

THE : FUTURE : LABORATORY
: : LUXURY & HOSPITALITY FUTURES 2018



Introduction

In 2019, the luxury market will find itself in a state of flux, challenged to balance the needs and expectations of maturing luxurians with the values and priorities of a new generation of wealthy consumers. As a result, elite experiences will be transformed by a more considered approach to sourcing, once-humble products will become the new markers of wealth, and technology will continue to shape access to luxury goods.

In this report, we will reveal the trends rising across the luxury sector, from revitalised hotel room service and opulent airport terminals to new frontiers in fine fragrance. We also present our latest macrotrend, Uneasy Affluence, which explores how a new consumer mindset, driven by discomfort surrounding ostentatious spending and displays of wealth, will affect the luxury sector in the decade ahead.



'That moment when... It all began', Artesian Moments by Artesian, The Langham, London

Trends Rising

From luxury cars on demand to casinos for Millennials and student concierge services, explore the nine trends set to shape the luxury market and consumer experiences in 2019

Room Service Revitalised

To win over today’s travellers and compete with the unpretentious, homely nature of Airbnb rentals, hotels are re-assessing the functionality and frills of their room service offers.

Philadelphia’s **Lokal** boutique hotel focuses on ‘invisible service’ driven by technology. Instead of a traditional concierge, its apartment-style residences have iPads loaded with room service apps, allowing guests to order takeaway food or groceries to stock their own private pantry.

New menus are also filtering into room service, as guests expect their lifestyles and diet preferences to be accounted for. With the number of UK vegans rising by

360% from 2006 to 2016 (source: Ipsos MORI), London’s **St Giles London Hotel** has introduced the world’s first plant-based room service menu in partnership with Californian vegan food brand **BOL Foods**. ‘We have seen a dramatic increase in visitors requesting vegan and vegetarian restaurant recommendations, gym passes, and guides for running and cycling in the city,’ says Abigail Tan-Giroud, CEO of St Giles Hotels.

‘There is a growing trend in hotel guests looking to keep up their healthy habits when travelling abroad, especially on business’

Abigail Tan-Giroud, CEO, St Giles Hotels



The Orchard List by Hakkasan, London



Lokal hotel by Jersey Ice Cream Company, Philadelphia. Photography by Heidi Bridge

Low-proof Drinkers

Consumers are eschewing the extremes of binge drinking and abstinence in favour of a more considered relationship with alcohol, centred on moderation.

This is largely being driven by Generation Z, a group who are drinking more than 20% less per capita than Millennials did at the same age (source: Berenberg). In light of this, brands are reframing how they market alcohol, focusing instead on flavour over intoxication. **Ketel One**’s new Botanical range, for example, is infused with natural fruit and botanical essences and bottled at just 30% abv, challenging the minimum 40% abv requirement for a spirit to be considered vodka.

High-end dining experiences are also emerging with menus featuring zero- and low-abv drinks.

New York restaurant **Atera** has created a temperance pairing menu with Champine, its own non-alcoholic sparkling drink, while nearby cocktail bar **Banzarbar** has a menu designed specifically to avoid getting guests drunk. Instead, lower-alcohol ingredients such as vermouth, sherry, amaro and marsala wine are used in its five-course pairing menu as a way to control alcohol intake and allow diners to fully enjoy the food.

‘Society at large is in the process of demonising alcohol... Sometimes [we lose] sight of the importance of moderation’

Jim Meehan, bartender and author



Jewel Terminal at Changi Airport, Singapore

Top-tier Terminals

While airlines are focused on amplifying their first-class offerings, the creation of luxurious flying experiences is moving beyond the skies. Now, companies are going the extra mile with pre-boarding services that ease – and elevate – the limbo of the departure lounge.

Offering a holistic luxury experience on the ground, **The Private Suite** is a VIP terminal at Los Angeles International Airport. For a membership fee of £5,820 (\$7,500, €6,470), members can access services such as private dining and BMW rides to their plane.

Meanwhile, with airport spending predicted to reach £38bn (\$49bn, €42bn) by 2021, an increase of 27% since 2016 (source: GlobalData), both dining and duty-free are getting an upgrade. Opening at Newark Liberty International Airport in New Jersey, high-end sushi restaurant **Tsukiji Fishroom** uses United Airlines’ non-stop flight from Tokyo to fly in fresh fish, which is immediately prepared by top sushi chefs for customers to take away. Tapping into the lucrative market of Chinese duty-free retail shoppers, **Cartier** recently collaborated with travel retail specialist DFS Group to develop a collection of luxury watches offered only in the jewellery brand’s airport retail spaces.

£38bn

The forecast value of airport spending in 2021, an increase of 27% since 2016

Source: GlobalData

The New Casino

According to a recent YouGov study, nearly half (47%) of 18–34-year-olds in the US find casinos depressing, while in 2017, Las Vegas experienced its first annual decline in visits since 2013, according to the Las Vegas Convention and Visitors Authority.

In response, casinos are rethinking gambling formats and abandoning gaudy visual codes in order to win over Generation Z and Millennials. In Las Vegas, **Palms Casino** is rebranding the city for a younger generation by focusing on modern art. Its recent From Dust to Gold campaign playfully evoked the destruction of the old Palms hotel and the emergence of a sleek space, featuring original works from artists including Damien Hirst and Adam Parker Smith.

In the future, gambling may not even require the use of real money. New

experimental concepts are emerging that could not only change what is at stake, but also rid the industry of its association with addiction and debt. Embodying this, the Chinese island of **Hainan** is set to open a string of so-called entertainment bars in which players bet with real money but receive their winnings in points that can be spent in local shops, restaurants and hotels.

47%

The percentage of 18–34-year-olds in the US who find casinos depressing

Source: YouGov



City of Dreams branding by Chandelier Creative, Macau Studio



BOOK by Cadillac, branding by FutureBrand

Luxury Cars On Demand

With 34% of consumers believing that ride-sharing apps are more convenient than car ownership (source: Capgemini), high-end car manufacturers are adopting subscription-based services to offer levels of convenience that stretch beyond traditional forms of ownership.

‘Mirroring the larger luxury sector, car manufacturers are finding that a legacy brand is not enough to attract the interest of newly affluent customers,’ says freelance writer Samantha Shankman. Available

exclusively to existing customers, **Bentley on Demand** allows customers to use the Bentley Network app to borrow vehicles from across the brand’s range, with a concierge delivering the car and explaining its key features before handing it over.

