Perhaps more than anything else, the Internet is opening up new markets that never existed before.

Consumers whose diet of information up to now has been dictated by television, magazines and film, are exploring new sources of information that to them might as well not have existed in the past.

They are discovering things on the Internet that may be Taboo where they live, such as Adult Entertainment or activities that appeal to such a narrow audience that the subject never receives widespread media attention. That could be anything from how to book an expedition to climb Mount Everest to how to import wooden tables from China.

Let me take an example of a housewife who in the Internet age wishes to book a family holiday.

In the past, she might have been prompted to action by an advertisement she saw on the television, reminding her that to receive a special family offer she needs to book early. She might have made a mental note of this offer before moving onto the pages of the newspapers. Here she will see hundreds of different types of holiday offers and discounts.

In the past, with the newspaper on her lap or on a coffee table nearby, she might have been tempted to pick up the telephone and call the Holiday Companies involved. Or she might have waited for the weekend and headed for the local Travel Agent with a good idea of what she wanted, but let the Travel Agent sort out the details for her.

In the past, the Travel Agent would have ended up with most of my housewives business.

Nowadays, instead of dragging her husband and children down to the Travel Agent, my housewife is just as likely to go to the Internet instead – at any hour of the day or night.

She will look up her packaged holidays as in the past but now she realises she can do something she couldn’t do before. She can dissect the package holiday into its component parts and realises that she is able to price up the cost of the airline ticket and the hotel or apartment reservations - all from different websites. She is able to make a reasonably intelligent price/quality comparison.

We all know what the result of this has been. The airline industry has gone through a gigantic transformation and the package holiday industry has seen a dramatic fall off in its bookings because of this onslaught.
If Ryanair from Ireland or Easyjet from the UK are to be believed, the catalyst in this transformation is without doubt – the Internet. 97% and 96% of Ryanair and Easyjet bookings are now online. As if to reinforce this trend, ABTA, the Association of British Travel Agents, recently announced that membership of the organisation has fallen from a high of 8000 members in the nineties, to under 5,000 today.

There is a ray of light in this scenario according to Neilsen Netratings, the global Internet measurement and analysis group.

In a recent newsletter to subscribers, their research shows that once our housewife has made a decision about a website – she tends to remain quite loyal to it.

Their analysis shows that she doesn’t go through the same level of research every time she uses the Internet – instead she tends to go back to many of the same websites who won her appreciation the last time round.

They go on to conclude that this is probably one of the key reasons why Price Comparison websites have not done as well as analysts might have predicted. People do not generally enjoy hunting down the cheapest price all of the time, instead, as in any normal business situation, the consumer forms habits and likes to return to the companies she feels most comfortable with – even on the Internet.

The problem **you** have and the problem most luxury brands have however, is how do you get on my housewives preferred list in the first place…

Before you can achieve that, there is a little bit you need to understand about her and her Internet habits…

Years ago, at the beginning of the Internet boom, I did a lot of work in organisations such as PriceWaterhouseCoopers, ICI and Granada Television, to name a few.

In the early nineties, the Internet had barely been heard of but computer networks were coming of age.

I was called into many of these organisations because I had successfully published my thoughts on the future of computer networks and how they would eventually replace middle managers as the primary Brokers of Information.
Back then, information tended to flow from the top down. In its simplest form, Directors were at the top of the information tree, middle managers were in the middle and Line managers were at the bottom.

But the cry went out. What if Line managers, through the use of computer networks, suddenly had access to the same level of information that the Middle manager had?

Buoyed up by a flurry of management thinking at the time from greats such as Peter Drucker, Charles Handy, Tom Peters and Edward De Bono, these companies began to shed their Middle managers and give more power to the people further down the information tree, the Line Manager.

They realised that ‘Decentralisation’ and ‘Empowerment’ was the way forward allowing information to travel to where it was most needed.

Within a few years, the traditional hierarchy was dead and the new concepts of Empowerment and Decentralisation were standard, and the computer network with email and file sharing became the centre of the corporate communication process.

**Our housewife is that New Line manager, she suddenly has access to information that she’s never had before through a computer network called the Internet.**

My housewife has become ‘Empowered’. She has access to Information and it’s a new dimension in her life that she shares with her husband and her friends and as a result of it, the online community grows.

But there’s a more interesting part. You see, my housewife isn’t the traditional buyer of luxury goods and services. This whole world of luxury is new to her, this level of information is new to her. She probably lives in the countryside. She’s probably never been to London, Paris, Madrid or New York. Like a 100 million others who use the Internet, she’s new to all of this.

In January of this year, 114.5 million or 39 percent of all Americans not only used the Internet but used a search engine as well.
Why do you suppose so many of these people use search engines?

It’s quite simple – like my housewife, at first they don’t know what they’re looking for. They haven’t made up their mind yet. They are waiting to be convinced. They are trying to find your website.

So they go to the search engines for help. Engines such as Google, Yahoo! Search, MSN Search, AOL Search and Ask Jeeves.

Let me give you some examples of this behaviour from last month.

(SLIDE - HOTELS)

In February, more than 7 million people searched for ‘Hotels’ but only 160,000 named Hilton, 165,000 named Marriot, and Radisson scored 76,000 searches. That leaves more than 6 million Hotel searchers who haven’t made up their mind about which hotel to stay in.

