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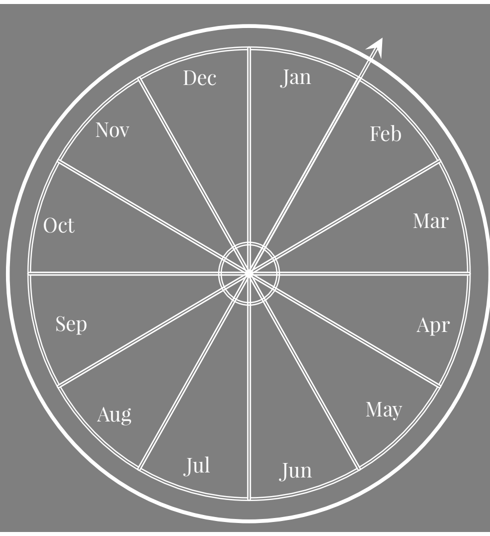

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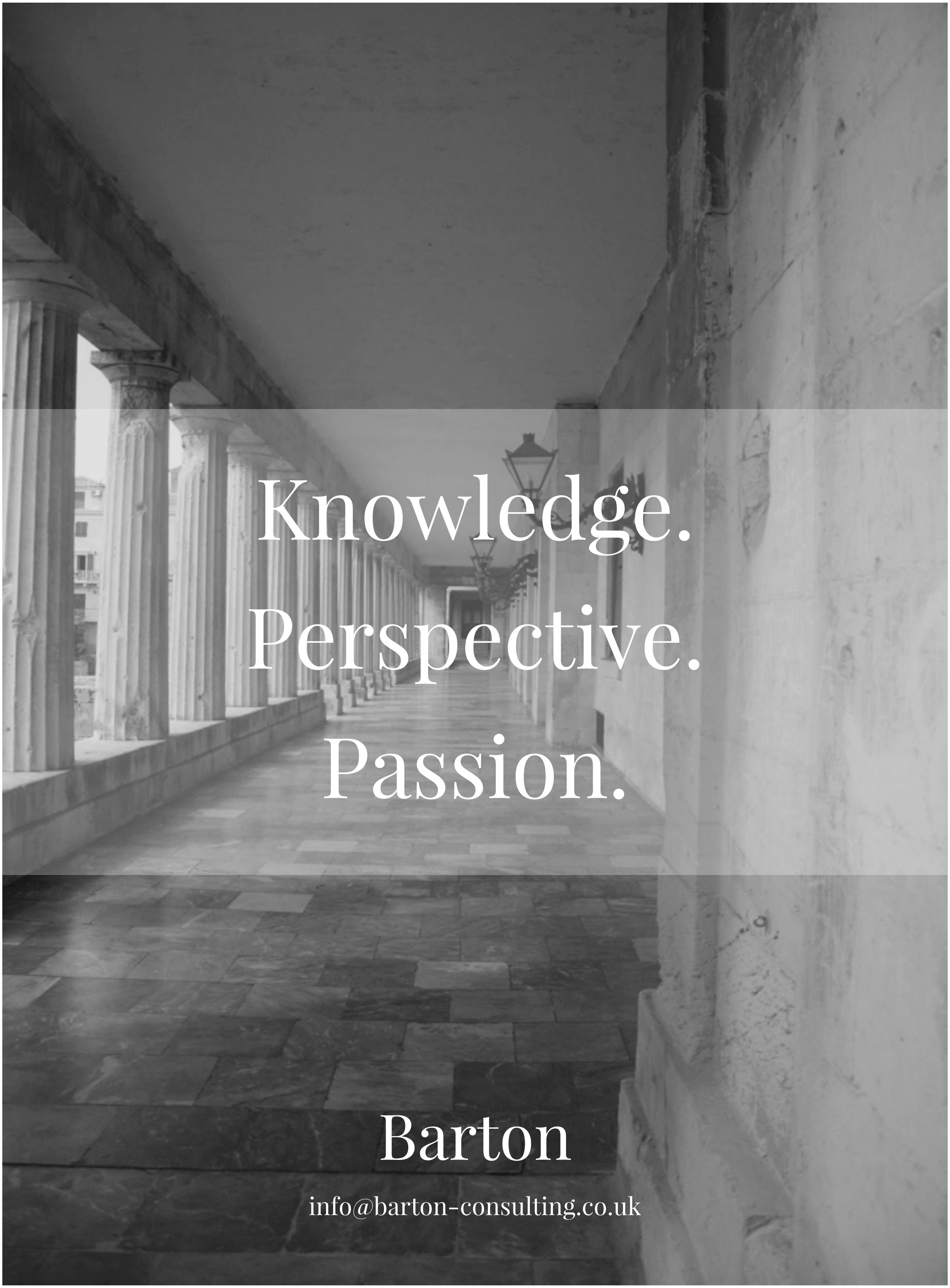
Knowledge.
Perspective.
Passion.
Barton
info@barton-consulting.co.uk

LOSING LEGACY

"Luxury lasts."

