



## STAFF REPORT

**Meeting Date:** April 19, 2016  
**To:** Honorable Mayor & City Council  
**From:** Megan Roach, Marketing and Economic Sustainability Manager   
**Subject:** Beverly Hills Conference and Visitors Bureau Fiscal Year 2015-16 Programs Update  
**Attachments:** 1. BHCVB Fiscal Year 2015-16 Programs Update Presentation  
2. Beverly Hills: The Future of Luxury Report

---

### INTRODUCTION

This item is a presentation from the Beverly Hills Conference and Visitors Bureau on the status of current programs and initiatives, including an overview of the Future of Luxury Report. Each year the City provides funding to the Visitors Bureau through Transient Occupancy Tax (TOT) and the Tourism and Marketing budget.

For the current 2015-16 Fiscal Year, the Visitors Bureau received \$3,829,202 in funding to conduct marketing activities to ensure Beverly Hills remains a relevant and top-of-mind luxury destination for visitors from around the world. As part of its contractual obligations to the City, the Visitors Bureau reports the results from these activities to the City Council on a regular basis. The staff report and attached presentation include highlights from these activities for the first half of Fiscal Year 2015-16.

### DISCUSSION

The Beverly Hills Conference and Visitors Bureau ('BHCVB') is contracted by the City to conduct a variety of tourism and marketing programs promoting Beverly Hills. Its mission is to promote Beverly Hills worldwide as a stay/shop/dine destination through marketing programs that build awareness and drive consumer traffic and revenue to the city. BHCVB's four primary areas of focus include: (1) grow demand for the destination; (2) leverage strategic partnerships; (3) enhance the Beverly Hills brand; (4) and ensure a vital Visitors Bureau. Below are highlights from some of the activities BHCVB conducted during the first half of the fiscal year to promote Beverly Hills as a destination:

#### Group Sales Efforts

- 707 room nights booked for a total of nearly \$500,000 in revenue. This figure includes an estimate for room night revenue, as well as revenue for spend on incidentals in the city, and \$76,000 in food and beverage revenue.

## **Interactive Activities**

### **Website Highlights**

- The Search Engine Marketing campaign received 83,209 clicks to the domestic website, a 35% increase from the same period last fiscal year.
- 41,903 total visits to BHCVB's Chinese website, a 61% increase from the same period last fiscal year.

## **International Activities**

### **Global Summit**

- In December 2015 BHCVB held a summit with representatives from around the world, including India, UK, Brazil, Australia, and China to brainstorm how to keep the Beverly Hills brand fresh and innovative. The summit included a dinner with stakeholders and a sneak peek of The Future of Luxury Report.

### **China Ready Seminar**

- On November 17, 2015, BHCVB hosted a China Ready Seminar at Montage Beverly Hills in partnership with Visit California and UnionPay and nearly seventy local business partners attended.

Additionally, as part of its efforts to ensure Beverly Hills remains a relevant and top luxury destination, BHCVB commissioned the report 'Beverly Hills: The Future of Luxury'. Following the City's 2014 Centennial, the report positions the city as being forward thinking and ready for the next 100 years. The report identifies emerging trends in the luxury sector; from the effects of technology, evolution of inspiring collaborations and development of enhanced brand spaces, to new behaviors among younger generations, loyalty to heritage and practices that are tried and true, and the establishment of new markets. The 'Beverly Hills: Future of Luxury' report is included as Attachment No. 2 to the staff report.

## **FISCAL IMPACT**

There is no fiscal impact associated with this report since it is for information only.

## **RECOMMENDATION**

Staff recommends that the City Council review the Beverly Hills Conference and Visitors Bureau Fiscal Year 2015-16 programs update, including the Future of Luxury Report, and provide feedback as appropriate.

Cheryl Friedling  
Approved By



# **Attachment 1**



# Fiscal Year 2015/16 First Half Highlights

## April 19, 2016



CONFERENCE &  
VISITORS BUREAU  
*Love Beverly Hills*

# Market Performance Year-to-Date



TOT was flat for the first half of the year, however we did see the following positive performance metrics:

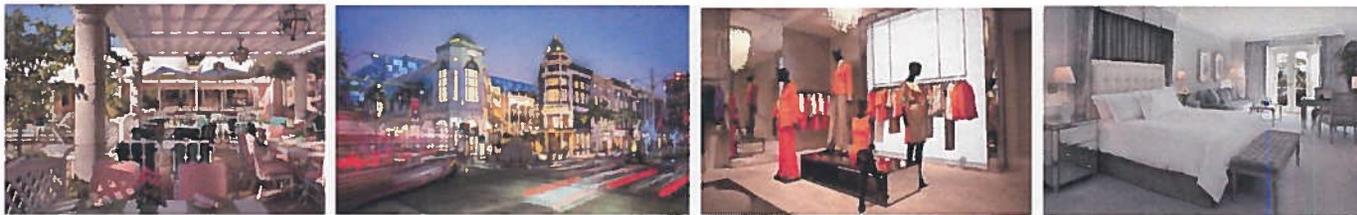
- Average daily rate up 7.6% - higher than any other competitor
- 5.9% growth in domestic visitors
- Increases of, on average, 58% in the following international markets:
  - Saudi Arabia
  - Qatar
  - Australia
  - Switzerland

# Group Sales Bookings

---

707 rooms booked for consumption within fiscal year 15/16

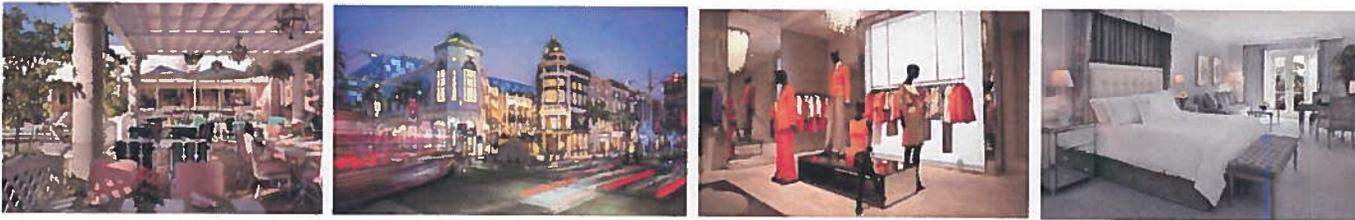
- Projected room revenue = \$300,000
- Projected revenue for incidentals (food, shopping, etc.) = \$154,000
- Food and beverage revenue for booked event = \$46,000



# Interactive Highlights

---

- 35% increase in traffic to domestic website
- 65% increase in traffic to Chinese website
- Social media follower increases of 4% (all sites)
- More than 390,000 emails distributed



# Domestic Highlights

---



- New York Sales Mission
- PR Impressions = 218,820,014
- PR Stories = 73



# International Highlights



- More than 200 new contacts made through participation at international trade shows
- Over \$45,000 in revenue from international FAMs
- Media Impressions = 135,886,192
- PR Stories = 171

# Visitor Center

---

- 8,703 Visitors for the Period
- \$4,459 in Sales
- \$333 back to the city for licensing fees
- Visitors from:
  - New York Tri-State Area
  - South
  - Local
  - China
  - Japan
  - Australia
  - UK





# Future of Luxury Global Trends Report



CONFERENCE &  
VISITORS BUREAU  
*Love Beverly Hills*

# A Brief Description

---

- A report conducted on behalf of Beverly Hills CVB to give insight into the future of luxury to keep the destination relevant in the current market place
- Examines the current balance of the luxury market
  - Where do the Ultra High Net Worth demographic live and what are the behavior patterns
- Defines Luxury 2.0 or the current luxury environment
- Calculates the characteristics of Luxury 3.0 or the future of luxury



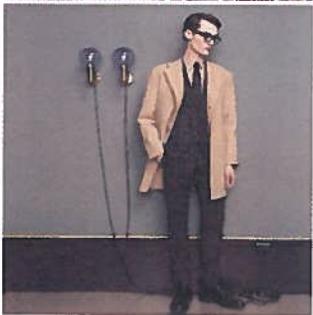
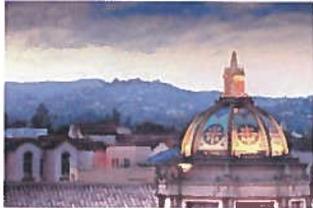
# Luxury 2.0

---

- The Luxury sector has been wary of the fast moving fads of the technological world. However luxury brands now realize that in order to remain relevant they need to increase their digital presence.
- Luxury 2.0 embodies the digitization of the exclusivity.
- Brands must be omni-channel – to include ecommerce, social, in-store, etc.
- Social media is now a central hub for fashion influencers and tastemakers to share their passions and for brands to debut new lines.
- Hotels are developing smart services available for the smart phone generation.
- Wired wellness – ex: Hermes Apple Watch and Headspace (digital mediation)



# Luxury 3.0



- While the importance of digitization of luxury remains important, consumers will seek out more original and authentic experiences that cannot be seen or bought online
- The future of luxury embodies a return to old-school precepts and consumption with a conscience – having a positive impact on society
- Heritage and narrative supporting the creation of a brand experience
- Localtarian
- Sustainability and craftsmanship

# Luxury 3.0



- Prime-grade sourcing and “No-go”
- Innovation and the outsider
- Mindfulness and the ability to disconnect
- Menswear revenge
- Millenials making art social
- Museums as a catalyst

# Results to date



This project will have an 18 month shelf life as we continue to pitch it and receive coverage and commitments globally. To date:

- Distributed to more than 6,900 media
- Total number of global stories: 36
- Total global impressions: 13,580,958
- Total interviews: 129
- Events to come in China, India and Australia
- Committed coverage to date: US, UK, China, Australia, Brazil





CONFERENCE &  
VISITORS BUREAU

*Love Beverly Hills*

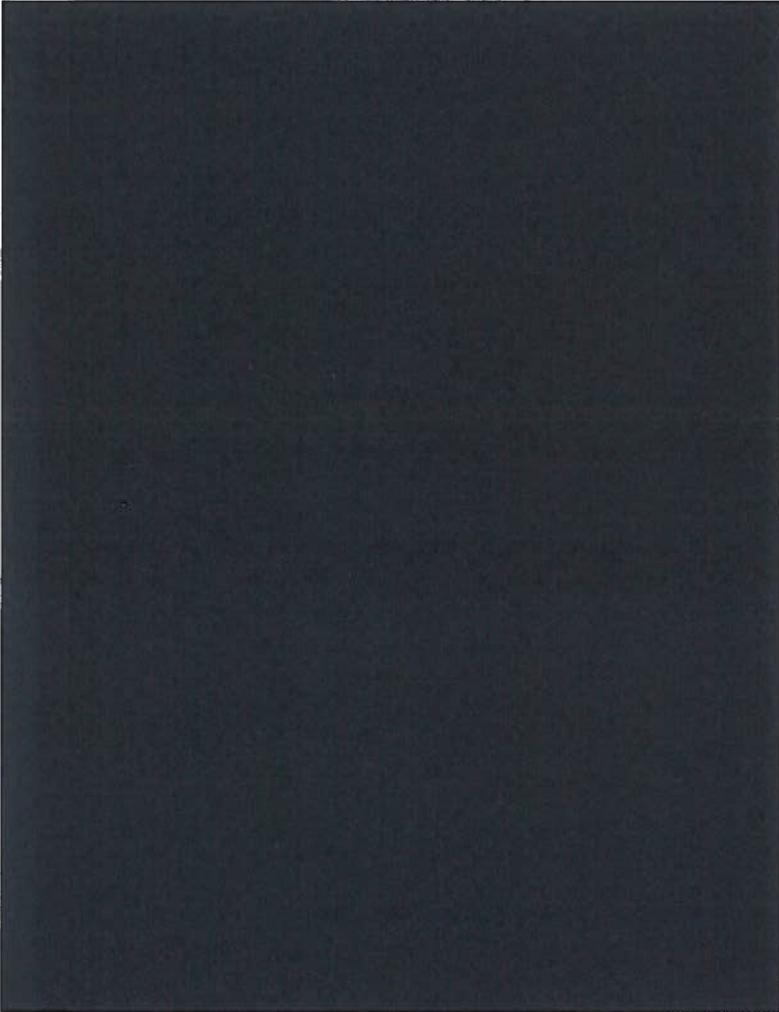
# **Attachment 2**

# BEVERLY HILLS

## THE FUTURE OF LUXURY



*Love Beverly Hills*



## FOREWORD

Beverly Hills, one of the world's most coveted destinations, for generations has been synonymous with refined luxury and unrivaled service. In order to remain a leader in luxury, the city must stay fluid and flexible, adapting to an ever-changing marketplace while at the same time resisting the temptation to jump on passing bandwagons.