Designed to introduce first-time drivers to its range of luxury vehicles, **BOOK by Cadillac** has recently expanded to Los Angeles and Dallas. This concierge service costs £1,397 (\$1,800, €1,553) per month, and allows members to swap their Cadillac up to 18 times per year according to their needs or desires.

‘Car manufacturers are finding that a legacy brand is not enough to attract the interest of newly affluent customers’

Samantha Shankman, freelance writer

Sports Elevated

While luxury brands have long aligned themselves with elite sports such as tennis, sailing and polo, they are now recognising that popular sports such as football and American football are increasingly attracting high-net-worth clients.

In the US, start-up **Big Game Air** offers wealthy, time-pressed fans greater flexibility to watch American football by using specially chartered private jets to get them to games. ‘Now, you can not only make the game and get home on the same day with no hassles, you can do it in a super-efficient and luxurious way,’ says Arturo Gomez, CEO and co-founder of Big Game Air.

In the UK, football is also attracting a more discerning crowd, with high-earning C-suite employees using the sport to entertain their clients. This has been a key factor in the creation

of new luxury venue the **Tunnel Club** at Manchester City football ground, which gives fans unrivalled access to players. For up to £15,000 (\$19,360, €16,670) a season, they can watch players warm up from pitch level and indulge in gin-tasting experiences.

‘Arsenal make as much money from 5,000 corporate guests at the Emirates [stadium] as they do from the other 55,000 fans’

Kieran Maguire, football finance expert, University of Liverpool



Tunnel Club at Manchester City



Gucci 'Student Awakening' Pre-Fall 2018 Campaign

Affluent Students

The cliché of the deprived student is undergoing a luxurious makeover, as students from wealthy families travel further afield in pursuit of a superior education and quality of life.

International students coming to the UK now generate more than £25bn (\$32.3bn, €27.8bn) for the economy, according to Oxford Economics, while 608,000 Chinese students studied abroad in 2017, a year-on-year increase of almost 12%, according to figures from the Ministry of Education, China.

This boom in international learners is leading brands to set up luxury initiatives that offer engaging experiences beyond the classroom. The Luxury Student, a concierge service and luxury members' club in London, says more than 80% of its members are students from overseas. It offers them access to a virtual personal assistants and proof-readers, alongside invitations to luxury store events in London's Chelsea and entry to upmarket restaurant Quaglino's.

Student accommodation is also getting a makeover. Cardiff's Eclipse has an on-site nightclub, private cinema, fitness suite, 24-hour concierge and dedicated study rooms. Marketed by student accommodation brand Collegiate as 'a new era of student accommodation', a one-bedroom apartment costs students more than £14,640 (\$18,890, €16,275) a year.

£25bn

The amount international students inject into the UK economy

Source: Oxford Economics

Bundled Buys

To help consumers navigate an increasingly seasonless fashion model, luxury fashion brands are exploring the benefits of selling their pieces in bundles.

Designed for time-pressed yet fashion-conscious consumers, **Wardrobe** sells capsule collections of modern menswear and womenswear. A complete 10-piece set is available for £1,000 (\$1,290, €1,112) while a five-piece wardrobe is priced at £500 (\$645, €556). By removing the retail mark-up to focus on quality and limited production, the brand aims to herald a conscious and liberated model for the future of luxury fashion.

‘This is our way of saying to people ‘this season, this is what we think you should be wearing’. Being authoritative is our way of providing a solution for people,’ says Wardrobe co-founder Christine Centenera.

Issues of waste and sustainability in luxury fashion are also being remedied through bundled buys, with **The Kit** providing pieces that can be bought and worn as separates, but also function together as entire outfits. Its shorter production lead times mean the brand can be responsive and agile to shoppers’ tastes, rather than wasteful.

‘I don’t want to add to this culture of blatant consumerism... [so] the idea is everything, all at once, in a single kit’

Daniel Vosovic, founder and creative director, The Kit



I Am Trash/Les Fleurs du Déchet

New Fragrance Frontiers

Amid luxury conglomerate acquisitions and media articles highlighting the sudden ubiquity of once-enigmatic perfumes such as Santal 33, niche fragrance brands are having to push the boundaries of scent in order to stand out from the crowd.

British brand **Parterre**, originating from Keyneston Mill, a 50-acre private botanic garden in Dorset, is differentiating itself with its Made in England heritage, with all the ingredients grown, harvested and distilled on the property.

Targeting Millennials, perfumes that heighten the wearers’ own smell are coming to the fore, such as **Glossier’s** first fragrance You, developed with ingredients chosen to smell like skin, and Nudiflorum by Dutch label **Nasomatto**, a scent designed to capture the feeling of being touched.

Alongside this softer narrative, other niche labels are disrupting the concept of what fine fragrance should be by drawing on the concepts of decay and disorder.

Etat Libre d’Orange’s new fragrance, I Am Trash/Les Fleurs du Déchet, is the first luxury perfume made from botanical waste, while **Oliver & Co’s** Veil uses ozonic aldehydes and metallic notes to create the imagined smell of the Veil Nebula, the draped debris of a massive star that exploded 8,000 years ago.



The KIT by Daniel Vosovic

14%
The growth in the US artisanal fragrance market in 2017

Source: NPD Research



Uneasy Affluence

A collective backlash against ostentatious spending is fuelling new anxiety among luxury consumers. Now brands must adapt to a new world view, creating products and services that are more social, accessible and supportive of others

Macro Trend: Uneasy Affluence

The dynamic among society's wealthiest is changing. While today's luxurians tend to feel comfortable about their class position, believing – whether through inheritance or hard work – that they deserve to be there, the affluent are feeling increasingly anxious about how their moral worth is linked with their wealth. Amid rising global inequality, they have witnessed a public backlash against overt displays of prosperity and privileged lifestyles, driving a major re-assessment of what is considered appropriate today when it comes to spending and investing.

As a recent US survey by **Boston Private** of people with assets ranging from £780,000 (\$1m, €868,000) to £15.6m (\$20m, €17.3m) revealed, almost a third (30%) identified one of the main negatives of being wealthy as 'people judging their status'.

This evolving awareness of wealth and status comes from the origins of today's new wealthy generation. As American philosopher Matthew Stewart notes, in the US these individuals are not the 1%, but the next 9.9% of citizens that hold, and crucially, shape the nation's wealth.

Unlike the traditional elite class, they are characterised by greater cultural diversity, more casual dress codes and faith in facts rather than religion.

