

The future of luxury: mega drivers, new faces and scenarios

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Abstract What is the future of luxury? Using scenario planning, this paper explores four possible futures of luxury set in 2030. Scenario 1, Trading Up to Luxury, discusses how consumers with increased wealth aspire to buy luxury products and experiences. Scenario 2, Prestige Luxury, focuses on the behaviours of the seriously wealthy and examines how the mega-rich influence luxury markets. Scenario 3, Enrichment and Experiential Luxury, illustrates how the concept of luxury has become less about materialism and more about experiences. Scenario 4, Craft and Authentic Luxury, illustrates how the exclusivity of luxury is framed by craftsmanship, history and uniqueness. This paper is based on an examination of the evolution of luxury as a concept and highlights eleven contemporary drivers of change including the democratisation of luxury, demanding consumers and premium pricing. The study allows those involved in luxury industries to understand change and, using the scenarios, to position their products or experiences.

Keywords Luxury · Futures · Scenario Planning · Premium Pricing · Authenticity · Experiences · Democratisation · Affluence

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Introduction

Luxury is a complex and wide phenomenon that is enduring and has no beginning or end. From a consumer theory perspective, it is a personal construct (Cristini et al. 2017; Yeoman 2011). In the last 10 years, there have been a large number of papers and books researching the topic (Brun and Castelli 2013). There is even a research journal for this field, *Luxury*.¹ The language of traditional luxury now pervades the commercial mainstream. Every day, mainstream brands invite millions to indulge, upgrade, enjoy premium tastes and exclusive experiences; indeed, almost every consumer-facing sector from the fast-moving consumer goods (FMCG) to consumer electronics now borrows from the high-end lexicon. Meanwhile, suppliers of luxury products and services are emphasising high-quality product materials and design, cutting-edge production processes, professional concierge services, immediate delivery, product and service personalisation, close human attention in an increasingly mechanised service economy, and attention to brand heritage. Today, luxury is no longer a privilege the preserve of high net worth individuals (HNWI); it is accessible to all. Indeed, the essence of luxury has changed from something based upon materialism and conspicuous consumption to one that embraces enrichment and experiences. This evolution creates challenges for luxury brands as luxury is no longer exclusive.

¹ <http://www.tandfonline.com/action/journalInformation?show=aimsScope&journalCode=rflu20>



The emergence of attainable luxury

The meaning of luxury is changing. Previously, luxury was associated with materialistic goods, made only for the rich in society and unaffordable for many. With the growth in the middle classes, luxury has become accessible and democratised. As such, luxury has been transformed and can be seen to be associated with conspicuous consumption (Kastanakis and Balabanis 2012) that is the buying of expensive items to display wealth, status and income. However, luxury also has a double-edged face of light and excess (Kastanakis and Balabanis 2012). Luxury has both an internal and external gratification. On the one hand, it is about materialism and showing off designer brands; on the other hand, it is internal and inconspicuous with a focus on experience, enlightenment and achievement (Yeoman 2008). Hence, luxury has a multi-discursive element that is fragmented and unsolvable (Li et al. 2012). Within the travel sector, luxury is no longer about price or material goods but increasingly about experiences and other intangibles. These include the experience of time, space, authenticity, community individuality and well-being. All of these are dimensions of luxury which are beyond materialism. In essence, luxury has many dimensions and meanings, thus predicting the future of luxury is challenging.

Is luxury common and widespread? The emergence of affordable luxury does not foretell a wholesale democratisation of the luxury experience. Innovators in the luxury sector are responding in kind by elevating offers upwards and redefining what 'no expense spared' means. The allure of true luxury is partially aspirational, and luxury takes its value from being unattainable to many, even in a world of broadly improving affluence. Luxury brands still artificially maintain and extend the gulf between luxury and mainstream offers. This is the premium ratchet effect in action: luxury becomes super-luxury becomes hyper-luxury.

Purpose

This paper sets out to explain the future of luxury using an evolutionary futures paradigm. It postulates what will come next through identifying mega drivers of change and considers why luxury is changing and becoming more predominant. It identifies the new faces of luxury in today's society along with examples and manifestations. Four scenarios are discussed based on the drivers of *Accessibility* and *Forms of Premium Pricing*. The scenarios are *Trading up to Luxury*, *Prestige Luxury*, *Enrichment and Experiential Luxury* and *Craft and Authentic Luxury*.

