Barton Diary

Volume 1: July 2019

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Welcome

to the Barton Diary

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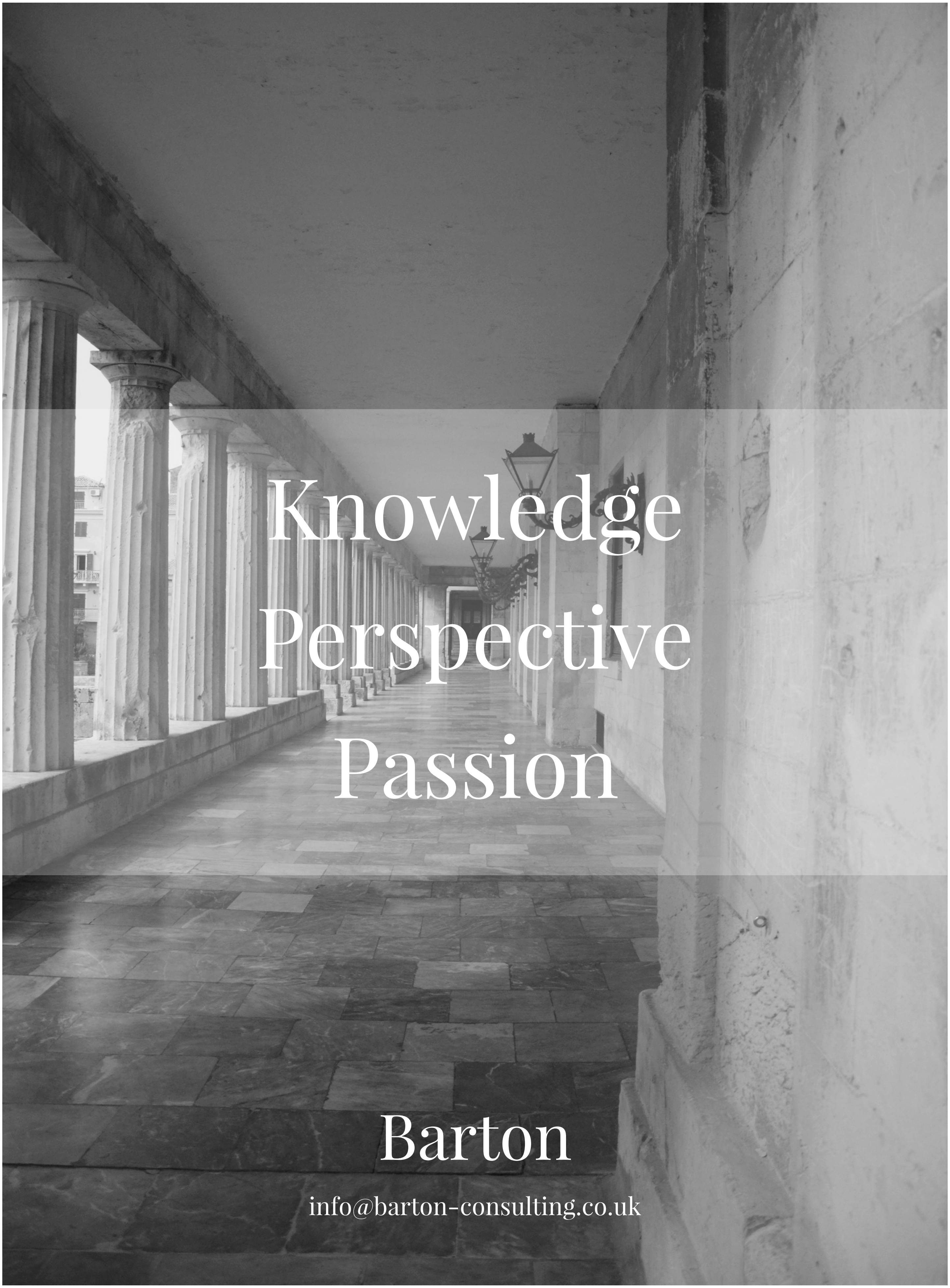
July 2019

Welcome to what, hopefully, is a warm, enjoyable and perhaps even productive summer month. Whilst July has traditionally been one of the most disappointing in London (weather wise at least), for me this year's seventh month represents a new beginning. For July 2019 marks not only the first issue of Barton Diary, but also the official launch of Barton, a specialist consultancy I founded after spending years focused on the wealthy populations of the world and the prestige and luxury sectors they interact with.

I started Barton to provide, what I feel, is an important service; knowledge from a vast range of cross-sector experience and a total focus on helping prestigious organisations continue to excel in their creation, communication & delivery of the finest products and services.

