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## Competition in luxury brands sector intensifies

Tuesday, December 11, 2007

**Suzanne Hader, president and Luxury Brand consultant of the US company 400twin, advises representatives of 25 companies including Vakko, Beymen, Escada, and Turkcell, seeking shares in the \$500 million luxury market**

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The retail industry is upping the competition to gain shares in the luxury market that has reached a size of \$500 million in [Turkey](#).

As more huge shopping malls like Kanyon and İstinye Park selling luxury brands open in Turkey, businesses are looking for more effective ways to reach the luxury customers, the "A-plus" group.

The latest tactic of the retail sector chasing sales at the high end of the market is the conferences and fairs recently being held on the concept of "luxury." Thanks to these events, firms are benefiting from a series of consultancy services by widely acclaimed experts and consultants. Issues they cover range from how companies should position their brands, to risk-taking and learning about patterns of consumption behavior.

So, what are the ways of acquiring a place in the world luxury market, the dynamics of which change everyday? How can retailers attract the "A-plus" shoppers, and keep them coming back for more? To eradicate these question marks in the minds of Turkish business, IMI Conferences held a two-day workshop last week. Suzanne Hader, president and Luxury Brand Consultant of the U.S. company 400twin, led the workshop, instructing firms willing to position themselves in the world luxury market that reached 100 billion euros in 2006. During the two days, representatives from 25 brands including Vakko, Beymen, Escada, and Turkcell discovered the hidden secrets of luxury retail.

The luxury market is different from what it was in the past, Hader said, because there are more risks

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Suzanne Hader strolled the Kapalıçarşı (Grand Bazaar) after giving tips on the luxury market to business world representatives during the two day workshop.

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and the customers are more intelligent and demanding today. Market surveys of luxury consumers are therefore crucial in order to get to know the customers better. Hader pointed out that it is vital for brands to know who these people are, what they demand, how they are motivated while shopping, and why they tend toward luxury consumption goods. Shopping patterns and practices might vary from country to country in great deal and that is why international firms in particular should determine specific strategies according to different countries. According to Hader, grasping the cultural differences in purchasing patterns is highly important for [market leaders](#) and increased consciousness about this issue will help companies take a step forward.

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### **Your potential is higher than [New York's](#):**

The luxury market in Turkey is currently worth \$500 million and its value is expected to double within the next few years. Despite the complaints of workshop attendants about the underdevelopment of the luxury market in Turkey, Hader said the Turkish market is more advanced than that of many other countries.

The fact that it is possible to see people still shopping at İstinye Park at 7:00 p.m. is a significant indicator of luxury consumption in Turkey, said Hader, adding that the most striking characteristic of shopping centers in Turkey is that brands compete with each other side by side. She cited Fifth Avenue in New York and said when one strolls through it, he or she has to walk for a considerable distance between different stores and shopping centers. Hader believes that opening a huge shopping center and putting all these luxury brands side by side is a bold move, and a clear indicator of the fact that there is a considerably significant group of people who want to buy expensive [clothes](#) and bags from famous brands in Turkey. In Hader's opinion, Turkey has a more developed luxury market with more potential than most people predict.

Hader was most affected by the atmosphere created in shopping centers like Kanyon and İstinye Park. She continued that Fifth Avenue in the New York City is also very beautiful, but there one might encounter a hamburger shop two doors after Louis Vuitton in addition to many [cars](#) passing the street and tourists wandering around. For Hader, shopping at Fifth Avenue is not something done in a silent and special environment and street-level distractions all kill the magic of shopping.

Hader also said Turkey should quickly produce brands to win more [shares](#) from the global competition because it takes many years, even decades, for luxury brands to become established ones. That is, the most important thing to achieve for a created brand is to become a strong and permanent one.

### **Consumers demand confidentiality:**

What follows are Hader's tips about what luxury consumers look for during shopping: Confidentiality, a silent environment, a closed off shopping experience, and perfect service. She reminded that firms can produce amazing products but service is also very important, meaning that luxury consumers always looks for salespersons who know what they want better than they do themselves.

