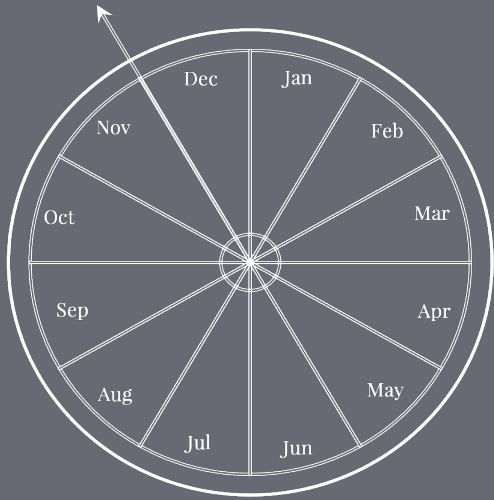


# Barton Diary



## Volume 5: November/December 2019

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# Welcome

Barton Founder & Principal,  
Winston Chesterfield

## November/December 2019

Winter is upon us. The last leaves of the year have all but disappeared and with Christmas weeks away, the big commercial slowdown is about to begin. Decorations and office parties will be the order of the day, then ‘the holidays’ with all the festivity and merriment that brings, followed by the ceremonious end to the decade. With this in mind, we have a festive double-month edition of the Barton Diary to share.

At this time of year, the major gifting period in the calendar, luxury plays a starring role. People spend generously, buying expensive stocking fillers, jewellery, watches, handbags and other luxury goods, treating those close to them to gifts they may not purchase themselves.

In our lead article, we explore the relationship between gifting and luxury, and how the global plethora of luxury goods might affect the immediate future of seasonal gifting – and why gifting experiences might be this year’s trend, particularly amongst the wealthy. The big question: how to create the same effect as a luxury good.

We’ve also got an update of news and stories from around the luxury sector.

Wishing all Barton Diary readers the very best for the Christmas season and the New Year.



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





# GIFTING

# LUXURY

Picture the scene: a crisp winter morning, lights twinkling on a fragrant Nordic pine, and piles of gifts wrapped in shiny paper, tied up in thick grosgrain ribbon, begging to be unwrapped.

For many years now, this has been the Christmas that we know. Gifting is a central part of the festival and although many decry the contemporary focus on materialism over the religious message, gifting is after all directly connected to the Nativity and the visit by the Magi, who came bearing what were, essentially, 'luxury gifts' for the son of God – Gold, Frankincense & Myrrh.

These days however, luxury gifting is more about branded luxury goods. Deloitte's [survey](#) on Christmas gifting found that the average luxury consumer in Europe planned to spend between € 3,200 and € 6,700 on buying gifts for others at Christmas time. For the majority, these will be physical luxury goods – fashion, accessories, watches & jewellery, as it is part of the expected pageant of Christmas to give something that can be wrapped and left under the tree.

There is also the gift giver/receiver simultaneous [thrill](#) – the sight of seeing someone made happy through gifting produces a happiness of its own, which is multiplied when gifts are perceived to be particularly generous.

Gifting 'luxury' is also more expected at this time of year. Most individuals who long for expensive items of clothing, leather goods, perfume or jewellery rarely purchase them for themselves, particularly if they have other more essential priorities for their spending throughout the year. Giving someone a luxury product also shows them a sense of how valued and appreciated they are by the giver.

However, luxury in certain households can be somewhat tiresome. For the very wealthy, virtually every thing they buy is usually of premium or luxury quality, and so luxury goods for them have less impact when bought as gifts on special occasions. The idea of piles and piles of gifts – exemplified by the infamous scenes of the Kardashians' Christmas of wall to wall luxury branded goods – can make this kind of gifting consumption nauseating.

If luxury is special and unusual – not to mention rare – then gifting it must also be. You may be wealthy enough to easily afford buying children and loved ones heaps of valuable handbags, shoes and watches – but that doesn't necessarily mean you ought to, or probably want to. Quantity devalues anything.

Effort is one of the most appreciated and recognised elements of gifting. However, the phrase 'It's the thought that counts' is somewhat insufficient in this regard.

# “If luxury is special & unusual then gifting it must also be...”

Being thoughtful – truly so – takes effort. And at the heart of this are two elements:

1. How difficult was it for the giver to acquire or create this
2. How suitable is this gift from the perspective of the receiver

Having the ‘thought’ to buy something isn’t the only meaningful part of gifting. Thinking carefully about someone or something *shows* effort – caring about passions and interests, listening to thoughts they have had, encouraging hobbies they pursue – is vital to building better relationships. In the B2B world, luxury businesses have long realised that personalisation of products, service and gifts themselves builds loyalty between the client and brand.