Many are self-made and proud of it. And yet, despite large houses and even larger investment portfolios, this group wants to shy away from their affluence. As Stewart, himself part of this new generation, identifies: 'We're so self-effacing, we deny our own existence. We keep insisting that we're middle class.'

This outlook even extends downwards to the youngest of luxury consumers, who are exhibiting distaste at conspicuous imagery of luxury goods among their peers – some 81% of 13–34-year-olds agree that showing off the expensive things you have bought on social media is 'not cool' (source: Y Pulse).

'It's creating a cultural shift. There's a disdain towards overt materialism and a shying away from showing off wealth. It's not attractive to show your social position in that way,' Elizabeth Currid-Halkett, author of 2017 book *The Sum of Small Things*, tells LS:N Global.

What does it mean for luxury brands when spending lavishly on the goods and services they offer is no longer regarded as aspirational? As the industry responds to this generation's apprehension towards wealth and spending, purpose-driven products and services are emerging to help assuage their concerns, from lab-grown diamonds to cause-driven investing and equitable luxury travel.



30% of HNW consumers identify one of the main negatives of being wealthy as 'people judging their status'

Source: Boston Private

Hindsight

Wealthy consumers and luxury brands are exhibiting anxiety about the display, pursuit and purpose of wealth, as global conversations paint luxury lifestyles in a negative light.

Privilege Downplay

For the first time in more than 100 years, a generation of workers – Millennials – are doing worse than the generation before them (source: Resolution Foundation). The American Dream, in which hard work affords you a nice car, a home and a family, has become unreachable for much of the population.

Yet Stewart's 9.9%, this new aristocracy, want to act as if they too are merely living the middle-class dream of upward mobility, despite their distinct socio-economic advantages. From **Forbes'** depiction of Kylie Jenner as a self-made billionaire, despite coming from an already wealthy family, to a **Refinery29** article in which a 20something intern paid about £20 (\$25, €22) per hour and with a monthly allowance of £860 (\$1,100, €955) complains about #HamptonsPrices, recent media stories have shown wealthy people downplaying their privilege.

'In this era of world-historical inequality it is not 'cool' to be blindly privileged,'

explains Jia Tolentino, a writer at **The New Yorker**. 'Rich people try to portray billion-dollar wealth as a cultural disadvantage, or call themselves 'self-made' when they have enjoyed advantages that others could only dream of.'


In the 2017 book *Uneasy Street* by sociologist Rachel Sherman, which explores the lives of 50 wealthy New York couples, such behaviour is apparent. 'They enthusiastically recount snagging bargains on baby strollers and buying clothes at Target [while critiquing] other wealthy people's expenditures, especially ostentatious ones such as giant McMansions or pricey resort vacations,' she says.

'In this era of world-historical inequality it is not 'cool' to be blindly privileged'

Jia Tolentino, writer at The New Yorker



Zizi Donohoe campaign. Photography by Nadia Lee Cohen



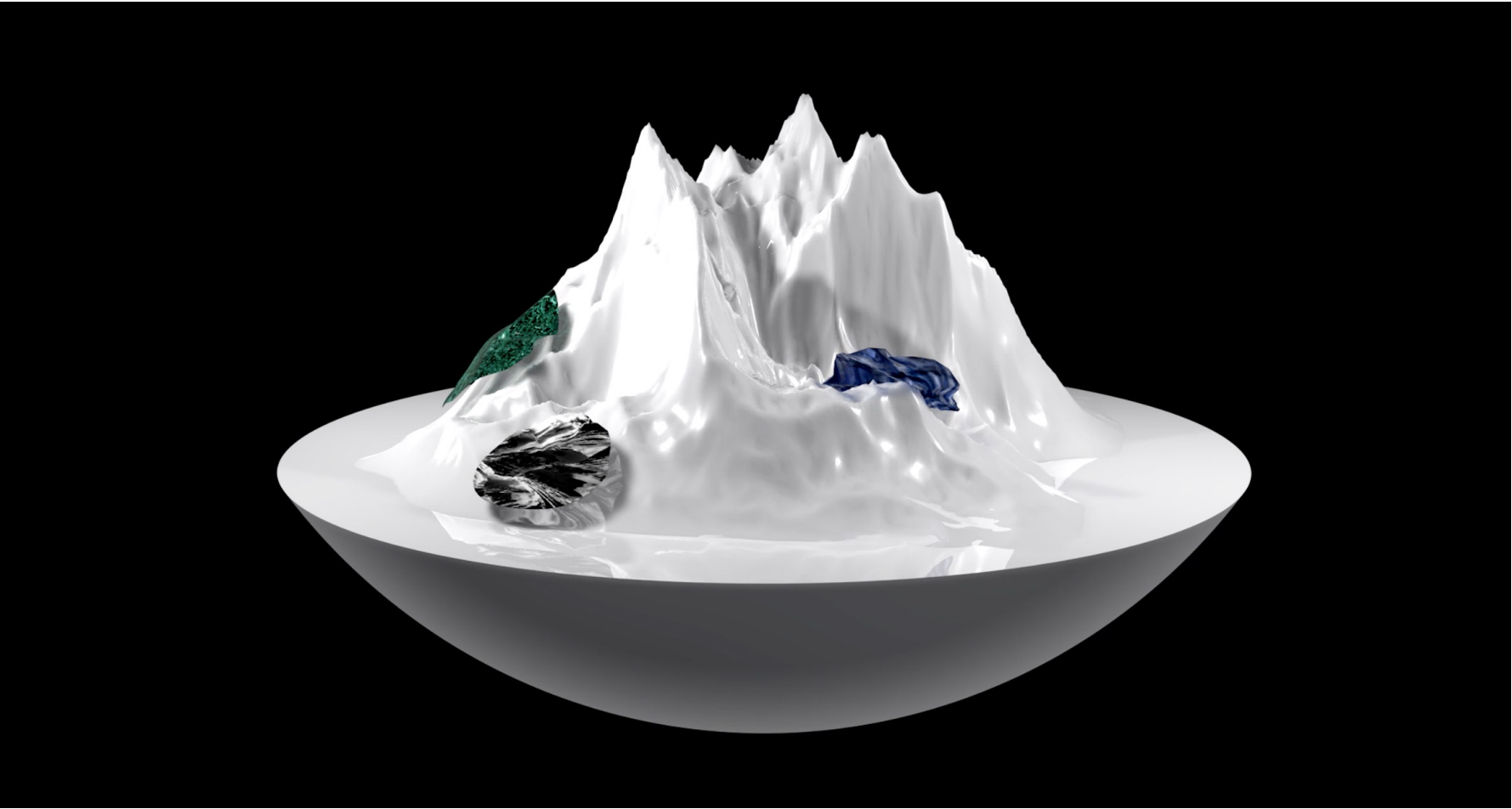
‘It is estimated that UK luxurians with a net worth of more than £10m only give £240 per year on average to charitable causes’

Fraught Philanthropy

For generations, philanthropy has been a way for the wealthy to offset the guilt associated with their assets, where big cheques can mean positive PR. Yet trust is falling in the third sector, hit by events such as **Oxfam**’s sex abuse scandal and the UK’s controversial Presidents Club dinner.

