

COLUMNS

Behavioral shift with Asian luxury consumption

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By **Craig Briggs**

How many Louis Vuitton handbags does an Asian consumer really need to have?

In a more developed, sophisticated consumer market such as Hong Kong, the answer to the question is probably, "Not as many as before." And a market such as Hong Kong is an interesting study, serving as a consumer lab for what may well spread through Asia's developing economies.

Inner shelf

It is instructive to consider the evolution of luxury's gravity in Asia.

Over the last 20 years, Asia has been the driver of the luxury world's ascent into the stratosphere.

Brands such as Louis Vuitton, Herms, Dior, Gucci and Burberry have benefitted enormously from the Asian consumer's appetite for luxury goods. Developing economies now account for well over half of global purchases of luxury goods, led by China.

This appetite for luxury was first fueled by a desire to be conspicuous to show off, basically.

An Asian consumer's Louis Vuitton or Gucci handbag was an obvious and overt badge of success. It was the "I'm somebody" moment. This was the driving motivator behind Asia's pursuit of luxury brands, starting in the late 1980s and into the 1990s.

This desire to be conspicuous has evolved, however.

As more brands have entered the scene, as more exposure to luxury brands has occurred, as Asian consumers have traveled abroad and have had diverse experiences, and as technology has enabled more learning and access to brands and their stories, consumer motivations have shifted.

Indeed, it is no longer just about the outer self being noticed. It is more about luxury as personal expression the inner self.

What is more, fueled by the increasing familiarity with brands, a greater access to them physically (retail shops) and virtually (technology-enabled) and a powerful and growing sense of individualism, Asian consumers are rapidly becoming more discerning, more knowledgeable and more deeply connected to the brands they choose. It is the "I'm me" moment.

Now, back to Hong Kong.

Body and sole

Hong Kong Chinese consumers are moving toward a reassessment of luxury goods in their lives.

Hong Kong consumers are moving toward a reevaluation of luxury goods in their lives.

It is not so much a drop in desire for precious, branded goods, but rather a shift in behavior pattern. They still crave luxury, but seek distinction as an expression of their individuality.

Being among the first to "discover" and own niche and mid-level luxury brands is rapidly coming into vogue. After all, if everyone you know has a Louis Vuitton bag, is that really an expression of "Who I am today"?

Some interesting brands "arriving" in Asia include names such as Dinh Van, Margiela, Fred, Pierre Herm, Osiao and Frederic Fekkai.

Dinh Van is a mid-tier luxury brand specializing in jewelry and accessories, founded in 1965 by a French Vietnamese designer. It has not been present in Asia previously, so its arrival is special a luxury discovery.

Haute couture fashion brand Maison Martin Margiela recently opened its first boutique in China (Beijing) and has received a similar welcoming.

French jewelry brand Fred is new on the scene and tells its story as "a creative jewelry brand liberated from tedious traditions and featuring unmistakably French flair."

It is not all about fashion and jewelry, either.

Luxury is taking many forms, including how you care for your body. Estee Lauder's new skin care brand, Osiao, specially created for Asian skin, marries the wisdom of the East with the proven science of the West.

Do not just invest in a luxury bag invest in your body. Frederic Fekkai, part of the Procter & Gamble prestige portfolio, sells \$100 reparative shampoo (16oz) for those in the know.

Ditto for culinary luxuries such as Pierre Herm, maker of gourmet macarons. What a sensation the new shop has caused in Hong Kong's ber-prestigious IFC Mall. The new store seizes on the wonderful convergence of fashion and food, offering a colorful, matching bag from Barbara Rihl (\$493) to carry out your precious treats.

What does this mean potentially for the retail scene in Asia?

Right lane

Certainly high-end department stores such as Hong Kong's Lane Crawford or Bangkok's Paragon should continue to seek out the new and niche brands for the early adopters, and serve as their developing Asia beachhead.

But for the brands themselves, this behavioral shift may just be the impetus to move more quickly and confidently into key, opportunity markets with standalone retail.

For the established purveyors of luxury, there is no prediction of doom associated with this emerging behavioral shift. However, it is an opportunity for brands new, niche and lesser known to seduce the new luxury seekers in Asia.

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