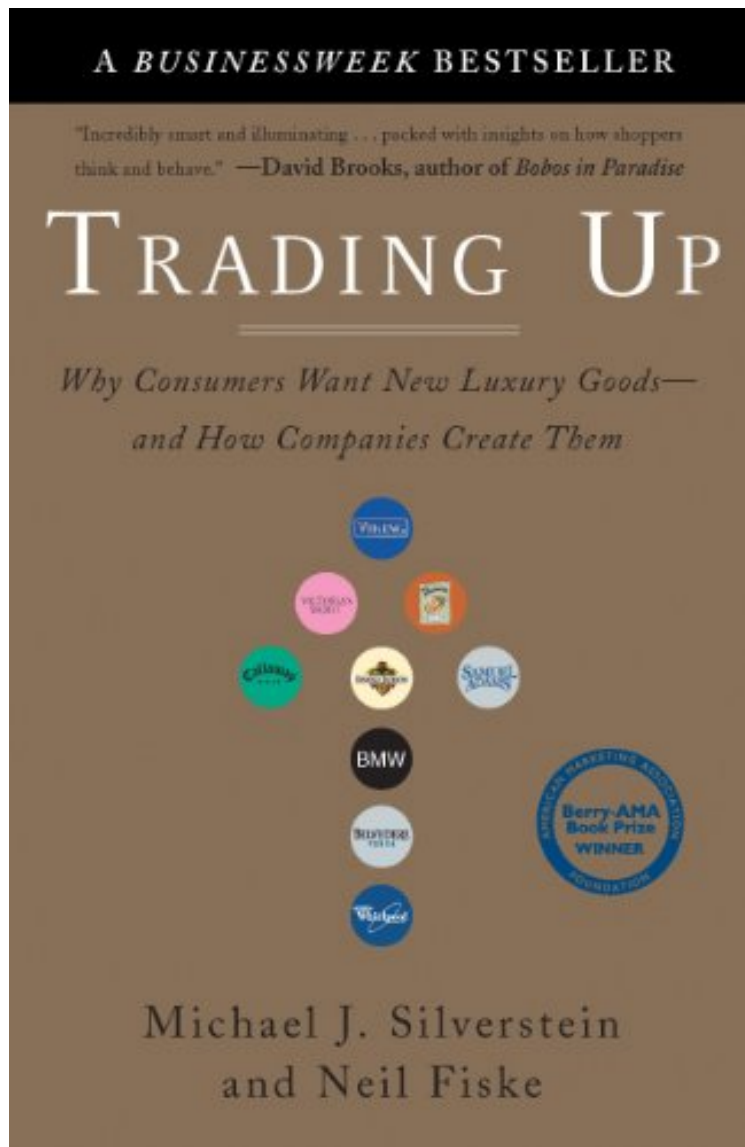


(Get free) Trading Up: Why Consumers Want New Luxury Goods--and How Companies Create Them

Trading Up: Why Consumers Want New Luxury Goods--and How Companies Create Them

Michael J. Silverstein, Neil Fiske, John Butman
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Michael J. Silverstein, Neil Fiske, John Butman : Trading Up: Why Consumers Want New Luxury Goods--and How Companies Create Them before purchasing it in order to gauge whether or not it would be worth my time, and all praised Trading Up: Why Consumers Want New Luxury Goods--and How Companies Create Them:

0 of 0 people found the following review helpful. Excellent overview of Luxury in various industries By Books n' music fan I very much enjoyed and learned from this book. They apply the same set of principles to wildly different

