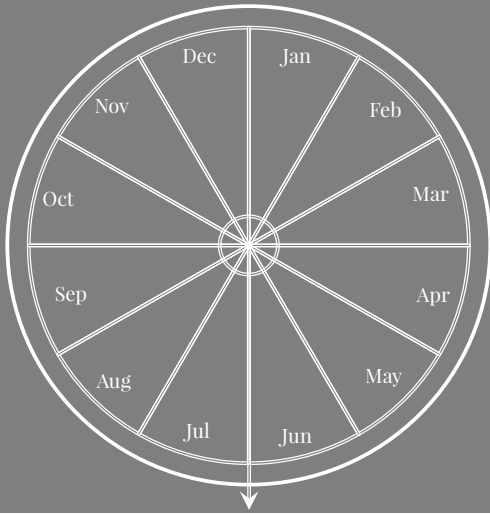


# B



Volume 44:  
June 2023



## Notes

---

### Under attack

Luxury as the political football

### Sector updates

Recent news and commentary



Knowledge.  
Perspective.  
Passion.

Barton

[info@barton-consulting.co.uk](mailto:info@barton-consulting.co.uk)





# UNDER

# ATTACK

Luxury is not, *prima facie*, a political issue. It is about consumer choice, production excellence and art. And yet, luxury is increasingly seen as a controversial movement.

Social media is awash with memes attacking luxury buyers, portraying them as either gullible and foolish or immoral and reckless. The World Economic Forum at Davos is attacked by suspicious Twitter-dwelling conspiracy theorists as much for its plethora of helicopters and private jets as for the outlandish, attention-seeking faux-Ted talks from Klaus Schwab.

In the midst of an inflation battle, this is increasingly worse. Middle class consumer cohorts, the aspiring 'luxury undergraduates', turn away from it more than ever, unable to justify such expenditure. Normally, luxury brands should value this kind of division: when luxury relies upon its core (wealthy) target consumer, brand image reverts to the ideal, and the groups below envy them and desire it even more. However, with consumer luxury becoming permanently out of reach for many demographics due to accelerated luxury goods inflation, many groups are finding happy company in rejecting luxury.

This is not, however, all luxury. After all, everyone – whatever their circumstances – wishes pleasure from life. Some luxury is OK for these consumers. Comfortable and smart hotels, but not insanelly

expensive ones; stylish, well-made fashion, but not \$1500 high heels. Pre-internet, not being able to afford luxury left many with a feeling of social inadequacy. Neighbours with better cars, friends with more expensive holidays, parents at school with smarter handbags and watches, all these pushed people to an atomized, outsider state. Only buying luxury could make them feel like they were 'keeping up'; there were no online portals poking fun at yacht owners' expensive hobbies, no collective emoji-dripping guffaws at people paying \$1000 for designer t-shirts. The virtual camaraderie had not yet been established.

Now that it has, there is tribal satisfaction for such people in eschewing luxuries, which at one time many may have gravitated towards. Safe in the knowledge they are not alone in ridiculing it, they find contentment in the more ordinary. The phrase 'even if I had the money' has become a comfortable long-term point of view, not merely an excuse.

This is a major problem for luxury, as its success depends on the considered idea that while certainly discretionary, it is the most desirable choice for the vast majority. The reader may consider this point of view too reactionary but there is always a long-term risk to luxury brands (not luxury itself) that they are seen, at best, as something silly bought by silly people, and, quite likely as an 'engine of inequality' – one of the fashionable hobby horses of today.

**“...luxury has even more of a guilt-factor in the social media age, where mob justice rules. Cynicism is pervasive and the term “luxury” is often used as an indicator of sin.”**

This attack on luxury leads it to a defensive line, one where it is doing good in certain areas before others follow suit. Sustainability is one of these areas. You're far more likely to have a luxury brand engage genuine sustainability measures that actually make an impact, rather than a mass-market brand, who has more to lose in doing so. Smaller scale helps luxury in this regard, but it's also a reflection of consumer expectations, interest and tolerance. Surveys on sustainability consistently reveal it is an AB demographic concern and not high up on the list for C2DE.

One of the ironic contradictions here is that luxury can wind up at the experimental end, which provides consumers with the kind of inconsistent experience that is so fatal to it. New materials, new hospitality and cuisine concepts can certainly meet luxury consumers' expectations of novelty but are they meaningful or merely faddish? And, importantly, how are the fundamentals of luxury – quality, comfort, craftsmanship – affected? After all, luxury demands a high price because not only is it the finished article, but the pinnacle of finished articles.