(SLIDE - WATCHES)

420,000 people searched for watches with 58,000 naming Rolex, 26,000 naming Cartier, 15,000 Guess and 15,000 Gucci. Most other watch makers didn’t even figure.

(SLIDE – FOUNTAIN PENS)

Of the 16,000 searches that took place last month for fountain pens, MontBlanc was named 700 times, Waterman 600, Parker 550 and Cross 300.

(SLIDE – OTHERS)

1.5 million people looked for shoes and the only brand names I’ve seen mentioned in this regard are Nike, Diesel and Dolcis.

300,000 people looked for a diamond ring and 500,000 looked for a wedding dress. I don’t recall any brands being named in the searches.

600,000 people searched for wine. Only 800 named Rioja and 1,000 searched for Moet and Chandon.

As you can see from these figures, there is a lot of Internet traffic going untapped.
If you’re the person in charge of the Internet, it is essential that it is your website that gets returned by these search engines, so that the next time someone types in ‘Dress’ or Wine’ or ‘Gourmet Food’ it is your company that’s returned.

Achieving this is called ‘Search Engine Optimisation’, an Internet strategy that you should all try to learn something about because it’s very important. Don’t build a website without Optimisation. Unfortunately, I can’t elaborate on Search Engine Optimisation today because it’s a subject in itself. Suffice to say that it’s a subject of some importance.

Now I’m not saying that for these companies – Rolex, Cartier etc – that their traditional marketing isn’t working. That would be unfair because for many of them, their traditional marketing definitely is working and working extremely well.

What I’m saying is that most Internet users, my housewife included, only has the vaguest of idea what she’s looking for. In other words, the online market for most of you remains virtually untapped. It is still virgin territory – something you should be aware of and try to do something about.

Don’t assume that my housewife, or any Internet user for that matter is as familiar with Vogue magazine or Esquire magazine as you are. Of the hundreds of millions of Internet users out there, many of them have never read a copy of Vogue or Esquire. Their local Post Office in Ohio doesn’t stock it…

Make no mistake, my housewife and her husband are your new market. These are the people for whom the democratization of the luxury brand actually means something. These are the people who are experiencing it for the first time.

And you are their teachers of what Luxury is about…

Now that my housewife has access to the Internet and to new levels of Information, and these are truly my observations from Toffsworld, Harrods, DPAV and a host of other websites, she starts to question the lifestyle around her. She starts to question her judgements and opinions. She begins to re-evaluate her status in the world, and she begins to ask questions about her lifestyle.

She looks at the clothes that she wears and she looks at the house that she’s living in.
She looks at the rain where she lives and she looks at the temperature in Majorca.

She eventually discovers Louis Vuitton, warm climates and cheap flights…

There’s a rush to the head. She realises that she can have this also.

**She never knew it until now that she can also afford this.**

She thought until now that to enjoy luxury or appreciate it – you had to go to the right school or the right university or be brought up in the right part of town.

Until now her lack of information led her to believe that she was only a housewife living in the country with her husband - who have money. Remember, she’s never been to London or New York.

One market that has truly captured the imagination of this group of people is the Spanish Property Market.

Last month, 38,000 people in England searched for Spanish Property on the Internet and this year close to 70,000 luxury apartments will be sold on the Costa Del Sol.

If it’s possible to sell €200,000 properties to my housewife who has never been outside her own country before except for a two week holiday, you can draw her into almost any product on the Internet – your product included.

Every day through Toffsworld I get more than a 100 people looking to buy a house in Spain.

(SLIDE – DPAV.com)

That’s why I set up DPAV.com, Dream Properties and Vacations, just to focus in on this very important part of our traffic.

Every day and every week, we turn what to many businesses is nothing more than vague Internet traffic, into real people who turn up at Malaga Airport with thousands of Euros in their pocket and bank guarantees that sometimes stretch to many millions of Euros.

They want a change of Lifestyle, in this case, they want a house in the Sun.

This is my housewife, using the Internet and using her spending power in ways that most marketers haven’t even caught up with yet.
And many of the housewives I meet have never been to London, Paris, Madrid or New York.

(SLIDE – TOFFSWORLD)

To Conclude

If Faberge was alive, I doubt that he’d be producing one egg at a time for the Tsar of Russia. He might be, but he’d also probably be producing thousands of eggs for the Internet.

Lets face it, if you only have one client like the Tsar, you can only produce one egg but if you have thousands of available clients through the Internet – you can increase your production line by coming our with a slightly modified product or service.

In the same way that Henry Ford utilised the new management techniques of ‘Scientific Management’ to create the production line and in so doing make a luxury item affordable to almost everyone – as long as it was in Black, so luxury goods manufacturers today should be looking at the Internet.

Whatever the approach, whatever the strategy, whatever the final outcome you decide – of one thing I’m certain…

You have to make my housewife feel – through your website – because that’s where she’ll find you – that by wearing your watch, or wearing your clothes, or staying at your hotel, or drinking your wine, or using your service, that she has more than just another product on her hands.

She must feel that she is in touch with a company who understands her desires, her needs and her fears – because remember, she’s new to all of this.

You must make her feel that at last, she is a part of the new luxury society that she first discovered on the Internet.

Thankyou