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Luxury With An Ethical Twist

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Luxury With An Ethical Twist:

SOMEWHERE BETWEEN MASS AND PRESTIGE – ‘MASSTIGE’

Luxury with an Ethical Twist Genuine concern about the well-being of our planet and its wayward occupants may fall short of a worldwide phenomenon but there's little doubt that a gently pricking conscience is shaping our buying habits, especially the more affluent of us.

The bulging numbers of baby boomers for instance, many with higher discretionary incomes, are prepared to pay for products that embody both style and natural integrity.

Once seen as a single segment at the top end of the market, luxury, like every other product area in the world, is segmenting into many different layers, each with its own target customers, marketing systems and price structure.

Sales of luxury items like watches are showing remarkable growth. The Japanese, who account for 53% of all luxury purchases, are beginning to travel again. Times might be tough, but disposable income continues to grow, as does the number of rich people in OECD nations. Add to that the huge number of new consumers in Russia, India and China entering the 'desire' economy and the future does not look so bad.

But it will be a very different future. The growth of celebrity culture and the new wealth that came with the dot.com and high-risk investment mentality drove the previous luxury boom. Consumers are now tiring of superficial glitz and we are beginning to see a new kind of quiet austerity connected to luxury items. As Coco Chanel once said "luxury lies not in richness or ornateness but in the absence of vulgarity". We believe this to be right but it isn't a return voyage. The world has fundamentally changed.

This is giving rise to a new market christened "masstige", a sweet spot somewhere between mass and prestige, not just in terms of price and design but also attitude. From ice cream and coffee to clothes and cars, the vocabulary is changing, to embrace authenticity, craftsmanship, care, personal attention and sustainability.

There can be no doubt that "masstige" is going to be a huge market, and we will see a middle market looking to trade up from the average. Not every company will choose this route. The top brands will pursue a strategy of "stratospheric" luxury. Burnt by the lessons in trying to democratise luxury, they will return to pure values, even further up-market and appeal to the discerning super-rich by offering differentiated merchandise from city to city, limited editions and lifetime post-sales guarantees.

A whole new range of differentiated merchandise will appear in the luxury category to cater for this new type of consumer. These are people adopting a fresh approach to life and purchasing - the "new slow", or "deep living" individuals wishing to personalize their lives.

They take a deeper, more profound view of things. They don't want the obviously opulent, but products they respect. It's about being value-conscious. This luxury is sustainable, ethical and culturally-based. Eco holidays, slow food, low energy light-bulbs etc. There is a genuine desire to reconnect with nature. The future of luxury at every level is no longer about assuming wealth is automatically tied to consumerism. It is about moving away from the world of show to creating environments of sensibility.

Luxury buyers these days want things to be simple, products to be honest, brands to be pure, transactions to be just. Fakeness is losing its appeal as we turn increasingly to the small, the individual and the autobiographical.

Authenticity is one of the key themes; and we are looking to minimise our guilt in relation to consuming the world's resources. Those products which have this good conscience ingredient, offer us an "honest indulgence" which pleases us immensely. The heart tick is now extending to the environment, people are quite happy to pay for it with the right presentation.