That was always the useful pat response to any doubtful consumer. Those who were not wedded to branding but were concerned about the investment required for branded goods from an apparent "luxury" brand that boasted of quality and craftmanship.

The simple expectation used to be that you pay a high price for something of quality but you pay only once. Items of inferior construction would need to be replaced time and again or would soon show defects which would require repair. This was the rational argument for luxury goods, and not only was it convincing, it was also true.

Beyond the simple notion of it "lasting" there also used to be a greater responsibility amongst craft brands for the flaws their products may show. This is partly because the craftsmen would often be closely involved with the business and customer care, but also because quality and craftmanship was the whole point of the business, not just talking about it and saying it but actually doing it.

This was a mutually beneficial relationship between brand and client, too. Those customers just getting introduced to luxury and the investment required were often 'converted to quality' by a good experience, becoming lifelong evangelists for either the brand or buying luxury in general. This was a million miles better than today's influencer model as there was no doubt about the incentives involved: if you are a prospective owner of a luxury good, you believe in the recommendation of someone who already owns it far more than someone who isn't an owner..

Brands were therefore built on genuine and personal recommendations and fundamental product value, not what is perceived.

A recent experience involving the minor repair of a luxury brand cardholder from an esteemed French luxury house, owned by a parent group well-known for leather goods, provided the inspiration for these considerations.

The product in question is a simple credit card holder in leather. The item was bought four years previously and had been kept inside a handbag, suffering daily but not exactly harsh use. On such items, there are a number of leather pieces – that create the card holder layers - stitched together by the leather craftsman using a sewing machine. To finish the product, the edges are coated in a product widely known as edge coating.

The edge coating on the card holder had started to peel away from the corners, as it sometimes does on very old or heavily used items. The item was taken back to the brand's boutique to enquire about repair. The brand reported back that it would need to be sent to Italy

> “…The remarkable aspect of the brand’s response was that the repair price quoted was around 88% of the retail price of a new wallet. Also, that this would be sent back to the brand’s third-party supplier, not an in-house craftsman”

(where the item had originally been crafted) to have the edge coat restored.

The remarkable aspect of the brand’s response was that the repair price quoted was around 88% of the retail price of a new wallet. Also, that this would be sent back to the brand’s third-party supplier, not an in-house craftsman. A second quote from a third party with expertise in wallet and handbag repair was sourced, to challenge the original quote.

However, the second quote was almost identical, which to some degree alleviated concerns that the brand was engaged in price gouging but left the owner with a sense of immense frustration that professional repair on a barely-vintage item should cost almost as much as buying a new one.

There are a couple of points to this that are relevant for luxury brands to consider.

Firstly, this kind of experience cracks the meticulously assembled illusion of exclusivity. Once you realise that selling you a cardholder for that price (though still high, and with a hefty profit) can only be achieved with a massive manufacturing order book, you realise your treasured item is no longer the lesser seen, thoughtfully crafted item you thought it was.

The second point, and a far more important one, is that luxury brands are increasingly positioning themselves as being aligned with anti-waste sustainability principles, capitalising on luxury’s long-known durability. It doesn’t reflect well on the brand or the sector when there is an implied encouragement for a consumer to throw away an item instead of repairing it.

Luxury brands of this type have lost their way. In general, we have become an unacceptably ‘throwaway’ society. Our increasing expectation for the dopamine hit provided by the novel and the new has created a giant beast with an insatiable hunger. Fast fashion feeds this beast, with its never ending in-season collection cycling and affordable pricing. People have become used to the idea of binning things instead of repairing them. Mass fashion makes this worse, but it should be luxury’s role to stand for and defend the values by which it sells its wares.

The huge threat to luxury brands is that, despite their inevitable protestations, they will eventually face critique that they are little different to the disposable mass-market.