industries to illustrate how luxury goods and services were revolutionized. I have a large library on this subject and consider this one of the very best books on this subject. When you see that it is authored by the storied Boston Consulting Group (BSG) it becomes apparent why it stands out among the crowded field. I am thankful they took the time to write this as it has helped our research. 0 of 0 people found the following review helpful. Interesting treatment of how we perceive value. By Maneki Neko Perhaps the most interestingly aspect of this book is its insights through a series of case studies into how people perceive value in the material culture around them. The authors are fascinated by how, given some modest shifts in fit, form and function, some products will be perceived both at the point of sale and on an on-going basis as giving much more satisfaction than others. While the book is intended to be neither exhaustive nor profound, a blending of some of the methods of cultural anthropology, semiotics, and marketing offers perspectives that comparable treatments do not. 22 of 24 people found the following review helpful. The Rise of the Super Smart Consumer. By Serge J. Van Steenkiste Michael Silverstein has written a built-to-last business book about a global phenomenon that is not going away unlike so many other business fads. Trading Up and trading down has a transformational effect on more and more categories, retailing and markets. Silverstein clearly explains that the increasingly sophisticated consumers of the critical "middle market" have been key to drive a polarization of the product and service offering to the high and low ends of the price spectrum. Woe be to the businesses which continue to offer conventional goods and services getting "stuck in the middle." Think for instance about the Big Three of Detroit, traditional airline companies, and some chains of department stores. Although Silverstein focuses on trading up in this book, he mentions elsewhere that in 2004 in the U.S. alone, trading down was at \$1 trillion almost twice as big as trading up. The "savings" that consumers get from an increasingly efficient economy can be re-injected in even more consumption. This consumption frenzy has resulted in abysmal saving rates that will haunt the U.S. when ongoing demographic changes will start to undermine the financial stability of complementary sources of income as Peter Peterson correctly points out in "Running on Empty." In the meantime, smart entrepreneurs and companies have reinvented their marketplace by making "massstige" or mass prestige products available to an ever-growing proportion of the critical middle market. These products command a price premium over conventional offerings, but are priced well below super-premium or old luxury products. Furthermore, these mass prestige products are pretty resilient in a downturn economy. Trading up is driven by changes to both demand and supply. On the demand side, changes to the role of women as economic agent, the decline of the traditional family, a modified perception of consumption, higher home ownership, more discretionary wealth, and the "savings" passed on to American households by large discount retailers have fuelled the stratospheric rise of the New Luxury market. On the supply side, Silverstein clearly shows in one product category after the other that the New Luxury trend-setters have been keen to meet that demand. These leaders have made their creed to observe the following eight best practices: 1. New Luxury trend-setters assume that their target customers are very smart. Under no circumstances should these customers be underestimated. 2. New Luxury trend-setters disprove the traditional economic truth that when price goes up, volume necessarily goes down. New Luxury products often embody the 20/40/60 rule. These products regularly account for up to 20% of the category's volume, 40% of its revenues and 60% of its profits. 3. New Luxury trend-setters create a ladder of real benefits. They not only offer a product with a superior technology and/or design that result in a superior functionality, but also, and more importantly, engage their customers emotionally in an uncertain and fast-paced world. Silverstein has identified four powerful emotional drivers, i.e., taking care of me, connecting, questing and individual style. 4. New Luxury trend-setters do not rest on their laurels in terms of innovation, quality and a flawless experience. The ever-faster cascading effect of innovation, quality and flawless experience from top to bottom in more and more categories obliges New Luxury makers to be restless and paranoid in these areas. 5. New Luxury trend-setters reinvent the price range and positioning of their brand by building an aspiration escalator that leads the consumer from the low-end to the high-end with a clear mix of features and benefits at each step. 6. New Luxury trend-setters customize their value chains to deliver what they promise to their target customer segments. Control of the value chain is considered more important to New Luxury trend-setters than its ownership. Like a film director, they have become very good at synchronizing the different actors who help them to be successful in meeting the wants and needs of their target audience. 7. New Luxury trend-setters not only use traditional consumer-research methods, but also spend more time to understand the wants and needs of their target customers. The cultivation of brand apostles and word-of-mouth are critical to develop the desired buzz and viral marketing for maximum leverage in the marketplace. 8. Finally, New Luxury trend-setters consider themselves outsiders rather than insiders. They know that their success today will be just a temporary illusion if they do not continue to set new standards for innovation, quality and a flawless experience. To summarize, Trading Up is relevant not only to marketers, but also to any consumer who wants to become even smarter in an increasingly sophisticated marketplace.

Trading up isn't just for the wealthy anymore. These days no one is shocked when an administrative assistant buys silk pajamas at Victoria's Secret. Or a young professional buys only Kendall-Jackson premium wines. Or a construction worker splurges on a \$3,000 set of Callaway golf clubs. In dozens of categories, these new luxury brands now sell at huge premiums over conventional goods, and in much larger volumes than traditional old luxury goods. Trading Up

has become the definitive book about this growing trend. From the Trade Paperback edition.

From Publishers Weekly In *Bobos in Paradise*, David Brooks traced the cultural forces behind the rise of what he called the bohemian bourgeois class. Now Silverstein and Fiske take a close look at its buying patterns. Both authors have v-p-level experience at the Boston Consulting Group studying retail practices, and they display deep familiarity with "new luxury" goods favored by a growing segment of the American middle market with more disposable income than ever. They're talking about people who take shopping tips from Oprah and Martha, swear their washing machine makes them happy, and dine at "fast casual" restaurants instead of burger chains. Many chapters focus on companies that produce specific luxury items. Victoria's Secret, for example, was a small, seedy store before it was purchased by a visionary retailer convinced American women would be willing to pay higher prices for attractive lingerie in a boutique setting. There's also the case of Callaway Golf, which was able to target new luxury shoppers to achieve a tenfold increase in revenue within just three years. Even the toy market can become a breeding ground for high-end items, like American Girl dolls, a line with an extensive back story that appeals to the luxury consumer's desire to "know" the pedigree of his or her purchases (just as some wine aficionados jump at the chance to display their mastery of California vintages). Despite the book's slight technical flaws, including a high degree of repetitiveness, its insights into a highly lucrative market (e.g., single women earn in excess of \$374 billion annually) make this a must read for anyone interested in practical economics. Copyright 2003 Reed Business Information, Inc. From Booklist Many words can be written that underscore the truth about trading up--or, in these authors' words, "consumers who selectively trade up to better products and trade down to pay for other premium purchases." Writers have documented the trend of middle-market Americans to selectively decide that, say, a luxury automobile or vacation is worth the extra bucks while "sacrificing" other goods, such as dining out or clothing. With much perspicacity and no small amount of statistics, Silverstein and his coauthors underscore with eight practices what leaders need to do, including never underestimating customers to using influence marketing and seeding success through brand apostles. However, many of the examples they use are the "same-old" case histories--Williams-Sonoma, Crate Barrel, Canyon Ranch, Samuel Adams Boston Lager--that have been employed time and time again to illustrate other segmentation and marketing theories. Yet the concepts are valid; the caveats should be heeded. What's needed? Extraordinarily savvy marketers who can stay the course in the toughest of economies. Barbara Jacobs Copyright copy; American Library Association. All rights reserved "Incredibly smart and illuminating... packed with insights on how shoppers think and behave."--David Brooks "An upbeat survey of a range of consumer brands--Whirlpool, Belvedere, Williams-Sonoma--which, the authors argue, are successful because they appeal not just to the material needs of consumers but to their emotional desires."--Rebecca Mead, *The New Yorker* "Anyone who has passed a Dunkin's Donuts to duck into a Starbucks recognizes the phenomenon. For brands that have smartly positioned themselves, from Victoria's Secret to Williams-Sonoma, trading up is paying off."--Robert Weisman, *The Boston Globe* "Trading Up helps to explain an important trend and is interesting reading as a sociological study as well as business strategy."--Harvey Schachter, *The Globe and Mail*