

# THE LUXURY BUSINESS GAZETTE

Monthly business news, analysis & views from the global luxury industry

## Enduring Power of the Printed Word In the Luxury Industry

➤ According to M. Lazizzera from *FT*, the printed word proves its power for luxury brands to promote their stories. From glossy magazines to coffee-table books, luxury houses as Cartier, Breguet or Buccelati increasingly see publications as a springboard for sales. Physical brand journalism has always been more effective than digital content since it is able to appeal to multiple senses.

## Risky Inner Workings of the Business of Art Dealing Today

➤ Art is often a purchase driven by emotion rather than need unless it is purchased as an investment. According to the *insiders* of the art dealing business, clients may sell through a dealer to avoid public auctions, where a picture could “burn” if it doesn’t reach its low estimate and, as a consequence, the artwork’s perceived value would be reduced, which would lessen the demand for it.



## LUXURY BRANDS INVESTING IN LUXURY REAL ESTATE

In the last few years luxury brands and conglomerates began heavily investing in luxury real estate. Instead of just renting they decided to buy these buildings and properties, which is better for the long-term. According to *WSJ*, European luxury brands have snapped up \$9 billion of boutique real estate locations since the start of 2023. *Kering* recently spent \$1.4 billion on a building in Milan's Via Montenapoleone in addition to a \$1 billion property acquisition on New York's Fifth Avenue made by the group in January. These store locations aren't only an opportunity to implement the brand experience (that cannot be delivered on e-tail) but they also serve as billboards on these high-end locations, which makes more economic sense than buying temporary billboard space.

## Luxury Categories That the Wealthy Spent On Most in 2023

➤ There is continued positive performance overall yearly when it comes to luxury spendings or investments. In addition to the record-breaking collectibles, the superyacht category broke sales records in 2023. Art and jewellery investments were up too as they provide inflation-busting returns.

## Does Online Luxury Shopping Have a Bright (or Any) Future?

➤ There are several insiders of the luxury industry that have been saying that luxury goods just isn't a platform business. Unlike other types of shopping, luxury shopping is about more than just transactions. As mentioned in the article in Harper's Bazaar, "those once thriving multi-brand luxury e-commerce platforms are in decline."

## Luxury Travel Prices Are Growing Higher By the Month

➤ As reported by CNBC, "luxury hotel rates reached 'peak levels' this year, with average daily rates up 70% compared to 2019, according to the luxury travel company Virtuoso." High prices in luxury travel are growing higher by the month and the high demand is likely here to stay as the wealth levels and population of HNWI and UHNWIs will remain high too.

## BANKS APPEALING TO UHNWI

Many banks as i.e. UBS or Deutsche Bank are learning from luxury brands who develop very personalized offerings for their VICs. As Jeff John Roberts from Fortune reported, today some banks are able to offer "an on-call concierge service equipped with every sort of professional and fixer imaginable, designed for the ultra-high-net-

worth set. This might include attorneys familiar with offshore real estate deals, psychologists who can reconcile you with your ungrateful grandchildren, or art advisors who sits on UBS's family office team." Art services and the in-house art experts helping the clients navigate the world of art collecting and investing makes these banks appealing to the ultra-wealth who can see how the bank goes the extra mile for them when it comes to service, solutions and comfort.

## LUXURY OUTLETS ON THE RISE

There are many luxury brands that never do discounts. Some of them are popular brands like Chanel, Hermes or Louis Vuitton and others are niche high-end that are known only among certain elite circles.

On the other hand there are many luxury brands that do discounts. As Pamela Danziger wrote: "many luxury and near-luxury

brands are adopting more mass than luxury marketing strategies." According to the French luxury branding expert Jean-Nöel Kapferer: "If products are discounted 50% in January, then they are managed like a fashion brand, not like a luxury brand."

Today luxury outlet malls are on the rise. Since 2021, when inflation began to take hold, luxury outlet sales have climbed 35%, making it the fastest-growing channel in the personal luxury goods market, according to Bain&Co.

