right: Daniel Saynt, Socialyte; Anish Bhatt, Watch Anish; Dave Murray, rewardStyle*

# HOW HAS SEARCH CHANGED LUXURY CONSUMER BEHAVIOUR?



BRADLEY FEHLER

Growth Analyst

Lyst

Illuminating the world of search, how it has changed the way consumers shop and the associated challenges for luxury brands, Bradley Fehler of Lyst visualised the complexities of the shopping journey online for the audience (see visual).

Explaining how Lyst simplifies the journey, Fehler stated that the service promotes more brands and products than any single retailer or agency, including over 11,000 designers promoted daily and over 1,000,000,000 paid impressions served a year.

*“Search does not dilute a luxury brand to overexposure. Scarcity is luxurious but visibility is expected”*

Delving into research, he revealed that empowered consumers interact with approximately 12 ad impressions across different brands before they consider purchasing.

He said this has altered “the traditional media hierarchy”. “It has changed: single retailer references are no longer available as search provides more options than ever to get a product.”

“We consume media from more sources, in more locations all the time, so we are taking control of the brands’ distribution.”

He also highlighted the main challenges for luxury brands which arise from search at scale, as:

- Maintaining brand messaging across multiple brands/products
- Accurate brand representation
- Investing in the most effective areas

Offering up some solutions, Fehler stressed that search has empowered consumers and luxury brands must respond in kind, by understanding the search journey, providing customer service across all points-of-sale, and openly and accurately representing the brand online.

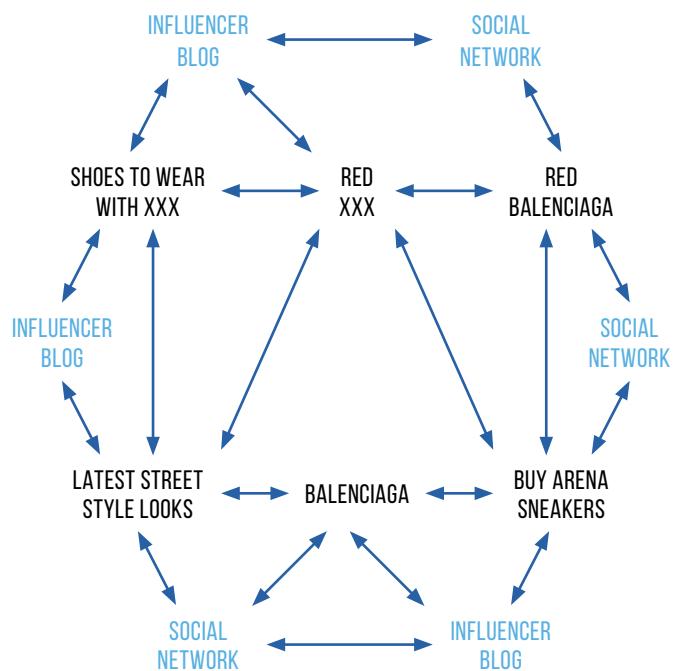
“Search does not dilute a luxury brand by overexposure. On the contrary – consumers expect you to be there, so a weak search presence can lead to the misrepresentation of a luxury brand,” he said.

“Luxury brands that are not present can be associated with a lot of websites, even low cost ones, so it’s important to have a strong brand presence. Take Burberry, for example, as a brand which has embraced digital luxury – and done everything to be relevant on search engines.”

“Scarcity is luxurious but visibility is expected.”

## SEARCH BASED USER JOURNEYS

*Luxury search behaviour looks a little like this*



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# Luxury Society

## Keynote Paris

### 2015

## CAN 'LUXURY' CUSTOMER EXPERIENCES BE CREATED ONLINE?



**CHRISTIAN BOYENS**  
General Manager  
Ritz Paris



**TATIANA OHNYEVA**  
Head of Client Relations  
Harrods



**LIZ ERICSON**  
Associate Principal  
McKinsey & Company

Picking up where Fehler left off, Bloomberg Luxury Reporter Andrew Roberts led this panel to discuss the intricacies of creating seamless luxury experiences online.

Stressing the importance of the topic and the need for luxury to listen in, Liz Ericson, Associate Principal at McKinsey & Company said: "It's a need for brands, it's not a question anymore."

"Offline sales are influenced by the online experience. That's why the digital experience is very important."

Bringing the conversation to a talk about merging technology and tradition whilst maintaining brand image, Christian Boyens, General Manager of the Ritz Paris, said that while online and digital are important – a balance is key, particularly for luxury brands which have a rich heritage.

"The human experience is still at the core of our services at the Ritz Paris because it's genuine and can't be replaced," he said.

"But technology allows innovation in the hotel experience, as long as it is relevant and actually improves the customer experience – not just for the sake of having technology."