The evolution of luxury: drivers of change

Understanding change and how these drivers of change are occurring is a branch or paradigm of future studies called evolution (Mannermaa 1991). This approach to understanding change was illustrated by Yeoman and McMahon-Beattie (2006) in the research paper *The Changing Behaviours of Luxury Consumption*. The authors argued that the concept of luxury is incredibly fluid and changes dramatically across time and culture. In the past, it was associated with champagne, caviar, designer clothes and sports cars. Nowadays with increased affluence, luxury is blurred and is no longer the preserve of the elite. Thus, understanding change is essential in forecasting the future. Drivers of change illustrate what is changing, why it is changing and how it is changing. In this section, the authors identify eleven drivers or forces that will shape the future of luxury.

Driver 1: democratisation of luxury

Luxury has moved away from being an exclusive product or service and has become reachable and accessible for the rising middle classes in society (Yeoman 2011). Indeed in the tourism sector, it is no longer a dichotomy between mass and luxury tourism (Euromonitor 2015, 2017). Brun and Castelli (2013) acknowledge the democratisation of luxury primarily took place in the fashion apparel industry, but other sectors quickly followed suit. The fashion industry experienced a shift from tailor-made clothes to ready to wear haute couture to the current model of manufactured ready to wear apparel. These changes illustrate the conversion from extremely exclusive products to less expensive and non-rare ones. Similar developments have taken place products, to the extent that the possession of luxury-labelled products represents a status to low-income consumers. Som (2005) notes the trend towards rationalisation of prices in the luxury market with new luxury products being marketed to affluent and near-affluent consumers as a way to enhance their social status. However, HWNI consumers do not view luxury products as valuable as they seek products that are exceptional and unique. Yeoman and McMahon-Beattie (2006) note the concept of trading up; consumers are interested in the image of the product or experience and what status it brings, and thus, new luxury goods and services are not necessarily rare or manufactured in low volume but acquired for the label due to design or allure. Thus, the emergence of accessible luxury is due in part to the tendency to trade up that currently characterises consumption habits.



Driver 2: experience economy

By definition, consumerism is fuelled by society's desire to accumulate more goods and services. However, rising access to those items once seen as luxuries has encouraged many to place a greater focus on the pursuit of experiences whether in addition to, or in place of, more material-based forms of consumption. The consumer of the 2010s decade differentiates him or herself not only through the goods and services they buy but also by the experiences they enjoy: holidays abroad, cultural events, fine dining and cutting-edge leisure activities. This trend is known as the Experience Economy that is the desire to enrich our daily lives by experiencing new things and to undertake activities which deliver a sense of improvement, enjoyment and refreshment (Yeoman, 2008). Certainly, this has been dampened by recent economic uncertainties. Yeoman (2011) posits that our preference for aspirational/experiential types of consumption is underpinned by the attitude that, in sampling new and unique things, we gain the opportunity to develop new skills, acquire new knowledge and thus boost our share of social and cultural capital. As we welcome revitalised offerings, so we tire easily of predictable formats, tastes, colours, styles and stories.

Driver 3: the rising middle classes of affluence

Rising income (and the wealth improvement connected with it) has been the driving agent of modern society. It is a key indicator of societal success and responsible for the empowerment of consumers in relation to companies, brands and governments (Yeoman 2012). Increased personal prosperity creates an emboldened consumer-citizen, a more demanding, sophisticated and informed actor with intensified expectations of, for instance, quality innovation and premium choices in every market, efficient and ever-personalised customer service and visible corporate commitment to tackling the environmental and ethical problems of the day. Following the global economic downturn of the late 2010s (Foresight Factory 2016), one might have anticipated a rebalancing of power within the consumer-company relationship as consumers in several markets witnessed marked declines in both spending power and in the value of key symbols of personal wealth. However, the material and psychological shock of affluence-interruption has paradoxically emboldened consumers further. It is a more considered (but no less demanding) approach to consumption that now characterises the behaviour of many as meticulous and waste-conscious, with household budgeting, deal-hunting, product/price comparison and a focus on value-for-money becoming the norm. Against such a backdrop, it is those brands delivering quality, affordability, relentless product/service innovation and allusions to

premium-ness that will hold the momentum. As more basic needs are met in emerging economies, luxuries and indulgences become more attainable. Expectations of ever-rising quality at more price points multiply across all sectors. Consumers are thus likely to entertain ideas and ambitions beyond mere value-for-money and will be interested more in public ethics, environmentalism and social issues. Not every country holds a rapidly swelling middle class. The individual economies of Europe, Africa and Asia can be wildly divergent. Even in developed countries, economic prospects may feel precarious to the consumer and invite a cautious approach to spending characterised by review hunting, smart shopping and price comparison (Yeoman 2017).

