



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

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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.*

## **Trading Up: Why Consumers Want New Luxury Goods--And How Companies Create Them Details**

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# **From Reader Review Trading Up: Why Consumers Want New Luxury Goods--And How Companies Create Them for online ebook**

## **Jessica Rifkind says**

Though the book was written before the financial crisis and some lessons are less relevant given the ensuing events, there were many historical lessons that still ring true today. Interesting anecdotes from BMW, Whirlpool, Belvedere and Mondavi offer helpful innovation and "Trading up" stories for innovators of today, even though some aspects of the stories were specific to the time period it was written. Overall a helpful overview for anyone interested in consumer psychology, innovation, or direct to consumer sales.

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## **Laura says**

The book is a bit stale having been published before the rise of social media; however, the company narratives are good, and the work plan chapter is valuable. Very quick read for someone who is interested in recent business history.

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## **Romano Cappellari says**

Il libro nella sua prima edizione ha oltre una decina d'anni ma rimane ancora oggi una delle più stimolanti chiavi di lettura per capire il mondo dei prodotti lusso e lifestyle, con in più una serie di interessanti casi aziendali.

La parte più utile è quella dedicata all'evoluzione del consumatore e sull'emergere dei "nuovi bisogni" che guidano gli acquisti nel settore del lusso o, meglio, del "nuovo lusso" che rappresenta il centro dell'interesse degli autori.

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## **honksterr says**

A really fascinating look at the evolution of consumer trends over the past half century. The book is a great primer on the economic forces and investment gambles that shaped today's most popular brands, like Victoria's Secret, the Cheesecake Factory, and Whirlpool. It's also a really interesting discussion of the New Luxury consumer, the typical middle class consumer who is increasingly educated and globally minded, as well as increasingly willing to pay a premium for international cuisine or buy groceries at Trader Joe's. The business parlance sometimes (pretty rarely) got a bit obscure for a business layman like myself.

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## **Christine Cavalier says**

This book is skippable. The authors didn't do any real behavioral marketing research. Instead of an analytic, academic study, they just relied on their own wits and experience, citing no footnotes or other proof of their theories. It's just drivel, really. In fact, their math and impressions about median income are just plain wrong.

Families in the 1970's had more income, comparatively. Don't bother with it. Read *Deluxe: How Luxury Lost its Luster*, *Stumbling on Happiness* instead, and perhaps *Cheap*. Those three books will give you a better idea on what is really happening in the market today.

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### **Greg Linster says**

I didn't even come close to finishing this book, which is not to say that it's about an uninteresting topic. The reason I didn't finish this book is because I felt like I understood the gist of it before even reading it, and since I don't stand to gain in any practical way from understanding the intricacies and statistics in certain markets, I decided to put it down.

If, like me, you're only interested in the overarching idea, then I don't recommend reading this book. In my opinion, the following is all you need to know. All value is subjective and people subjectively value things differently. What that means for marketers and consumers is that some people are willing to pay more for certain luxury goods, even when a seemingly identical generic alternative is available for a cheaper price. Consumers will skimp in certain categories in order to purchase these "luxury" goods in others. The reasons for this vary, but are often tied to some emotion or nostalgia.

I think there is one more important thing to point out. The fact that consumers purchase luxury goods when a seemingly identical generic alternative exists doesn't mean that consumers are stupid. The value that is created by marketing is ever bit as real as other types of value. I tried to aphorize this point as follows: marketing is so powerful that it can create value where none exists.

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### **Mike Steinborn says**

I recently went to a talk by Rainer Mueller, the CEO of Williams Fresh Cafe, in which he gave a presentation on what he sees as two increasingly distinct categories of consumers: the Traditionalists (mostly older people who focus primarily on low price as the main purchase criteria) and the NEOs (New Economic Order consumers who are largely of the younger generation and focus more on value, design, uniqueness, and experience). As someone who has an interest in social trends, this was something I found highly interesting. The authors of "Trading Up" have helped to refine this view in my mind to one that I consider as more reflective of actual reality, namely that most people are actually both (looking to save money on some things but willing to spend more money on others), but differ in what they're willing to spend extra money on.