As the primary marketing arm of the city, one of the key roles of the Beverly Hills Conference & Visitors Bureau (BHCVB) is to make sure that the city stays current and fresh while at the same time honoring its storied past.

Having celebrated the city's centennial in 2014, the past couple of years have been spent commemorating all of the traditions and lore that have made Beverly Hills what it is today. However, it is important that we now shift our focus to the next 100 years and beyond in an effort to make sure that we continue to be a thought leader in the luxury arena.

In order to be forward thinking, it is critical that we be open to innovation and fresh perspectives. This thought-leadership paper helps to identify emerging trends that are evolving in the luxury sector: from the effects of technology, evolution of inspiring collaborations and development of enhanced brand spaces, to new behaviors among younger generations, loyalty to heritage and practices that are tried and true, and the establishment of new markets.

We are excited to share this information and look forward to integrating some of these emerging ideas and behaviors into those activities for which the world has come to know us.

Julie Wagner, CEO,  
Beverly Hills Conference  
& Visitors Bureau

## EDITORIAL & CREATIVE TEAM

Julie Wagner, CEO  
Beverly Hills Conference & Visitors Bureau (BHCVB)

As the designated marketing organization for Beverly Hills, BHCVB enhances the economic and social vitality of the community by driving incremental business to hotels, retailers, restaurants and attractions.

Editorial  
Clara Le Fort, IN(K)

IN(K) sits within the Luchford Group and is run as an agency that creates luxury content. IN(K) works both as an incubator of creative ideas and a business strategist that fosters luxury content globally.

Report Design & Production  
LUCHFORD

[lovebeverlyhills.com](http://lovebeverlyhills.com)

## CONTENTS

INTRODUCTION	2
MACRO-ECONOMICS	5
Shifting Demographics	
Top 10 Cities by Population of UHNWIs	
LUXURY 2.0	23
LUXURY 3.0	35
Experience & Brand Spaces	
Heritage & Narrative	
Artisanship & Exclusivity	
CONCLUSION	75

## INTRODUCTION



The Beverly Hills Hotel signage

A neighborhood of some 34,658 residents and incorporated in 1914 by speculators who failed to find oil but discovered water instead. Beverly Hills is, per household, 10 times wealthier than the US average. Despite having just 0.1% of the population of the state of California, it is home to a disproportionately large number of ultra-high net worth individuals (UHNWIs), including eight of L.A.'s 27 billionaires.

This report looks at who is consuming the city's luxury goods and services, and examines the different spending habits of UHNWIs, Generation Xers, Baby Boomers, and the increasingly influential Millennials. This last group, the first digital natives, are greatly influencing future trends thanks to their devotion to smartphones and social media platforms. They have the same appetite for luxury, but different tastes and values from their forebears, making it harder to market to them.

To begin, the report examines the macro-economic landscape, paying particular attention to those parts of the world best recovering from the 2008 recession. The top 10 cities by their UHNWI populations will be identified, with their different demographics and spending patterns outlined and compared to Beverly Hills.

In the second chapter, the state of luxury today, or LUXURY 2.0, is explored. Here the report details how luxury has been slow to adopt technology but nonetheless found itself transformed in recent years. E-commerce has become a vital retail channel, with fashion now taking on a social dimension. Additionally, this chapter looks at how technology has changed the hospitality industry and how even wellness has gone digital.

But the task at hand remains determining the future of luxury: the trends, innovations and values that will constitute what this report is calling LUXURY 3.0. These include omnichannel retailing; enhanced brand spaces, the emergence of menswear as a retail innovator, a move away from overt branding to understated "NoGo" goods, an emphasis on "pure" luxury, including sustainability and "localtarian" sourcing; wellbeing and mindfulness being taken to the next level through "sati-faction", collaborations with the art world; Millennials making art social; old-school precepts such as service and craftsmanship returning to the fore; and, ultimately, luxury going full circle by servicing the desire to go off grid. This new luxury is all about experiences which live in the heart, backed up by the best in bespoke service.

The following pages demonstrate examples of these themes from around the world and also point to those brands, businesses and institutions that are already leading the way in Beverly Hills - from eco-friendly couture and vegan ice cream to the luxe fashion outlet with a rooftop champagne deck and the restaurant hosting visiting food stars.

With its warm climate, lush landscaping, mid-century modern architecture and historic connections to the movie industry - as well as the stores, hotels and restaurants offering LUXURY 3.0 - Beverly Hills will continue to be revered as the epitome of luxury.



Top & Above: A luxurious installation designed by Damien Langlois-Meurinne

*The luxury customer demographic is shifting. Before unveiling the future of luxury and highlighting those cities best placed to provide it, it is important to reveal a little more about ultra-high net worth individuals (UHNWIs), including their spending habits, where they reside and how they travel.*

---

# MACRO- ECONOMICS



## SHIFTING DEMOGRAPHICS

At least **\$30**  
million per household

*"The notion of luxury changes with places, eras and people" Le Monde*



Shanghai skyline viewed from the river Suzhou

Defined as having a net worth of at least \$30 million per household, at last count there were over 199,235 UHNWIs in the world with a combined net worth of \$27.7 trillion. They are any brand's greatest asset and the audience that is most greatly coveted.

According to the 2013 Wealth-X/UBS report, 65% are defined as self-made, 19% have purely inherited their fortunes, and an additional 16% inherited money and grew their wealth from there. UHNWIs as a whole hold 3% of the world's entire real estate portfolio (worth \$5 trillion) and, to emphasize their taste for luxury, 90% choose to spend \$250,000 a year on jewelry. It is interesting to note that only 12% of UHNWIs are female.

China has the fifth largest number of ultra-rich consumers, behind the US, Japan, the UK and Germany, with the majority of its billionaires living in Beijing, Shanghai and Shenzhen. Combined Asian UHNWIs now hold more total wealth (estimated at \$5.9 trillion) than those in North America (estimated at \$5.5 trillion).

Set to be the largest economy in the world by 2024, according to the 2015 Hurun Report, Greater China (including Hong Kong, Macao and Taiwan) is currently home to 715 US dollar billionaires.

Although the Chinese economy is developing fast, it is important to recognize that the US contains six of the top 10 luxury spending cities in the world. As outlined in Knight Frank's 2015 Wealth Report, these are defined by their luxury store footprints, luxury spending growth and UHNWI populations. The US remains the world's billionaire capital with 537 in total, with 91 in New York City alone, the highest

concentration of billionaires by population of any city in the world. By 2024, the US UHNWI population is projected to increase from 44,922 to almost 51,000.

The economies of the Middle East and India are also on the rise. In 2015, Bain & Co ranked the Middle East as 10th among the top global luxury markets in the world, noting an 11% surge in the consumption of luxury goods, primarily driven by an increase in tourism during 2014-2015. Qatar, the United Arab Emirates (UAE) and Saudi Arabia are rated as the region's three major economies, with luxury spending particularly impressive in the supercar market. Bain & Co used this pattern to highlight what it called the rise of the "borderless consumer." However, the countries with the highest spend on luxury goods in 2014 remained the US (\$73.4 billion), with China, France, Italy and Japan making up the next \$72 B billion between them.



Marina Bay, Singapore

The developed economies of the US and Europe stand to benefit the most from the expanding Asian, Indian and Middle Eastern middle classes traveling to luxury hubs and boosting sales. For such tourists, developed markets offer superior product selection, availability and advantageous price comparisons due to high import taxes in their home countries. The global duty-free market (airports, cruise ships, duty-free areas) reached \$60 billion in revenue in 2014, with KPMG estimating it will reach \$100 billion in the next decade.

The overall global luxury market exceeded \$11 trillion of spend in 2014, with cars and hospitality the biggest growth areas. But that growth is slowing: in 2013, luxury goods grew 7%, and in 2014, growth slowed to 5%. This slower pace, however, is more sustainable and reflects the "new normal" for luxury goods as the global economy continues its steady recovery from the financial crisis of 2008.

Demand from Chinese consumers, mature consumers in the US, and Japanese shoppers returning to luxury goods have all helped to shore up this growth.

While the US market is expected to dominate in luxury spend beyond 2024, it is interesting to see where the world's UHNWIs currently reside, where else they travel to, and what can be gleaned about their changing spending habits. The following pages provide a short insight into the top 10 world cities, as defined by their populations of UHNWIs (with investable assets worth above \$30 million) and illustrate some of the emerging trends and demographic shifts that have shaped the report's conclusions on the future of luxury.

# TOP 10 CITIES BY POPULATION OF UHNWIS

Source: Knight Frank's Wealth Report 2015

#20  
LOS ANGELES (969)

This chapter will consider where Beverly Hills, part of the County of Los Angeles, ranks on this list of UHNWIs by population.

#4  
NEW YORK (3,008)

#1  
LONDON (4,364)

#7  
PARIS (1,521)

#6  
FRANKFURT (1,909)

#10  
ZÜRICH (1,362)

#9  
BEIJING (1,408)

#3  
SINGAPORE (3,227)

#5  
HONG KONG (2,690)

#8  
OSAKA (1,471)

#2  
TOKYO (3,575)



Tower Bridge, London

## #1, LONDON 4,364 RESIDENT UHNWIS

**Overview** London is the world capital for the super-rich, the epicenter of which is the small district of Mayfair, which includes the city's greatest concentration of luxury hotels, Michelin-starred restaurants, art galleries, auction houses and designer boutiques. The starting price for a pied-à-terre in the area is £5 million, with family homes rising to £40 million.

**What are they spending on?** According to Knight Frank's 2015 luxury spending index, London rates a 9 out of 10 for its luxury store footprint. The UK is projected to overtake France and Italy to become Europe's leading luxury shopping market in 2018. London's market for luxury items (defined as clothes, goods and accessories priced at over £2,000) is dominated by jewelry, followed by art, watches,

wine and cars. The city's UHNWIs also spend the most of any of the top 10 cities on premium travel and imported luxury goods.

**What's next?** Britain has traditionally been the number one destination for those seeking a new domicile, owing to its "cluster of businesses, international appeal, heritage and democratic institutions," according to Liam Bailey of Knight Frank. Other key attractions for these individuals are its relative security, financial institutions, schools, heritage and transparent legal system. With super-rich Millennials increasingly hopping from city to city during the year, London's central European location, time zone and hub airport make it convenient to move from east to west and vice versa.



Asakusa Kannon Temple, Tokyo

## #2, TOKYO 3,575 RESIDENT UHNWIS

**Overview** With high income tax (45%) and inheritance tax (55%), it is harder for Japan's super-rich families to hold on to their wealth across generations; this may be the reason why many are moving from Tokyo to Singapore or Australia.

**What are they spending on?** Japan's super-rich are considerably less wealthy than their counterparts elsewhere (in 2012, the top 1% earned \$240,000 compared to \$12 million in the US). Consequently, in Tokyo there is far less in the way of ostentatious property, with many rich Tokyoites opting for a second residence in the mountain resort of Karuizawa.

Regarding spending on luxury goods, Bain & Co has identified that Tokyo's super-rich value individuality, moving on to more exclusive labels when a brand becomes mainstream. With the Japanese custom of gifting, even fruit has a luxury dimension in Tokyo. At the Sembikiya fruit parlor, a hand-pollinated Yubari cantaloupe retails for \$160.

**What's next?** Later in this report, the rise of artisanship and "localarians" will be discussed. It could be argued that the roots of these global trends can be traced to Tokyo. Where production is restricted and a commodity is scarce, goods can accrue luxury collectible status based on their provenance and attention to detail.



Buddha Tooth  
Relic Temple Singapore

### #3, SINGAPORE 3,227 RESIDENT UHNWIS

**Overview** According to the Economist Intelligence Unit's index of goods, Singapore has now overtaken Tokyo as the world's most expensive city and, by 2023, it is expected to be home to Asia's greatest concentration of UHNWIs. Its political stability, business focus and growing status as a financial hub are attracting the super-rich. It is the number two UHNWI second-home destination, after the UK.

**What are they spending on?** In a 2014 survey by Affluent Insights, 74% of HNW (those with over \$1 million in moveable assets) Singapore residents said that while they researched goods online, they preferred to spend in physical stores, with design, quality and exclusivity rated as their hallmarks of luxury. 60% of those surveyed said that they did their luxury shopping while traveling, with 48% of discretionary

spending going on travel, accommodation and experiences (16% on air tickets and 12% each on experiences and hotels). In a similar report (May/June 2015), 66% of HNWIs polled said that they travel for leisure two to four times a year, while 13% travel up to nine times.

**What's next?** Stamp-duty on second homes has been increased twice in recent years in an attempt to calm the city state's property market. Foreign buyers must pay stamp duty tax at 15% and permanent residents (foreigners on long term passes) at 5% on second and third homes. "As a consequence, investors are looking to divert this investment into real estate assets in other markets, like London and New York," according to Didier von Doerken in Barclays' 2014 Wealth Insights report.