In the UK, trust in charities fell from 60% in autumn 2017 to 54% in February 2018 (source: nfpSynergy). And while billionaire wealth in the Asia-Pacific region increased by 48% from 2016 to 2017, according to **Wealth-X**, distrust in the social sector and a lack of transparency about how their money is being used means local giving is in decline (source: Doing Good Index).

The level of giving has also stagnated. In the UK, it is estimated that the median level of giving among those with £1m–10m (\$1.28m–12.8m, €1.1m–11.1m) in investable assets is just £500 (\$640, €557) a year, while among the ultra-wealthy – those with more than £10m in assets – this figure drops to £240 (\$308, €267). This lack of trust in charitable institutions is emblematic of the unease felt about spending. While the wealthy may still be willing to spend, they will no longer indiscriminately write a cheque without knowing where it goes.



Growing A New Landscape by Daria Jelonek and Perry-James Sugden

Purposeful Wealth

By 2020, according to Deloitte, Millennial wealth – driven by inheritance, entrepreneurial activities and income growth – could stand at £18.7 trillion (\$24 trillion, €20.8 trillion). But as members of this next generation achieve new status and positions, they bring an attitude to wealth and spending that is vastly different from that of the generations before them: the desire for a greater purpose.

As a recent study by **Kantar Futures** and **American Express** found that 62% of young people want to make a positive difference in the world. ‘Millennials are seeking work with meaning beyond just making money, and they’re willing to make trade-offs to achieve their own definition of success,’ says Susan Sobbott, president of **American Express Global Commercial Payments**.

This is being played out through social initiatives such as the creation of the **World Economic Forum’s Young Global Leaders** collective, more than 80% of whom say that their interest in public service stems from a desire to improve or transform society. ‘This generation see themselves as defined less by their wealth and more by what they do – it’s a shift from previous generations,’ Oliver Williams, head of **WealthInsight**, tells LS:N Global.

£18.7 trillion

The value of Millennial wealth in 2020

Source: Deloitte

Diligent Luxury

For centuries, consumers have implicitly trusted luxury brands to offer rare and beautifully crafted products. Yet, as supply chains become more transparent, luxury brands’ behaviour has added to – rather than allayed – the apprehension that today’s wealthy consumers feel when it comes to spending on luxury goods.

A situation that drew global consumer condemnation was the extreme, although not uncommon, measures that British luxury label **Burberry** took by incinerating £28.6m (\$36.7m, €31.8m) worth of its products, including fine accessories and £10.4m (\$13.3m, €11.6m) of beauty items, in a bid to stop surplus stock appearing on the grey market. ‘While Burberry would argue that [this] is a sign of just how much it values the long-term future of its brand, consumers may question how much it cares about sourcing the softest cashmere if ultimately some of it will end up in an

incinerator,’ says Charlotte Rodgers, senior writer at Marketing Week.

Instead, armed with greater awareness and interest in the social impact of luxury brands, affluent consumers now expect them to set a positive example. ‘Now, everything we touch has to be created with a positive impact, or at least with as minimal a negative impact as we can implement,’ says Vin Lee, CEO of **Grand Metropolitan**, an American luxury group comprising more than 130 brands from jewellery to caviar.

‘Consumers may question how much [Burberry] cares about sourcing if ultimately some of it will end up in an incinerator’

Charlotte Rodgers, senior writer at Marketing Week



Searching For The New Luxury at States of Fashion, The Netherlands

Insight

As the luxury sector evolves to meet this responsible and understated consumer mindset, brands are offering new goods and services that deliver greater purpose.

Inconspicuous Goods

A 2018 survey from **Volvo Cars** and **Harris Poll** revealed that 68% of Americans agree that less is more when it comes to modern luxury. Driven by this new anxiety around wealth, spending is moving towards smaller, invisible or culture-laden goods that speak volumes.

As Elizabeth Currid-Halkett explains: 'Even the things that feel like they're not about wealth are about wealth. [They're] physical embodiments that show wealth, even if it's not the designer watch or the luxury car.'

Now, inconspicuous purchases are the markers of affluent living. From buying local to having a gardener, they also include freshly baked bread and soap, which have been transformed from

humble goods into everyday luxuries. Portugal's traditional soap manufacturer **Claus Porto**, for example, describes the sudden resurgence in demand for its products as 'remarkable'.

Even re-usable water bottles have become a status symbol. In an industry that's expected to rise in value to £8.1bn (\$10.19bn, €9bn) by 2024 (source: Transparency Market Research), brands such as **S'well** have introduced a £1,170 (\$1,500, €1,300) **Swarovski**-encrusted bottle, the net profits of which are donated to the **Breast Cancer Research Foundation**. 'They align perfectly with the values of luxury, championing longevity over disposability and quality materials over cheap plastic,' says Olivia Pinnock, founder of **The Fashion Debates**.

68%

of Americans agree that less is more when it comes to modern luxury

Source: Volvo Cars and Harris Poll



Uptraded Travel

The sharing economy model was originally created to provide communal access to experiences and services for those on a budget. Now, influenced by the equitable mindset and restrained spending of wealthy Millennial and Generation Z consumers, luxury hotels and travel providers are tapping into the opportunity it offers.

‘The benefits of sharing go beyond saving money. For luxury consumers, [it] can create a sense of community, as well as benefit the environment, and can offer a space to discover unique goods that cannot be bought elsewhere,’

explains Ricardo Dunin, founding partner of **Lionheart Capital**, the developer behind **The Ritz-Carlton Residences** in Miami. Those staying at the Residences have access to The Sharing Room, a highly curated space where residents can display and exchange luxury goods with one another, from skis to designer clothing and golf clubs. Larger objects, such as artworks or speedboats, are listed via the Sharing Room app, while items left for more than 60 days are donated to a local charity.

