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APPROACHABLE LUXURY

What's the Trend?

Luxury is no longer defined by scarcity and privilege, but rather through more down-to-earth authentic human experiences that create unforgettable moments worth sharing.

During Paris Fashion Week in early 2017, the outlandish creative director of Chanel, Karl Lagerfeld, presented his craziest fashion show yet. For his space-themed collection, he put together a catwalk featuring a full-sized, Chanel-branded rocket ship in the middle of the runway. At one point in the show, it even lifted off the ground to offer an unforgettable closing act.

Vetements fashion CEO Guram Gvasalia was less enchanted with the excessive celebration. He elected to have his label skip participating in Fashion week entirely. “Today shows have nothing to do with clothes anymore,” complained Gvasalia. “Most of the looks are not even produced and therefore never get to the shop floor. Shows are there merely to sell a dream that at the end of the day will sell a perfume or a wallet in a duty-free store."[1] A recent fashion industry report seems to confirm that Gvasalia has a point: "In most cases, the goal of the RTW [ready-to-wear] division is not to lose too much money. A number of brands produce lavish fashion shows, and then throw the catwalk styles in the garbage, without even trying to sell them."[2]

Selling luxury has always been about the perception of scarcity combined with exclusivity, but there are signs that the future of luxury may need to work harder than that. Selling modern luxury requires that the *experience* offer more value than the *product*.[3]

"Time, space, authenticity, community, individuality and mindfulness are intangible experiences which are increasingly seen as luxury."
WOUTER GEERTS, Euromonitor Research

As more upwardly mobile professionals move back into urban areas instead of expanding outward into suburbs, space has become more of a premium. The predictable result is that the quest for more *stuff* has less appeal. One potent example is the difficulty that many Baby Boomers, born 1946 to 1964, have in handing down their precious heirlooms like Lladro figurines and mahogany furniture. The younger generation isn't interested in holding onto these items.[4]

In the article titled "What the Rich Won't Tell You," author Rachel Sherman argues that the stigma of displaying wealth is prevalent:

> *"While pursuing wealth is unequivocally desirable, having wealth is not as simple and straightforward ... the people I talked to never bragged about the price of something because it was high; instead, they enthusiastically recounted snagging bargains on baby strollers, buying clothes at Target, and driving old cars."*[5]

I found this point particularly relevant, having been raised in a family where we never talked about how much something cost or how much money someone was making. It was considered impolite to ask and certainly impolite to brag.

What happens when this new consumer mentality of experience-above-all-else meets the traditional mindset of how luxury has always been sold, through a combination of perceived scarcity, price-based discrimination, and celebrity-induced longing? Our research suggests that a new focus on *Approachable Luxury* will separate the brands that survive from those who don't. This trend is already driving some of the most exclusive brands in the world to seek out new non-obvious ways to retain their cachet while still finding ways to be more human, authentic, and even humble.

Why No One Is Buying Swiss Watches

Few industries are feeling the impact of the evolving definition of luxury quite so dramatically as luxury Swiss watches. At the annual Baselworld industry trade show in Switzerland last year, analysts announced that exports of Swiss watches had fallen for a third consecutive year, something that had not occurred since the 1930s.[6]

The rise of the smartwatch was partially to blame, while others pointed a finger at the always-available smartphone, which reduces the need for a watch. The biggest issue, though, may be a shift in what affluence really means. It has been a long-standing assumption among luxury brands that consumers will trade up as their income increases. The more money people made, the more likely they were to exchange their older clothes, cars, homewares, and watches for something better—and usually more expensive.

Today this is no longer true, marking a phenomenon described as *post-luxury*. These post-luxury consumers don't feel as though their first stop after acquiring more wealth must be to make an expensive celebratory purchase. As their wealth rises, they no longer rush to constantly upgrade what they have. Instead, they take great pride in driving the same cars, wearing the same clothes, and being the same person as before they "made it."

It is hard to overstate the impact of this shift on luxury brands. In a world where the upward mobility of consumers is no longer a guarantee that they will become customers, luxury brands in every industry need to work harder. They need to tell a different story.

Detroit's Shining New Hope

One brand that has played perfectly to this post-luxury mentality is Shinola, a leather goods brand that was once breathlessly described by *Adweek* magazine as "the coolest brand in America."[7] It was founded by Tom Kartsotis, who, with his brother, founded Fossil, the accessories and lifestyle brand. Shinola's story starts in 2010 when Kartsotis purchased the name of a defunct shoe polish brand and built a brand story around the fact that the products were made in one of the most iconic cities in the United States: Detroit, Michigan.

