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[How The Uncertain Economy Is Changing The Definition Of Luxury](#)

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By Blue Carreon

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Even with its \$10,000 price tag, is the Hermes Birkin bag still a luxury item when it's become so ubiquitous? Can a consumer claim to be a luxury goods shopper when all he or she has to show for is a wallet from Bottega Veneta? What does luxury mean in a world when almost every other person at the airport security check is toting a Louis Vuitton or Gucci bag? Isn't this the anti-thesis of exclusivity?

With the emergence of new wealthy consumers from the BRIC countries and the economic downturn for most nations outside of the BRIC superfecta in the past few years, luxury has taken on a multitude of new meanings. No longer does it exclusively equate to expensive products that are mostly of French or Swiss origins.

At the depths of the recession in 2008, stealth luxury became the buzzword. It was about consumption of goods that were expensive but discreet and very in-the-know, the opposite of ostentatious. It was about masking one's Hermes purchases in a generic brown paper bag instead of the house's unmistakable orange shopping bag. Conspicuous consumption was left to the cash-rich Chinese and their penchant for Chanel.

“These last three down-market years have created a dramatic shift in the definition of what luxury is. This recession has affected even the rich. No longer is luxury defined by excess and conspicuous consumption. Now luxury means products with higher perceived value and increased practicality. Demonstrating this is the near-disappearance of the ‘logo-covered product’ in the marketplace. The face of luxury is becoming much more subtle, understated and less ostentatious. Branded names are still the strong sellers, but the economy has dictated that it's no longer fashionable to make sure everyone knows what brand you carry or wear from meters away,” says Robert Bergman, president of Bergman Associates, a boutique luxury branding and advertising company.

Just before the economy tanked, being green and eco-friendly became the new luxury. With this came a deluge of products that carried the words sustainable, recycled, reused, organic and earth-friendly. Even magazines came out with Green Issues, which were a bit of a paradox considering how many trees were cut down to print them and the carbon footprint emissions to deliver copies worldwide.

According to Milton Pedraza of the Luxury Institute, a consulting company dedicated to studying the behavior of high net worth consumers, the green factor remains a part of the luxury equation. “But the recession dampened the importance of the issue but it is making a comeback because it is needed in the minds of luxury consumers and executives. Luxury brands are getting traction on the issue.”

A lot of luxury brands have also been upping their luxury quotient by introducing limited-edition and bespoke items like bespoke Burberry trench coats or limited edition Bottega Veneta cabat bags. By doing so, they get to create a new stratum for

their big spenders who do not want to be pegged in the same category as those who can only afford entry-level items like wallets, key chains and small purses.

“The truly rich have always been—and still are—the consumers of the “bespoke luxury” product, the ultimate in luxury. When your product is one of a kind, hand-made or customized to (or for) you, you create instant exclusivity—no one else can have what you have. Companies that trade in customized bespoke luxury such as Brioni for men’s suits, Remote Lands for travel, or Goldetto for bespoke luxury iPhone cases are seeing huge successes by tapping into the psyche of true luxury,” says Bergman.

But with the Euro Zone crisis and increasing fears of another recession, what does luxury for those outside the realm of the super wealthy and recession-proof?

“It means the best in design, quality, craftsmanship, service and pedigree. If a brand can deliver that at a lower price, consumers love that even more because they feel they are optimizing value. Coach, Apple and Zappos are examples of that trend,” says Pedraza.

<http://www.forbes.com/sites/bluecarreon/2011/11/15/how-the-uncertain-economy-is-changing-the-definition-of-luxury/>

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