The Barton Diary will have a new issue each month, which will be distributed to subscribers, and will include a range of opinion articles, interviews and news and commentary from the prestige and luxury sectors, all in a frank, *confidante* style that I hope you will enjoy and find useful. This month, to mark the 'birth' of my own business, there's a piece on luxury brands' new beginnings, with a particular focus on the new digital age. There's another piece of commentary on the multi-billion dollar acquisition of Sotheby's and how old-fashioned auction houses are evolving into luxury consumer brands and finally a round up of news and commentary from around the sector.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GENESIS:LUXE

The birth of brands

Once, a client asked me what they could do to 'bring history' into their brand. As an enterprise, theirs was a relatively new one and they operated in a space in which businesses that had a century or more under their respective belts were at a considerable advantage. It was imperative for the client to dig around the foundations of the brand, fortifying them with a sense of historic tradition and inherited skills, in the absence of its own brand history.

This has not been an unusual problem in the luxury industry. Birthing new brands is always difficult whatever sector you are in, but when consumers place such importance on and show such hunger for heritage (and an industry responds with emphasis upon that heritage) the cycle of 'needing history' is firmly set.

This is partly a reflection of the specific codes that businesses and brands need to possess to be considered 'luxury.' Craftsmanship is indelibly linked to history, and the belief in the time-honoured, and often superior skill of past craftsmen. Also linked to heritage are those connections to famous owners and patrons, particularly the mystical tier of vanished royalty and old Hollywood film stars whose ethereal presence becomes part and parcel of the brand experience.

However, heritage has also become part of the brand's currency, and it is as much an asset for consumers as well as purveyors. The fact that 'luxury lasts', is a 'good investment' or is more 'worthwhile' expenditure is strongly connected to its history. Buying from a brand that has made for 200 years is considered sensible expenditure, particularly when it is charging at

Image 'Fondation de haute horlogerie'

Brands such as Cartier have deep history and heritage, which has acted as a qualification criteria for bona fide 'luxury' brands in the eyes of many consumers, and has therefore become a major brand asset to exploit luxury price points. Buying from a brand that has made for 2 years makes consumers more wary of its enduring value.

Therefore, it is easy to see why brands are locked into abiding by the doctrine of heritage, and why luxury brand investors often salivate over brands with grand archives rather than those with merely grand ideas. Sadly, this has often created fearful businesses that repeat the same unchallenged mantras of luxury, and as a collateral effect, stifle new and daring concepts.

However, in recent years, new paradigms have begun to settle that confront the notion that you 'can't be a new luxury brand', that the formula of needing time for the brand to bed is the only one that works.

Image: 'GQ'

Supreme went from being a little-known, 90s New York skaterwear brand to a being a 'luxury' clothing and accessories brand with the help of an innovative retail strategy, collaborations with Louis Vuitton and a powerful social media following (12.9m Instagram followers to date)

Firstly, the process for luxury retail brands used to be simple. Have an idea to create something, set about making it, rent retail space and sell it. That was the age before the internet; it took much longer for brands to establish themselves and the order of things created natural barriers to entry. The market only allowed *brands* to become great once the business itself had become a success. There was little room for 'hot air' sensation brands, you had to have substance from the get-go. Now, brands can themselves up and cause a commotion in a fraction of the time, and at a fraction of the cost. New brands can eschew advertising spend and focus on proprietary communication channels such as a website and e-commerce platform; after this is established and initial revenue secured, they may look for brick and mortar locations or to be stocked in established department stores, conveying a truer sense of 'arrival' to seasoned consumers.

Secondly, the growing dominance of social media in consumers lives has meant that anyone can set up a fairly legitimate-looking business without major investment. Whilst bigger, established brands have more resources to compete on social media channels to pay the fees of expensive influencers and appoint specialist social media teams, smaller brands are competing on the same field. Unlike print advertising, for example, where only giant luxury groups such as LVMH or Chanel can afford the most expensive 10-15 pages of a glossy magazine, anyone can post on Instagram, where content is king, and brands are forced to dance to the tune. Smaller start-up brands can also be more nimble on social media, often using it as their sole marketing strategy; their desire to create new, differentiated content that leads rather than follows can make larger entities appear slower-moving.

Image: Fenty (Instagram)

In January this year, Rihanna was seen wearing a pair of glasses with the word 'Fenty' written on the side, and the internet instantly speculated on when Rihanna was bringing her successful Fenty beauty brand into the fashion world. Just 4 months later, Rihanna launched the brand in Paris as one of the maisons in luxury group LVMH – the first time they have backed a new brand since 1987

Finally, the highly visual nature of daily media consumption has brought brand purpose full circle; beauty is, once again, the victor. There is no doubt that history and heritage still matters to brands that have it, but newer brands can distract consumers with exciting imagery and emphatically beautiful or merely arresting expressions of artistry or craft. Incredible scenery for new luxury hotel resorts can be shared at a click to thousands and even millions, creating desire within seconds. The key question about these brands is always one of longevity; will they be a flash in the pan, or can they remain important and relevant throughout time - or at least fade out more slowly than they came to life?

"Only two brands command the level of almost scholarly trust to run the auction market..."

SOLD! Sotheby's & how auction houses became luxury brands

In June this year, one of the two dominant art auction houses in the world was taken into private ownership by an ambitious French-Israeli billionaire, just over 20 years since its main competitor was sold – to an ambitious French billionaire.