New York City skyline from  
the Rockefeller Center

### #4, NEW YORK CITY 3,008 RESIDENT UHNWIS

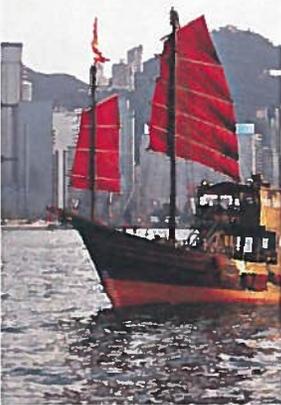
**Overview** According to Knight Frank, growth in the US means it is "becoming a bigger target for safe-haven wealth flows from Europe, the Middle East and Africa." So much so that, by 2025, New York City is expected to overtake London at the top of this list of UHNWIs by population.

**What are they spending on?** While luxury property worldwide increased in price by 2% in the last year, in New York City that figure was 18.8%. In the Santiago Calatrava tower in Lower Manhattan, every apartment is on the market for over \$35 million; five years ago, not a single apartment in the city went for that amount. The city is also a world leader in money management: 20% of the \$1 trillion invested in hedge funds worldwide is invested in New York

City. Philanthropy is a major trend among the city's super-rich. 10% of US' 63,000 charitable foundations are based in the city. Even in the midst of a recession, the Museum of Modern Art was able to raise \$858 million in donations for its new building. "There are so many wealthy people here that being rich isn't a distinguishing characteristic; you have to be intelligent and socially useful," says Mitchell Moss, an urban policy and planning professor. But New York City's UHNWIs also like to spend on themselves.

Due to low taxes, they have more disposable income than many of their counterparts who live in other cities on this list. New York City residents spent more than \$25.5 billion on personal luxury goods last year, more than the whole of Japan, the second-biggest market.

**What's next?** Retail accounts for more of the US economy than in almost any other industrialized country. But analysis of "Black Friday" and "Cyber Monday" spending over recent years by LPL Research suggests that retail spending at holiday times is in decline, with consumers starting to spend money on experiences, gifting spa treatments, concert hall tickets or expensive meals. This trend fits with the global decline in predictable "seasons" for retail spending and the emergence of year-round, borderless luxury-services spending.



Aqua Luna boat of the coast of Hong Kong

## #5, HONG KONG 2,690 RESIDENT UHNWIS

**Overview** Luxury goods retailers in Hong Kong have been hit by a decline in visitors from mainland China, due to shifts in gifting behavior, and stock market and currency devaluations. But the city's residents are making up for that shortfall. Hong Kong is the top city when considering the percentage of super-rich residents who own luxury goods.

**What are they spending on?** According to global market research company Ipsos, Hong Kong's super-rich love to travel, taking five leisure trips a year and spending \$11,000 annually on travel (double the average for Asia's wealthy). Like New York City, Hong Kong has a long history of philanthropy and affluent families setting up foundations. A report by Coutts found that, in 2013, \$935 million was given in individual charitable donations of over \$1 million.

**What's next?** Hong Kong finds itself competing for wallet share, with the city losing to emerging destinations for Chinese travelers such as Japan, Thailand and South Korea. Agility

Research & Strategy has also pointed to some key differences in spending between the city and the Chinese mainland, in a survey of 736 affluent residents split between China and Hong Kong, it found that the Chinese consumers defined watches, bags and jewelry as their "most interesting" luxury purchases, while Hong Kong residents prioritized luxury travel, including cruises and round-the-world trips.

As opposed to an indicator of global luxury trends, Agility suggested that this behavior reflects the Hong Kong market's maturity in both senses of the word: its comparatively older residents have already been through the era of luxury goods acquisition being experienced by China's newly wealthy Ruder Finn & IPSOS's 2015 China Luxury Forecast backed up this insight: "Whereas luxury travelers from mainland China seek shopping as the number one priority when traveling, Hong Kong luxury travelers are seeking more experiential travel, with fine dining, entertainment and spas as their priorities."



Frankfurt skyline looking towards the financial district

## #6, FRANKFURT 1,909 RESIDENT UHNWIS

**Overview** Germany's super-rich are fairly evenly spread out across 10 of its cities. Furthermore, they are seeing something of a contradiction while the country's GDP growth was only 0.4% in 2013, Germany's top 100 earners saw their incomes increase by 5.3%.

**What are they spending on?** Traditionally, Germans have spent less of their country's overall GDP on luxury than the French and Italians, but that picture is changing. According to consultants Roland Berger, the German luxury market is growing about 5% faster per year than the overall global luxury market, with the strongest year-over-year growth (20%) in designer clothing, accessories, watches and jewelry.

While Munich is the top city in terms of spending, Frankfurt's secret weapon is its airport, the third-largest in Europe, which has developed its luxury retail offer, accruing \$377 million in retail revenue last year.

The city sees a year-round global influx of business people coming in for publishing, automobile and architecture trade fairs, and Chinese travelers make 38% of their total German spending in Frankfurt, much of that at the airport. In order to attract and retain luxury spenders, Lufthansa now has an entire terminal dedicated to first-class passengers, offering fine dining, marble bathrooms and Porsche car rental.

**What's next?** Most understanding of the luxury goods market is derived from HSBC's annual spending report and its talk of "hard" (watches, jewelry) and "soft" (apparel) luxury goods. More recently, the German business magazine, Wirtschaftswoche, partnered with consultants Biesalski & Company to develop a German definition of luxury. They suggested that German consumers are most likely to spend on luxury glassware, porcelain, domestic appliances and cutlery.

Among Germans' most valued brands were Gaggenau appliances, Lange & Söhne watches, Decon garden furniture and Porsche automobiles. Their desire for respected, hand-crafted goods mirrors Tokyoites' attention to detail, which supports the evolution of a global luxury trend focused on artisanship and local sourcing discussed later in this report.





## #7, PARIS 1,521 RESIDENT UHNWIS

**Overview** France is the home of industrialized luxury goods - leather, textiles, fine wines and jewelry - the combined purchase of which contributes \$229 billion to the global economy. However, in 2013, president Hollande's proposed 75% income tax rate on those earning over €1 million resulted in one of the largest-ever drops in the number of resident UHNWIs (down 71%).

**What are they spending on?** Paris is a leading destination for luxury retail and France is the world's number one destination for tax-free shopping, ahead of the UK and Italy. Tourists from China, Russia and the US are the biggest spenders, with retailers employing China UnionPay terminals and Mandarin-speaking attendants to capitalize on Chinese visitors' spending power.

The Asian taste for men's fashion has begun to be replicated in Paris, where menswear, men's luxury bags, small leather goods and jewelry have all seen growth, another trend discussed later in this report.

**What's next?** To further service this rise in global luxury tourism, Paris has invested heavily in hospitality. With the refurbishment of the Ritz Paris and Hôtel de Crillon hotels, Paris will have increased its number of five-star rooms by 50% in a decade to over 2,000 in total.



Top: Notre Dame Cathedral from the river Seine  
Above: View of Parisian skyline towards the Eiffel Tower



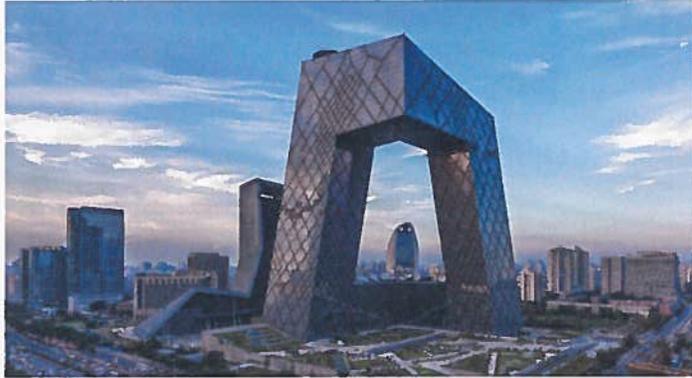
Osaka Castle viewed from Nishononari Garden

## #8, OSAKA 1,471 RESIDENT UHNWIS

**Overview** The greater Osaka area - the second-largest metropolis in Japan with a population of 18 million - has seen the number of multimillionaires in the city rise by 52% in the last 10 years. Along with Tokyo, it has benefitted from Chinese visitors' increase in wealth and subsequent spend in recent years.

**What are they spending on?** According to McKinsey, Japan's second city is rated number seven in the world for spending on luxury womenswear and number 12 for cosmetics. As in Tokyo, it has seen a rise in local luxury consumers identifying as less ostentatious with 51% in McKinsey's survey agreeing that showing off luxury goods is in bad taste, compared to 24% five years ago.

**What's next?** Osaka's government is working hard to establish it as a luxury retail destination with the development of unique luxury shopping experiences. Namba Parks is putting stores in a multistory parkland terrace context, while Rinku City is a resort mall built on reclaimed land.



CCTV Headquarters in Beijing designed by OMA

## #9, BEIJING 1,408 RESIDENT UHNWIS

**Overview** In 2004, there were four billionaires on China's Hurun Report list. By 2015, that number had risen to 715. There are a further 60,000 individuals in the country worth at least \$200 million and, Hurun estimates, for every known billionaire there is at least one unreported billionaire.

**What are they spending on?** Chinese purchasing power knows no bounds. 2% of the country's wealthy account for 33% of the world's luxury spending. In a country where all the wealth is new, ostentatious spending is still the norm. There were 3,000 private yachts in China in 2015 but that number is projected to rise to 100,000 by 2020.

Similarly, expensive aristocratic pursuits such as equestrianism are on the rise. However, luxury spending declined by 15% in 2014 due to a government crackdown on corruption leading to a 25% fall in gifting. 64% of the country's super-rich plan to emigrate, but most want to retain a presence in China, with the US as their preferred second-home destination.

**What's next?** Birth rates have been rising in Beijing for a decade, so, while spending on luxury goods is cooling, children's brands are accelerating. Reflecting this shift, the city's malls are becoming "lifestyle centers" offering food, fashion and entertainment.



Above: A reflection of Zurich from the river Limmat  
Top Right: Fraumünster Church and the Church of Saint Peter

## #10, ZURICH 1,362 RESIDENT UHNWIS

**Overview** At 27% of its 366,000 population, Zurich has the third-highest density of millionaire residents in the world after Monaco and Geneva. The much larger New York City (8.4 million) is next on that list with 4.63%. 30% of the Zurich populace are non-Swiss nationals from 166 different countries, doubtless drawn by the country's favorable tax regime.

**What are they spending on?** In recent years, the Stonehage Group has reported slight falls in luxury price inflation in Switzerland due to the increase in value of the Swiss Franc against the Euro. Spending on so-called "investments of passion" such as art and automobiles has risen, as has participation in expensive leisure activities such as skiing and yachting.

**What's next?** A 2013 referendum brought an end to "golden handshakes" and gave shareholders a vote on executive pay. Led by Zurich, Switzerland's cantons are also now tightening up their tax regimes and opposing EU immigration quotas due to spiraling house price inflation created by the influx of wealthy foreign nationals.



Setting sun through the Los Angeles skyline

## #20, LOS ANGELES 969 RESIDENT UHNWIS

*Where does Beverly Hills rank?*  
Within the list of top cities, as defined by their populations of UHNWIs, Los Angeles ranks 20th with a total of 969 UHNWIs. Beverly Hills, part of LA County and adjacent to Los Angeles City, has a median household net worth of \$1 million, over double the US average.

Reflecting its exclusive status, the average house price in Beverly Hills is \$3.8 million, more than 10 times the California average. And prices are rising fast - up 13.4% in the 12 months preceding this report.

Due to the city's association with Hollywood, Beverly Hills' UHNWIs are more likely to have derived their wealth from entertainment, media or sports. Of California's 92 billionaires, 27 live in Los Angeles County, and nearly a third of those in Beverly Hills.

For a city of 34,658 (only 0.1% of the population of California), that's quite a concentration of wealth. With 6 million visitors a year, contributing \$2.1 billion in direct and indirect revenue to Beverly Hills - again much higher than the state average - it is clear that a luxury locale attracts luxury spending.



Top: A Cielo Drive residence, Beverly Hills  
Above: Montage Beverly Hills

*It is often said that style never goes out of fashion and it is perhaps unsurprising that the luxury sector has been wary of the fast-moving fads of the technological world.*

*Traditional luxury brands are, however, more confidently embracing new technologies and increasing their digital presence, enabling them to appeal to a wider and more digitally savvy luxury audience. This era of luxury and what we are currently experiencing - *Luxury 2.0* - is witnessing the digitalization of exclusivity.*

---

# LUXURY 2.0



Luxury e-commerce is projected to triple to \$75 billion by 2025, with online taking an 18% share of total luxury sales.