With global sharing economy revenues forecast to reach £31.3bn (\$40.2bn, €34.9bn) in 2022 (source: Juniper

Research), brands such as **Airbnb** are upgrading their offer with accessible yet high-quality accommodation. **Airbnb Plus** offers travellers an edited collection of its highest-rated and most aesthetically appealing rentals, while **Beyond by Airbnb**, due to be launched in 2019, promises custom-designed trips of a lifetime that amalgamate luxury residences with immersive, local experiences.

Elsewhere, private jet-sharing platform **JetSmarter** is making its offer more responsive with a pay-as-you-go option that enables its clients to personally define the route and regularity of its services according to their needs.



Lightbox by De Beers

Lab-grown Luxury

While sustainability and provenance have become widely integrated into luxury products and services, in order to support wealthy consumers’ more considered spending, brands are now turning to technology to future-proof luxury spending.

Some 70% of US Millennials said they would consider buying a lab-grown diamond for an engagement ring centre stone in 2018 – a rise of 13% on the 2017 figure – with cost and ethics their main drivers (source: MVI Marketing). Seizing this opportunity, **De Beers** has unveiled its first lab-grown diamond brand, **Lightbox**, targeting price- and origin-sensitive consumers. ‘Lab-grown diamonds are the innovation that will change the luxury jewellery market for ever,’ Alan Frampton, managing director of ethical jeweller Cred Jewellery, tells LS:N Global. ‘They give consumers choice, offer quality and a guilt-free luxury product that is

accessible, and has far less environmental impact than mined diamonds.’

In the world of food and drink, lab-grown alternatives could soon become a reality for luxury hospitality brands and high-end restaurateurs and hoteliers. As the race to bring the first synthetic meat to market continues, companies such as California’s **Just** are developing lab-grown, ‘clean’ Kobe beef that is free from antibiotics and associated animal rights issues, as well as cultured pâté de foie gras, which can retail for £78 (\$100, €87) per pound.

Elsewhere, with major luxury fashion houses including **Burberry** and **Gucci** banning fur in their collections this year, lab-grown alternatives could soon come to the fore. Such innovations have already been demonstrated by fashion futurist Christina Haxholm’s Regenesi of Fur project, which explores the potential of creating cruelty-free lab-grown fur – with the potential for use by luxury brands.



Little Albion, Sydney

Stripped-back Hospitality

Whether fluffy robes, fresh flowers or luxury toiletries, five-star hotels rarely skimp on extravagant extras. But with wealthy guests conscious of being unnecessarily wasteful or ostentatious, hoteliers are having to take a more considered approach to their offering.

Due to open in autumn 2018, New York hotel **Sister City**, created by the studio behind the **Ace Hotel**, is described as an ‘experiment in essentialism’ and will provide only what it feels modern travellers need – a functional room, a restaurant and a rooftop bar – without the extravagance. ‘We are inspired by the philosophy of less, but better; the inherent satisfaction of having just enough,’ explains Kelly Sawdon, chief brand officer of **Atelier Ace**, the studio behind Sister City.

Elsewhere, lifestyle brand **Muji** is embodying stripped-back hospitality with its hotel in Shenzhen, China. Pitched as ‘anti-gorgeous’ yet ‘anti-cheap’, the brand determines its position by stating: ‘There are neither exorbitant prices and superfluous services, nor dreary guest rooms resulting from the extreme reduction of quality.’

Hotel amenities are also changing. With billions of half-used hotel shampoo bottles thrown away every year, according to The Wall Street Journal, brands such as the **Ritz-Carlton** and **InterContinental Hotels Group’s** upmarket Kimpton chain are turning instead to bulk dispensers offering premium soaps and lotions from brands such as **Atelier Bloem**. Such a change feeds into the environmentally conscious and waste-averse mindset of this new generation of wealthy consumers.



Sister City, New York, Photography by Brian W. Ferry





Believe In Dreams for Tiffany & Co, directed by Frances Lawrence

Responsible Legacies

As the children of wealthy Generation X consumers hit their teens and 20s, both they and their parents are exploring how this younger, socially orientated generation can be more responsible with their wealth.

In the US, **Making Money Make Change** is a weekend retreat that taps into young adults’ desire to do more with their wealth, uniting affluent 20somethings to ‘generate visions of a future in which wealth, land and power are equitably shared’. The event is operated by Resource Generation, a collective of young people with inherited,

earned or future wealth, and aims to inspire young people to become transformative, future leaders.

Recognising the opportunity to support and nurture the next generation, investment banks such as **UBS** and **Citi** have also introduced Young Successor Programs. These social programmes give the children of wealthy clients a space to meet, talk informally about their wealth and plan for their futures. ‘We want young ones to understand that, as a scion of a wealthy family with a business legacy, you have responsibilities,’ explains Money K, head of **Citi**’s global Next Gen programmes from Singapore.

With a recent study by the UK’s Money Advice Centre and Cambridge University finding that children’s money habits are formed by the time they are seven years old, families with younger children are also becoming aware of teaching responsible wealth. In response, organisations such as **WeWork** have launched **WeGrow**, a children’s education programme that includes teaching ‘conscious entrepreneurship’.

Collective Investments

As greater social awareness filters through the elite, wealthy consumers are beginning to think differently about their investments, and the impact they will have on the future of people, the planet and wider social causes.

‘This awareness of the objective of their wealth and work – that it should be used for better causes – is driving people to invest in sustainable portfolios,’ explains **WealthInsight**’s Williams. Now, more than one in five investors (22%) consider issues to do with the environment, society and corporate governance before deciding where to place their money, and a further 42% plan to consider such factors in the future (sources: FTI and The Times).

Wealthy Millennials, in particular, are keen to do more with their money. According to a recent survey by **Boston Private**, among wealthy US Millennials there is greater desire to foster change in the community/world (51%)

and contribute to improving society/ community (40%) than their Generation X and Baby Boomer counterparts.

They are also leading changemaking companies. In the US, for example, 29-year-old Elizabeth Galbut Perelman co-founded **SoGal Ventures**, a venture capital firm that has invested in more than 50 companies working to make change, including sustainable cosmetics brand **WinkyLux** and balanced baby food brand **Little Spoon**. ‘For me, at an early age, wealth was about being able to create the change you wish to see in the world... I wanted to figure out how to solve some problems and do it to the best of my ability,’ Perelman tells **The New York Times**.