"Technologies can be a threat for an old brand and it's important for us to keep our traditional image, so we had 100 decisions to make on how to use technology to improve the guest experience without going too far. It wasn't easy."

Bringing the conversation to a close, McKinsey concluded the discussion with four key pointers necessary to push the luxury experience to the next level: "product, online experience, enhanced offline experience, and big data".

Offering up her suggestions for enhancing the consumer experience online, Tatiana Ohnyeva, Head of Client Relations at British department store Harrods said it's important to understand that consumers expect high standards of service online, just as much as in-store – and "they won't give retailers a second chance" if they are disappointed.

For their part she said Harrods has so far been successful in its endeavours, but there is always room for improvement.

"We've had 26M visitors to the site. We're growing dramatically in terms of online presence, but we're not there yet, we can always improve" she said.





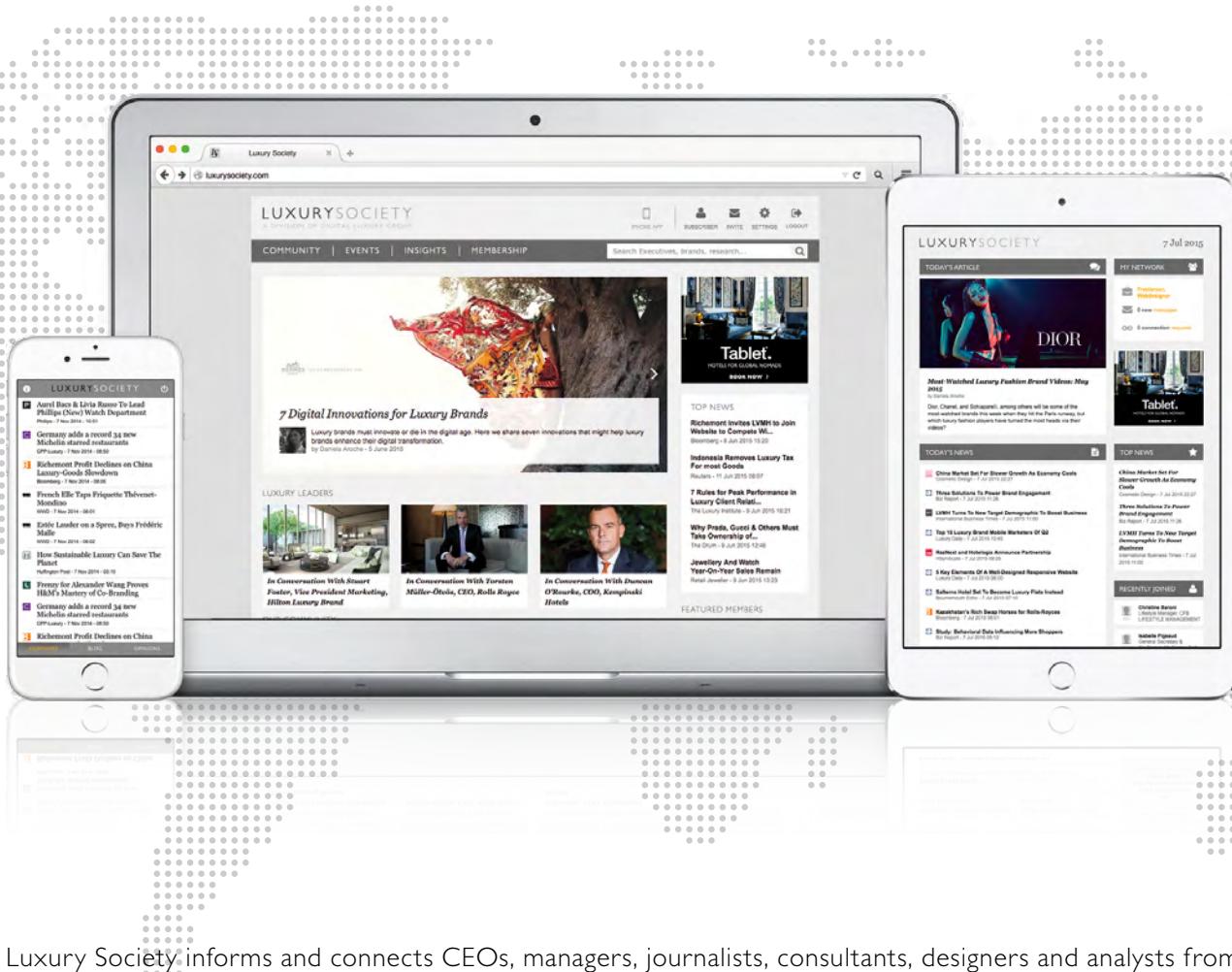
## VISIT THE DAY IN PHOTOGRAPHS

Photographer: © Genaro Bardy

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