

# THE LUXURY BUSINESS GAZETTE

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

## Stealth Wealth, Whispering Brands And Cultural Capital

➤ Discreet appeal is the real deal. Stealth wealth is nothing new. Even during the 2009 recession, understated brands outperformed loud ones. There are more luxury brands that charge more for quieter items. The psychological analysis shows that loud luxury brands are for the wealthy who are trying to get there while whispering luxury brands are for those who are already there.

## High Optimism Among Brands That Target High Spenders

➤ There are several factors why luxury sales are setting records in today's world that is going through various types and levels of crises. The super-luxury market is thriving and those brands that target top spenders are very optimistic. High luxury can transcend time and space, which is why it has always been and always will be recession-proof and universally desirable.



## THE GROWING SPACE FOR NICHE LUXURY

Today, in the world of luxury the global luxury brands are better off learning from small local-boutique luxury brands than the other way around. The world of luxury is not just made of the mainstream LVMH labels and shopping mall brands. It is much richer, deeper and higher than that. As Prof. Matteo Atti from University of Monaco wrote, “there is a whole universe of brands that only service a handful of customers. Smaller companies that fill all the moments of the day of an ultra-high net worth individual (UHNWI), from waking up to sleeping and all the time in between.” Today there is a growing space for uber luxury and niche, independent, heritage and boutique luxury brands can take advantage of this space.

## Global Scotch Whisky Export is Rising and Breaking Records

➤ According to [The Spirits Business](#), “exports of Scotland’s native spirit hit \$7.5bn last year, topping \$7.63 bn for the first time. Exports by volume also rose substantially, with the number of 700ml bottles shipped overseas up by 21% to 1.67bn, as Scotch Whisky Association figures show.”

## Luxury Brands Are Fueling Formula 1’s Meteoric Rise

➤ According to [RobbReport](#), “global spending on sports sponsorships, around €32 billion in 2010, almost doubled over the ensuing decade, with Formula 1 attracting a vast slice of the pie—and intriguingly, a huge portion of that input has come from the world’s most lauded luxury brands.” Formula 1 will continue maintaining its elite image and its appeal to the elites.

## 2023 Luxury and Premium 50 Report by BrandFinance is Out

➤ 2023 Luxury & Premium 50, the annual report by [BrandFinance](#) on the most valuable luxury and premium brands is out. According to the report Porsche continues to lead the sector, Chanel overtook Gucci and Lamborghini is accelerating as the fastest growing brand in 2023 while Ferrari remains the strongest brand in the sector.

# CHINA’S LUXURY OBSESSION

One of the global economic factors that made Bernard Arnault the richest man in the world is the Chinese luxury consumerism. It is not only that the wealth of the Chinese wealthy grew but also the number of Chinese millionaires grew as well and, in addition to that, the addiction-level desire for luxury brands is much higher here than in

most of the other luxury markets. Whether it is consumerism, shopaholism, commodity fetishism or materialism, this obsession with luxury goods and services is truly extreme. According to researchers, the reason why the Chinese are obsessed with luxury is because of the absence of traditions in the current environment. As [Desmond Shum](#) explains “China’s luxury boom stems from buyers’ quest for ‘identity’ in the absence of religions and traditions eroded by the CCP.”

## PROVENANCE & KNOW-HOW IS KEY IN LUX

Luxury brands enjoy the benefits of storytelling. They tell their stories by telling the back story of a product or brand. In other words, it can be about the country or place of origin, earliest known history or origins of it, a record of ownership, biography of the founder or development of the brand or a good. These back stories naturally include the secret know-how of how it all came to be.

Therefore the importance of provenance and craftsmanship know-how cannot be overstated. However, in the last few years luxury brands have been facing shortage of talent among artisans and craftsmen due to increased demand and, on top of that, there has been growing criticism over the actual provenance of goods as opposed to the mere image of the ideal provenance that is promised. This is why luxury brands began teaming up and [acquiring](#) stakes in their suppliers.

