

TALK

THIS ISSUE >>> Luxury brands brace for a backlash; outspoken sage Peter Singer rages against affluent complacency; why we're obsessed with the end of the world; Charles Firth on the death of the terror industry; *GQ's* sex shrink talks TVs and taping.

SOCIETY

The bling is dead

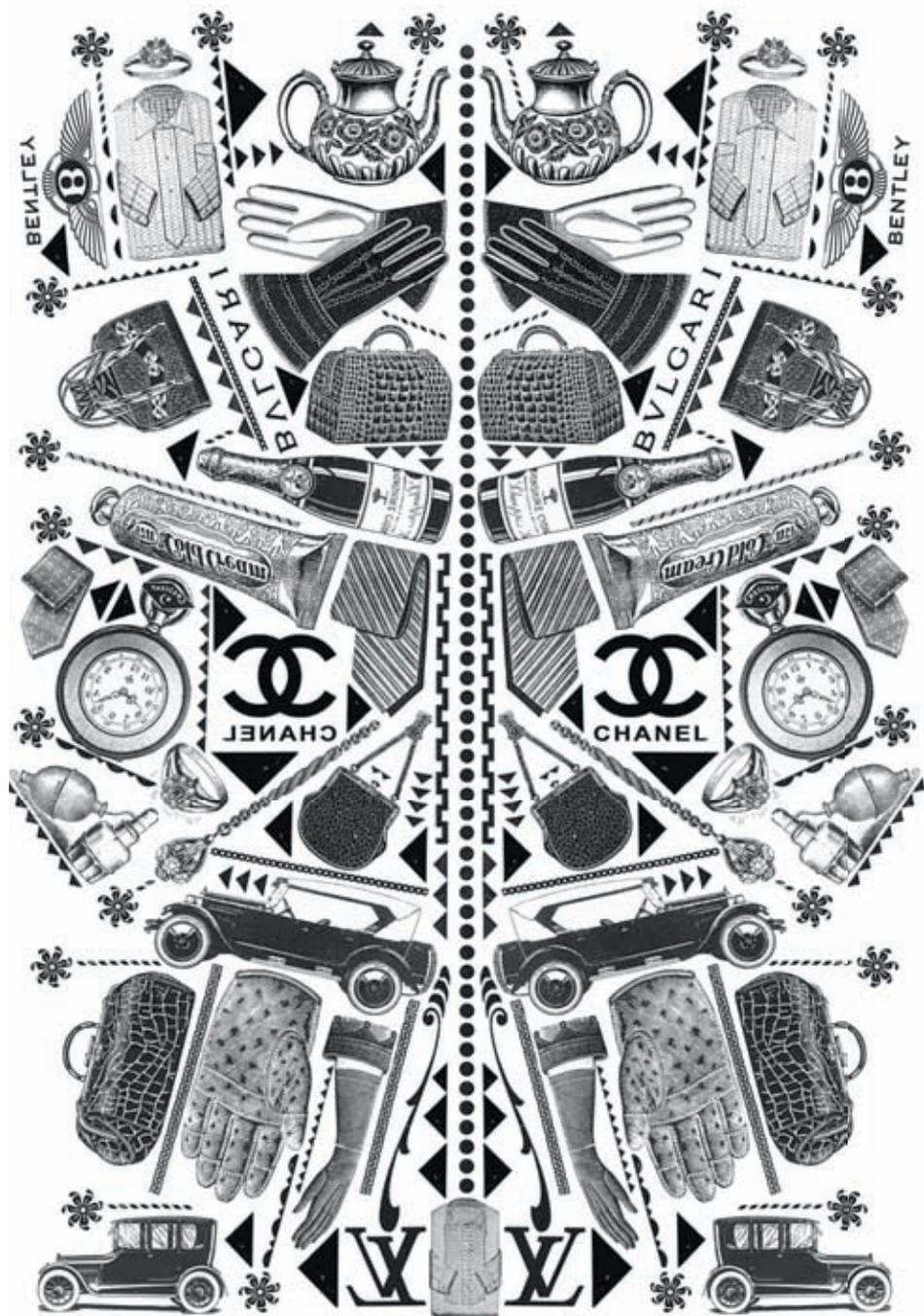
Collapsing revenues, newly demanding clients and a bling backlash. A perfect storm is blowing luxe back to the future.

BY NIGEL BOWEN

It never used to be like this. Back in the day, the only thing a purveyor of luxury goods had to worry about was a revolution wiping out the handful of plutocrats who made up his client base. But fast-forward to mid-2009 and it's clear that when globalised late capitalism turns feral, it's no respecter of persons.

The headlines from the past few months tell the story: Chanel 'lets go' of 200 employees, Richemont — the world's second biggest luxury goods group and owner of the likes of Cartier, Vacheron and Montblanc — announces a 12 per cent drop in sales, while in Australia Morrissey hits the wall and Herringbone has to be rescued by a German buyer. Haute couture's queen bee, US *Vogue* editor Anna Wintour tells the *Wall Street Journal*, "There's been too much product, too much copy-cattng and, probably, too much consumerism... I don't think anyone is going to want to look overly flashy, overly glitzy, too Dubai." Karl Lagerfeld sums up the end of an era in three words: "Bling is over." ▶

ILLUSTRATION LORENZO PETRANTONI.



No need to worry, say some luxury-brand execs. We've been around a long time, seen booms and busts before. Sure, Noughties bling will go the way of '80s power dressing and, as in any other industry, the recession will send weaker players to their Darwinian fate. But in a year or two the economy will come good, shoppers will defrost their credit cards, and it'll be back to business as usual.

