

International expansion: global lifestyle platforms

The first step for lifestyle brands and concepts mulling over global expansion is to understand the benefits and pitfalls of the following positioning platforms: luxury, value, celebrity and enthusiast, suggests Ken Nisch, chairman of branding and design firm JGA.

New markets - and with them new opportunities - are driving global retail expansion and opening up brands and retailers to new consumer groups comprised of young and growing populations. A saturated and mature home market is also a decisive factor in encouraging brands and retailers to look further afield.

For lifestyle-focused brands with global ambitions, there are **four potential platforms** from which to build their position and identity: **luxury, value, celebrity** and **enthusiast**. Being aware of these platforms, their benefits and challenges, is the initial step in understanding whether, when and how your brand, product or retail concept, has realistic global aspirations.



Primark

Tiffany & Co

M by Madonna for H&M

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What is lifestyle positioning?

Global retailing, and the idea of a global lifestyle, are not new phenomena. The worldwide trading of products from coffee to textiles has played a major role in shaping global history and the idea of expanding into developing markets remains an attractive proposition today.

Brands and retailers with a lifestyle positioning are well-suited for international expansion. **Lifestyle allows consumers to wear a badge on how they want to be perceived.** For consumers, lifestyle can be seen as self-indulgent but also as a reward for a life of hard work and achievement.

Lifestyle is not something experienced as passive observers, but rather something engaged in by all senses. More often than not, it involves a sense of community which is dynamic, individualistic and experiential.

Value

A value platform can be a solid base for brands and retailers expanding into emerging markets, where consumers are becoming more aspirational and are moving out of basic needs into early wants. Swedish retailers Ikea and H&M, for example, readily translate on a global basis on a value platform, as do Japan's Uniqlo, Ireland's Primark and France's Carrefour.

A value positioning increases standards of living, creates convenience, and in many cases, puts the consumer in charge rather than the distributor, middle man and even the independent retailer who previously controlled aspects of pricing, product availability and operating hours - effectively constraining trade and raising prices.

It also introduces into a new market **the idea of affordable pricing** and

carries with it ideas of disposable apparel, excess packaging, products with little regard to post-life-cycle disposability and a message of implicit consumerism.

Brands, retailers and concepts entering new markets on a value platform often find themselves up against strong local competition. These local value competitors understand the marketplace in a more hands-on way and can tailor their business practices and operations - **international retailers moving in have to learn quickly**. They also have to get the basics right, such as logistics; a team of peers made up of global and local talent; the inside track to prime, scalable real estate opportunities; and a local focus which is culturally relevant.

The pitfalls are trying to simply replicate the format from the home market, and not delivering quality according to its local definition.



Uniqlo, New York

Ikea, Nanjing

Luxury

Luxury is a key lifestyle platform for international expansion. Luxury goods are an historical part of global lifestyling, reaching back to societies where the drive by the elite for material goods and acquisition created wealth and drove politics. In some ways, the luxury lifestyle has defined history.

Luxury is always one of the first sectors to move in to a new market. The sector can pioneer precisely because the political and business elite have travelled and are familiar with brands they've seen. Although luxury goods are not inherently valuable, they are **emotionally valuable** and in today's economic times, reassuring the consumer about this value is crucial.

Another challenge for a luxury platform is long-term investment. Luxury retailers find that they can only achieve **continued success through enormous investments and reinvention to keep the brand relevant and vibrant in the marketplace**. For example Japan, for years the cash cow for luxury brands, today brings diminishing returns, requiring more retail locations to generate similar returns, and ever more elaborate and capital-intensive flagship stores to succeed within a hyper-competitive marketplace.

Despite the challenges, tapping into new international markets is key to future success for many luxury lifestyle brands, while still capitalising in key western cities on the well-heeled, shopping-ready visitors from emerging markets.

There are many examples of brands that have built a global presence from a luxury lifestyling platform such as those within the LVMH Group, Tiffany & Co and Bape (A Bathing Ape). Chocolate brand and retailer Godiva reinforces its European heritage and a sense of prestige, seeking to build on this area of **customer appreciation and a celebration of product** and experience in its locations worldwide. While making the brand and products more accessible through wider distribution, Godiva remains special as a unique self-indulgence, a social medium, and a thoughtful gift to others or yourself, both at and outside of major holidays.

