

THE LUXURY BUSINESS GAZETTE

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

The Holy Grail of Shipwreck Treasures To Be Recovered

➤ Nature's depths are still full of treasures for those who know where to look and how to look in-depth. The recently discovered San Jose galleon, carrying one of the largest hauls of valuables ever lost at sea, is estimated to be worth around \$20 billion. However, as [BBC](#) reports, "there has been debate over who will claim the treasure." Will it belong to Colombia or the US?

Where Does Business Class Innovate Next To Go Beyond?

➤ According to Daniel Baron, managing director of LIFT Aero Design in Tokyo, "Airlines have reached certain limits in seat geometry and real estate usage. The next phase of enhancements will be more sensory in nature, such as personal mood lighting and scents within the 'cocoon zone,' headrests with integrated audio, and innovative textures on materials." ([CNN Travel](#))



OWNING SECRET FORMULAS IN LUXURY

It's true that secret formulas, know-how or ingredients give luxury brands points of differentiation. However, the strong competitive advantage comes from the kind of secret formula that cannot be reverse engineered or copied. When a luxury brand has full ownership and protection, it is more attractive for investors. The secret may not always be in the product. It can be in the experience that the luxury brand offers along with the product. It can be in the internal culture of the brand that manages its relationships with customers better than any other luxury brand. Many products can be copied but experience or culture cannot. In many of the luxury industries and especially in the beauty industry owning product formulas is a secret to brand growth, funding and a successful exit strategy.

10th Edition of Deloitte's Swiss Watch Industry Study Is Out

➤ The 10th edition of Deloitte's Swiss Watch Industry Study is out and some of the key findings in it include: physical experience over digital convenience, expanding to next big growth markets, targeting price conscious yet curious customer segments, from scrolling to selling and so on.

Why Are Branded Residences Attractive for Sellers & Buyers?

➤ Luxury branded residences are very attractive both for the luxury brands investing and delivering them as real estate and for the HNWI and UHNWI who buy them. Combining luxury real estate with experiential luxury hospitality along with the intangible assets' effect on pricing and ROI are just some of the attractive factors of these projects around the world.

Report: Luxury Is the Top-Performing Industry Again

➤ The findings of Interbrand's recent Best Global Brands Report 2023 show that despite the slowing down of many brands' growth, "luxury is once again a top-performing sector with its brand value rising by 6.5% this year. This is due to luxury brands' resilience and ability to transcend categories to create luxury experiences such as restaurants, hotels and retail pop-ups."

LUXURY'S PRICE SETTING

Price setting is a rather interesting matter for those who are creating and/or managing a luxury brand. For the wealthy, there is no limit to what they can pay for something they really want to own. First and foremost, one must unlearn the price setting methods that are taught in the worlds of classical economics and conventional marketing.

While ordinary marketing focuses more on demand, in luxury marketing price setting is about supply. Luxury is not expensive. It is expensive to make. The fact that one's product is expensive does not necessarily mean that it is luxurious therefore not every expensive 'brand' is a luxury brand. A brand does not become luxurious because it's expensive but it becomes expensive when it is a luxury brand. In other words, the price does not set luxury, but instead luxury sets the price.

WHAT MOTIVATES THE UHNWI?

What motivates the Ultra High Net Worth Individuals? What are their aspirations and preferences? What are their secret or unspoken needs and desires?

The current conventional researchers tend to talk about the 'changing nature of luxury clientele'. It's actually either an insignificant change or another hyped myth.

As Prof. Malcolm McDonald explained, the size of market segments may change but the segments themselves don't change over the long-term. Similarly, William Bernbach put emphasis on the unchanging factor saying: "It took millions of years for man's instincts to develop. It will take millions more for them to even vary. It is fashionable to talk about changing man. A communicator must be concerned with unchanging man."