## THE RISE OF RETAIL E-COMMERCE

Luxury brands scale up and retain exclusivity in the internet age

Luxury e-commerce is projected to triple to \$75 billion by 2025, with online taking an 18% share of total luxury sales, making the internet the third-largest market for luxury goods after traditional retail channels in China and the US

For luxury brands, a decision has to be made as to when to scale up. Once they begin to see sizeable revenues from internet sales - around 6% to 7% of total revenues - luxury players reach a tipping point where they see the value in launching full-scale shops based around their brands. These bigger, more complex websites require additional resources, including enhanced customer support and fulfillment logistics.

The luxury sector has been slow to incorporate technological developments such as e-commerce and social media, perhaps for fear of damaging brand exclusivity. According to Bain Consulting, 40% of luxury retailers were still not trading online in November 2014. But customers are driving change



Givenchy's tailored approach to e-commerce

in the industry. Netsphere Strategies has found that 71% of customers cite the ability to view inventory information for in-store products as "important" or "very important," and 50% expect to be able to buy online and pick up in store. Thus it is now the norm for brands to augment their retail presence with a similarly high-end online experience, creating an omnichannel customer journey



Digital platform available inside a Marc O'Polo store

One way for brands to get around concerns of decreasing customer perceptions of exclusivity is limiting the variety of what is sold. Hermès, for example, sells its handbags online, but the Birkin and Kelly lines can only be bought in its boutiques. Similarly, jewelers such as Van Cleef & Arpels keep some of their pieces offline. Chanel has been reticent for many years, but in April 2015 they launched a three-week fine jewelry capsule on Net-a-Porter.

Due to their penchant for traveling from city to city, many UHNWIs are time-poor and appreciate the convenience of being able to shop online. Therefore a balance must be struck. Partnering with a trusted site such as Net-a-Porter, which has a vast amount

of traffic, a large social reach and a newsletter with subscribers in the millions, is one option to gently grow a luxury brand's web presence while maintaining exclusivity.

Millennials are a technologically connected, socially diverse and more accepting generation.

## SOCIAL FASHION: A NEW ERA

*Why Millennials matter, and how luxury brands interact with them*

"Social media is where they [the next generation of UHNWIs] seek out and evaluate what's new and next in luxury. Six out of ten 18 to 34 year-olds trawl sites such as Instagram and Pinterest to spot luxury trends compared to 10% of older luxury consumers." White House Council of Economic Advisors

Born between the early 1980s and the early 2000s, Millennials represent the largest generation in the US, comprising roughly a third of the total population. They are the first generation to have had access to the internet during their formative years, and are the most diverse generation to date, with one quarter speaking a language other than English. 89% of the 18 to 29 age group have an account on a social media site, compared to 62% of Baby Boomers (Pew Research Center, 2014). According to Nielson,

over 85% of these Millennials own a smartphone, which they touch up to 45 times a day.

Millennials in the US wield about \$1.3 trillion in annual buying power. Five out of six connect with companies on social media networks. Millennials are a technologically connected, socially diverse and more accepting generation. The priority that they place on creativity and innovation augurs well for future economic growth; to cite one example, the mobile phone application economy, worth \$5.8 billion annually in the UK, shows this generation's potential for opening up economic frontiers.

Millennials' unprecedented enthusiasm for technology has the potential to bring change to traditional economic institutions and the labor market. For example, crowdfunding has enabled

entrepreneurs to raise capital from alternative sources online rather than relying on traditional institutions such as banks to grow their businesses. It is critical that luxury brands engage fully with this market when presenting themselves to the wired world.

The Millennials' enthusiasm for social media has been successfully integrated into the world of fashion. In 2013, Oscar de la Renta debuted the brand's fall campaign on Instagram, weeks before placing print advertisements in traditional channels such as Vogue, ELLE and Tatler. Similarly, Burberry, which is becoming known for its inspired use of technology, launched its 'Art of the Trench' campaign in 2009, a solely digital initiative. When the brand's store opened on Rodeo Drive, it shot a range of LA tastemakers for the campaign. Over time, customers too were able to submit photographs



Left & Right: Acne Studio Fall/Winter 2015 collection



of themselves in their Burberry trench coats to an Art of the Trench website. In October 2015, Burberry became the first fashion brand to create a campaign - shot by Mario Testino and Stephen Bailey - exclusively for Snapchat users (the picture-messaging platform claims 100 million daily engaged users). In 2014, Marc Jacobs launched a Tweet Shop in London, where goods were exchanged in return for social media use.

The blurring between retail, online and social spaces to create a seamless customer journey continues. Burberry's London flagship in a former cinema is billed as "part event space, part innovation hub, part store." Its sales staff use iPads to browse a customer's purchase history, while its website offers the opportunity to use live chat or get a call from a customer sales representative.

## HOTELS DEVELOP SMART SERVICES

*High-tech, high-touch rooms for the smartphone generation*

Luxury rooms changed little over the last century, but hotels are moving fast to adapt their offerings for this generation's technological expectations. Millennials live their lives through their smartphones and they are used to getting services tailored to their wants and needs through technology. The previously staid hotel market is working fast to fulfill this

For example, for the London 2012 Summer Olympics, Samsung created app-controlled hotel TV, lighting and air conditioning, which the tech giant is continuing to develop for the hospitality industry.

Marriott International has developed a "high tech, high touch" environment, strategically elevating the customer service experience by including plenty of USB ports to charge mobile devices, large touchscreen displays in the lobby to help guests navigate the property, and a Marriott Guest Services app which can be used to check guests in and out, request more toiletries or schedule a wake-up call. Another earlier adopter of "high tech, high touch" was Starwood Hotels & Resorts which was among the first to configure its app for the Apple Watch. The brand also pioneered keyless mobile room entry at its W Hotel properties in 2014.



Top & Above: New York Edition Hotel: Lobby fireplace and deluxe room



Beverly Wilshire, A Four Seasons Hotel, Beverly Hills

*Net-a-Sporter, a one-stop shop for the modern fitness enthusiast who wants to look their best.*



Apple Watch by Hermès  
A brilliant co-design

## WIRED WELLNESS: MINDFULNESS FOR MILLENNIALS

*Apps to boost fitness, luxury on the go and wellness real estate*

There are now over 100,000 health-based apps on the market, with wearable tech, such as the Apple Watch, able to monitor heart rates and training schedules, and personal trainers using apps to offer remote monitoring of their clients' fitness. Brands such as 42 Paw and Biomega out of Copenhagen and Bodyism (spearheaded by wellbeing expert James Duigan) have married technology and wellness to create lifestyle goals that Millennials aspire to.

The fitness apparel market is also moving online, providing luxury consumers with products that fit their on-the-go lifestyles. In June 2014, e-commerce giant Net-a-Porter launched Net-a-Sporter, a one-stop shop for the modern fitness enthusiast who wants to look their best, with brands including Lucas Hugh and Adidas by Stella McCartney. Encapsulating the Millennials' approach to health, wellness and fitness, the site includes a category entirely dedicated to "après sport," designed for those who want to remain stylish post-workout.

Channels such as Instagram and YouTube are creating a new generation of yoga trainers, fitness gurus and healthy cooks. Social media provides the ability to use



these platforms to help inspire people into action. Apps such as Fitbit, RunKeeper and MapMyRun have three roles: they help to motivate people, user interactions act as triggers for action, and sharing information increases the participants' knowledge base. The flexibility and interactivity of online platforms and devices make wellness fun, quick and easy.

For the modern UHNWI, wellbeing starts at home. In New York City, the company Delos has pioneered "wellness real estate" designing spaces that "actively contribute to human health, performance and wellbeing by marrying the best innovations in technology, health, science, design and enterprise." The company

started by designing a "wellness loft" for one family in the Meatpacking District, addressing 23 pathways to improve its owners' air, light, water, fitness, comfort, mind and nutrition. In 2013 it brought five more luxury apartments to market in Greenwich Village. Delos has further developed its principles in commercial settings such as the CBRE headquarters in Los Angeles and Stay Well rooms at the MGM Grand Hotel in Las Vegas.



Top & Above: Pictures from Johanna Schneider's collection for Nike

*'For us it's a social mission, to help create a healthier, happier world'*  
Andy Puddicombe, Headspace

## CASE STUDY: HEADSPACE

*Founded in 2010 by Andy Puddicombe & Richard Pierson*

Headspace is billed as a gym membership for the mind. It's an app that provides a course of guided meditation to reduce anxiety, match user moods and improve focus. To suit today's busy lifestyles, it requires just 10 minutes of the participant's day. Based in Venice Beach, Los Angeles, it boasts 3 million users across 150 countries and is estimated to be worth upwards of \$37 million.

"Headspace is essentially a start-up and neither Rich nor I are in it to become millionaires. For us it's a social mission, to help create a healthier, happier world" Andy Puddicombe

While digital wellbeing might be considered an oxymoron, the makers of Headspace recognize that, for Millennials, being online is as routine as breathing and they set out to provide a form of therapy for those seeking out a purely digital meditation program.



And they are certainly not alone. Big Health, a UK-based venture-funded company, is taking on the pharmaceutical industry with "digital medicine," a term coined by Peter Hames, the company's co-founder. Big Health develops suites of cognitive behavioral therapy apps such as Sleepio which was designed to treat insomnia, and ultimately means that guidance that was previously hard to access is now available to all.



Top Left: Commuters participate in a meditation led by Headspace  
Above: Meditation at The Broad Place  
Purveyors of mindfulness

*The preceding chapter demonstrated just how much technological innovations have embedded themselves in luxury life, but what does the future hold? The findings in this report point to luxury coming full circle.*

*While acknowledging the importance of the digital offer, luxury consumers will seek out more original and authentic experiences that cannot be seen or bought online. This is the essence of LUXURY 3.0, where consumers will revert back to such "old-school" concepts as locally sourced food and beverages, traditional craftsmanship, bespoke tailoring and more.*

---

# LUXURY 3.0



## EXPERIENCE & BRAND SPACES

Fashion brands are serial innovators; the sector thrives on giving customers a bespoke experience, and it was Los Angeles that provided the very first pop-up retail experience, with 1997's Ritual Expo, dubbed "the ultimate hipster mall."

Pop-up retail allows a company to create a unique environment that engages customers and generates a feeling of interactivity. Utilizing a temporary space also allows retailers to test products or locations, as well as soft-launch concepts. These spaces need to make a big impact as they aren't around for long. Their short-term nature creates exclusivity, and they are effective at generating media coverage.

Now the experience offer is being honed with hands-on spaces, exciting collaborations, hotels offering celebrity-ready services, and concept stores building on the revival of menswear. But how else can luxury purveyors enhance the experience that consumers feel for their brands, and how can this transcend the world of fashion?



Top: Hand-stitched Raleigh Denim jeans  
Above: Dolce & Gabbana Menswear Summer 2013 collection



Hermès pavilion designed by Toyo Ito for Baselworld

Retail is becoming as much a communication channel as a shopping experience.

## FROM POP-UPS TO EXPERIENTIAL FLAGSHIP STORES

Investing in experience to create a customer journey

Taking things to the next level, brands are learning from their pop-ups' emphasis on customer experience to enhance their traditional retail offerings. Increasingly brands are turning stores into "brand spaces" or opening experiential extensions of their brands to showcase craftsmanship, finely sourced materials, commitment to the environment or to offer greater interactivity.

Whether it is a distillery set up as a laboratory space to show the spirit maker's know-how (Vancouver's Long Table), a jeans brand opening a non-automated workshop for the public to see its products being stitched by hand (Raleigh Denim), or a luxe car-maker allowing visitors to its Mayfair flagship to use touchscreens to customize its automobiles (Audi), brands are embracing the buzz and experiential aspect of pop-ups to anchor their creativity and send a strong visual message.



Hand-stitched Raleigh Denim jeans

This examples highlight that physical objects are no longer the core value unit for luxury providers. Instead, they are investing in customer experience and the aggregation of their digital and physical offers. Ana Andjelic of Havas Media Luxe Hub states that "seamlessness, convenience, speed and quality of personal service" are the new hallmarks of luxury – in short, omnichannel.

Within this retail model, brick and mortar stores, online and experiential brand extensions all contribute to a seamless customer journey. With massive online retailers such as Amazon and Google now opening physical stores to introduce customers to their technology, retail is becoming as much a communication channel as a shopping experience.



Above: Aesop pop-up store created from recycled materials. Right: Gin and vodka by Long Table Distillery, Vancouver





*'For over five years now, the growth of the men's fashion market has outpaced that of womenswear'*  
Businessoffashion.com

## MENSWEAR REVENGE

*'Yummys' put males back in fashion, and flagships cater for men's every need*

In 2014, Vanity Fair introduced its readers to the "Yummys" (young urban males). These male consumers like to look good and indulge in luxury goods, and they're revolutionizing fashion.