WinkyLux, New York

Foresight

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As we look to the decade ahead, the wealthy elite's social and environmental sensibilities will continue to be shaped by Uneasy Affluence, driving them – and the luxury brands and services they engage with – to turn to digital platforms to protect, advise and secure their future spending.

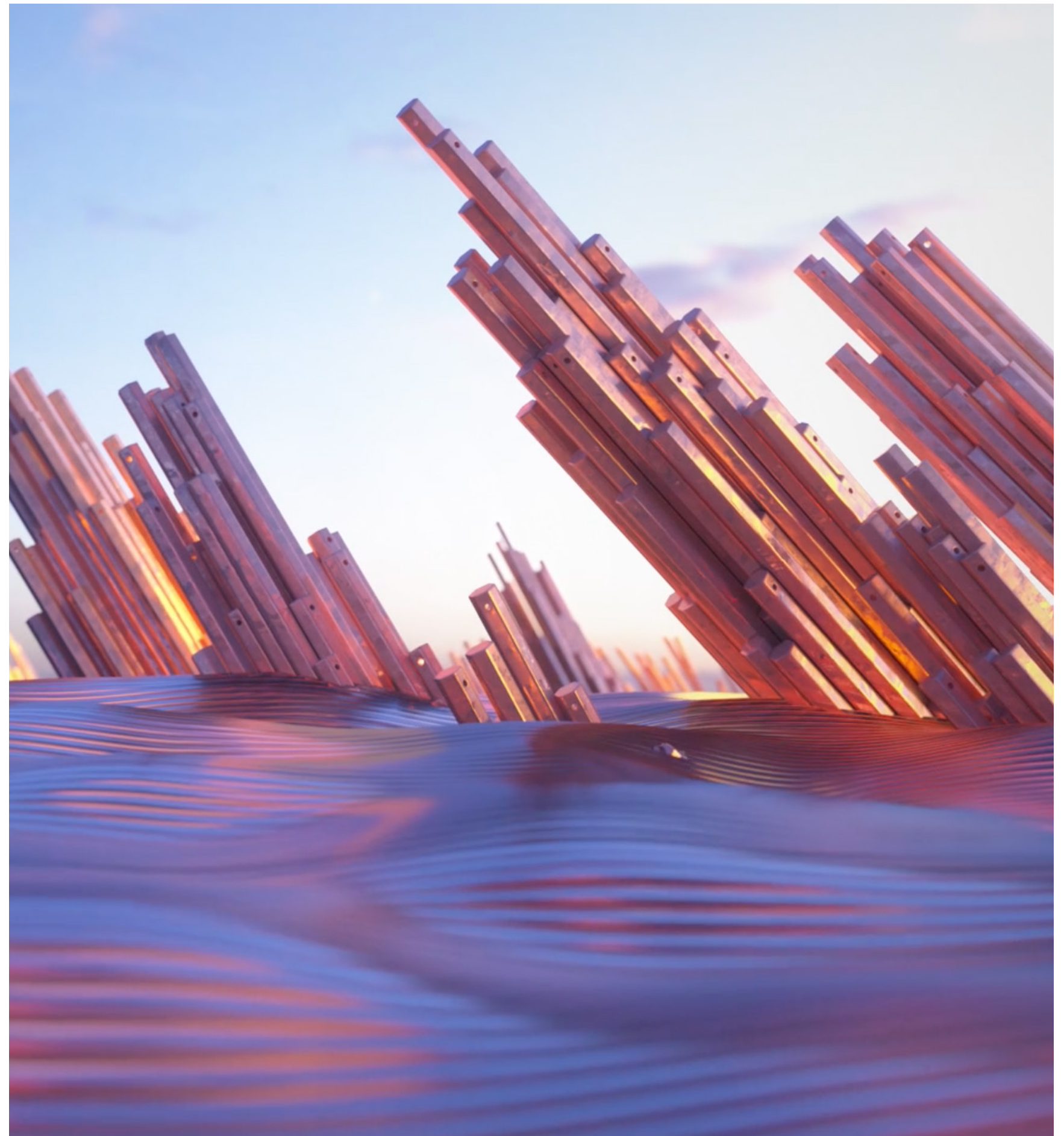
Capital AI-dvisors

Expanding from the artificially intelligent (AI) devices now found in our homes, in the decade ahead AI will be so advanced and intuitive that it will become the trusted proxy by which wealthy families and individuals live their lives, assisting with critical investment decisions, legal advice and becoming a moral compass that guides them to make better purchasing decisions. In a recent survey, some 67% of high-net-worth clients said they want their wealth manager to adopt some form of AI immediately (source: Forbes and Temenos).

As intuitive gatekeepers, these Capital AI-dvisors will remove the need for expensive lawyers and personal wealth advisors, using the speed of information-sharing and future neutrality of machine learning to help families and individuals quickly

respond to market activity and investment opportunities in line with their personal values and beliefs.

These AI systems will also be crucial in helping tomorrow's wealthy families be more responsible with their spending, in turn building greater social status. By analysing families' luxury purchases, they will both advise and make recommendations to help them to have zero carbon footprint or choose products that help a particular cause or community. In turn, families will build competitive social profiles in which the wider social and environmental benefit of their spending can be measured against their peers. As Neil Sahota, **IBM** master inventor at **IBM Watson Group**, suggests: 'We could build [bots] that help build awareness, drive behaviour and instil action in people to make small differences... as small changes done right can make a huge difference.'



Saatchi & Saatchi IS Ident Design Department

Democratised Patronage

As future luxurians look for trusted and exciting opportunities to invest in, digitally driven initiatives will power a new era of democratised patronage.

