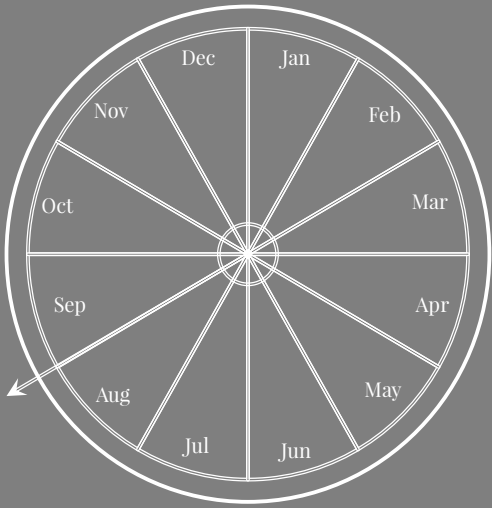


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For a sector that has become increasingly involved in politics and global initiatives over the past few years, it has been remarkable how silent luxury brands have been over the disastrous US and allied forces military departure from Afghanistan, which has now resulted in a humanitarian crisis, stranded refugees and the first US casualties for over a year.

In many ways, this silence is understandable; it isn't, they might say, for commercial organisations – and luxury ones at that – to wade into humanitarian or political situations, about which they know little. If this is indeed the reasoning, it is sound; the situation is deeply complex, sad and will not be solved with a Tweet or an Instagram post. However, it is rather out of character. Whenever a topic trends, even on very controversial, socially divisive topics, there's usually a brand that steps in and tells us, from their viewpoint, what's really going on and which side they support. Could this taciturnity be reflective of a change in mood? Are these brands now determined to steer clear of such topics? Or does this reveal something rather more cynical and superficial, that geopolitical tragedies like this aren't the "kind" of issues which brands like theirs should opine on?

The problem is that when you begin to join a "global conversation" as Twitter puts it, your lack of interest and voicelessness can be more intriguing than what you might actually have said. When you place yourself at a higher degree of consumer expectation, in a position of 'responsibility', the topics aren't chosen by you but by others.

It is the same with sustainability and the environment. Luxury has been quick to promote its own credibility as the more sustainable choice over fast fashion, of supporting human craftsmanship and campaigning against things like single-use plastics. But when the conversation moves on, some brands don't want to (and sometimes aren't even able to) move with it. It enters an area of too great a compromise, of stepping into realms of opinion and knowledge it cannot countenance. However, by this stage it is normally too late as the consumer expectation for brand participation has already grown beyond its foundations. The increasing feedback on measures is that 'everyone is doing that' or that it is 'nothing special' and recalls something we warned of in our August 2019 Diary, that once the norm, such measures are no longer impressive but expected. If brands join the conversation, it is vital that they possess a strategy to remain in it, otherwise they are lost.



Knowledge.
Perspective.
Passion.

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HOW HNWS

BUY LUXURY

Why do we choose luxury? Whoever we are, whatever resources we have, where does that urge to buy that handbag, that watch, that holiday or that car come from? There are undoubtedly many reasons why we choose to buy luxury items. And there are also many post-rational justifications we give to ourselves to explain why we made a purchase. However, there are just four main factors which influence what you buy and why you buy it. These are a mixture of internal (personal) factors and external (reality) factors.

Internal factors can often be irrational or based on a desirable alternate reality. External factors are chiefly rational and based on the world as we find it, rather than the one we want it to be.

The two main internal factors are our *motivations* for buying something and our *beliefs*. The two main external factors are our level of *resources* (chiefly financial, but also spatial and time) and our *environment* – which is loosely what kind of world we inhabit, who we socialize with, where and how we live. Ordinary consumers can be different to very wealthy consumers in these internal and external factors. However, there is not as much difference

as we are led to believe. In fact, many wealthy consumers of luxury resent the idea that they are treated differently to any other consumer. This makes them self-conscious of their status and often protective of their wealth, making them suspicious and careful consumers rather than the reckless profligates of fiction.

Motivations: A question of seriousness

One of the most important motivations for buying luxury is our state of mind. How serious are we when we buy that golden pair of skis? Many wealthy individuals' purchases in the luxury sphere are not motivated by a weighty sense of aspiration – which is the typical psychology of ordinary consumers – but from the perspective of potential utility: is this something they are going to care about or is it a passing fancy they will soon forget?

Fun purchases aren't necessarily 'cheap' purchases and often they can be expensive, as the fun factor is determined by their attitude. However, the wealthy can be serious and serious purchases in luxury, for them, are about perceived value and this is where information and reassurance is required and valued.

“The wealthy perceive time differently because they have achieved a magnitude of resources which forces them to examine how they spend time...a lost year due to the pandemic is the equivalent to a lost decade...”

Beliefs: Value for money

One of the most common misconceptions about the very wealthy is that they don't care about 'value for money' or getting a good deal, simply because they can afford not to, or because they make significant purchases that appear wasteful or absurd to ordinary consumers.