Brands that have long provided such renovation services argue that they are effectively providing the owner with a piece that is so expertly refreshed, it should almost be considered a new piece. And so paying almost as much as it costs for a new item should be expected. They sometimes also assert that they are providing a service for loved pieces that meets the consumer’s desire; thereby implying that they are ‘solidly luxury’ as they are indulging in meeting an individual’s whims.

But these are cynical in nature. A mended bespoke Savile Row suit enables the owner to wear it again, but it generally doesn’t cost the bulk of the original transaction to do so. This is because bespoke tailoring is one of the few remaining meta-luxury phenomena that allies direct craft with customer service: the item is individually made and individually repaired.

In the end, the item in question was completed by an amateur. This was fairly easy to do, requiring the ordering of a small roller applicator from Amazon along with some edge coat paint and base application from an Italian company that supplies factories with the same. Viewing some YouTube videos showed how it was done by the craftsmen, and with a little practice, a less than perfect but largely acceptable result was achieved.

Of course, not every luxury consumer will want or be able to do this. And it does seem that there should be a better, in-house service for small repairs to items. One that doesn’t cost a fortune or attempt to extract another massive profit from a customer that is now questioning their decision to purchase the highly priced product in the first place. Brands could offer it for products bought within a certain timeframe. Some elements of the service could be complimentary, others could be offered at cost. This is not about ‘discounting’ luxury, it’s about standing by and defending your products, your values, your reputation, your legacy.

The legacy of a luxury goods brand, in the eyes of the consumer, is in their own interaction with your product. Discard the post-purchase concerns of this consumer at your peril.

Sector updates

LVMH, Shiseido and L'Oréal are reportedly among the potential suitors weighing offers for a stake in **Aesop** that could value the high-end skincare brand at $2bn. Aesop is currently owned by Brazilian cosmetics maker Natura & Co. and has become a cult luxury brand with highly recognisable products and brand assets. In Barton's view, its status value is exactly the kind of rare and attractive quality for this class of suitor. In a highly competitive market, Aesop manages to retain a differentiated image with its nature-focused ingredients, iconic packaging and conspicuous presence in some of the most vaunted hospitality and luxury interiors. Its stores are often quirky and unique in conception (its branch on the Upper West Side is in a 1950s dry cleaning establishment) and it has a more sophisticated understanding of contemporary luxury than many direct rivals. Outsider LVMH's last acquisition in this sector was the French brand Buly, a heritage business from 1803 well-known to wealthy Parisians but one with 84% of its stores located in Asia-Pacific.

Image: Aesop

Another month, another luxury hotel brand announces a "luxury yacht" to compete in the under-served above-cruise-but-below-superyacht-charter market. This time, it was the turn of **Orient Express** (the French Accor-owned and rejuvenated entity that just launched a competitor train to Belmond's VSOE) to make the splash, declaring that they will launch a luxury sailing ship called *Silenseas*. The yacht will be around 220m in length, with just 54 suites. By way of comparison, Barton notes the first launched Ritz-Carlton yacht, Evrima, is around 190m in length and has 149 cabins. The Four Seasons yacht is around 207m with 95 cabins. Aman's Project Sama however is just 188m with 50 suites, which places the Orient Express *Silenseas* in the same category. The major difference, however, is that the Orient Express ship will be a sailing vessel, unlike the other brands' combustion engine ventures, this will be powered by a wind propulsion system and a hybrid system powered by liquefied natural gas. There will be two swimming pools, two restaurants, a speakeasy bar, an amphitheatre and even a private recording studio.

Image: Orient Express

If you read the articles linking to the recent **Bain-Altagamma** Luxury Goods Worldwide Market Study, you will have read that 'luxury shoppers are getting wealthier and younger.' (CNBC, Fortune). Generation Z consumers are apparently starting to buy luxury goods - including designer handbags and shoes, watches, jewelry, apparel etc - at the tender age of 15. No mention though, Barton notes, of the fact it's probably their parents still buying it for them. The Bain report also directly quotes: "Younger generations (Generations Y, Z, and Alpha) will become the biggest buyers of luxury by far, representing 80% of global purchases." Well naturally, given that Generation Y are already pushing 40 now, it would be most likely that by the time they are mid 40s to early 50s – at the peak of their earning power – they, along with the two subsequent generations, will account for most luxury spend. But this doesn't mean the future luxury consumer is 'younger.' And it's no shock that kids are exposed to luxury brands – and the valuable status they bring – at a younger age, given the utter dominance of social media in their lives.

Image: Gucci