The social inconvenience of luxury should never lead it to punish its consumers with inferior experiences and it is chiefly price which determines the kind of experience you should be providing. For example, it's normal for a new hotel to charge \$700+ a night for a nicely designed rustic suite in a hot climate, but it isn't normal for that suite to come with almost no service, precious little cleaning and laundry and no air conditioning or cooling provision, save a ceiling fan. Of course, it's OK if people are happy to be uncomfortable in order to feel more responsible, but many are unlikely to be happy to pay such a premium for it.

But luxury has even more of a guilt-factor in the social media age, where mob justice rules. Cynicism is pervasive and the term “luxury” is often used as an indicator of sin. Politicians, for example, are not allowed luxuries by the electorate. As community figures there is a somewhat perverse expectation that these highly educated and often independently successful individuals should become ascetic monks when entering public life. Mentioning them staying at a “luxury hotel” or being seen with “luxury shoes” is an accusation. Despite not wanting our elected leaders to be robotic and bland, we nevertheless force them into such unnatural and contrived avatars.

Historically, attacks on luxury have been strongly linked with attacks on wealth. It was the case in pre-Revolutionary France and in Tsarist Russia too. Luxury is the visible evidence of wealth and income distinctions between two or more people and it creates at first a sense of envy, and then anger. Hence, the rise of “quiet luxury” trends in periods of exacerbated economic inequality.

Of course, it is arguable that luxury has increased its audience of relevance in recent years, reaching down into ever-younger demographics and across the far reaches of the world through the power of international social connections and the global supply chain. The sheer market value of luxury businesses is a testament to this, as is the enthroning of 'brand' as one of the three great influences on society in the modern world. In spite of this, however, luxury feels more vulnerable than ever. At the heart of this are some uncomfortable, inconvenient and optically awkward truths: it is largely about indulgence, it is not democratic and it isn't actually necessary. In the new world of trial by Twitter, such 'assets' are somewhat problematic, to say the least.

# Sector updates



*Image: Lamborghini/Dar Global*

Another multimillion-dollar residential development, another luxury super car brand is at the heart of it. Last month, we examined (with some scepticism) the choice of Bugatti to lend its name to a department complex in the UAE. This time, it is **Lamborghini** in partnership with Dar Global and the setting is the Costa del Sol, in southern Spain. The development, Tierra Viva (which Barton discovered means 'Living Land'), in the mountain village of Benahavis (about 8 minutes drive from Marbella), will comprise villas that come in three configurations - a six-bedroom option called Diamante, a five-bedroom option named Zafiro, and a four-bedroom option called Esmeralda. Stephan Winkelmann, CEO of Lamborghini, said: 'This partnership represents the merging of Lamborghini's luxury supercar essence and Dar Global's expertise in real estate. Tierra Viva embodies the essence and power of Lamborghini and its unrestricted nature, interpreted into an architectural masterpiece.' Prices for the residences start at £3m and will be complete in June 2026.

Kering announced recently that it had acquired antiquated Anglo-French fragrance house, **Creed** in an all cash deal. "The acquisition clearly marks a major step for Kering Beaute, allowing it to reach critical mass in this category," said Raffaella Cornaggia, CEO of Kering's beauty division. Analysts initially estimated the deal to be between €1bn and €2bn, but evidence came to light late in the month that the deal was actually €3.5bn, around double those estimates. Last year, Creed's annual sales were around €250m, and so the sale price – over 10 times revenue - denotes a great belief from Kering in the enduring power of Creed's ancient brand, which was founded as a tailoring house on Conduit Street in London in 1760; particularly, Barton notes, given Aesop's recent €2.3bn sale to L'Oreal was on €500m in annual revenue. Kering obviously has plans for Creed to expand, particularly in products for women, candles and home fragrance, as well as a geographic push into China. So far, so predictable, but it will be interesting to see how far it can be pushed.



*Image: Creed*



*Image: Belmond*

The master of luxury rail journeys, **Belmond**, is bringing the Eastern & Oriental Express back to the tracks of South East Asia. The E&O began its train journeys connecting Singapore and Thailand in 1993 and has been closed since the pandemic began in 2020. The E&O is returning with 15 carriages, among which will be two restaurant cars, one piano bar car and an observation car, which is partly open air. However, what is surprising – and disappointing – to Barton is that there has been no major renovation work to the interiors, no spa carriage and none of those famous suite carriages that have been sold out for months on end for their European VSOE train. The early Nineties upholstery, instead of being fashionably vintage, now looks very dated. One would have presumed that a sensitive but thorough update would have helped significantly with a relaunch. The new service is set to run two seasonal journeys from 2024, going from Singapore to Malaysia, with one passing through Kuala Lumpur, Langkawi and Penang and the other skirting the wilder eastern side of Malaysia, taking in Taman Negara Park.