

The Future of Luxury

Less is More

WRITER

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Ask an economist what luxury is and she will talk about goods whose desirability increases disproportionately to income and proportionately with price. An anthropologist or marketer would rather focus on social class, status, or how people form identity.

What constitutes luxury in a given culture or era is obviously complicated and tightly bound to emotions. Thus, while patricians of the Renaissance luxuriated in gem-studded armour and tapestries, their descendants learned to crave Baccarat crystal, champagne and haute couture garments. Technology brought the Orient Express and luxury liners, then air travel followed by first class, the Concorde and private jets. Of course, suits of armour and supersonic travel eventually went the way of the dinosaurs. So, what's next?

On a sunny but brutally cold February afternoon, I went to Geneva's Old Town to find out. There, in the 19th century library of the Société de Lecture, I met the Basel-based futurist Gerd Leonhard, in town to give a talk on the future of privacy. Leonhard has been writing and speaking about what's next since the Dotcom Bubble burst and he left Silicon Valley. He is CEO of The Futures Agency and regularly speaks to, and advises, groups around the world, including some in the luxury sector. More importantly, he's entertaining and a lot of fun to listen to. The take home message of our conversation: "Less is more."

I had been hearing mixed messages from people I talked to. Some said consumers aren't buying flashy items anymore; that it has somehow lost its appeal. Others were steadfast in their conviction that the high-end auto or watch will never lose its charm as a status symbol.

"Everything is becoming abundant," Leonhard said. "But, when luxury becomes abundant, of course, it kills itself."

We are now living in an abundant world where the luxuries of past eras are available to many. Take travel, for



Gerd Leonhard, CEO of The Futures Agency

example. It's relatively easy to vacation today in spots reserved for tycoons and adventurers just a few decades ago. Look at the number of people going up Everest or whale-watching in Antarctica these days. That phenomenon calls for a re-definition of what luxury is. Leonhard thinks the next movement in luxury is "not having everything."

"It's a global trend for people who have money," he said. "At some point all of these things become commoditized to the point where it is no longer a great accomplishment to have the car or to fly first class. Better still, I don't have to fly because I can afford to stay where I am."

"It's much more about curation of what you like." By "curation," he means the ability to discern an individual's preferences and organise a continuum of goods and services to satisfy those needs. Mandarin Orient Hotels, he said, is a good example. They create an experience around the individual customer. Watch makers with whom he's spoken feel lucky, he said, to have found a way to "curate people's desires," allowing them to continue selling million dollar timepieces during a global recession.

Also abundant is the ability, for better or worse, to be everywhere and know everything all the time. "Hyper-connec-

tivity is a challenge that luxury answers with disconnection," said Leonhard.

"Being disconnected is a luxury. So now you can afford not to listen. You can afford to not be reachable. It used to be when you saw the Russian oligarchs from ten years ago they all had three mobile phones with diamonds. Today you go to meetings with these guys and they don't have a mobile phone. It's the assistant," he said gesturing off to the side, "who does all the networking, and the boss is unencumbered by technology."

"It becomes more of a lifestyle question—like the experience economy. And, as digital natives come of age we will see more of it. Values will evolve."

The term "digital natives" refers to those born since 1980 when the first social networks came online. They are "native speakers" of the digital language and know no other way of life. Often, they have very different perspectives on work, play, social interaction and culture than their elders have.

"I think we are moving to a society where 'not owning' is one of the hip things. Not being attached to things. A scaled down version of everything: less places, less ownership, more access, spending more money on renting stuff. Not the personal status that an object gives you."

"Kids aren't even learning to drive anymore," he continued. "They like to be driven but don't want to drive. Then, of course, the traffic will be a mess and everything will be a congested urban area anyway." Combine that with the introduction of self-driven cars and status cars start to sound irrelevant. Leonhard, however, envisions the possibility of small fleets of shared Bentleys and Ferraris.

"There will always be a definition of luxury. In the future it will probably be more ephemeral than products—more about lifestyle and services, and the way that you live. Or not to participate, because privacy is a luxury." ◀◀◀