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# BUILDING A LUXURY BRAND

*Digitally!*



# Building a Luxury Brand, Digitally!

Second Edition | By Oscar Habeenzu



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The author, Oscar Habeenzu, founder of BehaviourReport.com, GetAPlan.Africa, CabangaGroup.com, and more, is a research and marketing guru that has been building luxury and other types of brands since 1999, worked in several African countries, and has consulted for global and franchise brands such as Ted Baker, Emporio Armani, Ford Models, Miss World, Unilever, UNESCO, Western Union, VW, MAN Trucks, Bloomberg, just to name a few.

# Introduction

I have seen many try to start beauty, fashion, hospitality, airline, or even financial services related businesses in several African countries, calling them “exclusive”, “private”, to mean luxury brands; yet failed to take off. In these same markets, I have seen others start, launch, grow, and expand the same.

The difference between the ones that start and fail and those that start and success, has nothing to do with money or customers, but how their overall market approach was, especially in relation to understanding building a luxury brand, digitally!

Building a luxury brand digitally requires the owners to decide whether they are dogs or lions regarding market approach, because structure plus strategy is equal to surplus.

There are nine things to master, and we discuss them in this short book.

Building a luxury brand is not about barking – speaking big, but it is about the roar – market approach, that announces consumable confidence. Whilst applicable to any brand or industry such financial services, retail, and hospitality, this short book is based on empirical research and centred on the Health and Fashion industries for context, and on South Africa as the base market.

South Africa is the most dynamic market in Africa concerning fashion and beauty brands, and other related industries. There are many brands that are introduced into market spaces, some rising profitably, some stagnating, yet many more dropping the ball and closing.

## **Turn 4-51 into 4-2-4**

Sun Tzu says, “Attack is the secret of defence; defence is the planning of an attack”.

As you start, it is important to always have in mind, that attacking is the best form of defence in any battle.

Just like in football, in building a luxury brand, you do not play a defensive game, that of the 4-5-1 formation as a sales strategy; you play an offensive game, that of the 4-2-4 formation as a growth strategy.



The game is not to sell, but to sell causing growth, and that can only be achieved by an offensive formation. In building a luxury brand, it is not enough to rely on referrals for sales, because the cost of running a luxury brand must be paid for by new consumers, keeping the cycle moving in that way as the sales and reputation bring growth to the brand. That is the reason for having the luxury brand in the first place.

Sun Tzu says, “in war, then, let your great object be victory, not lengthy campaigns”. Being known to have a luxury brand is not the objective but having a growing and profitable luxury brand is the objective. There is no need to have a brand unless victory is the mindset, and all luxury brands must be victorious.

Victory comes from attack. Attack means more forward playing than middle of the park, but it also means well defended when being attacked. Referrals have kept the lights on, now you need to be offensive to own the reputation you believe that brand represents. That comes from attacking not defending.

Luxury brands do not advertise only to those that consume their brands only; but advertise to all, so that they create desire for future consumption. You must reach out to all possible people, telling a story that will cause them to upgrade their incomes so that they consume your brand, whilst ensuring that those that already consume your brand are backing your conversations by talking more about the brand.

Building a luxury brand, like the 4-2-4 formation, is about being strong on attack and solid in defence. The first four represents four defenders, and the last four represents four strikers. You must be exceptionally perfect in defence and the same in attack.

As a business owner of a luxury brand, consider using the following formula for using money in the business:

40% for Operations

20% for Matters Arising (Petty Cash)

40% for Marketing

There are many working capital formulas to use, but the key is to put more money into marketing just as you put into Cost of Sales or Production, because without marketing, your brand will not sell as much as it needs to. Speak to your Accountant about this more.

Many make the mistake of playing a defence game and hoping their luxury brand will grow. Those that fail to grow a luxury brand, do so because they are playing the defensive 4-5-1 formation game. Having four defenders, five midfielders, and one striker is playing safe. They are being more concerned with just survival or the prevention of a loss than they are with opportunities of victory.

When you are more concerned with surviving, i.e., referrals from current customers, you will eventually end up being stagnant, and most stagnant brands close their businesses.

I have witnessed over a period of ten years, on the same location, two restaurants fighting for customers.

One closed whilst the other remained, and their difference was the one that closed was playing a defensive growth strategy and the one that remained was playing an offensive growth strategy.

Growth is about a victory attitude that is cultivated as the brand is released, sold, consumed, reviewed, and the same process repeated over again. There is no secret to victory but to attack when it comes to increasing sales and growth for a brand and business in any industry.

You must turn your 4-5-1 into a 4-2-4.

## **Structure + Strategy = Surplus**

The objective of building a luxury brand is for status as much as it is about profit because there is a niche available to show a certain status, lifestyle, or pleasure. You can never confuse a confident brand because it has a clear structure where it executes strategy that brings surplus.