Fundamental to expanding on a luxury platform is taking **a long-term view of your approach to the market**, coupled with investment and building up critical mass through flagships as well as key distribution with premium department stores.

Brands and retailers choosing to expand on a luxury lifestyle platform need to

enter the market with a convincing heritage, product or segmentation story. They also need to come with the financial war chest to succeed in the areas of "event, charity and endorsement" required.



Godiva



A Bathing Ape, Los Angeles

Celebrity

Celebrity is becoming increasingly interesting as a global lifestyle platform, driven by the rapid speed by which a newcomer can become a well-known face, or an idea can become a global phenomenon.

It is a platform that **allows other people to do the heavy lifting**. It also achieves a level of brand awareness and reach that would be prohibitively expensive through paid-for communication through other global lifestyle platforms.

As a way to enter a new market, celebrity requires neither the patience of building a luxury lifestyle brand, nor the upfront infrastructure of building a value brand. And it remains a **powerful tool**. To name just a few, examples include Stella McCartney and Madonna for H&M, Mary-Kate and Ashley Olsen, Hannah Montana, Gwen Stefani's LAMB and Harajuku lines, Sean John and Victoria Beckham's Rock & Republic.

It is usually about people, but not always so. Celebrity can be about causes - for example, green. Or it may come in unexpected ways, for example the Dalai Lama is both a person and an institution. And as politicians such as presidents Obama or Gorbachev are turned into celebrities, they too have lent their images and personas to retail.

Although her US launch ran into difficulties, Kira Plastinina is an example of celebrity-based lifestyle platform. The 16-year-old Russian is a designer and arbiter of Russian pop culture. With more than 40 stores in Russia, her fashion collections continually refresh and renew, and the store's various in-shop boutiques are based around a series of themes and inspirations. Despite the difficulties of trading in the US, the brand is likely to establish itself as an international presence in future.

Celebrity creates **an intimacy between consumer and brand**. It is often not about form and function, but about proximity, affiliation, aspiration and those 15 minutes of fame.



Kira Plastinina



LAMB by Gwen Stefani
spring/summer 2008

Enthusiast

Enthusiasts brands have been particularly effective global lifestyle retailers. But retailing on an enthusiasts platform is perhaps the most interesting, potentially valuable, and also difficult.

Enthusiasts come from many walks of life; have little to do with demographics and everything to do with psychographics. They can climb mountains, watch birds, play games in the middle of the night, raise children, or collect vintage left-handed ice cream scoopers. They can be enthusiastic about hating, loving, travelling, or staying home. They can be armchair enthusiasts, as well as enthusiast triathletes. But crucially, when they extend an invitation to a brand and allow this brand to move in, enthusiasts are often loyal for life.

Sportswear or performance brands such as The North Face, Nike, and Apple have built up their global lifestyle position from an enthusiasts platform. These brands are easily accepted by consumers who want to own all the products.

To reach these consumers requires new ideas and new technology. Successful enthusiast brands understand the need to deliver, walk the talk, and live the life. In some cases they borrow from another category or two, often positioning themselves in the premium price area of luxury, while leveraging effectively areas of celebrity related to spokespersons and endorsements.

Where the enthusiast differs from the other two (rather than in the case of luxury where function is incidental), is that it operates in the area of "**functional luxury**", making these choices much more recession-proof, as well as justifiable in the eyes of the consumer.

There are other benefits too. Because the enthusiast lifestyle platform brings together brand, imagery, and function and performance, there is always something new to talk about, either something the brand can talk about or also the consumer as advocate. Enthusiasts may not know each other directly, but through the credibility and authority of the web and social networks, they become self-appointed arbiters of brand and consumer opinion.

Another benefit of the enthusiast platform is, while we do many things the same throughout the world such as golf and tennis, we also do many things differently such as cooking, art and music. The enthusiast platform is **less about retail imperialism and more about give and take**. This dynamic element within the platform encourages those in a mature economy to be open to something new, which might be surprising, mind changing, and sometimes provocative. While in the emerging economy, the consumer finds the reassurance, tradition and safety of a mature economy to be risk-free.



Apple, New York

The North Face

Conclusion

Be it value, luxury, celebrity or enthusiast, understanding the benefits and challenges, the runways and the obstacles of these platforms is the first step in understanding whether, when and how your brand, your product, or your retail concept has realistic global aspirations.