One category tends to consist of older people who would also be classified as rich. When they want to spend money, they tend to buy luxury goods, which the authors define as expensive, exclusive, hand-made, and elitist. The other category tends to consist of younger people who would certainly not be classified as belonging to the "rich" class. By and large, they focus on cost as the primary purchasing factor... but only so long as the products they're buying are relatively ordinary or unimportant in their minds. However, despite their limited resources, there are some things they are willing to spend disproportionately more on, products or services that are engaging, that have value to them in some way by making them feel better about themselves or help them to function better in some way. For these things, which the authors call "New Luxury", they are willing to pay a premium price.

The message for entrepreneurs? Find a business or service that will appeal to this category of consumer and

you will soon have a booming market. And for already established businesses? Develop new products or services that address this need or find a way to package existing ones to appeal to this category of consumer.

Definitely food for thought...

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### **Kara says**

I'm in Marketing, so I'm always interested in consumer behavior books. I'm also interested in luxury goods because, well - I like them!

This book was alright, and I say only "alright" because it became a bit arduous to get through about midway because of its redundancy. You can only say "people want luxury items because of the reputation attached to them" so many times.

And that's pretty much the basis of the book - why people are willing to pay a ton more money for something that has a seemingly "generic" counterpart that would afford them the same experience at a lower price.

Overall, not a bad book - especially if you're in the industry or deal with sales/marketing on a daily basis.

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### **Lone Wong says**

Very inspiring and potent research of the changes of global economic. 4.5 Stars!!

First, the author starts with explaining the force behind the demand for New Luxury Goods. After the World War II, the needs of manufactured goods are sky rocketed. Commodities produce incessantly to meet the demand of the markets. People get to wear clothes, foods, drinks. After the fundamental of need in the human hierarchy, people want more. They wanted cars, refrigerators, household goods.

I remembered the book, *Abundance* by Peter Diamandis. He describes that human has a different fundamental needs in life. It called Maslow's Hierarchy. When the basic foundations of need fulfilled. We wanted more. That is why the consumer is in a state of heightened emotionalism. We want to be unique, valued, respected, status.

So, the consumer is willing to spend a lot of money for certain things if we think they have value and we want them and can afford them. Because every consumer has a different idea of what is necessary for them to survive in his own world and what he is willing to spend to do so.

The second reason behind the force of trading up is the reduced cost of living and more discretionary income. The young, single, working women are the main contributor in this New Luxury Goods market. The changing of the family structure also playing a part a role of the discretionary spending. People are having fewer kids in total. Therefore, people have money to spend on something important to them.

When people have more choices to trade down to buy cheaper commodities, they will have more discretionary spending on the different category of New Luxury Goods in their life. People gravitate toward the premium New Luxury goods if that category is important to them (Benz C Class, BMW 3 series,

affordable premium goods, etc), if isn't they trade down to low-cost goods. That often leads to death in the middle for those products. Because they offer no specific reason to buy.

But the author has written this book in the year of 2003. Which Starbucks, Victoria Secret, Under Armour, and many other New Luxury goods are born during 90's. And all these brands have now become commercialized and mainstream.

There will be another New New Luxury goods risen during this decade. For instances, Starbuck coffee has become too pervasive which leads to Generation of Millennials to create their own hippy cafe and artisanal products.

The author should update the book as another expanded edition to follow up and explain that all the New Luxury products will eventually reach the laggards market and become obsolete. \*The law of diffusion. Therefore, every product and business have their lifecycle.

Overall are very impressive to read and I found the book is a bit redundant. And I skimmed a few chapters on the explanation in different New Luxury Goods industry where are not really interested to read at all.

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### **Kristen Northrup says**

I mostly picked this up because it was the best choice at the airport bookstore, but I had also read intriguing reviews. And I figured I was one of the consumers this book is about; I buy many of the brands they discuss. It's mostly written as a guide to marketing to these consumers, but it's still an interesting read when you're just a consumer rather than a brand owner. I don't feel manipulated after reading it. It makes homeownership sound dangerously expensive in ways I hadn't considered. Some of the numbers seemed off -- I only earn about half the salary they give for the official demographic that buys these products. Everything else rang true, however. In quoting random consumers, there seemed to be an unusually high number of librarians.