Zara in fashion, Sorbet in beauty care; the common denominator is a defined structure plus strategy that results in surplus. These two brands started in one area of their industry and expanded into other complimentary industries because their structure and strategy equalled surplus no matter what they sold.

There is Zara Home in South Africa, for luxury and stylish furniture and living accessories.

Sorbet has become versatile in not only offering beauty salon services, but beauty spa, and beauty products. Brands fail in this digitalised and post-Covid economy because they do not approach brand building with a distinct structure, distinct strategy, and predetermined surplus goals.

There is need to define a structure of approach, whatsoever it may be, but it must be distinct and then move to next thing - Strategy.



Strategy comes after structure, because it is what is then used to approach the world, new customers - the methods that will bring surplus. Surplus comes as leads, brand awareness, sales volumes, revenue, and eventual profitability for return on investment occur.

## **Dog or Lion Approach**

Realise that all brands are looking for customers - hustling like a dog or hunting like a lion. From day one of going public - whether within your personal networks or external, people know by feel and adoption, whether you are a dog or a lion. The distinction is in the equation of Structure plus Strategy equals Surplus. Dogs hustle, lions hunt.

The difference between the hustler (dog) and the hunter (lion) brand is that of how they structure their approach when looking for customers. Dogs hustle, meaning they are not necessarily using carefully planned strategy, but just scanning through usual places to find food.

Lions hunt, meaning they follow carefully planned methods, that include going to places that has prey, or creating atmospheres that cause prey to come to them.

Strategy equals Surplus is the default approach of hustler (dogs) brands, as they just create content, adverts, and use marketing channels using unstructured strategy – so long as they just get more likes and loves.

The complete spectrum of Structure plus Strategy equals Surplus is encapsulated in the lion, its approach to a hunt, its execution of the hunt, and the outcome, even in cases where it misses the mark.

Preferred for any successful brand is the hunter; all brands that want to last longer must become lions in their market approach.

Market Approach choice is important because a brand does not necessarily have to take up the mannerism of those that own it, even though they want to infuse their desired culture.

Some brand owners are insecure in their management style that all things are done by them, and this trickles into the brand, and whilst they may have intended for it to appear bold, it screams out insecure to its audiences.

Insecure leadership is synonymous with dog brands in that a dog focuses on respect within its structures, whilst a lion is inwardly secure and focuses on the hunt.

A hunt requires a team effort, and team means order, structure, methodology of market execution, not clatter and randomised skirmishes to the market. All brands give out a scent, a smell that is subtle, only invisibly visible in its communication from day one onward.

Your brand has a smell, and the question is, is it giving out a dog or lion smell. There are brands that bark and expect the results of a roar.

There are then brands that roar, and no matter the size or what they say, it sends a cracking sound into the hearts of all present in its space. It is important that a brand must decide to either bark or roar, and that all has to do with Market Approach.

Market Approach for building a luxury brand digitally includes building your brand with storytelling and content marketing, focus on social media growth to develop the foundation of your online presence, utilizing market research to make strategic decisions that will streamline your online presence, and using innovation in technology to manage the complexity of creating a digital ecosystem whilst maintaining its luxurious image.

## Brand Archetypes

Firstly, choose a **Brand Archetype** from day one because it determines your branding language, images, campaigning style, target audience as you approach and interact. There are twelve brand archetypes to choose from. There is the Innocent, Sage, Explorer, Outlaw, Magician, Hero, Lover, Jester, Everyman, Caregiver, Ruler and Creator. No matter the size of business, it is very important to establish a brand personality from onset, or review it at regular intervals, to make sure you are set on who and how you communicate as. Brand archetypes are your standards of communication, whether presentation, messaging, literature, or imagery. Choose an archetype first.

## Fluid Business Model

Secondly, it is important to conceptualise a **Fluid Business Model** that is not dependant only on conventional business structures, especially in a post-Covid19 global economy, and in advanced economies like South Africa. We live in the days where the world is at the dawn of a 4-Day week and is seeing the rise of remote-working and digital nomadism.

There is no reason why a luxury brand for a beauty salon and beauty spa cannot offer mobile services, as complimentary to their instore services.



In-store services for luxury services are going to fade away or the need for them will be just as equal as mobile services.

The doctor with the private exclusive clinic may start returning to the 20<sup>th</sup> century model of home visits for a premium fee.

A business model for a luxury brand must be very fluid because in the world of luxury, it is the customer experience that people associate themselves with, and not the price, and to be competitive things like franchising and agent appointing may need to be part of the business model from day one.

We live in a time when it is possible to start a beauty spa without a beauty spa using a franchising business model. The digital ecosystems now available, allow for the creation of a digital strategy for running a luxury brand without an office or store. More on this later.

## Go-to-Market Strategy

Thirdly, have a **Go-to-Market Strategy** backed with an execution structure for the brand, and it must include important issues, in a simplified manner for all that represent and consume the brand.