The wealthy are as concerned, sometimes more so, than ordinary consumers about getting a good deal because they are naturally defensive and alert to the dangers of being ripped off. Some of this is down to their business-mindset (most of them are founder entrepreneurs), but it is mainly down to the fact that they do not like being targeted or sold to as "someone rich." They believe they should always get value for money.

However, what value for money is to wealthy people is often different to an average consumer, who are mainly motivated by promotional events. Wealthy consumers' idea of value for money is about the perceived value in what they are buying. This is best buffered by concepts such as rarity, human stories of craftsmanship, origin and longevity.

Resources: Time

Often we are told that the most precious resource we have is time, but we usually learn this too late or not at all, as most of our lives are spent aspiring to improve our position, paying things off, looking to secure the future of the next generation. For the wealthy, this battle is already won. It is not that the wealthy have a lot more time than other people, which is another common misconception. They perceive it differently because they have achieved a magnitude of resources which forces them to examine how they spend time. They tend to prefer owning rather than directly running businesses, in order that they can

spend their days doing what they want to. Sometimes this is philanthropy, or the pursuit of a passion as an occupation – such as painting – but in many cases it is spending time acquiring more knowledge, travelling, enjoying the time they have left with their family and loved ones.

No one likes their time to be wasted, and the very wealthy are no different. However, wasted time to the wealthy is far more tragic and damaging. They magnify a lost day as the equivalent of a lost month. A lost year during the pandemic is the equivalent to a lost decade. They have many ways in which they want to use their wealth and preventing them from doing this enjoyably and efficiently often produces an extremely negative outcome.

Environment: Lifestyle

In their desire for enjoyment and pleasure, very wealthy people are no different to the rest. Though they also find work and endeavour rewarding, their being buried in their work or their investments should not be mistaken for a sacrifice. They enjoy making things better and having reached a level of success they see more fun in their daily toil, with some even treating it as more of an enjoyable game, now that theirs and their children's future security is as assured as it's going to be.

However, this means that wealthy individuals very rarely have a compartmentalization of "work" and "play" in their lifestyle. When they travel, they nearly always combine business with leisure, and vice versa. Yes, the world is their oyster but it's also their office too. This makes them highly gregarious within certain circles, curious and opportunistic.

This 'always on' , highly active lifestyle, blending what others consider to be separate also makes them more detached from prosaic concerns. They travel incredibly frequently and pack their days with things to do, people to meet and places to see.

Sector updates



Image: OceanSky Cruises

Whilst the likes of Jeff Bezos and Elon Musk duke it out over sending rockets into space, a start-up called **OceanSky Cruises** is going back to the future and offering airship cruises to the North Pole for (very) well-heeled guests – a two-person cabin will cost around \$230k for a 36 hour round trip, which is comparable with some private space journeys. Whilst airships have been terribly out of fashion since the 1930s, they have found new fans in sustainable luxury travel gurus. Not only are the modern airships built by British company Hybrid Air Vehicles (HAV) more fuel efficient, they can also be fitted with spacious, luxurious cabins. OceanSky's airship will have 16 guests in 8 bedrooms and a crew of 7, including a chef. Barton thinks the highlight of the experience is landing on the North Pole for an ice-cap picnic and a six-hour layover.

Louis Vuitton is getting on the luxury-cycling crossover bandwagon with a series of exclusive cycles made in collaboration with Maison Tamboite, who made bikes for Marlene Dietrich and Edith Piaf. The MM Closed Frame Louis Vuitton cycles come in a range of colours and materials, including the signature LV monogram canvas. The traditional style of the cycles is, naturally, the highlight of the venture and the idealised customer is clearly a more leisurely and elegant one than most of the speed-demon MAMILs racing around the streets today – helpful front or rear luggage racks suggests this is just the sort of thing for an especially dynamic university professor. However, such things of beauty don't come cheap. At £20,200, it is double the price of some incredibly fast racing bikes. However, in Barton's view, even their speed is no match for how quickly the LV bike chains will be cut by drooling thieves.



Image: Louis Vuitton



Image: Rocky Mountaineer

North America is not synonymous with luxury trains, despite possessing the kind of jaw-dropping scenery that is most appropriately viewed from a rail carriage. The **Rocky Mountaineer** is one of the most successful luxury tourist trains in Canada and this month they announced their first ever routes in the USA. The route, known as the Rockies to the Red Rocks, goes through (no prizes here) the Rockies of Colorado to the Red Rocks of Utah on a two-day, one-night trip. There are two classes of service on the itinerary: SilverLeaf (\$1,250 per person) and SilverLeaf Plus (\$1,645). The latter adds an additional course during meals and access to a separate lounge that features a mixologist who makes craft cocktails. However, despite eating on the train, there is no sleeping as there are no 'wagons-lits.' Instead, travellers spend the night at a local hotel resort. Rather sensible, in the view of Barton, as that precious jaw-dropping scenery should not be passed by at night.