

Connecting Replaces Cocooning as New Butterfly Consumers Emerge

by Pam Danziger, president Unity Marketing and
author of *Why People Buy Things They Don't Need*

Everybody knows that a significant share of consumer decision making is driven by emotion. And if you manufacture, market or sell any kind of luxury, that is anything people buy that they don't need, then emotions are behind virtually 100% of consumer spending. People in the business of making or selling a product, whether it is fashion, accessories or other tangible "thing," so focus their attention on the thing they sell, that they frequently overlook the fact that when consumers buy based upon desire, not need, they aren't really buying a thing (i.e. a noun) at all, they are actually buying to achieve a feeling, to enhance an experience, to get an emotional lift (i.e. a verb).

What a dramatic difference it will make to your fashion business when you connect with your luxury consumers and understand the experience of buying fashion from their point of view. You'll discover that the thing you are selling is ultimately just the means to an end for the consumer and that end is a feeling. Charles Revson, founder of Revlon, said it best: "In the factory we make cosmetics, but in my stores we sell hope."

Meet the Butterflies: The Emerging Luxury Market

Connecting with the consumer is all about knowing them, understanding them, and getting inside their heads and hearts. Remember the 60's song by the 5th Dimension "Age of Aquarius?" If you are planning and strategizing your 21st century business today based upon what you learned about the 20th century consumer, then you are in trouble. Today the Age of Aquarius is dawning as a new type of luxury consumer emerges from his or her cocoon. Meet your new luxury consumer: the Butterfly.

Butterflies have emerged from their luxurious cocoons and are driven by a need to reconnect with the outside world. They are connecting in their social, political, commercial and cultural worlds. Unlike cocooners who are inwardly directed, butterflies define their personal identity by connecting and relating to the outside world. In the latest research among luxury consumers conducted by Unity Marketing in association with *House & Garden* magazine, three different types or segments of the luxury market were discovered. Butterfly consumers today make up about one-fourth of the luxury market, but their participation is destined to grow as luxury cocooners, who comprise about 40% of the luxury market, and luxury aspirers, about one-third of the luxury market, evolve into butterflies.

In contrast to the luxury cocooners who are wrapped up in their luxury cocoons and inwardly focus their time and attention to making their nests more luxurious or the luxury aspirers who are driven to buy and display but have not yet reached the level of luxury to which they aspire, the butterflies are the least materialistic, most highly evolved luxury consumers. They know, as ultimately we all must, that things won't bring happiness. Yet, in the world's terms, the butterflies are the most successful, having the highest average income of the segments and living in the most expensive houses.

Paradoxically, while the butterflies are the least materialistically oriented, they spend the most buying luxuries, about \$14,675 a year on average. Luxury cocooners spend only about 65% of what butterflies do annually on luxuries, while aspirers spend less than half as much.

Not only do butterflies spend more on luxuries, they also spend differently. Only one-third of the butterflies' annual luxury spending is for home-related luxuries, like furniture, art and antiques, appliances, housewares, linens or tabletop. Rather the butterflies devote the biggest share of their luxury budget to personal luxuries, notably fashion and fashion accessories, jewelry and watches, fragrance and beauty products and automobiles. By comparison more than half of the luxury cocooners' luxury spending goes for home-related luxuries.

Butterflies are characterized by a deep desire to find new meaning and establish a new equilibrium in their lives. They feel conflicted between the roles they play in their inner and external worlds. They feel blessed that they have so much worldly success, yet they feel a need to give back to the society that has given them so much. Prototypical butterflies include Bill Gates, Ted Turner, and Meg Whitman, the ceo of eBay, all of whom are giving a significant portion of their wealth to charitable causes and endowments that each one feels will benefit those less fortunate. The idealistic butterflies want to make a real difference in the world and leave it a better place.

Butterflies are neither motivated by status or exclusivity when they buy luxury goods, whereas luxury aspirers are driven by need to have and to own. Butterflies are democratic in their view of luxury and strongly agree with the statement, "Luxury is for everyone, but different for everyone."