Don't bet on it, counters Martin Raymond, a leading brand-identity expert and co-owner of The Future Laboratory. "The recession will probably last around 13 months, but when it's over, people won't be spending their money the way they have been. In every luxury cycle there's a period of boom, then there's a period of navel-gazing, and *then* there's a period of re-entrenchment, where the clever brands — such as Louis Vuitton, Marc Jacobs, Prada, ones that have a thinker behind the brand — will see the changes."

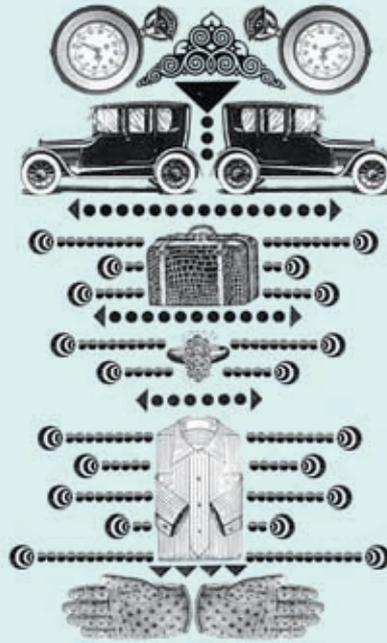
Such as the increasing importance of markets in Brazil, Russia, China and India and the shift from retailing to etailing, Gen Y ageing into the luxury demographic and growing demands from Western consumers for companies to be more ecologically and socially responsible.

All of those are straightforward enough for the luxury sector to respond to. What's not is a phenomenon Raymond identified a year before the stockmarkets started tanking: the 'new austerity'. Other trendspotters have variously labelled it 'luxury fatigue', 'enoughism' and 'the drift to thrift'. Whatever they call it, it's a long pent-up backlash against conspicuous consumption and a major headache for prestige brands.

"In London, I've seen people in stretch limos and Hummers being spat on," Raymond explains. "Some brands will find it increasingly difficult because the way they present themselves is out of step with the growing sense of austerity. The sort of brands that have been attracting Posh Spice are just not going to work the way they used to."

Nick Foley, managing director of brand consultancy Landor Associates, agrees that a tectonic cultural shift has been underway for at least a year and a half. "One of the reasons Rudd got elected was because the age of *Backyard Blitz* and *Hot Auctions* — that selfish mentality of 'life revolves around me and my backyard' — was over. There's a grassroots movement back to community, and part of that is not being conspicuous about what you have. The big trend will be brands that are less hedonistic, that demonstrate you have an interest in the world around you."

If luxury brands are being held accountable for the sins of the era of excess, some would say they played no small part in seeding the



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ground for exactly this kind of backlash. Critics point out that for at least a decade, many brands chased the rivers of gold to be found in 'masstige' (mass prestige) lines. And somewhere on the road to the suburban shopping centres, luxury lost a lot of its mojo.

Yet others say these brands were simply responding to market trends — if enormous numbers of the buying public wanted their products, who were they to deny the people?

Australia's suitmaker to the stars, Joe Farage, sympathises with his big-name competitors. "It's easy to say the top-end brands became soulless and obsessed with making money, but the fact of the matter is the whole world became like that. Moving forward, they'll focus more on their core business and delivering an exclusive product."

So what's the new luxury going to look like? A lot like the old luxury, as it turns out: impeccably crafted, high priced, individually customised and tastefully understated. All of which reflects a welcome maturation in consumer tastes. Raymond has broken luxury consumption into three phases. Phase one is consumption for the sake of demonstrating wealth and social position; phase two is more sophisticated, involving artisanal or bespoke brands that show superior taste; at phase three, consumption

is about experiencing the product's uniqueness and emotional impact.

Much of the consumption of luxury brands that occurred during the boomtime was phase one. Australia is now moving beyond that — city by city. "Melbourne is pretty much at stage three already, Sydney is stage two, and Brisbane stage one," Raymond notes. "Brands are going to become more about the experience. There'll be greater focus on design, artisanal techniques and sustainability. Men are looking for niche brands. There's been a big return to tailoring, for example."

Where masstige was the luxury sector's big story for the past decade, you can bet your handcrafted Italian loafers that personalisation will be all anyone's talking about for the next 10 years. Ed Striebig, Bentley's regional manager for Australia and New Zealand, notes that 90 per cent of Bentley Arnage buyers now want their vehicle customised. "Increasingly, luxury is about enabling the individual to express their individuality, to achieve some level of self-realisation," he says. "I use the analogy of a bespoke suit: the thrill of going to a tailor and having one made is that you're in control of the features, style and cut. People walking past you don't necessarily recognise the personalisation in your suit, or that it cost you 10 times as much as their suit, but that's not what it's about."

Louis Vuitton, always ahead of the pack, long ago recognised that bespoke is the new bling and has of late been rolling out its 'Mon Monogram' service around the world (see page 125). "Louis Vuitton's special-order factory will mark its 150th birthday this year," says Philip Corne, CEO of Vuitton's Australian and New Zealand operations. "As an extension of that service we've introduced Mon Monogram for two bags: the Keepall and the Speedy. We don't take them off the shelf and personalise them — it's only after the customer has made their selection that the item goes into production, incorporating the design they've nominated."

Corne remains unworried by the seachange in consumer sentiment. "Brands that have a consistent story to tell, and back that up with real, tangible services, quality and consistency, will be the ones that succeed over time."

So, whatever the short-term pain, the regrouping that's happening between luxury brands and their customers will yield benefits for both parties. As Lagerfeld has observed, "Dark times are the most inspiring. Whenever it's too easy, it's very bad. You fall into bad habits, into a routine, bad taste, easy jobs... I think it's the healthiest thing in the world to go back to point zero and start again." ☐