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SOUTH AFRICA: A NEW FRONTIER FOR LUXURY BRANDS?

South Africa has a natural heritage of gold, diamonds and precious raw materials, which have long been the building blocks of the luxury goods industry. However, as the world's attention focuses on the continent's southernmost point in the run-up to the 2010 FIFA World Cup, can South Africa genuinely claim to be a new frontier for luxury brands?

The Southern Africa Luxury Association (SALA) is a non-profit, collaborative and industry-wide association. It provides a forum for premium lifestyle and luxury brands operating in the region – whether of local or international origin, both products and services – to become better informed about relevant industry issues, create new business partnerships and raise brand awareness amongst wealthy consumers, opinion formers and the media.

As part of its membership offer, SALA produces an annual report on the local luxury market.

The first of these, entitled *South Africa: a New Frontier for Luxury Brands?*, was informed by 100 in-depth interviews with luxury industry representatives, commentators and consumers, both in South Africa and abroad. The objective was to provide valuable strategic insight on an otherwise uncharted market.

"For the first time, this landmark publication provides the luxury industry in South Africa with a shared understanding of key issues unique to the local market, as well as commentary on the most relevant global trends" says Piers Schmidt, SALA's Chairman.

"SALA's purpose is to encourage interaction and collective thinking within the region's luxury industry, something we hope to accomplish by providing just this kind of fresh intelligence to help plug the data gap that currently exists."

The study identifies an opportunity for South African brands that already exemplify social, environmental and ethical best business practices to exploit the broad societal shift towards just that kind of consumption currently being observed in the mature luxury markets; South Africa's game lodge sector, for example, is identified as a global leader in combining luxury experiences with 'triple bottom line' (profit, people, planet) thinking.

Where the country lets itself down however, is in its failure to look beyond simply delivering products and services on a tactical basis to adopting a more strategic approach to brand building; this is in spite of the considerable creative, design and craft talent already in existence.

Products are often made with a local consumer in mind, thereby severely limiting their international appeal, whilst wealthy local consumers tend to prefer spending their money on higher quality, internationally branded products.

A possible way out of this Catch-22, according to the study, is to focus on doing what South Africa does best and what the world's luxury consumers are increasingly hungry for; namely handcrafted, socially responsible and organically-inspired products that are replete with provenance and cultural cachet. Blended with just enough "African-ness" to provide differentiation on the international stage, while carefully avoiding ethnic cliché or tribal pastiche, and South Africa could yet even provide the model for an alternative interpretation of luxury in the 21st Century.

What is certain is that the country's dual role as regional hub and continental entry point, the blurring of boundaries between old (white) wealth and new (black) bling, combined with a global shift back to the basics of craft and authenticity, will only further the chances of Africa's largest economy becoming a serious player on the luxury stage within the next 10 to 15 years.

You can download a shortened version of this report [here](#).