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### **G. says**

This has become a history book, documenting a time and way of life that might as well be another planet now. Our society of 2008 is much more sober and less impressed than it was in 2003. 2003 seems like the roaring twenties by comparison. Some of the values ascribed to people in 2003 are questionable and the changes have been for the better. The concept of "aspirers" is less about acquisition and more about security these days. All the same, the authors identified a search for authenticity in buyer psychology that might have been the first glimpse of a more conscious, deliberate buyer. Otherwise, this book is well written and observed.

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### **Adora says**

Interesting anecdotes but the premise of the book is a bit outdated - data used is mostly from 2000. Not really worth reading unless authors decide to do a full refresh.

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## **Marian Deegan says**

What do Kendall Jackson, American Girl, Viking ranges, BMW, Sam Adams Beer, Panera Bread, Crate & Barrel, Victoria's Secret, and Callaway golf clubs have in common? Each is a wildly successful example of a New Luxury {read "mass prestige"} good emotionally embraced by middle-market American consumers. As a fascinated participant in the business of advertising storytelling, I was riveted by Silverstein and Fiske's "profile" of New Luxury leaders.

Silverstein and Fiske present a startlingly accurate {at least for me} assessment of the emotional drivers which prompt us to "splurge" on select New Luxury products {a great bottle of wine, for example} while simultaneously "trading down" to buy goods in other categories {staple groceries at Cub Foods comes to mind for me}. We will "trade up" when a product connects, for us, with one or more of the following four "emotional spaces":

\*Products which make us feel as though we are taking care of ourselves: nurturing well-being, beauty, youthfulness, and which give us a sense of making time for ourselves. Think spas and housewares.

\* Products which are about connecting; romantically, with our families, and with the social class to which we aspire. Think lingerie, American Girl dolls, and Callaway golf clubs.

\*Products which address "questing"; which enrich our existence, deliver new experience, satisfy curiosity; add novelty and exoticism to our lives. Think exotic culinary ingredients, wines, and adventurous travel packages.

\*Products which signal our individual style; our achievement, sophistication, and success. Items like BMWs, shoes, the cocktail we choose in a social setting, watches, and fashion fall into this category.

I select certain goods as signals in these emotional categories...well. ALL the time! So much for my illusions of distinctive individuality. Daniel Gilbert is right, and the proof that our similarities outweigh our disparities is in these tales of niche-market success. I reach for Alterra coffee and a lingerie splurge to feel pampered. My slightly-more-than-passing-acquaintance with Australian wines is a subtle way for me to cue both a curiosity about global vintages and my travel experiences. Turns out I can be expert in deciphering brand messages without realizing that I'm aligning with "meanings" that are hardly unique to me.

Much as reading *Trading Up* left me feeling a bit abashed, it also reminded me how universally human our longings are, and taught me some things about how to translate trend-sensitive vision into success while honoring the humanity of whatever market I serve. This business book is a peek into consumer psyche, and into our own psyche. Me? I think that's worthwhile. If you are in the business of promoting anything, you will benefit by picking up this smart current study. Even if you aren't, *Trading Up* probably falls into the Questing category of emotional satisfaction.

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## **Trang Ngo says**

Good insights on social trends and customer behaviors.

Interesting case studies in different industries such as home decor, wine, beer, car, lingerie, food, pet food...

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## Sean says

I saw this book referenced in the sometimes awesome Ribbonfarm blog.

The main concept is that people will commonly spend more in some category of life and less in others. This is actually a lot more plausible than the null hypothesis that everyone spends proportionately the same on everything - damn you homo economicus, you have tricked me again. Anyway, this means that for the special things in life in some particular domain (favourite hobby, specific interest etc.) people will pay for the best, in some way that's emotionally satisfying to them. So there exist business niches that can service these "New Luxury" purchases.

The writing is fine and the structure works well - a handful of chapters to explain the main themes, then half a dozen case studies and a summary chapter or two. More interesting to me for the socio-economics than the business angle, but a solid read either way.

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