The Made-in-Detroit label plus the nostalgia factor appealed to consumers—and an early endorsement by former President Bill Clinton, who described the brand as an American success story, catapulted Shinola to early success. As an appealing side benefit, customers felt that any Shinola purchase was also inherently helping to rebuild the future of one of America's most storied cities.

The brand is an "authenticity machine" that wins because of the broader story of a transforming Detroit, which it borrows from heavily.[8] At the heart of this so-called authenticity machine is the idea that the brand is more approachable because the products are made in an un-luxurious place. They might charge $500 for a watch, but it's made in Detroit instead of Switzerland so it *feels* more real to its largely American consumer base.

The End of Haughty Travel

haugh·ty / hôdē /
an attitude of superiority and contempt for people
or things perceived to be inferior.
DEFINITION FROM MERRIAM-WEBSTER DICTIONARY

This quest to feel "real," whether manufactured or not, is a driving force behind the *Approachable Luxury* trend. Selling an experience as superior simply because it is exclusive is no longer enough, a fact that we can see clearly when it comes to luxury travel.

For years the W Hotel brand has chosen to actively avoid being associated with the word luxury. As Anthony Ingham, global brand leader for W Hotels, shared in an interview, "W sits alongside luxury not confined by it—because if you say W is a luxury brand, it immediately brings up connotations of white gloves and silver, but we boldly colour outside the lines of luxury."[9]

Conrad Hotels and Resorts (owned and operated by Hilton Worldwide) has focused on what it calls *smart luxury* to distinguish itself from its more traditional sister brand, Waldorf Astoria (also owned by Hilton). The brand has pioneered a program called "Stay Inspired" to help business travelers take advantage of what little free time they might have through a series of curated local experiences.

Singapore Airlines, often voted the best airline in the world, recently launched a "Book the Cook" service for all passengers to preorder their gourmet meals before the flight to ensure they have exactly what they want on board. The custom approach is accompanied by special training for cabin crew on the precise reheating and plating of the meals to ensure the best possible experience. While traditional luxury might have meant this was offered to their elite customers, in this case the meal program was offered to customers flying in first, business, and premium economy at no additional cost.

Train Like a Celebrity

Boutique studios are the fastest-growing segment in fitness, accounting for over a third of the $25.3 billion generated by the industry.[10] These themed workout destinations usually have charismatic trainers, a personalized approach and the chance to work out like a celebrity, with highly personalized attention and world class coaching.

Bringing people access to these boutiques is ClassPass, a membership-based service that has been called “the next Uber” by TechCrunch. The service allows members to go in and out of different fitness studios and work with private trainers for a flat monthly fee—encouraging subscribers to get out and try different types of classes and fitness routines.

Peloton, an indoor cycling brand, is a commonly cited success story in this industry, having raised $325 million and tripling its annual revenue in only a year. Peloton’s model is based on providing engaging content via live-streamed classes with mini-celebrity instructors and recorded sessions that users can stream on demand. The sessions are displayed on a screen mounted to the brand’s proprietary stationary bike, so you can participate from home, whenever you want. It has become a cultural phenomenon and has quickly redefined what it means to create a social experience around working out without the need to visit a gym in person.[11]

The brand has countless celebrity customers, promotes the idea of on-demand fitness, and has built its own content production studio to capitalize on the popularity of indoor cycling workouts. This at-home exercise bike and catalog of 5,000+ videos is the perfect example of *Approachable Luxury*. It is a high-value product, priced at a premium, sold based on the experience. It offers convenience and the freedom to work out on your own terms.

Everyday Gourmet

The food industry is also seeing the traditional lines between fine dining and other categories starting to blur. In the inaugural *Michelin Guide* to dining in Singapore, for example, for the first time ever, two street vendor food stalls were named to the prestigious book.[12]

Meanwhile, award winning chef Sebastien Bras, citing the intense pressure of maintaining his stars, asked to be removed from the guide completely. When it comes to food, this blurring of lines between top-tier fine dining and *everyday gourmet* has been years in the making.

Just outside of Washington, DC, one of the hottest new restaurants in the suburbs of Virginia is a tiny Mexican kitchen called Taco Bamba, owned and operated by James Beard–nominated chef Victor Albisu. In recent years, gourmet food trucks run by notable chefs have become such a recognizable part of the urban landscape that they inspired the concept for a feature film, *Chef*, by actor and director Jon Favreau.

Approachable Luxury is also influencing the choice of ingredients that at-home-chefs are buying. In New York City, there is a collection of farmer's markets called Greenmarket that sells gourmet produce, including tiny lettuces for nearly $50 per pound, and something called red amaranth sprouts for $64 per pound (the priciest produce at the market). Nearby at a Whole Foods store near Bryant Park in Manhattan, the store offers a *produce butcher* to chop your fruits and vegetables for you.

