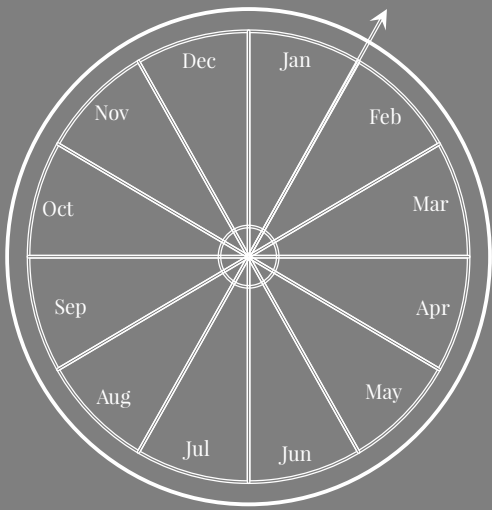


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Where will 2022 take us? That is the question on everyone's lips at the turn of every new beginning, but particularly this year, following a 2021 that brought us nothing but doubt. Uncertainty has been the zeitgeist since 2020, which makes for a situation that is ripe for opportunists to take advantage.

Uncertainty isn't always a bad thing though. For one thing, it tends to eradicate complacency (which is never sensible) and it can force us to become better or stronger, as part of our natural survival instinct. This is why many economists believe recessions are unavoidable, as they are the natural result of human beings, individually and collectively, moving through various states from uncertainty to opportunity to certainty, then hitting disaster which heralds the return of uncertainty, restarting the cycle.

Of course, too long a period of uncertainty is dreadful for progression, as events such as The Great Depression proved. Stagnation sets in, and we struggle to emerge from it, falling deeper and deeper into a mire. But periods of uncertainty that we *know* must end can be good periods for setting new plans, ensuring we are perfectly pitched for the ascent when it comes. If all we do is wait for another period of certainty, which might be good for business, we squander the chance

to thoroughly examine whether we are actually fully optimised for it, and we waste the chance to steal a march on the competition. But are we able to act in such a way?

There has been much disquiet in online communities about the attempt of a "great re-set", particularly the idea that the pandemic is being used as a scapegoat for fundamentally changing the way we live our lives, compelled by a more fearful existence to obey, to be persuaded more by a future focused on the collective, rather than individuality.

Is the business world headed along a similar path? The last five years would certainly suggest that the corporate world not only toes political 'consensus' lines, but also pushes its virtues in doing so onto others, sometimes disingenuously so. We wrote last year of how luxury brands have made errors in their efforts to attach themselves to trendy political issues only to be proven unsound or, most often, hypocritical in doing so.

The biggest challenge for 2022 and beyond is to dare to be different. Not to counter consensus thinking for the sake of it, but to be more rational, considered and informed. If the last two years have taught us anything it is that doing what others do isn't necessarily the safe haven we might think it is.



Knowledge.
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Barton

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Upcycling is one of those drearily domestic-sounding concepts that seems anathema to luxury, something associated with Etsy and eBay, 'shabby chic', small bedside cabinets and coffee crates. It is a term that has been created due to the inadequacy – or ugliness – of the word 'recycling.' Between the two concepts, there is very little difference at all, except that 'upcycling' is about producing something greater as an end product, whereas recycling is merely about the intent of reuse.

There has been much encouraging action in the wider luxury market for used products. Encouraging because reuse and re-sale of old or unwanted items to others results in less waste and is also a far better advert for the longevity of luxury than selling shiny new things through the umpteenth marketing campaign. Used luxury also welcomes a new kind of consumer attitude (and in turn, a new kind of consumer) to the luxury market, thus broadening the appeal of the ideal of luxury, creating greater relevance for it in the modern world.

Both consumers and brands have pushed and accepted this new norm, even though, for the latter, the short-term business case is far less attractive than it is for selling new items. For some luxury businesses, it remains a problem.

Fashion survives on renewal and whim. To a Savile Row tailor, the familiar idea of 'luxury lasting' is a happy one. He is quite content not to see his customers back in his dressing room for a fitting quite so often. For luxury fashion brands, the opposite is the case. They need their customers to be there at the change of every season, inspecting the evolution of their new artistry.

Of course, with many brands and consumers eyeing a more sustainable future, this makes it rather awkward for luxury fashion brands. An entire industry of designers, cutters, seamstresses and factory workers are reliant on the cycle of fashion. Fashion today is, necessarily, an inherently wasteful industry because it mandates consumers to replace things which perform a function before they have ceased to perform that function. That doesn't make it an evil industry or anything like it, but it does make it harder for it to justify its existence in this new era. For it is no longer activists and beady-eyed consumers taking issue with waste, but governments and bodies of the state that are pursuing regulatory pathways.