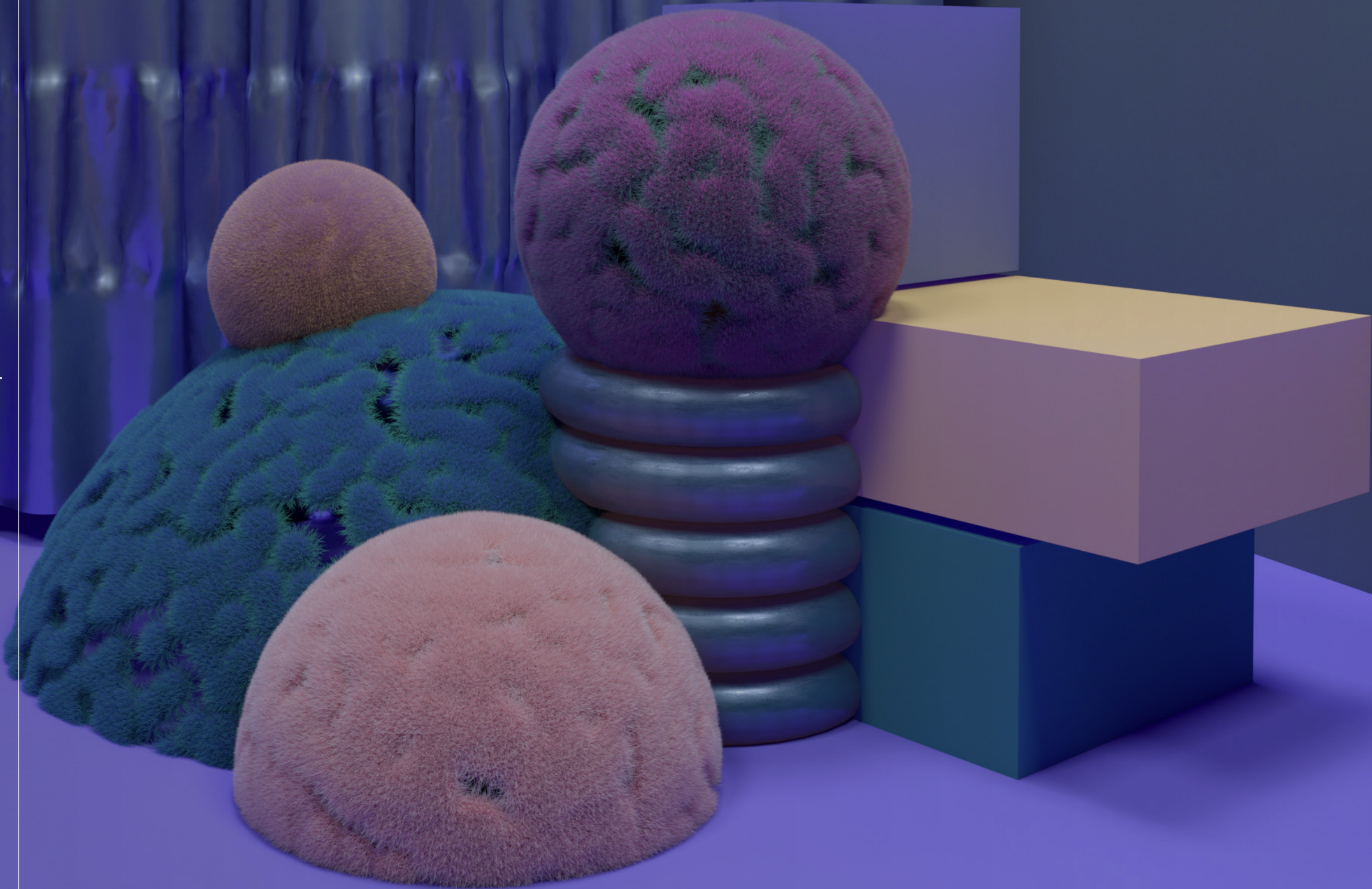
With £2.1 trillion (\$2.7 trillion, €2.3 trillion) of global ultra-high-net-worth individuals’ wealth set to be allocated to art and collectibles by 2026 (source: Deloitte), wealthy investors will seize the opportunity to support future creatives, enjoying a sense of gratification in seeing their money help others, while reaping a return on their investment when their artwork begins to sell. Blockchain-based patronage, such as that offered by **Orion Vault**, points to this future, allowing luxury consumers to embark on life-long programmes in which they will be able to transparently track their investment and reap a share of any profits.

It also responds to wealthy consumers’ prudence about where to invest their money by allowing them to make smaller donations using cryptocurrencies, safe in the knowledge that they are secure and traceable. ‘Our mission is to [create] a new patronage model that allows investors to support artists and invest in the industry with smaller amounts of money,’ said Orion Vault in a statement.

Investment in major artworks will also be disrupted and democratised in this way, with global museums and galleries creating certified versions of famed works, allowing future investors to buy a percentage stake in a certified digital versions of fine art. They might, for example, pay 100 Ethereum ‘coins’ (\$28,600) for a share of a work, with the ability to transparently track, buy and sell their stake over time.

‘By 2026, £2.1 trillion of global UHNWI’s wealth will be allocated to art and collectibles’