In going-to-the-market, there is always a misunderstanding of Brand Awareness and Lead Generation, in that many assume making new consumers aware of your brand will result in sales.

Brand awareness does not guarantee sales but without it, they will not come. Go-to Market involves defining self, developing messaging, settings targets, choosing tactics, continuous researching of competitors, and getting regular feedback.

Setting this up from start or early days helps in being clear and removing confusion from how-to-sell the product or service.

## Marketing Automation

Fourth, **Marketing Automation** is another important facet of shaping a market approach because an automated marketing strategy allows for effective execution and performance management of things that increase awareness and bring in sales leads for revenue.

Sales Force.com defines Marketing Automation as "the process of utilising technology to streamline marketing efforts and make them more effective.

It uses a single automation platform to manage every aspect of every campaign from the same place, including but not limited to email and social media marketing, mobile messaging, and managing ads".

Deciding early on marketing automation helps to scale the business model as it is all centred on delivering the marketing promise. A low cost, high impact solution for marketing automation is always important. It is not just about having social media channels, nor about posting content, but creating a path for the new prospect to move from awareness, consideration, to conversion, no matter which channel they have viewed your advert.

To get to a point where your marketing automation is complete, there is need to first decide which comes first brand awareness or lead generation, if both, then deciding what is the budget and attention for both. Best practice in these regards is 50/50 for budget and attention.

## Selling Strategy

Fifth, a **Selling Strategy** is necessary to define and adopt from the beginning because it helps to know how to acquire the customers. Brian Tracey wrote "improving your ability to sell and convert interested prospects into paying customers is one of the most important things you can do to boost sales". This requires methodology, clearly defined, and all involved educated and knowing.

Selling is often left to assumptions, in that if someone shows interest, many assume that is an automatic conversion into an invoice and payment.



We live in days where we can even get an invoice done for us, only to find another option that we then instantly pay for, whilst there was nothing wrong with the invoice we dropped.

Incomplete sales transactions on e-commerce websites have given birth to re-marketing, as a major part of selling. It is important to always know how to get a clear decision from prospects and keep in touch to warm the leads, for an eventual paid invoice.

## Community of Customers

Sixth, there is a need to establish a **Community of Customers**, because luxury brands thrive within the space of belonging to and coming from a community. As you begin, there are those within your personal community, and those that are early consumers of the brand; grow with them, but wisely.

These personal communities you start the brand in are called sympathy markets – people that sympathise with the brand owners or founders and kick-start their growth.

A luxury brand may be born from a low-income community, yet targeted at middle to high income consumers, hence a need to navigate in relationship building from these extremes of lack to plenty.

It is important to always know who the target customers are, and sell or market to them, instead of going for likes and loves from those that will not pay for the product or service.

No brand is started for the sake of just being called "this is nice", because the objective is to become rich from the brand but serving a purpose. Purpose for a brand is for and cultivated in a community.

Shaping a community depends on what the brand is, but often interests help in cultivating. Grow the brand with the customer's help, and this will drive awareness and increase sales. It must be done intelligently though, as there is a lot of public relations involved.

## The Results Formula

Seventh, a key component is financing because **“Paid Skills + Financial Resources = Results”**. You need skills and the skilled to build a successful luxury brand because a brand is a product of a combination of skills over time.

You also need financial resources to build a luxury brand because it is firstly, for those with financial resources or aspiring to attain them and matching their expectations with your brand requires injection of money, for adverts, brand building, public relations, and not just for production of the products or services.

Advertising Campaign budgets for a Beauty Spa, matter just as much as the luxurious couch in the reception area for ambiance or the scented perfumes. When combined correctly, paid skills and financial resources will produce results over a period, determined by the skills together with the resources.

You cannot expect results when you have wrong skills or the wrongly skilled, let alone expect results without adequate resources. It will not work.

You must know that marketing budgets are important considerations when running any business or venture.

They are important because they help with maintaining an efficient teamwork environment since each team member knows there is a specific role that needs to be differentiated from the other teams in their organisation's marketing budget.

Have a plan, out a budget, and stick to it, simple!

## Expansionism

Lastly, **Expansionism** is something a luxury brand cannot ignore in the days we live in, because it is a global village, and post-Covid economics that allow for brands running without office or store but are drop-shipped and mobile consumption of services.

A fashion brand from Glen Austin, Midrand, Johannesburg, may target South Africans or Midranders based in the UK, and Perth, Australia at once, just as easy as those local or in surrounding areas.



All leading social media platforms offer in-depth advertising profiling tools that allow brands to sell and market to the closest match of their perfect targeted customer profile.

It is always important to be ready to expand the awareness of the brand, to create the correct perception of the brand, whilst following through with all-things operations. It is all about Market Approach.

## In Conclusion

**In Conclusion**, the luxury goods industry is highly competitive and challenging to run and grow, requiring a combination of creativity, strategy, communication, digital aptitude of the day and more. A market approach means having a structured strategy that bring surpluses for all those involved.