[Customer Relationship Management](#) (CRM) systems are becoming more and more important day by day, according to Hader. Through such systems, a salesperson listens to you carefully and enters your preferences to the system through cataloguing. This enables him or her to know details like what kind of goods you prefer or whom you are shopping for, either for yourself or for the loved ones, the next time you visit the same store. The salesperson can also reserve any clothes you may like for you since he or she has already discovered your preferences.

Hader noted that another priority for the luxury consumer is [security](#). She said there are no measures regarding security in the United States. She said she found the vehicle checks and metal detectors for customers entering Turkish shopping centers very impressive. Other favorites of luxury consumers are personal collections and special products produced only in a limited number. One person can pay millions of dollars for a particular tennis racquet sheath just to own one unique item for himself/herself.

### **The new trend in entertainment:**

Following in great detail the newest trends, Hader said the luxury market has recently been integrated with the entertainment sector in the U.S. Hader said people also wanted to be entertained while they shopped and that high-end brands do not overlook this. She added: "The new trend is to create a Disneyland for adults in stores. [New hotels](#) in Las Vegas, the heart of entertainment, house more and more high-end brands." The entertainment factor in Turkey will merge with the shopping experience of the future, said Hader.

### **Consumers in Anatolia take delivery at night:**

Cellini Message [Armchairs](#) General Manager Gökhan Güvener said competition has become fierce in the luxury goods sector and added: "One of our customers who supported the Fenerbahçe football team asked that we produce our armchair in [the official colors of his team] yellow and navy-blue. We also produced it in pink."

Güvener said "A-plus" consumers were interested in custom-made products. He added: "These people do not have much interest in costs. They are more interested in pleasure and aesthetics. People used to be afraid of attracting attention. This reservation decreased as the number of high-end brand consumers increased."

He said there was significant difference between the cities in Anatolia and Istanbul. "Customers in Anatolian cities still ask that delivery be made at night hours or want to meet the delivery person at the door and ask that neighbors do not see the delivery. In Istanbul, the situation is the exact opposite," he said.

### **The \$1 billion potential is exciting:**

Visiting Turkey last month for "Retail Days 2007," Calvin Klein Jeanswear Europe President and CEO Gaetano Sallorenzo was excited by the fact that the high-end brands market in Turkey would soon grow to \$1 billion from its current volume of \$500 million. Saying that the consumption of high-end brands has been growing in the world, Sallorenzo said high-end brands market had reached 70 billion euros in 2006. He added that the market in China, Russia, and India has been growing at a dizzying rate. "In Russia, the high-end brands market grew by 45 percent last year. About 37 percent of high-end brand consumption takes place in Europe. If we add Russia on top of this, the proportion goes above 40 percent."

### **Sector grew by 9 percent in 2006:**

According to the Luxury Consumption Survey prepared by Italian Altagamma Association, the amount of luxury consumer products throughout the world grew by 9 percent in 2006. The expectation is that the market will grow by another 7-9 percent in 2007. The increase in the number of high-end branded stores now open around the globe is one reason for this growth. Moreover, the newfound Russian tendency toward high-end brands is noted as another factor for this expansion.

Domestically oriented, the U.S. market has grown by 8 percent while most of the sales in the European high-end shopping districts such as Paris, Rome, Milan, London and Düsseldorf are geared toward tourists.

When the up-and-coming markets of China, India, and Russia are in question, almost a third of the 18 percent increase in the Far East luxury goods market is down to China. India ranks second after China with 25 percent of that new growth.

### **Luxury Fair exceeds expectations:**

The first "A Plus Life Style 2007" Luxury Brands Fair, organized by JNR Fair Organization Company on Dec. 8 and 9 in Istanbul, brought together 35 high-end brands.

The project's manager Berna Aslan said they are very happy with the interest the fair received. She said they planned to hold a second fair in May 2008.

Aslan believes that what lies behind the increase in high-end brands consumption is the stabilization of the Turkish economy, which brought an increase in people's income levels and purchasing power. Moreover: "The biggest indicator of the growing high-end brands market in Turkey is that the interest in the fair exceeded our expectations," demonstrating retail confidence in the luxury market.

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