Source: Deloitte



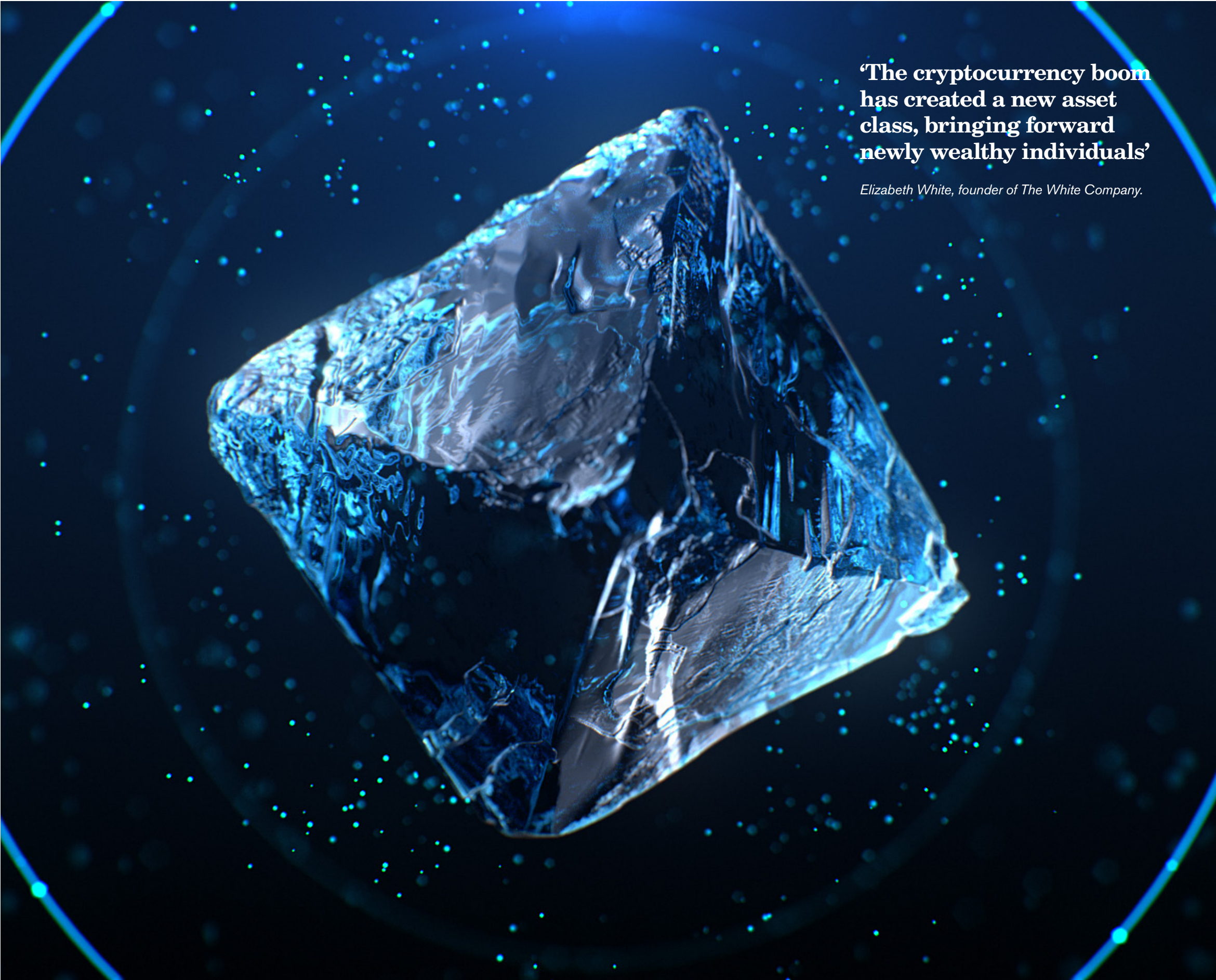
Crypto-concierge

Blockchain will grow from being a tool used to establish provenance in the luxury sector to a means through which new, wealthy consumers and luxury brands can create close future relationships.

For cryptocurrency investors, a combination of hesitation to spend their newly accrued wealth and usability barriers is driving the emergence of blockchain-based luxury concierge services, designed to help individuals to securely spend on luxuries, while ensuring the authenticity and uniqueness of products. Seen in practice, **The White Company** is emerging as a leader in crypto-concierge, helping clients in locations as varied as South Korea, Canada, China and the UK to buy everything from diamond rings to Lamborghinis and Martin Creed artworks.

Notably, these purchases are not understated in nature. Instead, they represent the adventurous mindset often found with the first flourishes of wealth. ‘The cryptocurrency boom has created a new asset class, bringing forward newly wealthy individuals,’ explains Elizabeth White, founder of **The White Company**. ‘But usability is one thing really holding crypto back... Because of this, we’ve been able to help many people buy things with crypto that they otherwise wouldn’t have been able to afford. This includes helping a 16-year-old purchase his first car – a **Nissan** GT-R supercar – with Bitcoin.’

Indeed, with anonymity, security and authenticity central to crypto-concierges, blockchain has vast potential to inspire future spending among those individuals feeling uneasy about their wealth. And with men, in particular, accounting for 91.5% of all cryptocurrency investors (source: eToro), as they mature and their tastes refine, new opportunities will emerge for luxury brands to court this group of wealthy consumers with niche products and experiences.



‘The cryptocurrency boom has created a new asset class, bringing forward newly wealthy individuals’

Elizabeth White, founder of The White Company.

Virtual Currency built on the Ethereum blockchain by Alexander Eskin

‘[In the future] people will express themselves using crazy, digitally rendered pieces’

Amber Jae Slooten, co-founder and creative director, The Fabricant



DEEP by The Fabricant and Amber Jae Slooten

Virtual Wears

Future luxury brands will be challenged to create new products and services that, rather than being overt demonstrations of wealth, will enable future consumers to divert their luxury spending to other areas.

Tapping into the mindset of Subconscious Commerce, luxury brands will integrate themselves into the virtual lives of wealthy consumers. In China, for example, a shift to spending on digital luxury goods and services is expected, in particular among young, wealthy consumers. As writer Meng Jing highlights in the South China Morning Post: ‘Teenagers in China’s expanding middle class households are pouring their pocket money into Japan’s animation and virtual entertainment industry, bolstering it in much the same way that their parents’ spending had driven demand for consumer goods, from Japanese toilet seats to French handbags.’

Virtual wears will also evolve from luxury brands dressing the digital influencers of today such as Lil Miquela – who is regularly decked out in digital **Chanel** and **Louis Vuitton** – to brands dropping new collections as both physical and limited-edition virtual goods. This will give luxury consumers, uneasy about spending on large fashion purchases, the chance to invest in virtual fashion either to dress their own avatar or to build a portfolio of digital garments and accessories that can be collected, sold and traded with others.

AI will also help to create unique digital luxury designs, such as those by digital fashion house The Fabricant, providing greater creative expression for brands and consumers. As The Fabricant’s co-founder and creative director Amber Jae Slooten says: ‘People will be able to express themselves using crazy, digitally rendered pieces.’

Lab Notes

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1. Overt displays of wealth are no longer aspirational.

As a result, luxury consumer mindsets are evolving into more considerate spending and the pursuit of goods and services that illustrate their greater awareness of people, planet and social causes.

2. The new markers of luxury are inconspicuous.

Owing to this more restrained mindset, a preference is emerging for smaller, inconspicuous goods that can be enjoyed day-to-day. Consider how you can create accessible products or services that enable wealthy consumers to live comfortably and spend without guilt.

3. Luxury travel is embracing the sharing economy.

Driven by the popularity of Airbnb and Uber, the sharing economy has filtered upwards into the luxury sector, making elite experiences such as private jet travel more accessible to conscious wealthy consumers.

4. A greater purpose will build greater investment.

Today's wealthy consumers want to be more responsible with their assets, and are looking for investment opportunities that enable them to support particular social or environmental causes. Brands should consider the part they could play in this purpose-driven future, be it as advisors or facilitators of investment opportunities.

5. Blockchain will transform access and acquisition of luxury.

Armed with cryptocurrency assets, a new type of wealthy consumer is emerging that desires authenticity and security when spending, but expects unique goods and experiences. Luxury brands must prepare themselves for a future in which dedicated crypto collections or exclusive products are made to cater for this enterprising and intrepid crowd.



Studio Proba and Andrés Reisinger

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