

COLUMNS

Luxury Unfiltered: Why brands must ditch the 4Ps of marketing in the midst of paradigm shifts

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By A LUXURY DAILY COLUMNIST

By **Daniel Langer**

The luxury industry is in the midst of one of the most profound transformations.

After three years of post-COVID client spending sprees that shot the industry growth rate beyond 20 percent, growth rates are coming back to more historic numbers of around 5 percent and many brands have communicated strongly decreasing revenues and profits. The challenge that many brands face is not just a normalization of client spending.

Instead, it is the result of a combination of different, much higher expectations of Generation Z, a fundamental shift in how information is processed by clients, including content curation by social media algorithms, and a stronger focus on expecting exceptional experiences.

Brand storytelling is now much more important than the product. As a result, clinging to outdated management models can be a strategic misstep.

The 4Ps product, price, place and promotion have long been seen as the cornerstone of marketing strategy and have been a foundational framework for marketing strategies since they were first introduced by Professor E. Jerome McCarthy in the 1960s.

In the recent days, I had several discussions with fellow professors and several managers about the concept, that in my point of view is in the meantime 60 years after its introduction outdated and overused. Especially in luxury, where client expectations and market dynamics are rapidly changing and both unique and demanding, the 4Ps framework is increasingly obsolete.

The limitations of the 4Ps in luxury marketing are vast.

Product: beyond tangibility

In luxury, a product is not just a tangible item. Products have to represent a narrative and create an emotional connection. The traditional focus on product attributes fails to capture the essence of what luxury clients truly seek: a unique and extraordinary experience.

Price: beyond cost

Pricing is crucial in luxury, and in my experience, many brands make in part significant pricing mistakes. I still see too many examples of cost-based pricing.

Instead, pricing in luxury needs to reflect the perceived value of the brand. In my textbook, *Luxury Marketing and Management*, I introduced the LuxuryIndex as a tool for luxury managers to measure the extreme value their brands generate when managed right.

The simplistic view of price in the 4Ps does not account for the value created through the brand storytelling and the psychological aspects of pricing strategies. Brands literally leave millions of dollars in potential profits on the table by executing pricing wrongly.

Place: beyond distribution

Luxury clients expect a holistic experience that seamlessly blends online and offline touchpoints.

The 4Ps focus on place as a mere distribution channel overlooks the need for curated brand environments whether in flagship stores, pop-ups, or digital platforms that offer personalized and immersive experiences.

Promotion: beyond advertising

Promotion in luxury is less about aggressive marketing and more about cultivating an aura of desirability and exclusivity. Traditional promotional tactics often lack the subtlety and sophistication required to engage high-net-worth individuals with high-end brands.

Luxury marketing demands a nuanced approach that leverages storytelling, brand heritage and extraordinary brand-specific experiences. Importantly, luxury brands need to be able to create cultural capital and become sociocultural influencers. On top of that, many luxury brands still engage in price promotions, dramatically destroying brand equity.

The new paradigm involves the "4Es" of luxury.

Emotion

Luxury is pure emotion. Luxury brands need to know what their target emotion is.

In other words, how they want their clients to feel. This requires a new approach to brand storytelling, one that includes an emotional call to action.

In most brand and category audits, I find massive deficits in brand storytelling because most brand architectures were defined years ago when the need to create cultural capital was less pressing than it is today.

Brands must go beyond functional benefits and tap into the aspirations, dreams, and passions of their consumers. Emotional storytelling, brand heritage and cultural relevance play vital roles in creating these connections and the storytelling consequently needs to be done from the perspective of the clients.

I estimate that about 90 percent of brands today are not yet where they need to be, and therefore they do not unlock the emotional power needed to be successful in luxury.

Experience

When luxury is managed well, clients perceive unparalleled wow experiences. This is a critical aspect where many brands fail.

In my experience audits across categories, I find more often ordinary and underwhelming experiences at a high price point than once-in-a-lifetime awe-inspiring experiences. Brands often do not do enough to turn something ordinary into the extraordinary, despite that it mostly costs the same.

What is critical is to connect the experience with the target emotion of the brand. From the moment a client engages with a luxury brand, every touchpoint needs to be meticulously crafted to evoke a sense of wonder and uniqueness. If a brand creates no memory, then it creates no value.

In this context, I cannot overstate the importance of training in all aspects of the client process. I am regularly training people from C-suite to marketing, client-service, and sales all over the world and creating an experience during the entire client process is hard, even for experienced employees in luxury.

Training is a critical enabler in creating the extraordinary.

Exclusivity

In luxury, scarcity and exclusivity are critical, as it makes clients feel special. Especially for people who can afford everything, getting access to experiences that are hard or even impossible to organize independently create extreme value.

Brands should focus on creating an aura of a positive and desire-creating inaccessibility, whether through limited editions, customized services, and personalized experiences. Exclusivity enhances desirability and reinforces the brand's perceived value.

Engagement

Today's luxury clients demand more than transactional interactions. They seek engagement and inspiration at any client touchpoint from the physical point of sale to digital platforms.

Brands need to leverage all touchpoints, including social media, to create interactive and participatory experiences. Engaging content, influencer collaborations, and community-building initiatives are crucial for fostering loyalty and brand advocacy.

In a recent example, for the luxury skin care brand FutureMe, we created a community of dreamers reflecting the brand's emotional promise of giving wings to your dreams.

A paradigm shift for changing times

When times are changing faster than ever before, narrowly applying the 4Ps framework that was created for a different era is no longer helping brands to create desirability and cultural capital.

By embracing the 4Es emotion, experience, exclusivity and engagement luxury brands can connect on a much more meaningful level with their discerning clients and create extraordinary experiences.

It is time for managers to rethink their strategies and adopt a more holistic, consumer-centric approach to succeed in the hypercompetitive luxury market. Additionally, and importantly, the 4Es are just a framework providing guidance to critical success areas.

How well brands execute on each will determine their ultimate success. Are you ready?

Luxury Unfiltered is a weekly column by *Daniel Langer*. He is the CEO of *quit*, a global luxury strategy and brand activation firm. He is recognized as a global top-five luxury key opinion leader. He serves as an executive professor of luxury strategy and pricing at Pepperdine University in Malibu and as a professor of luxury at New York University, New York. Mr. Langer has authored bestselling books on luxury management in English and Chinese, and is a respected global keynote speaker.

Mr. Langer conducts masterclass management training on various luxury topics around the world. As a luxury expert featured on Bloomberg TV, Financial Times, The New York Times, Forbes, The Economist and others, Mr. Langer holds an MBA and a Ph.D. in luxury management, and has received education from Harvard Business School. Follow him on [LinkedIn](#) and [Instagram](#).