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Premium by Design

How to Understand, Design and
Market High End Products

MARCO BEVOLO

*PhD Candidate, Eindhoven, The Netherlands/Turin,
Italy*

ALEX GOFMAN

PhD, White Plains, NY USA

HOWARD MOSKOWITZ

PhD, White Plains, NY USA

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Foreword

Dr. Stefano Marzano

CEO and Chief Creative Officer, Philips Design

Whether in booming economies or recessions, in whatever region or continent, beyond race or religion, most people have always the aspiration to improve the way they feel about themselves. One might say that this is a natural tension towards bettering one's quality of life that is simply embedded in our minds: in our DNA as humans. Even – or perhaps especially? – in these times of financial crisis, people keep such aspiration as they do aspire to new hope, and if they do not do so for themselves, then they earnestly want it for their children and their beloved ones. Through the eyes of creative talent, such natural need for hope translates into the power of dreams: why else did people line up to spend their hard-earned dimes to watch wonderful musicals during the depression era? Just look at Fred Astaire and Ginger Rogers or Busby Berkely's beautiful dancers in the very heart of the 1930s Great Depression. Right at the edge of the current economic distress, Marco Bevolo, Alex Gofman and Howard Moskowitz explored the fine texture of brands, products and services that might help companies to generate premium margins, by making people happier. They are not addressing the mass market and its sometimes suicidal rush just to cut prices. Nor are they talking about that magnificent trip in a class above First Class that most of us will never manage to afford during our lifetime, with its in flight private-shower facility, its front-cabin suite and its fitness exercising program. The authors look at luxury instead as a source of insights, wisdom and sometimes even wit, in order to gain knowledge about how business uniquely works where premium margins are generated. They do so in order to unveil to the reader a world of achievable aspirations. In this world, the talent of designers and the science of market research join forces, resulting in propositions that anticipate and resonate with people's dreams and ambitions. In this world, the relationship between people and purchase results in emotional enrichment. In this world, the richness of sensorial experiences

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is complemented by the power of longer-term sustainability. This is the world of the new premium, or of the High End, or – as the authors call it – the world of “Hope at Check Out”. Mind you, this is a business book with actionable tools and replicable methodologies at its very heart. Bevolo, Gofman and Moskowitz did not write an essay in social history or a theoretical dissertation on design. And their focus is not on depression times or boom times in terms of economic cycles, or on the micro-economics of selling and buying. Rather, you are holding in your hands a more practical book, one directed towards you. It is a book born with the promise to share with you how to understand this new world of different aspirations, on every level of income. It is a book about how other business leaders succeeded in achieving margins by design. It is a book about how you, the reader, might succeed in it as well, thanks to original tools and processes. Simply, this book is about BETTER, even if it is not always best, just better, but reachable and real products and services. And this book has the charming feature to be built on the marriage of insights from the world of customer science with design research, of future studies with creative industry practices, of precise statistics with the inspiring opinions of thought leaders. This book was written by getting in touch with the people who made this world of High End already happen, for those who will bring it to the next level of success. So, with that I invite you to join the authors as they go on their trip of knowledge and experience. Be ready for business success and failure stories, for scientific analysis and design leadership, and most of all for those visions and tools that will help you to get there.

Stefano Marzano, Eindhoven, The Netherlands, April 2010

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Preface

Hundreds of millions of years ago the Earth was different, a huge mass of land known as Pangea. Then the continents separated, and began to move apart further, leaving vast oceans in their wake. Following this analogy, minute by minute today's modern, ever-so distinct continents of mass-produced products and luxury are moving apart. Ever more products become cheaper and more accessible to the public because economics demands that their margins be squeezed to the limits, while, in an almost disdainful manner, extreme luxury flies into the stratosphere of unimaginable excess that could be afforded by very few.

Our world of products, of stores, of buyers differs, however, from the geological example. Do not look for an empty ocean to fill the space left by the disappearing landmass. Rather, just off the shores of luxury, there is a huge, fast growing land of premium value which inspires people to get there, even if they need to stretch their budget. In this new land, the emotional bond with customers translates into premium margins so ardently desired by business. Unlike luxury affordable only by the rich people with many zeros in their accounts, this land does not discriminate. It welcomes virtually everybody with a wide range of incomes. For some, an iPhone might be an aspiration, for others – a Mini. The land of High End has a place for everybody to create his or her warm feeling, and grab hope at checkout.

And the future? The authors believe that the future might be bright, no matter how dark the noonday sun might be. A recession cannot kill optimism, however painful and hard it is. Demography is destiny: in countries like India and Brazil, young talents are emerging in masses; in China, the middle class is growing, and its appetite exploding for exclusive and exciting yet reasonably affordable products and services, with a rapidly growing interest for “eco-chic” and sustainability too. Whereas there are many made-up, zippy, sociologist-inspired names for the trend (among them “masstige” – a term created from

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merging the words “mass” and “prestige”, meaning mass affluence, premium, and new luxury), we, along with many of the experts we interviewed, like to call this new promised land the world of the High End. Much like its analogous “the land between”, High End has many inhabitants, and plenty to keep them occupied.

This book will bring you on a journey to and around High End land. It will describe its inhabitants showing their origins, successes and failures. It will show you ways to become a rightful citizen of the land giving you proven tools enabling a successful competition for your place under the sun.

Relax and enjoy.

M. Bevolo, A. Gofman and H. Moskowitz

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