Dining was once separated by stars that indicated whether an experience was to be considered luxury or not. Now those lines are blurring as consumers can buy a few dollars worth of expensive produce at the corner market, eat street food cooked by award-winning chefs, and separate the perception of quality and luxury from the color of the tablecloth it happens to be served on (or whether there is a tablecloth at all).

Eco-Diamonds and the New Jewelry Customer

This shift toward Approachable Luxury is even affecting the industry long considered to be immune to such forces given the consistently high prices for precious stones and minerals.

When MiaDonna, an *eco-diamond* company from Portland, Oregon unveiled its 6.28-carat diamond, it was one of the largest ever grown in a lab. These lab-grown diamonds can be up to 40% cheaper than mined diamonds, and are guaranteed to be conflict-free, (i.e.-not sourced through exploitation of African workers or used to finance corrupt governments). In quality, chemical composition, and appearance, they are identical.

Unlike older consumers, who likely grew up hearing the iconic De Beers advertising slogan, "A Diamond is Forever," younger consumers are less likely to feel this same reverence toward diamonds. Instead, many analysts believe the ethical considerations about how diamonds are mined, coupled with lower prices, will lead to a boom in eco-diamond sales.[13]

"Women don't necessarily want the big ring anymore; they aren't interested in showing off a big diamond to the world. They'd rather show off an experience, like a trip to Africa."

VANESSA STOFENMACHER, Vrai & Oro Founder

Up-and-coming eco-diamond jeweler Vrai & Oro is already benefiting from this growth. Recently acquired by eco-diamond lab Diamond Foundry, the brands are collectively rethinking the entire process of how diamonds (and engagement rings in particular) are purchased.

For example, Vrai & Oro founder Vanessa Stofenmacher learned after surveying customers that neither the proposal nor the ring typically came as a surprise to the recipient. This led her team to an insight: Involve the *couple* in the purchase. What was previously the domain of confused and nervous guys ready to propose could now be a shared experience. At Vrai & Oro, consumers select up to three ring designs that are sent to them in a "mock box" with cubic zirconia versions of the rings created for them to try on. This direct-to-consumer model has been paying off: Stofenmacher just opened her first brick-and-mortar location in Downtown Los Angeles' Arts District

Why It Matters

Just hearing the term *luxury* feels at once exclusive and perhaps slightly out of reach. We all want to have luxurious experiences, but many of us feel as though we may not be able to afford them or belong in those situations in the first place. Luxury has usually come with an air of unapproachability. Today this is changing as luxury brands seek new ways to be relevant without intentionally walling themselves off from large groups of consumers. Our work in this space defines five key characteristics that brands must focus on to most effectively use this trend by being: historic, human, honed, heralded, and heroic.

5 NON-OBVIOUS ELEMENTS OF APPROACHABLE LUXURY

1. **HISTORIC – What is the backstory and heritage of the brand, and is it still true to that history?**
2. **HUMAN – Does the brand have an approachable personality that mirrors its consumers?**
3. **HONED – Is the product or service artfully crafted, deliberate, unique, and delightful?**
4. **HERALDED – What is the brand reputation and does it live up to the story they are telling?**
5. **HEROIC – What difference in the world is the brand making and what does it stand for?**

While some readers may look at this and assume it is a framework only written for brands with a long heritage or brands that are financially out of reach for most consumers, the point of *Approachable Luxury* is not to describe how to promote brands only to the super-wealthy. Instead, it is about bringing the idea of a luxury experience to life for any brand, and playing in space that allows you to charge a premium and offer an experience that feels luxurious to the customer whether it costs thousands of dollars or not.

Luxury will likely always rely on some level of scarcity. It is hard to offer a luxury experience if it is easily available to anyone at any time. But the quest for brands to think and act in more human ways is bringing attention to a new form of *Approachable Luxury*—one that will not only engage consumers more deeply, but will help brands create products and experiences that are so memorable, consumers won't be able to stop talking about them.

How to Use This Trend

- ✓ **Embrace your personality.** It is more important than ever to tell a powerful backstory to inspire belief. *Approachable Luxury* comes from actually creating something that consumers are not afraid to try and that feels attainable. This is not about making it cheaper or available to everyone, but rather focusing on what makes a product or service uniquely different.
- ✓ **Apply the five H's of Approachable Luxury.** If you read the model of the five H's and feel that it may offer a useful framework for how to think about putting this into action, there are some resources that can help. For a useful guide on how to assess your own level of approachability in luxury and some tips on how to improve it by using this framework, visit www.nonobviousbook.com/resources to download a worksheet and more tips.