Re-sale, which for years was seen as a (very) poor cousin to purchasing new is not only a sensible alternative, it is also seen – for better or for worse – as more virtuous, and more

“...Maisons such as the House of Worth received mountains of their old dresses from well-heeled clients, requesting remodelling and adaptation to the new season.”

considerate. This has boosted the used luxury market to the point that high-end luxury brands are as venerated in the secondary market today as art has been for centuries. Ten years ago, you could pick up a slightly worn Louis Vuitton Keepall for under half the price of a new one. Now, similarly used LV goods command a maximum 10-20% discount from the new price.

With this kind of promise in the used market, the concept of actually recycling luxury fashion & accessories appears to be reckless of its potential. But that fails to take account of the fact that recycling (or ‘upcycling’ if you *must*) is a very old practice, common amongst luxury consumers in the 19th and early 20th century, even those of great wealth. Maisons such as the House of Worth received mountains of their old dresses from well-heeled clients, requesting remodelling and adaptation to the new season – a rather grand version of the now old-fashioned habit of make-do-and-mend. Much of this stemmed from the essential rarity and preciousness of the fabric and workmanship involved, a concept with which today’s throwaway culture is increasingly detached.

The issue with today’s fashion, handbags, luggage, small leather goods and other accessories is that they’re not built with the same expectations of durability as they used

to be. Certainly, many luxury brands still pride themselves on craftsmanship quality, and construct pieces to a far higher standard than the high street. But there can still be premature degradation. Stitching can come loose, soft leather deteriorates, leaving a malfunctioning, often useless product requiring a new lease of life. Repair is one option, but true upcycling should be another.

Luxury brands have taken to the concept, albeit to a limited extent in the last few years. The late Virgil Abloh produced a collection of upcycled sneakers, reimagining shoes from the 2019 collection for 2021. Loewe even upcycled military tents to produce a long ‘tent coat.’ However, none have embraced the ideology quite like Hermès, who have had their Petit H atelier-lab since 2010. Petit H brings artisans and artists together to create unique objects with materials that Hermès *métiers* have no further use for. Whilst this is the closest to the true idea of upcycling, it is still some way from the ‘Etsy upcyclers’, who will take your old fabric or unique materials (such as monogram canvas) and make you something else out of it – even though many deride this as a form of forgery. Brands should consider this idea more seriously. It puts into motion a circular model in which products are designed with the next use in mind and the relationship between the original product and consumer is maintained.

Sector updates



Image: Aman

Aman Resorts, best known for its category-defining sleek and discreet architecturally significant hotels such as the iconic Amangiri in Utah and Amanjiwo in Indonesia is dipping its toe in the increasingly alluring luxury yacht market. Aman announced Project Sama, a 600ft motor yacht, developed in partnership with Cruise Saudi. It will have 50-suites on board, and as Aman says “define a whole new category in on the water exploration.” It has been designed by SINOT Yacht Architecture & Design, best known for designing billionaire Larry Ellison’s 2011 launched Feadship, *Musashi*. In Barton’s view, the employment of a yacht design firm, rather than a cruise ship specialist, is perhaps the most telling element that this will indeed be a different kind of experience, not the yacht-cruise hybrid which is currently drawing in brands such as Ritz-Carlton.

It was reported recently by **Bain** that Chinese consumers spent \$73.6bn on luxury goods domestically last year, up 36% on the previous year. Whilst this is a large increase, it is worth remembering that China has largely locked its own population within the country, making international travel practically impossible and domestic luxury spending obligatory. Barton also notes that amongst the glittering excitement about this huge domestic spending increase, Chinese consumers still spent about \$33bn less on luxury last year than pre-pandemic 2019, around 10% of 2021’s total global luxury spend. What this report really highlights is that there is a big chunk of Chinese spending that hasn’t really happened without international travel. Whilst the increase in domestic spending is partly encouraging, Chinese consumer international travel spend is clearly not going away anytime soon.



Image: Getty



Image: Girard Perregaux

Kering announced it is to sell its Ulysse Nardin & Girard-Perregaux brands to their current management, explaining that it “fits the company’s strategy of prioritising labels with the potential to become sizable assets within the group.” It has been hailed as a smart move, even though Barton notes that the watch market has been one of the hottest luxury markets going, and one which was amongst the first to evolve into a genuine investment category, with an extremely healthy secondary market keeping prices rising, year on year. So you could question the sense in selling. It mainly reflects the incredibly competitive marketplace that luxury watches are now in. Unlike other categories, where niche brands you hardly see can gather attraction for that very reason and gather cult interest, the peculiar market for luxury watches means that value gravitates around a few highly collectible brands, leaving less vaunted brands with a far smaller market share.