According to a recent report by Mintel, global luxury menswear sales in 2016 will reach \$18 billion, compared with \$15.9 billion in 2012, an increase of nearly 13% in just four years. And, as reported by Luxury Society last April, menswear represented 40% of global sales in 2012. Further, men's spending on luxury grew almost twice as fast as women's in 2011, 14% compared with 8% respectively (Bain & Company).

In China, men accounted for over two-thirds (70%) of all luxury sales in 2012. As a result, fashion brands are now capitalizing on menswear and opening stand-alone stores featuring their men's lines.

Prada will open its newest menswear-only store in Galleria Vittorio Emanuele, Milan, following Gucci's dedicated store in the city's Brera district, and aims to open 30 more men's stores in the next three years.

Dolce & Gabbana's menswear has debuted on New Bond Street, London; Berluti is the latest brand to join Miami's design district; Haider Ackerman showed menswear for the first time recently in Paris; Louis Vuitton recently unveiled a temporary menswear-only boutique in Florence; and Alexander McQueen last year debuted on London's Savile Row.

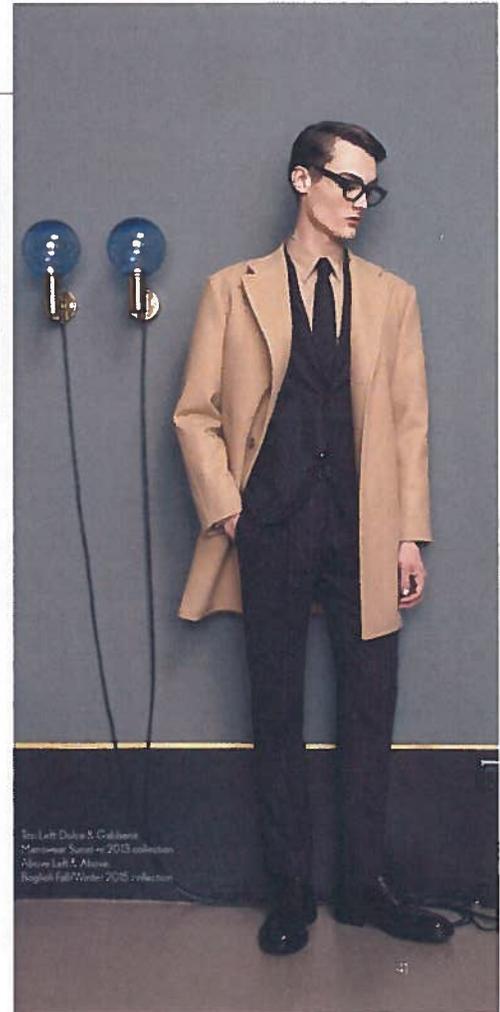
In Beverly Hills, there is evidence of this burgeoning sector everywhere. With Louis Vuitton, Dolce & Gabbana, Brioni, Stefano Ricci, Dior Homme, Burberry and many more, this previously quiet category is being acknowledged by the world's best-known fashion houses. Saint Laurent Paris temporarily relocated on Rodeo Drive while its long-time location was renovated. Upon the reopening of the original space, the brand kept its lease on the temporary location as well, using it to house its men's collection exclusively.

Accessories are also important, with watches a key component in this trend. Beverly Hills is a premier destination for watch shopping with brands such as Breguet, Rolex, Patek Philippe, Hublot, IWC, Panerai, Audemars Piguet, Piaget and Jaeger-LeCoultre all having spaces in the city.



The trend towards experiential brand spaces is also beginning to be seen within menswear retail. Swiss luxury group Richemont has made a major investment in the storied men's luxury lifestyle brand Dunhill and is planning a new "concept store" rollout. In London's Mayfair, Dunhill's offering at Bourdon House incorporates a tailoring room, members' club, cigar keep, barbers, spa and private screening room.

The recent London pop-up Dandy Lab is another lifestyle concept pointing the way forward for menswear retail. It featured smart mannequins and a virtual showroom allowing customers to access the "stories" behind a selection of contemporary and exclusive British brands including Smyth & Gibson, Allie Douglas and London Terrariums through display screens across its two floors.



Top Left: Dolce & Gabbana  
Menwear Summer 2013 collection  
Above Left: Allie Douglas  
Right: Fall/Winter 2015 collection

Far-sighted brands are bringing art and fashion together

## INNOVATION & THE OUTSIDER

Fashion needs creatives, California draws them in, and collaboration works both ways

Fashion reinvents itself through young talents and uncompromised creativity. Capsule collections, limited editions, forward-thinking looks and strong visual influences are key to delivering unique fashion moments. New is never new for very long, so fashion brands constantly need the input of creative radical thinkers. Halfway between artistic performance and innovative craftsmanship, it is the outsiders who are leading the future of the luxury market.

These unique talents imagine sought-after pieces, whether that is Fendi relative Delfina Delettrez's surrealist jewelry or Agi & Simon's custom-made Lego masks. They cultivate an aesthetic that stands out and reinforces a label's reputation.

These radical forward-thinkers will soon be seen at the head of the leading luxury brands. An explicit example for 2015 came when underground collective Vêtement's founder and designer Demna Gvasalia was appointed to replace Alexander Wang at Balenciaga, a major hire for Kering Group.

Los Angeles has always boasted great fashion and jewelry stores including Rick Owens or more recently the Elder Statesman, Just One Eye and Rodarte. And the city's designers continue to have a presence at fashion's top table. Jennifer Meyer's subtle, understated jewelry designs are distributed through such luxury outlets as Barneys New York and Maxfield.



Art and fashion are two major interests of UHNWIs, and far-sighted brands are bringing these two realms together. Setting a milestone, Louis Vuitton collaborated with Comme des Garçons in Tokyo in 2008 to create one of the first branded pop-up stores. Unveiling six exclusive bag designs, the buzz was immense, and the strategy behind it brilliant, the success remains unmatched.

Gucci too is increasingly known for its collaborations with the arts. Not only is it a lead sponsor of London's Frieze Masters art fair, in Los Angeles it made headlines with its sponsorship of LACMA's Art+Film Galas.



In Beverly Hills, Italian luxury goods brand Ferragamo aligned itself with the wider cultural sphere as title sponsor for the opening of the Wallis Annenberg Center for Performing Arts.

This dialogue between art and fashion dates back to Dalí and Mondrian, through Yayoi Kusama's Louis Vuitton bags to Craig Costello's "paint-drip" accessories for Coach. But what does the future hold? Put simply: more value is being added by artist input, while the fashion houses repay the debt by supporting the arts.

As identified later in this report, in luxury hospitality, artists are being commissioned to create "collaboration destinations", museums are becoming outliers for urban regeneration, and the millennial generation's love of art is going public.



Surrealist jewelry from Delfina Delettrez, the "Faceted" collection



Top Right: Deluxe room at L'Ermitage Beverly Hills  
Above: View from Montage Beverly Hills



The Polo Lounge,  
The Beverly Hills Hotel

## BEVERLY HILLS HOTELS: LUXURY WITH PRIVACY BUILT IN

*From suites and bungalows to poolside cabanas and 'celebrity-ready' comforts*

While there has been a halo effect in the area, with hotels in nearby Los Angeles trading on the words "Beverly Hills" as a byword for luxury, genuine Beverly Hills hospitality has always been a uniquely discreet experience.

When it opened in 1975, in a former condominium building that was home to Richard Burton and Elizabeth Taylor, L'Ermitage Beverly Hills was the first all-suite hotel in the world. The Beverly Hills Hotel or "pink palace" is similarly renowned for its relaxed discretion with storied guests. It's where Taylor honeymooned with six of her eight husbands, and where John Lennon and Yoko Ono hid out for a week. The hotel offers 23 luxury garden bungalows, including two new Presidential bungalows.

And Beverly Hills hotels continue to innovate. For the city's centenary in 2014, they celebrated with Suite 100, a series of pop-ups.

The Peninsula Beverly Hills offered a Birth of Modern Luxury suite, with guests able to experience a Hollywood-style photo shoot on the hotel's red carpet, while L'Ermitage offered a \$2,000 a night 70s-themed suite, with a closet of gowns from the era's top designer Halston.

Looking to the future, the Mosaic Hotel's 2015 refurbishment includes private poolside cabanas and a firepit adding to its brand of cozy exclusivity. L'Ermitage's ongoing lobby-to-rooftop transformation will offer guests "celebrity-ready" dressing rooms, 55-inch Samsung TVs in their living rooms, monitors embedded in the bathroom mirrors, floor-to-ceiling suede furnishings, and an art program including monochrome abstracts by Yves Klein.



Next year's big opening, the Waldorf Astoria, will feature unrivaled floor-to-ceiling windows, private balconies and the largest rooftop pool in the area.

Whatever changes, discretion and personal service will always be a hallmark of the Beverly Hills hotel experience. Visitors to L'Ermitage enjoy use of a chauffeured Mercedes, while its staff keep notes on every guest's stay in order to serve them better the next time. And at The Peninsula Beverly Hills, the bespoke experience is extended to four-legged guests, who get luxurious beds, personalized towels, uniformed dog-walkers and their own menus.

Tanner Campbell, often credited with developing the NoMad concept, sees a similar spirit of collaboration in Los Angeles.



Top: Garden Suite at The Peninsula Beverly Hills  
Above: LA Chapter Bar at Ace Hotel  
Top Right: Rooftop pool at Montage Beverly Hills

## HOTEL COLLABORATIONS & PARTNERSHIPS

Artists and brands bring an extra layer of luxe

Attracting big-name collaborations with interior designers and chefs can keep hotels at the forefront of attention. Furthermore, a new hotel can become the anchor tenant for an area, encouraging further gentrification.

In New York's previously unfancied NoMad area (north of Madison Park), the Ace Hotel brought with it Stumptown Coffee and the John Dory Oyster Bar. With the help of property brokerage firm Tungsten Partners, a dozen high-end retailers have since moved to the area, with New York magazine calling Ace a "hot neighborhood starter kit."

The retail space at neighboring NoMad Hotel went to the haute Parisian fashion boutique Maison Kitsuné. Tanner Campbell, often credited with developing the NoMad concept, sees a similar spirit of collaboration in Los Angeles, where he helped launch the Line Hotel in Koreatown. "There's a growing community of super-talented creatives across design, fashion, food, music, art and small business," he says. "There is this enormous enthusiasm for collaboration and trying new things."



All of the above hotel chains deliberately set up in previously unfancied areas, where the artist community made initial inroads (a classic example being east London's Shoreditch, also home to an Ace Hotel). They trade on the millennial generation's love for art and the unique. Many of these sons and daughters of the super-rich will be future luxury consumers.

In the more traditional luxury sector, artist commissions are being used to make hotels stand out and increase their exclusive cachet. London's Beaumont has a \$3,600-a-night suite set inside a huge cubist steel sculpture by Antony Gormley.

An extra layer of luxury service can also be provided by partnering with well-chosen purveyors. The Montage Beverly Hills is appealing to UHNWIs' need for convenience and discretion by partnering with NetJets, a private jet-charter business. Guests taking out a card or a share in the scheme will be able to save themselves the aggravation of traditional travel connections, cancellations and baggage-claim queues.

But, while hotel chains such as Four Seasons have developed an app for keyless entry, check-in and concierge services, The Peninsula Hotels have held back, suggesting that customers do not want "extra real estate on their phones." Instead it has partnered with Luxe City

Guides and Net-a-Porter to offer guests stylish city guides, attempting to strike a balance between technology and the personal touch. Whether it's with big-name collaborations, artist commissions or brand partnerships, the endgame is always to provide an unforgettable experience, with future developments attending to the demand for both elegance and exclusivity.

## HERITAGE & NARRATIVE

According to a 2014 Nielsen survey of 30,000 consumers in 60 countries, the millennial demographic, who will shape the future of luxury, are willing to pay extra for goods that are produced by companies committed to positive social and environmental impact.

Rather than the instant gratification of throwaway consumer goods, a love of luxury is entirely in keeping with concern for sustainability:

high-end providers promote quality materials, long-lasting value and local sourcing. Far-sighted brands are also looking to recreate old-school techniques to give their goods a greater narrative pull and make them more cherishable, even offering consumers insights into the makers at work.

Millennials have been shown to care less for overt branding, valuing "normcore" styles and "NoGo" goods. Brands and private collectors alike are catalyzing regeneration by founding museums and making art truly social, while today's celebrities are also increasingly vocal about the link between responsible sourcing and the narrative of luxury. Augmenting this emphasis on real, lasting pleasures, could true luxury lie in tuning out the digital realm?



Top: Green Carpet Challenge champion Livia Firth  
Above: Olympe beige and orange cashmere throw



Above: Parisian haute cuisine at Septime restaurant  
Right: Mediterranean cuisine by Alan Ducasse



Stella McCartney was named Britain's Designer of the Year in 2013 with a collection that did not use any animal products.