The world was quick to react at what they saw was an irrefutable trend and espoused on why 'going private' was what Sotheby's had long needed, that Christie's had been on top almost since the Groupe Artemis takeover, that the huge investment Patrick Drahi had made would undoubtedly pay off if Sotheby's focused on online sales, used clever tools that online luxury fashion retailers use to match individuals to the right pieces. Whilst there was no indication from the buyer or the senior figures in Sotheby's that the company was going to significantly change its strategy in the short term, the commentators had already decided it for them.

Stepping back from the detail of the acquisition, it's also arguable that what has been acquired is not what is known but what is unknown. The potential and opportunity with a brand and business like Sotheby's is immense – way beyond online shopping strategies or aggressive dogfights with Christie's over major works - and for a number of very good reasons.

The first reason is trust. Only two brands command the level of almost scholarly trust that is needed to run the increasingly unpredictable and conspiracy-laden art auction market, and both of them are now in private hands. The brand recognition of Sotheby's and Christie's is huge all around the world, but it is the added trust in these art titans that entitles them to control the market as an effective duopoly.

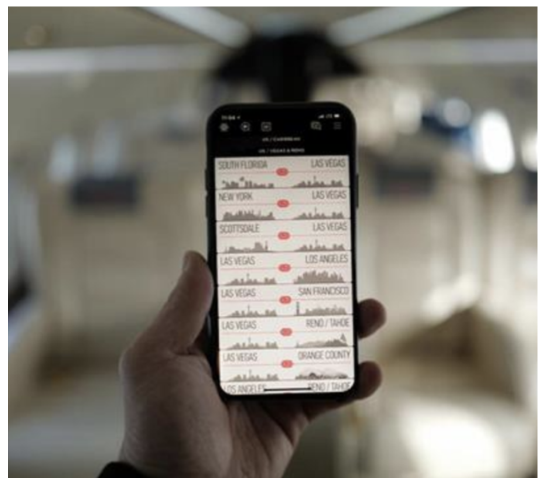
The second reason is prestige. Again, Sotheby's and Christie's are relatively unchallenged in this respect. Certainly Bonhams and the once-LVMH-backed Philips have had stronger reputations in certain categories, but their brand prestige is significantly lower than the top two. New entrants such as Paddle8 have invigorated and excited the market, but no one would pretend that they have the 'luxury brand' status to attract the greatest and most important sales in the world.

But both Christie's and Sotheby's know this isn't just about headline-grabbing sales. This is about having the brand authority to evolve the sector, to bring a new flock of buyers to the table, to reshape what an auction house is and does – the kind of creative, market-making freedom and leadership that luxury fashion brands either have or crave.

Sector updates

Airbnb finally took the plunge and created a sub brand for its higher-end properties, named **Airbnb Luxe**. The move has long been speculated as its portfolio of properties began to bulge with spectacular penthouses, luxury villas and great estates. The brand has long been used by HNW and UHNW individuals seeking one-click convenient privacy and the feeling of being at home whilst being away, without the need to acquire property or rent through agencies. Whilst traditional hotel companies have apparently seen home rentals as a ‘different market’ and even a ‘different consumer’, the move presents a lifestyle shift in the wealthy’s holidaying habits. Whilst holiday home rentals in the luxury space have long been around, the increasing volume and success of Airbnb in this space may make leading luxury hotel brands begin to pay more attention. *Image: Airbnb*

Vista Global recently announced the launch of **XO**, a digital offering that unites the smooth JetSmarter technology – a company that Vista Global acquired last year – with the fleet and operational expertise of XOJET – in which they also acquired a minority stake last year. XO uses a digital interface, via website or app, which enables on-the-go selection and management of memberships, On Demand charter access to over 1,500 jets around the world and the ability to book a seat on any existing shared flight in the Vista Global fleet. Vista Global’s fast and bold moves in the arena of private aviation have revolutionised the private aviation industry, which has traditionally focused on full or fractional asset ownership and leasing, and in doing so, focused solely on the UHNW and corporate markets. Vista Global’s aim is to bring the experience of private aviation to a far larger audience that traditionally fly Business & First class. *Image: Vista Global*



In June, Samsung launched an enormous 8K resolution television product with a rather curious name. ‘**The Wall Luxury**’ is a 292 inch unit that uses MicroLED panels that clip together like pieces of Lego, with each LED emitting its own light. This innovation means that consumers are no longer beholden to specific screen sizes, and can tailor the size of their screen to their own home by removing or adding panels. It has an Ambient mode that displays artwork and photos (much like its Frame product) that can be used when not in Entertainment mode. As with most Samsung launches, the product itself appears gorgeous, next-generation and well designed but given the obsolescence of technology over time and the downgrading of ‘luxury’ to ‘mass market’ within the space of months, you can’t help but wonder that the branding has a very limited shelf-life. *Image: Samsung*