This is the same with giving between friends and loved ones. It’s why choosing something yourself – and not relying on a concierge to do it for you or resigning yourself to ‘gift sets’ – always shows effort: it is more *difficult* for a wealthy, time-poor executive to show personal thought than to have a Personal Assistant set-up a tab at Cartier. Much in the same way that it is more *difficult* for a junior executive to save up over the course of months to buy something that costs more than their monthly salary.

This leads to the second element – suitability. For many

wealthy individuals who have wardrobes, drawers and safes full of indulgent luxuries, the thought of adding further baubles, bangles and beads – though doubtless appreciated – does not bring with it the thrill that the giver has been *truly* thoughtful: though you may always have been given a Cucinelli cashmere scarf every Christmas, it tends to lose its kick once you have half a dozen of them.

For the wealthy, this is where gifted luxury goods have started to lose their feeling of value, of exclusivity. Not only do they see others (particularly on social media) parading their gifted luxury goods, they also feel their own existing mass of luxury goods, whether on display or warehoused around their large homes, precludes any feeling of delight. They have the things they need and want – because they don’t want for things at all.

The big exception to this? Experiences. Instead of throwing money at large stones or branded leather goods, many people – particularly the wealthy – are now seeking to give thoughtful, tailored experience-based gifts to the ones they love. Flying lessons, wellness breaks shared together, tickets to see a favourite band in a glamorous foreign city – the value of giving these is often far greater for the gift-fatigued because they haven’t received something they have to store away in a vault, or throw alongside the multitude of similar things they already possess. You can’t possess these gifts, and they keep on giving too. They start off as a gift of anticipation. This is followed by the one-off experience itself – which vanishes (which is *very* luxury) and ultimately by the memories, people & emotions connected with it.

# Sector updates



*Image: Tiffany & Co*

It would be remiss of Barton not to mention the \$16.2bn acquisition of jewellery brand **Tiffany & Co** by luxury conglomerate LVMH. Whilst much of the market salivated over the Marvel-esque ‘giant-buying-a-giant’ story, and what the acquisition of the blue-box jeweller would bring to LVMH (beefing up its hard luxury segment), we couldn’t help but think that this was probably a better deal for Tiffany. With a brand that has been chasing Millennial consumers for the past decade whilst trotting out fairly safe, conventional collections, becoming more reliant on Asian clientele, it’s fair to say that Tiffany had lost a substantial amount of that ‘Petit Dejeuner a Tiffany’ sparkle that had made it legendary. Potential collaborations with LVMH brands, new categories and designs and more elegant marketing – these hallmarks of LVMH maisons are something they probably need.

Collaboration season continues aggressively, with **Prada** and **Adidas** teaming up to capitalise on the blurring of sportswear and luxury. With the German brand’s expertise in ‘performance’ clothing and the Italian’s in quality materials, the early fruits of this partnership are set to be launched in December – limited edition, limited period natch.

Prada has had some success in the past with sportswear and arguably invented the luxe-leisure segment, making it somewhat acceptable to rock up to dinner at the Ritz wearing casual shoes – because, you know, they’re Prada. One wonders why therefore Adidas’ expertise is now suddenly essential. Barton can’t help but suspect this athleisure teamwork is going to be very helpful for Adidas in positioning itself against newer, more dynamic crossover brands and dominant player Nike. As for Prada? Possibly a shot in the arm for a sluggish turnaround, but the jury is still out.



*Image: Prada*



*Image: Ferrari*

There’s nothing sluggish about **Ferrari**. Possibly the most coveted brand in luxury motoring, the Prancing Horse has long had to restrict its production of high performance vehicles, limiting supply against massive demand. And despite its household name, it remains elusive, and something even more valuable – the image of elusiveness. So there is something curious about its announcement to collaborate with fellow Italian brand **Giorgio Armani**. With declining revenues and consumers obsessed with casual-luxe, the ‘timeless style’ of Armani is isolated in today’s fashion world. Having been so successful at creating and building the brand through its polish, without relevant connection, the brand itself is now at risk. With the fiery engines of Ferrari connected to them, it’s possible that Armani will regain some of that vigor that built the brand – though not if the Ferrari clothing store is anything to go by.