

WHAT IS A LUXURY FOOD OR BEVERAGE?

Luxury products possess six key characteristics: Price, Unsurpassed Quality, Aesthetics, Rarity, Extraordinariness and Symbolism. These characteristics, when combined, invoke or create emotive cues enticing consumers to purchase a luxury product. Luxury products are typically exclusive, expensive and successfully target consumers' emotional needs, as opposed to utilitarian ones.



LUXURY FOODS

PREMIUM
FOOD AND WINE FROM OUR
CLEAN
ENVIRONMENT



Primary Industries and Regions SA



The Functional and Luxury Foods Research Project analysed the opportunities for South Australian producers to supply luxury products to key markets in Australia and Asia.

What are luxury products?

Typical attributes of luxury brands

Emotive and differentiated branding

The consumer in the luxury industry is conscious of product brand. The story behind the brand is vital for the aspiration it creates. A luxury brand translates the essence of the product, its heritage and history, into one's desire to own it. The brand's provenance can be based on characteristics such as an influential founder, an iconic emblem or a family history.

A branding strategy should identify ways that allow the immediate distinction and clear differentiation in the consumers' mind, particularly when viewed against competitors. Luxury shoppers choose the brand that best reflects who they are and how they want to be perceived by society.

Product craftsmanship

Luxury brands are often about craftsmanship, they can be hand-made or uniquely personalised to individual taste and preferences. They reflect the designer's skills and personality. The people behind the brands are important, they need to be highly skilled in their field. These attributes should be communicated to the consumer to create a unique separation from other products. Production needs to have some aspects of craftsmanship but the actual processing can be quite modern (albeit without high levels of automation or robotics).

Product scarcity

In the luxury industry, exclusivity and inaccessibility are used to create desire for the product. Although luxury goods are no longer restricted to a small group of people, they are still relatively scarce compared to other consumer products. Distribution locations are carefully selected and must allow potential buyers to be educated about the privileges that come with owning the brand and entice them into joining the selective brand 'club'.

Pricing

Pricing strategy for most commodities is about launching a product at a low enough price to attract sales and then trading-up. When a segment becomes more competitive, brand managers often use price incentives to maintain or increase demand. Luxury pricing strategy, however, focuses on developing an imagined price higher than the actual price, thereby creating higher perceived value. Luxury pricing is supply-based; first the product is created and then the pricing is set. The more a product is perceived by the client to be luxury, the higher the price it can attract.

Promotional strategy

Luxury products sell a dream. There is no need to promote purchase on a rational basis. Luxury advertising uses only high-quality advertisements in highly selective communication channels, all consistent with the brand's image. Luxury brand advertisements almost always use suggestive imagery without any written message.

Luxury brand promotions often use public figures or celebrities. The advertisements are not designed to create direct responses but instead promote the product to a larger audience size, not necessarily targeted to those who can actually afford to purchase it.

Position

The retail space available for luxury brands is limited. Only 'super brands' can generally secure optimal positioning. Position ranking is one of the most important parameters, not only in retail store location, but also in event venues, media coverage and online.

Pedigree

Many luxury brands have a rich pedigree and heritage that forms part of a brand's mystique. Consumers are subconsciously influenced by the brand's rich heritage and years of mastery.

How does this apply to food and beverage producers in South Australia?

The concepts of luxury as outlined above can equally be applied to producing and marketing a luxury food or beverage. The world leading brands such as Beluga Caviar or Krug Champagne all have the same hallmarks of luxury and are continually working to maintain their position in the market.

Through the findings of the VTT report, it was recognised that if South Australia is to be successful in producing globally recognised luxury products and offerings, there needs to be a collaborative narrative crafted around the heritage and pedigree of South Australian produce that celebrates and enhances the unique aspects of our clean green environment and produce quality.

www.pir.sa.gov.au/functionalandluxuryfoods

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