## A SUSTAINABLE FUTURE



Eco bamboo kitchenware by Ekobo

### Luxury purveyors and consumers consider the environment

Sustainability promotes the Earth's capacity to endure. By honoring traditions that have stood the test of time and respecting quality materials and workmanship, extra value is added, as well as greater emotional attachment for the consumer.

There is evidence that sustainable luxury is becoming increasingly relevant to the millennial generation. Stella McCartney was named Britain's Designer of the Year in 2013 with a collection that did not use any animal products including leather, fur or leathers and there are now entire fashion exhibitions, forums and blogs all focused on sustainable fashion.

Barbara Coignet, founder of 1618, a sustainable luxury fair, has gathered an international network of luxury professionals and consumers who come together to exchange ideas and information. 1618 has shown that any industry from fashion (Stella McCartney) to car manufacturing (BMW), design (Ekobo, Emeco) to yacht crafting (Arcadia) can comply with sustainable principles. "Luxury and sustainability can be combined: if

one considers the definition of luxury as related to know-how, heritage, rarity, transmission, respect for materials, human rights and quality, then you tackle the very fundamentals of sustainability," Coignet explains.

Luxe destination Sarara Camp in Kenya recognizes that luxury doesn't have to come with an environmental cost. The camp is powered by solar energy; all the buildings use local, natural materials, and bottles, glass, plastic and tins are taken offsite for recycling. Similarly in keeping with the discerning traveler's demand for sustainability and ethical sourcing, The Peninsula hotels have resolved to make all guestroom amenities from sustainable resources; they use only ethical tea, coffee and chocolate, and strive to source 50% of perishable products locally.



Above & Right: Stella McCartney's sustainable collection



Jasper Morrison's Emeco seating collection using reclaimed materials



*Craftsmanship has become a watchword among the 20-35 age group, which looks for quality products and unique design.*

## PRIME-GRADE SOURCING

*Old practices create new stories, adding exclusivity*

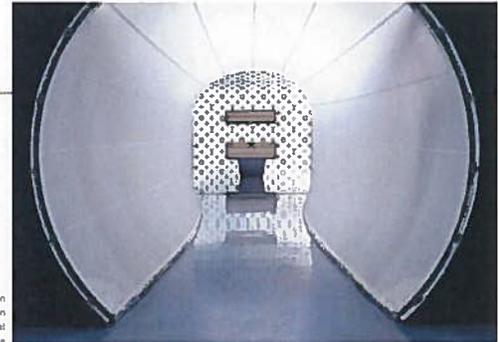
Mindful of the modern consumer's demand for heritage and sustainability, a generation of designers, chefs and food entrepreneurs are exploring produce, sourcing fabrics and reviving trusted techniques. Whether it's crafting chocolate and bitters, hand-dying indigo threads or fashioning plaids from Mongolian cashmere, attention to detail and sourcing is paramount.

While still pushing boundaries, clever brands retain a commitment to the past: unearthing old recipes and techniques for a new generation is just one recent trend. Many objects, products or materials are being rediscovered and taken to a new level of taste: hand-picked teas, savory ice cream, and saddles blending leather and carbon fiber – all use the past as a signpost for the future.

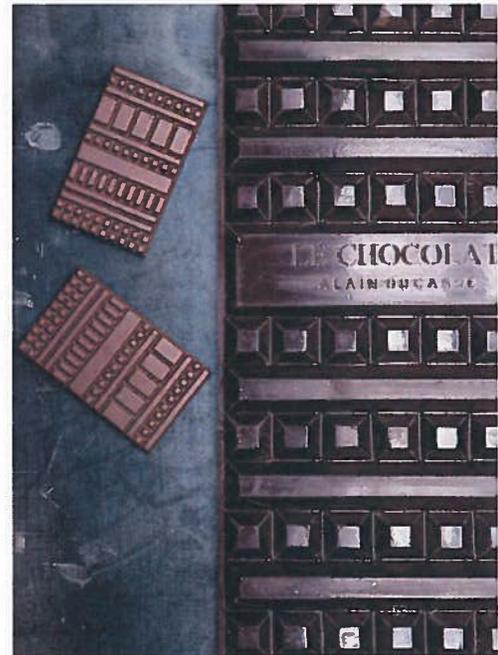
Alain Ducasse, a king of French fine dining, opened Manufacture de Chocolat, the first bean-to-bar chocolate manufacturing facility in Paris, citing a desire to return to the notion of patience and the love of a job well done.

Hermès has bought numerous tanneries to ensure consistent quality, while Oyuna creates new felted surfaces based on the namesake designer's knowledge of Mongolian cashmere traditions. In all of these examples, the maker's quest for innovation feeds directly into the luxury consumer's desire for exclusivity and quality.

Craftsmanship has become a watchword among the 20-35 age group, which looks for quality products and unique design. Consumer behaviorist Ken Hughes believes that Millennials want bespoke retail experiences and a story to go with each hand-crafted product. Louis Vuitton's recent Series 3 exhibitions satisfied these twin desires for exclusivity and artisanship, allowing consumers a chance to view designer Nicolas Ghesquière's inspirations for his ready-to-wear show.



Right: Louis Vuitton Series 3 exhibition  
Right Below: Le Chocolat by Alain Ducasse





Persian haute cuisine at Septime restaurant

## FOOD: A NEW AGE

*Sustainability, sourcing and seasonality, plus vegan and raw food luxury*

Food matters to all, but future luxury goods consumers, the millennial demographic, are voracious. They eat out up to 32 times a month, more than twice as often as Generation X and three times more than the Baby Boomer generation.

According to a 2014 study by the International Food Council, Millennials have more awareness of food sustainability than any previous generation, and they are willing to pay more for it too. For Millennials, food should promote manageable growth that enhances the world in which we live.

Customers will pay more to know that the food they are eating is local, organic and ethical. For this new "localitarian" customer, eating locally sourced food puts sustainability into practice. It supports the local economy, reduces the carbon footprint of the food, and ensures that produce is harvested ripe and eaten fresh with all its nutrients intact. With this in mind, chefs are reassessing the food that they cook and most importantly where it has come from.

Andrew Tarlow, restaurateur at Brooklyn's Wythe Hotel, sees sustainability and provenance as central to its offer: "We have relationships with everyone from our sheep farmers to our coffee roasters. Everything is well sourced and thought out: hand-gathered eggs, house-churned butter."

Within Los Angeles' restaurants, the likes of Wolfgang Puck at Spago are showing that with initiative, anything is possible. From cod to caviar, his Taste of California menu is entirely sourced from the state.



Curtis Stone at Maude restaurant, Beverly Hills

Chef CJ Jacobson at Girasol forages ingredients from the Angeles National Forest; Jessica Koslow's Sqrl grows produce in the restaurant's garden; and at Gjelina, 90% of the menu's ingredients come from a farmers' market on the same street. In Beverly Hills, the rooftop garden at The Peninsula Beverly Hills hotel is the source for many of the ingredients at its Roof Garden restaurant.

It is only natural that Los Angeles should be leading this change. It was the first city in the US to have a vegan restaurant in its major airport, a vegan cooking school and a vegan health expo. The Four Seasons Los Angeles at Beverly Hills now offers poolside vegan snacks in

collaboration with Spork, there are at least two raw food restaurants in Los Angeles (MAKE and Planet Raw), as well as three branches of the raw food ice creamery KindKremes and some 42 juice bars. But can a plant-based diet be truly luxurious? Tal Ronnen of Crossroads Kitchen created a 21-day cleanse for Oprah Winfrey, catered Ellen DeGeneres and Portia de Rossi's wedding, created dishes for Arianna Huffington's party at the Democratic National Convention, and hosted the first vegan dinner at the US Senate.



Céline Trapeze Bag  
in felt, Fall 2014

## NORMCORE & NO-GO: THE FASHION OF ANTI-FASHION

*Unpretentious looks, a quieter luxe  
and signs of 'logo fatigue'*

The trend forecasting group K Hole describes normcore as "finding liberation in being nothing special." A portmanteau of the words "normal" and "hardcore," it is a unisex fashion trend characterized by unpretentious clothing.

Jeremy Lewis, the founder-editor of Garmento calls it "one facet of a growing anti-fashion sentiment." A trend that encourages a simplified style of dress as opposed to cultivating a hyper-unique personal style, normcore can be seen as an antidote to the divisions created by exclusivity. The internet and globalization have also challenged the myth of individuality, while making connecting with others easier than ever. Normcore is a blank slate and open mind; it's a look designed to play well with others.

The demographic leading the normcore trend are, by and large, western Millennials and digital natives. Editors such as Lewis and Hot And Cool's Alice Goddard are children of the 90s. The return to styles they may have worn as kids reads like a reset button, going back to a time before adolescence, before identity was differentiated through dress.

With consumers shying away from the prominent logos and branding of the 90s and 00s, the idea of a quieter luxe is on the rise. Handbag brands such as Mansur Gavriel are a great example. Its simple designs, made from solid colored leather with no visible logo or even substantial hardware, have become "must haves" among editors and fashionistas. Since Phoebe Philo became creative director, Céline's pared-down, logo-free handbags

have also been widely copied, rather than carrying overt designer branding, the elegance of the design is its own statement. A spokesman for Barneys New York said that this trend reflects, "expression through details, exquisite materials and things that are not so identifiable." In this respect, fashion can be said to have come full circle.

Interviewed by The Washington Post about this "NoGo" movement, Sarah Quinlan, head of market insights for MasterCard Advisors said: "We clearly can see that people are not wanting to show their wealth quite so conspicuously."



Even in China, which was until recently synonymous with conspicuous consumption, tastes have changed. While President Xi's crackdown on corruption and a slowing economy may account for some decline in demand, there is evidence that newly affluent Chinese are showing signs of "logo fatigue." "What took maybe 20 to 30 years for consumers in the US, for the Chinese consumers, it took only two or three years," said Olivier Abtan, global leader for luxury at Boston Consulting Group.

Above: Comptoir des  
Cotonniers Fall/Winter  
2015-16 collection  
Right: Normcore fashion  
from WE RE's Fall/Winter  
2014-15 collection



*'It's a powerful means of communication about the values of excellence and aesthetics the brand shares.'*

Hervé Chandès, Cartier Foundation

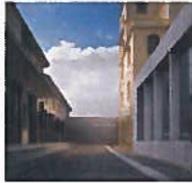
## PRESERVING THE UNIQUE

*Luxury goods brands share their stories*

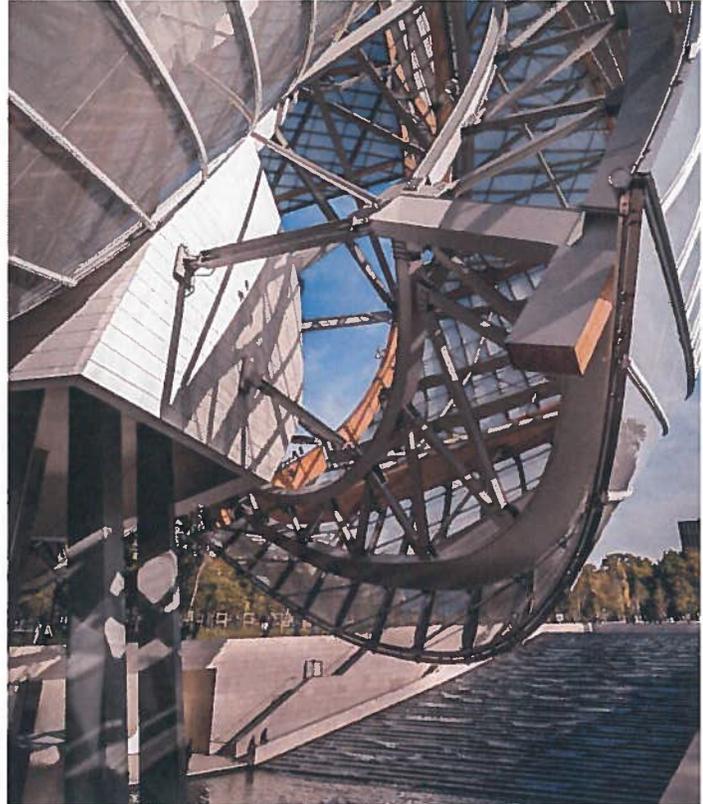
With craftsmanship and narrative at the heart of luxury, it is no surprise that luxury brands should seek to preserve artistic endeavor. Cartier, Gucci and Prada have all founded museums, the Louis Vuitton Foundation in Paris was designed by Frank Gehry at a cost of \$134 million.

Many of these brands' decision makers are keen art collectors, François Pinault, whose son is CEO of Kering Group owns some 2,000 contemporary art pieces including works by Picasso, Jeff Koons and Damien Hirst.