When you think of the butterflies, the key word that characterizes them is "connected." They seek connection in all realms of their lives. Unlike cocooners that are disconnected, the butterflies are connected to others, to the outside world, their communities, the social, cultural and political establishments, the rest of the world. As luxury consumers, they spend the most on connecting-driven travel and entertainment and also on luxury services, such as housecleaning, lawn care, etc., because these personal services free them from the drudgery of day-to-day life so they can spend time out and about connecting.

What It Means to Business as Connecting Replaces Cocooning

For the past twenty years, cocooning has dominated our thinking about the consumers' consciousness. Now that connecting is replacing cocooning, it brings new challenges to retailers, manufacturers and marketers to truly connect with their consumers. We must develop ongoing, meaningful, two-way dialogues with our customers, our potential customers and our future customers. But today one-way communication, such as media, brand and image advertising, dominates. We direct communications outward to the consumer, but there simply is no meaningful customer feedback loop engineered into our marketing communications programs. We may pay lip service to gathering input from our customers, but for most companies it is pretty pathetic.

There are exceptions, however. Have you noticed how the cable news networks have completely replaced the networks as a source for news? Have you also noticed that cable networks don't talk to, but talk with the viewer? Every cable news network regularly conducts viewer polls, shares viewer comments on the air, invites viewers to participate in call in programs. In other words, they connect with their consumer and they are beating the pants off the old-line, one-way directed television news format. Television home shopping offers the same personal connection with the consumer. To start merchandising on television shopping is completely market driven, with real-time sales performance data determining what products should be featured. Besides selling

only what the consumers want, not what the shopping channels want to sell, they invite consumer connection through live telephone calls to hosts and guests. And if you don't want to connect with the shopping channels by phone, you can always go to the internet and connect online.

The future retail challenge is to reconfigure every point of contact between the consumer and the company, the retailer, the brand for two-way interconnectedness. Our company websites must become the hub for our new connection with the consumer and the platform on which we build our brand positioning and identity. The stores where we sell our goods and the brands that the stores select to carry are intimately connected in the consumers' mind. Since branding of the store and the product are synergistically linked from the consumers' perspective, companies must be vigilant about where they place their products and stores must be highly selective in the branded products they carry.

Branding, that is building a brand, communicating its values and using the brand as a conduit to connect to the consumer is destined to grow as the pivotal axis on which all marketing is based. What is a brand? Literally it is the "contract" between the company and/or the store and the consumer with the terms written in emotions. It's on an emotional level that consumers connect to brands. Their passion, their loyalty, their dreams and desires are all tied up with the brand.

Ultimately retail is all about connecting why the consumer buys with how to reach them and where to reach them. Today a lot of talk is given to customer loyalty and loyalty programs with the thinking that customer loyalty is something that the customer does for them. When in reality customer loyalty is something the company and the brand does for the customer. It's being loyal to the customer, their drives, dreams, and needs. In other words, placing the customer first.

The challenge for the future becomes configuring the entire shopping experience to connect with the consumer, both before, during and after the sale. How do we connect? Simple, connecting is about talking less and listening more. It's about giving more value, rather than taking more money. It's about being involved and passionate about the customer, rather than waiting for the customer to get involved with you. It's about connecting with the community and the things that matter to the consumer. It's about creating your business to satisfy the needs of your customer.

About Unity Marketing

Founded in 1992, Unity Marketing is a market research and consulting firm that specializes in luxury and emotional marketing. For its clients, Pam Danziger, company founder and author of *Why People Buy Things They Don't Need*, discovers 'why people buy' through market research and translates that insight into powerful marketing messages and brand positioning. Unity Marketing publishes market research studies on the luxury market, art, jewelry, gifts and collectibles, personal care markets, as well as the *Luxury Business* newsletter. Pam is currently working on her next book, *Let Them Eat Cake: Marketing Luxury to the Masses* (as well as the Classes), to be published early in 2004.