

# INTERNET NOTES

## Love & Mayhem: Nike Free

by Alexander Gallé



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THE word on everyone's lips at the recent *Luxury Briefing Conference* was 'masstige'. So, this month, Love & Mayhem is having a sneaky peek at what the mother of all masstige brands, **Nike**, is doing online, why it is so good at it and what we can learn from the experience.

Humans have a need for shoes that is more obvious than most other things. We can go without clothes, but our feet are simply not designed to cope with most surfaces of the modern world.

So how do we make a difference? How do we transform these bare necessities into luxury items? How do we teach humans to really love the things they need? Simple: we stop selling them shoes and start selling them what they long for more than anything: the experience of freedom.

How does the world's most successful shoe brand sell us the experience of freedom? The answer: by telling us to take them off and go barefoot. You try it. Take off your shoes. Go on, nobody's looking. Wiggle your toes. Feel good? You've just experienced Nike Free, the new shoe that feels just like going barefoot.

I'm a great advocate of using mnemonic devices in advertising. You may not have bought our products yet, but you

do remember how it feels to be this alive, and the emotional step from memory to longing is a very small one indeed.

Most memories are very abstract and therefore easily mimicked. You don't remember the exact words, the exact circumstances. Try remembering a concrete dialogue or argument and you'll know what I mean. What you remember is how it feels. And how it feels is dictated by perception.

What does freedom look like? What does freedom feel like? This, I believe, is where the Nike Free website communicates so effectively: everything about it is said and shown perceptually. From the opening lines ("go barefoot and suddenly you're aware of the world beneath you") to those great shots of the savannah that make every cell in your body urge for freedom.

Nike Free's website is <http://www.nike.com/freeeurope>

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## CHINA BULLETIN

By Catherine Macdonald-Keir, Deputy Editor, *Luxury Briefing*

FOR much of the 20th century luxury was a politically incorrect concept in China. Due to relaxation of the regime under leader Deng Xiaoping the region has become a hot target for the industry. In the opening address of the Shanghai **FT BUSINESS OF LUXURY SUMMIT** Sir Christopher Hum, British Ambassador to the People's Republic of China, cited figures from the China Brand Strategy Association indicating that 175 million Chinese people can now afford luxury goods. By 2010 this is predicted to reach 250 million, representing \$500 billion worth of spending. In 2003 the country had 235,000 millionaires, a figure increasing by 12% each year. As proof of the potency of this emerging market, it was pointed out that 70 **Bentleys** were sold in the region last year.

Harnessing the power of China has become easier for luxury brands since the country's entry to the WTO. The government has also made a number of concessions in terms of reducing previously high import tariffs. However including VAT they are still 30% higher than in Hong Kong.

Keynote speaker Patrizio Bertelli, CEO of

**Prada**, pointed out, "While China poses a threat to the European economy in the longer term, using Chinese workers should be seen as an opportunity to contain cost and price, which would be beneficial to all consumers." He disputed the need for the 'Made in Italy' label, opining that the brand's customers are only truly interested in the 'Made in Prada' label. Umberto Angeloni of **Broni** disagreed: "When you start changing the 'Made in' label, you create an expectation among consumers of lower prices, because everybody perceives costs in China to be much lower."

Raphael le Manse de Chermont, Executive Chairman of **Shanghai Tang**, pointed out that Shanghai Tang, the only global luxury brand from China, employs 12 of the 18 imperial tailors left in Shanghai from pre-Cultural Revolution days. Angeloni said, "If we ran out of tailors, I would rather bring young Chinese tailors to Italy than the other way around." Michele Norsa, CEO of **Valentino** and Marzotto group, conceded that the region is fine for leisurewear, but luxury is different – particularly if a company is manufacturing a limited quantity.

Melanie Flouquet, Head of Luxury Goods Research at **JP Morgan**, pointed out that China currently represents 5% of luxury goods industry sales: 2% within the country and 3% from affluent Chinese travelling abroad. Concetta Lanciaux, Senior Advisor at **LVMH**, urged brands to diversify, stating that Chinese consumers are now well travelled and would be disappointed not to see certain products in their own market.

Counterfeiting was another issue discussed. It was concluded that the biggest buyers of Chinese fakes are western tourists. Many Chinese travel to Hong Kong to shop due to fear of buying fakes. It is imperative to the Chinese consumer to have the real thing, to demonstrate that he or she can achieve wealth, glamour and sophistication on a western level. Paul McGowan, CEO of Added Value, pointed out that to a Chinaman, money is wasted if his peers do not recognise the value of the luxury product he has bought: brand recognition is paramount. Rupert Hambro, Chairman of JO Hambro, pointed out that a link between counterfeit goods and the funding of terrorist groups has now been established.