Brands such as Louis Vuitton have long entered into artistic collaborations; boss Bernard Arnault called its new Foundation a celebration of this "virtuous circle of creativity." Cartier Foundation, also in Paris and designed by Jean Nouvel, represents contemporary artists within the disciplines of painting, multimedia art, performance art and photography. General director Hervé Chandès says: "It's a powerful means of communication about the values of excellence and aesthetics the brand shares."



Top: Cartier Foundation, Paris  
Above: Prada Foundation, Milan



Louis Vuitton Foundation  
by Frank Gehry



Above Moments of Reflection  
by Dominic Harris  
Right: Puppy sculpture  
by Jeff Koons at the  
Guggenheim Museum, Bilbao

## THE MUSEUM AS A TREND CATALYST

*Artists and makers transform social geography,  
private collectors open their doors*

The "Bilbao effect," measuring the relationship between the opening of a world-class institution and the socio-economic impact on a city, is now being witnessed on an international scale. In Bilbao, Spain, taxes from visitor spending in the city rose by \$110 million in the three years after the opening of Guggenheim Museum, more than offsetting its construction cost.

The opening of the new Whitney Museum of American Art in New York's downtown Meatpacking District, a far cry from the institution's previous Madison Avenue location, acts as confirmation of a definitive shift in the city's social geography, something the New York Times notes has been decades coming. Bob Hurst, co-chairman of the museum's board of trustees says he hopes that the Whitney will "spur a cultural district at the base of the High Line."

Often early outliers in the realm of real estate, artists, galleries and museums can be seen as catalysts for change in urban geography. Even Jeff Koons, who tops the Artnet poll of the most valuable living US artists, having sold his

"Balloon Dog (Orange)" at Christie's in 2013 for \$58.4 million, is seemingly not immune: in May 2015 it was reported that he would have to leave his Chelsea studio for Hell's Kitchen as it was released to make room for a residential development.

Internationally, the influence of art on social geography has never been so relevant. In Rome, the MAXXI Museum of XXI Arts designed by Zaha Hadid is revolutionizing the city's Flaminio quarter, while in Milan, the Fondazione Prada has set up home on the site of an old distillery in an industrial neighborhood.



The trend for sharing spurred by social media, is now moving into the public realm, with private collectors showing off their works. Opening the doors to a world previously shrouded in secrecy, high-profile exhibitions, loans to international institutions, and the emergence of collection-galleries are increasingly prevalent.

Since the first public showing of their collection in Zurich in 2011, the Nahmad Family - private dealers said by Christopher Burge of Christie's to have "sold more works of art than anybody alive today" - have established the Helly Nahmad Gallery in London. In Los Angeles, the recently opened Broad Museum showcases the private collection of Eli and Edythe Broad and, along

with the Frank Gehry-designed Walt Disney Concert Hall, is helping to reinvigorate the Downtown area.

Private collectors can play their part in the regeneration of whole areas. In Miami, Craig Robins, a real estate developer, art collector and philanthropist, combined his professional and personal interests to co-found Design Miami. He purchased warehouse buildings in the rundown Design District and persuaded designers such as Alison Spear, Holly Hunt and Peter Page to relocate. The locale, now home to more than 130 galleries and creative spaces, has become a luxury destination in its own right.

In London, 2015 saw the opening of the Newport Street Gallery. Housed in a trio of converted Victorian listed buildings in Vauxhall, the £25 million gallery presents collections from the private collection of Damien Hirst. Realtors have already dubbed the area "Voho," and there are plans for five new residential towers, including Aykan Nine Elms, dubbed the Jenga Tower, which will boast apartments with interiors designed by Donatella Versace priced at up to £4 million.



## MARTYRS: MAKING ART SOCIAL

*Younger collectors engage with the arts and share their passion*



Top: Damien Hirst's Newport Street Gallery, London  
Above: Mannequins from Alexander McQueen's Savage Beauty collection at London's V&A museum  
Top Right: Lego cityscape by Olafur Eliaison, High Line, New York

Most investors diversify some of their assets into so-called "investments of passion." This allows them to invest in something they care passionately about and to be part of something they have always wanted to do without necessarily having the time. Being a patron of the arts enables them to pass on to their heirs not only money, but also rights, responsibilities, privileges, passions and a legacy. Art has always been just such a passion investment, and a reliable one given that demand always outstrips supply.

Millennials recognize this, and collectors from this emerging demographic among the super-rich have attracted their own acronym: MARTYRs (millennial art yielding revenue). A younger generation of HNWLs are investing their wealth in art, then often showcasing it in public places, bringing "art to the people" in an effort to give back.

Younger collectors are drawn towards less traditional materials, develop social media relationships with artists and galleries, and

buy pieces with which they feel a personal affinity. This is especially true of Chinese collectors, who like the fact that so many artists are engaging with the huge social changes seen in the country.

Just as it has influenced fashion, social media - Instagram in particular - has altered the way that luxury customers view, consider, buy and sell art. In April 2015, Pierce Brosnan visited auction house Phillips's London headquarters. Posting a selfie in front of Marc Newson's Lockheed Lounge to his 164,000 followers, the actor commented: "Let the bidding commence."

Later that week, the piece broke the world auction record for a design object selling for \$3.7 million. Though Megan Newcombe of Phillips wouldn't make a direct correlation between social media buzz and the price achieved, she told the *New York Times*: "It was a very exciting sale; we had phone bidders, people bidding online, and there was a lot of excitement... thanks, Pierce, for the shout out."



Social media allows for the dissemination of exhibitions, news and gallery openings to a much wider audience. When the Alexander McQueen show, *Savage Beauty*, opened in New York at the Metropolitan Museum of Art and later in London at the V&A, social media was flooded with inside views of its breathtaking displays. It is no coincidence that it became the V&A's most successful show in its history.

The internet can also deepen people's experience of art, with galleries able to display online archive images dating back many years. At *gertrude.co*, the art community network is widening: users can sign up to attend modern art salons.

On the artists' side, visibility on social media can lead to brand collaborations, while Instagram has become an essential selling tool. Artist Ashley Longshore recently told *Vogue*: "I can post a painting and it will sell before the paint is dry," and she is no hobbyist; her works sell for upwards of \$30,000.

"It's very interesting to see works for upwards of \$1 million posted on Instagram for sale," the manager of New York's Nyeheaus Gallery, Danielle Forest told *Vogue*. "Especially when you see big collectors, like Alberto Mugarib, commenting that he wants [to buy a painting] next to a little red-faced emoji."

*In a city obsessed with movies and awards, Hollywood is seeing the rise of initiatives such as the Green Carpet Challenge.*

## A NEW BREED OF CELEBRITY

*Famous faces and social stars spread the sustainability narrative*

Celebrity culture is an inescapable reality, and one which goes hand in hand with luxury brand marketing campaigns and product development. Increasingly, celebrities are choosing an environmentally conscious lifestyle and aiming to educate others about the benefits of working to make the world a better place.

Model, actress and TV host Angela Lindvall is renowned for her creative versatility. Previously acknowledged for her campaigns for international fashion houses such as Chanel, Christian Dior and Louis Vuitton, it is now her work as an avid environmentalist and wellness advocate that makes headlines.

She is the founder and president of the Collage Foundation, an organization that promotes sustainability and environmentally conscious decisions among young people. Lindvall is inspired by authenticity, living in the present and consciously cultivating happiness. For her, wellbeing is a global conversation about finding solutions: "Self-care implies not only caring for yourself physically and spiritually, it means taking care of the world we live in," she observes. In that spirit, Lindvall has designed her home as a small eco-sanctuary that she makes available for occasional health and wellbeing retreats.

In a city obsessed with movies and awards, Hollywood is seeing the rise of initiatives such as the Green Carpet Challenge. Championed by Livia Firth, Green Carpet Challenge works with high-fashion brands, many of whom are represented within the city of Beverly Hills, to create ethically produced red-carpet looks. Actress Emma Watson recently committed to collaborating with the Green Carpet Challenge on her latest promotional tour.

Elsewhere in Hollywood, Entourage actor Adrian Grenier has made films and curated art exhibitions on the subject of marine conservation. Ed Begley Jr recently made a reality TV show based around his attempt to make his home environmentally friendly; and Jessica Alba's The Honest Company and book The Honest Life are all about combining luxury with sustainability.



Further emphasizing how social media has embedded itself in luxury life and propagated new narratives, a new type of wellbeing entrepreneur is also emerging. Australian Kayla Itsnes's Bikini Body YouTube channel grew out of her huge visibility on Instagram (3.9 million followers), while Caitlin Turner's eye-catching yoga poses on the medium netted her a TV show and brand partnerships. Similarly, the latest trends in healthy eating are emerging online via a new breed of celebrity chefs. Bestselling cookbook *Deliciously Ella* by Ella Woodward is based on her successful vegan, gluten-free blog of the same name.



Top Left: Ella Woodward of *Deliciously Ella*  
Above: Emma Watson in *Christopher Kane*, as part of the Green Carpet Challenge



Chalet Le Grand Joux in Morzine, France

## 'SATI-FACTION': ESCAPE IN THE MOMENT

*Tuning out the digital noise  
for a tangible luxury experience*

Perhaps the ultimate mindful treat for the cash-rich, time-poor, digital native, next-generation UHNWIs is to go off grid. Working at computers with smartphones constantly on, this generation is consuming far more information than it can mentally process, with sleep deprivation a growing problem.

Longer working hours are leading to an epidemic of fatigue, illness, low-level pain and depression. The desire for digital detox is thus an understandable response to rapid technological progress.

The word "Sati," in Pali, the sacred language of Theravada Buddhism, translates as "mindfulness," a skill honed by meditational exercises that lie beyond words and symbols. Luxury consumers are increasingly seeking out "Sati-faction," combining true mindfulness with the best bespoke service. At the new Villa Stéphanie spa in Baden-Baden, the walls are embedded with copper plates so that, at the flick of a

switch, guests can obstruct Wi-Fi or any other electronic signals permeating the air. Alongside that novel concept, the old-school value of bespoke personal service runs hand in hand. A team of therapists, nutritionists, trainers and medics aim to fit a client's needs as snugly, they say, as a Savile Row suit.

The \$60,000 a week Chalet Le Grand Joux offers an Alpine wilderness retreat with similar luxe touches. It is off grid, but boasts its own spring, wood-fired saunas and 49-panel solar farm. The Lapa Rios eco lodge in Costa Rica offers a chance to hike through lush, unspoiled rainforest. There is no TV, internet or phone, but visitors receive a tropical bouquet on arrival, and cocktails and spa treatments are available, highlighting the fact that, while tranquility and sustainability are much-valued, so are traditional home comforts.



Private spa, Villa Stéphanie Baden-Baden



Top: Bar at Chalet Le Grand Joux in Morzine, France  
Above: Bedroom at Lapa Rios eco lodge in Puerto Jiménez, Costa Rica

## ARTISANSHIP & EXCLUSIVITY

The relentless march of technology is creating a desire to return to romantic notions of old-school class and permanence. Exclusivity is a hallmark of luxury and the super-rich are seeking out more secret doors, bespoke hideaways and made-to-order services.

Today's luxury customer expects the bespoke treatment, with products exclusive to certain stores or locales. Luxury retailers are letting their customers meet the makers, stocking their shelves with a curator's eye, and customizing accessories to order. In the best restaurants, there is increased interest in classic ingredients, long-forgotten recipes and even the practice of foraging for food.

Artisanship and exclusivity add value by creating objects and experiences with an emotional pull, but how best to achieve this balance between the cutting edge with the tried and tested?



Top: Tom Atkins at work, Soho Farmhouse in Oxfordshire, UK  
Above: Locally foraged cuisine by Dan Barber



Above: Jimmy Choo store, Beverly Hills  
Right: Drinks at £70, Montage Beverly Hills





Above Left: Handcrafted jewelry from Ole Lynggaard, Copenhagen  
Above: Hôtel Plaza Athénée, Paris

## OLD-SCHOOL HIDEAWAYS & A BESPOKE BUZZ

*Secret spaces, bespoke experiences, limited-edition luxury and curated crafts*

With digital marketing and e-commerce growing faster than ever, the high-end luxury industry is finding new means to communicate and distribute its products.

Yet, there is also a tendency to go back to old-school precepts. For example, the London neighborhood of Mayfair alone counts a dozen members' clubs, and private clubs have opened recently in Berlin, Singapore, Hong Kong and Istanbul. Secret, speakeasy-style bars, behind closed doors, are a way to travel back in time, where expert cocktails, live jazz and tailored suits are the norm. Beverly Hills acknowledges this with the exclusive bar, £10, tucked inside Montage Beverly Hills hotel. There, those in the know will discover rare Macallan whiskies served in an intimate space, seating just 35 patrons.

The elite are constantly on the lookout for luxury hideouts and places that are off the beaten track that allow for extraordinary and unique experiences. On the 100ft private yacht Tamarind you can beach-hop around Rio de Janeiro; at Havelock Island between India and Burma you can swim with a 60-year-old elephant; while the aforementioned Sarara Camp offers luxury tented accommodation among Kenya's buffalo and monkeys. UHNWIs covet these secret spaces, unique concepts and tailored luxury.



Hand-crafted objects at The New Craftsmen, London

Heightening the emphasis on exclusivity, brands can customize a client's experience from store to store or country to country, with certain products only available to purchase through a flagship store or obscure pop-up. In Beverly Hills, the reopening of Jimmy Choo's Rodeo Drive boutique was celebrated with a limited-edition version of the brand's acrylic "Candy" clutch that read, "BLAH, BLAH", a play on the abbreviations for Beverly Hills and Los Angeles. Salvatore Ferragamo achieved something similar in 2015 with the brand's Rodeo Drive reopening, marked by the launch of a pair of black and gold shoes with coordinating purse, exclusive to Beverly Hills.

In London, exclusive pop-up The New Craftsmen now has a permanent home in Mayfair. It styles itself as a "click and bricks" venture representing 22,000 sole traders and small studios manufacturing luxury goods. The premises are halfway between an exhibitor and a shop, aiming to tell the stories of the individual makers. Its initial two pop-up ventures proved there was an appetite for bespoke luxury goods and a desire to meet the maker. To further emphasize how embedded the digital world is now with artisanship, the £1.5m needed to launch the new store had all been raised through crowdsourcing.

The concept of "made to order" is key in successfully merging the world of accessories with the luxury sphere, and can be seen at Louis Vuitton with custom-made trunks and monogramming services, Hermès with a made-to-measure atelier, and Jimmy Choo which allows consumers to customize the colors, textures and finishes of signature footwear at its Beverly Hills store.



Left & Above: Farm shop and cuisine at Soho Farmhouse, UK

## CHEFS FIND THE RIGHT BLEND

*Rediscovery of old techniques, on-site cultivation and social media-inspired one-offs*

Developing alongside this growing consciousness of artisanship is a new generation of chefs and restaurateurs for whom creating simple yet delicious meals from sustainable ingredients is the ultimate priority.

This revolution is happening at all levels of the culinary world from 18 times Michelin-starred Alain Ducasse, who has removed meat from La Plaza Athénée, concerned by its environmental impact, to Beverly Hills' Pressed Juicery, which built its Central Valley juicing facility close to the independent farms that grow its ingredients.

In many cases this has led to the rediscovery of processes and techniques that had seemingly died out. Take foraging at Keeper's House, Oliver Peyton's venture within London's Royal Academy, foraging has taken on a new, aquatic meaning, with sea vegetables gathered from British shores on the menu. In New York, celebrated chef Dan Barber has created a working four season farm and education center just 30 miles north of the city at Blue Hill, Stone Barns, to educate visitors about the effect of everyday food choices.

The recently launched Soho Farmhouse in Oxfordshire, UK, goes even further: it has been lauded for its efforts to integrate the community's food producers and artisans into its daily operations. Its ambitious culinary program is led by Michelin-starred chef Tom Aikens who has recruited an army of culinary experts to oversee the on-site cultivation of over 500 different fruits and vegetables. They smoke and cure their own meats and fish, and eventually, Aikens's aim is to serve only "what we make or produce ourselves."

Los Angeles has always been an innovator in the world of food, and it's no surprise that the city's new generation has opened its share of social media driven pop-ups to test new concepts or offer diners new experiences. Ari Taymor's acclaimed restaurant Alma recently returned to hosting pop-up services; its previous tiny premises had been hosting culinary stars from out of town, much like a nightclub putting on a DJ set.

At Curtis Stone's exclusive venue, Maude, a different seasonal ingredient is celebrated every month. At Elysian, Roxana Jullapat and Sonoko Saka showcased their heirloom grains with a series of exclusive Sunday services. Together they also founded the Common Grains Collective to build a community around ancient grains, local food and sustainability. Throughout the city, a new generation is bringing back the best craftsmanship in innovative settings.



Locally sourced cuisine at Maude restaurant, Beverly Hills



Bottled juices made by Pressed Juicery, Beverly Hills

*The changing landscape and behaviors of UHNWIs, the ease with which we travel across the globe and advances in technology are all having a profound effect on how luxury brands behave. In an era of LUXURY 2.0, characterized by the rise of retail e-commerce, social media, smart services and wired wellness, what are the hallmarks of LUXURY 3.0 - the future of luxury?*

---

# CONCLUSION





## EXPERIENCE & BRAND SPACES



Top: Bungalows Fountain Coffee Room at The Beverly Hills Hotel Above: Les Hommes Fall/Winter 2016 collection

*From Pop-Ups To Experiential Flagship Stores* Brands have learnt from the era of pop-up retailing to develop experiential spaces dedicated to their goods and services. Here, the consumer can get hands-on, learn about the product, and interact with the makers. Such spaces make experiences rather than physical objects the core value proposition for luxury providers; they act as a communication channel as much as a retail outlet, and can be made to merge seamlessly with the provider's interactive offerings.

### *Menswear Revanche*

Men's fashion spending has been outperforming women's for five years and men's spending on luxury accessories is growing, too. As a result, men's fashion brands are opening stand-alone stores, such as Dunhill which is set to roll out men's concept stores offering members clubs, spas and screening rooms.

### *Innovation & The Outsider*

Radical forward-thinkers are coming to the forefront of leading luxury brands, and luxury purveyors see the worth in pursuing collaborations with artists. This is putting more value and exclusivity into luxury goods, while the brands are paying back by supporting artistic endeavors.

*Beverly Hills Hotels: Luxury With Privacy Built In* While Beverly Hills can be known for paparazzi and a lack of respect for privacy, the city's hotels are uniquely discreet. Mostly built around super-suites or bungalows, they are now enhancing their offer with "celebrity ready" services and accommodations.

*Collaborations & Brand Partnerships* Big-name collaborations and partnerships with luxury brands are helping to add an extra level of luxe. Artist-designed suites and well-chosen retail partners can make hotels stand out and catalyze regeneration.

## HERITAGE & NARRATIVE



The Savage Beauty show by Alexander McQueen at London's V&A Museum

### *A Sustainable Future*

A love of luxury can coexist with one's desire for preserving the Earth's resources. Luxe purveyors' reputation for using quality, lasting materials allows buyers to consume less. All industries can comply with sustainable principles, and in doing so, they burnish their brand's reputation.

### *Prime-Grade Sourcing*

Designers, chefs and food entrepreneurs are rediscovering old techniques to give an extra layer of narrative to luxury goods. Rediscovery of old techniques and materials feed into the customer's desire for exclusivity.

### *Food: A New Age*

"Localtarian" food customers are putting sustainability into practice. Sustainability, sourcing and seasonality are the watchwords at the best luxury restaurants, while, in keeping with Los Angeles' thirst for innovation, raw food, juicing and vegan menus are being given the luxury treatment.

*Normcore To NoGo: The Fashion Of Anti-Fashion* Fashion is going through a trend for dressed-down, understated simplicity. Pared-down, logo-free accessories are letting design do the talking, and there is evidence of consumers rejecting overt branding.

### *Preserving The Unique*

Luxury purveyors are opening their own foundations to celebrate creativity and communicate further their brand's aesthetic.

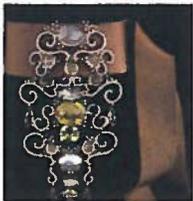
### *The Museum As A Trend Catalyst*

Museums can reinvigorare areas in much the same way as artist-minded hotels. Previously reticent private collectors are starting to open their doors to share their collections. The Broad museum in Los Angeles, Newport Street Gallery in London and Miami Design District are all examples of private passion investments being used to catalyze urban areas.

*MARTYR's Making Art Social* Collecting art enables the super-rich to contribute to their interests and create a legacy. Younger Millennials share the collecting habit, but are more likely to showcase it. Social media has enabled them to strike relationships with artists and create a buzz around their works.

*A New Breed Of Celebrity* Actors and newly famous social media stars are helping to popularize values of sustainability and wellbeing.

*Sati-faction: Escape In The Moment* More resorts, hotels and spas are giving luxury travelers the opportunity to go off-grid, giving them the space to be truly "in the moment."



## ARTISANSHIP & EXCLUSIVITY



Top: Ballet smykker, designed by Charlotte Lynggaard  
Above: Culinary masterpiece by Nakatani

*Old-School Hideaways*  
A *Bespoke Buzz Secret*, speakeasy-style spaces are catering to the super-rich's desire for discretion and exclusivity. Bigger brands are also tailoring their offers in different cities to create buzz based on limited editions.

*Chefs Find The Right Blend*  
The latest generation of chefs are rediscovering processes such as foraging, cultivation, and smoking and curing their own produce. The best in artisanship in an intimate setting can create a genuinely memorable experience.

## BHCVB & LUXURY 3.0

In short, while acknowledging the importance of the digital offer, luxury consumers will continue to seek out original and authentic experiences that can't be seen or bought online. BHCVB has identified this future trend as LUXURY 3.0, where consumers will revert back to "old-school" concepts, such as private members clubs, farm-to-table eating, heritage craftsmanship and bespoke tailoring.

LUXURY 3.0 is all about providing the amenities and services consumers want in exactly the way they want them. Modern luxury purveyors must fuse the digital with the physical to create more immersive brand experiences and customer journeys.

It is also consumption with a conscience: the value in LUXURY 3.0 goods is derived from superior craftsmanship, plus a positive impact on society, the community and the psyche. This new approach is less ostentatious; it is based on authenticity, exclusivity and backstory.

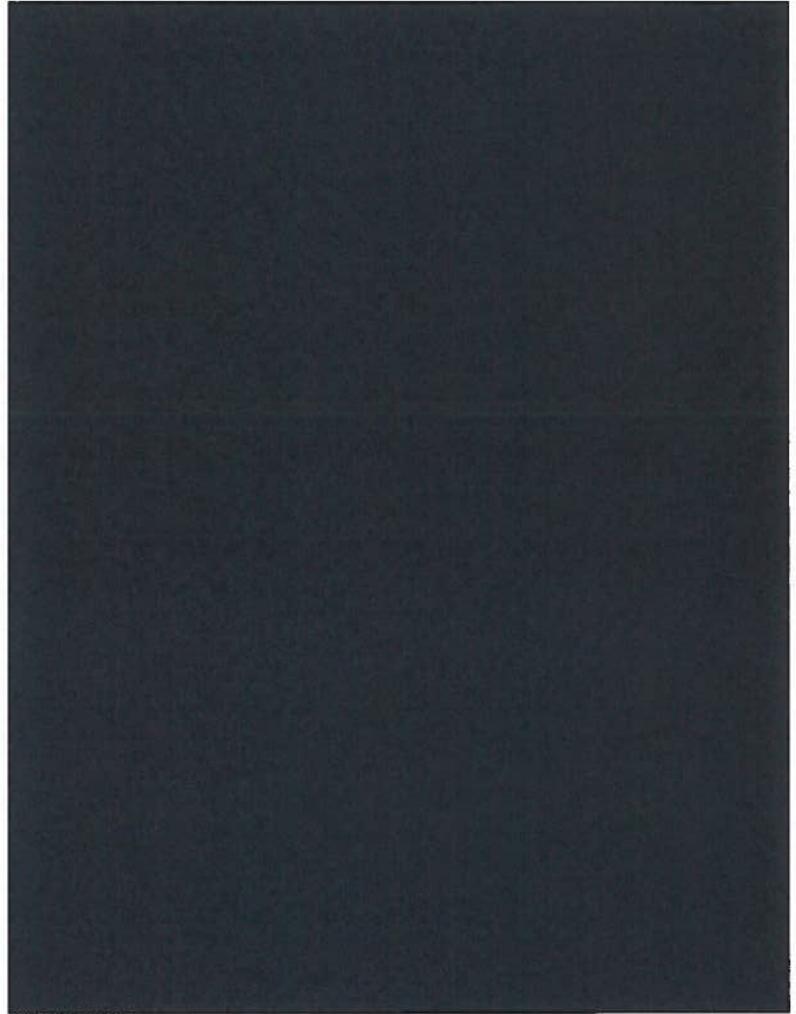
Finally, there is a strong spirit of inter-disciplinary collaboration, with hotels recognizing the cachet in commissioning art, fashion brands pairing with the art world to launch their own museums, and private collectors sharing their passion investments to catalyze unflinched areas.

LUXURY 3.0 is typified by providers who team old-school values of artisanship and bespoke service with an immersive experience and meaningful narrative. This creates the kind of luxury that lives in the heart: it resonates on an emotional level and stands the test of time.



Top: Spa at Montage Beverly Hills  
Above: Spiral staircase at New York Edition Hotel

**IN[K]**



IN|K|