Driver 4: happiness

Bhutan, the mountain kingdom of the Himalayas, invented the term *happiness* as a measure of good governance. According to Nelson (2011), instead of relying on Gross Domestic Product as the best indicator of Bhutan's progress, King Wangchuck asserted that the country should consider its 'Gross National Happiness.' That was to be measured by its peoples' sense of being well-governed, their relationship with the environment and satisfaction with the pace of economic development. A generation ago, a cigar called Hamlet was 'happiness'. By 2005, Norwich Union was making a 'Quote Me Happy' promise to customers. Citroen commercials were invoking the 'Happy Days' theme of a 1970s US television programme. Coca Cola was launching a new commercial under the theme of the 'Happiness Factory'. Indeed, many promotions seek to deliver that deep emotional uplift, that feel good pay-off (Future Foundation 2013). Contemporary luxury today is about experience. Research by Cone and Gilovich (2010), Gilovich et al. (2015), Leaf and Gilovich (2003) has shown happiness has stronger links with experiences than physical goods. Notably, Gilovich has found that initial happiness with purchasing goods and experiences is comparable, but over time satisfaction with goods reduces while satisfaction with past experiences increases (even if the experience was a negative one).

Driver 5: super-rich and gated communities

So many markets thrive on attempting to satisfy human aspirations: how we would like to enjoy life, which possessions we crave, whose lifestyles we would like to imitate. The activities of the seriously wealthy and often very famous people create a living dialogue with this aspiration. Such activities also directly affect the shape of markets. The mega-rich often own or influence very potent cultural objects (such as sports clubs, famous stores, objets d'art)



and favour certain social causes. In this way, they drive both expectation and behaviour on the part of the more ordinary citizen. In many ways, the mega-rich are bound closely together as a niche of consumers isolated from the mainstream. They can afford the lifestyles, goods and services of the highest calibre and quality that are simply not accessible to the mass market consumer. The high-profile spending activity of such people plus daily gossip detailing the glamour of their celebrity lifestyles has brought the dealings and doings of the mega-rich into the heart of contemporary culture.

Of course, the immense wealth involved here means that a happy few are able to enjoy unprecedented purchasing power on an international scale. Also, behind the rich-and-famous lie less well-known figures such as hedge fund managers who can earn circa \$2 billion per annum from salaries alone. Even following a period of global financial crisis and recessionary aftershock, the mega-rich can make colossal purchases, many of which enjoy exposure in the popular media. The purchase of Manchester City FC by Sheik Mansour, Prince Al-Waleed bin Talal's investment in the renovation of The Savoy Hotel and the purchase of Harrods by Qatar Holdings are just a few noteworthy examples (Yeoman 2014). The world's population of HNWI control a disproportionate amount of the world's assets. According to World Institute for Development Economics Research UN University (James et al. 2008), the richest 2% of adults own more than half of all of the world's household wealth. The number of HNWIs continues to increase, propelling more of them towards mega-rich status. While defining and measuring wealth is notoriously difficult compared to defining and measuring income (because all forms of wealth do not have to be declared), according to the Credit Suisse Global Wealth Report (Kersley 2016), the worldwide population of HNWIs (defined by Credit Suisse as people with net asset wealth of over USD 1 million) has reached 24.5 million. North Americans and Europeans dominate. However, there are 4.1 million HNWIs from Asia Pacific countries (other than India and China) and more than 800,000 Chinese millionaires (Florida 2017).

There are many forms of gated communities, but Polanska Vergara (2011) highlights the rise prestige communities which are based on status and economic class and, in contrast to lifestyle communities, are not promoted for their facilities but rather for their exclusivity both in physical design and in social composition. In China, prestige communities are on the rise because acceleration of the hyper-rich wanting isolation, security and being with one's own kind. Additionally, Florida (2017, p. 64) in his recent book *The New Urban Crisis* states that the creative-class winners have become victims of their own success with, '*modern cities as being carved into gilded and*

virtually gated areas for conspicuous consumption by the super-rich'.

Driver 6: demanding consumers

The rise of the Demanding Consumer has been driven by several factors. A long (pre-recession) period of rising incomes led many to feel entitled to be more selective, try new alternatives and to generally expect *more* from their brand and service providers. Together with the growth of consumer review sites, price comparison tools and e- and m-commerce options, it has become ever easier to investigate purchases thoroughly and select the very best option (Foresight Factory 2016). The Demanding Consumers driver is bound to gain further momentum; there is just no sense that we will see any weakening in the expectations shoppers have developed over such matters as value-for-money, affordable quality or personal and flexible services. Consumers will place a still greater pressure on brands to meet their multiple demands. With so many marketplaces being characterised by ever greater choice, there will be more invitations for consumers to try alternatives when even the slightest bit dissatisfied (Yeoman 2008).

Drivers 7: the feminisation of luxury

Betty Friedan's (1963) ground breaking book, *The Feminine Mystique*, explored the idea that woman had been enticed into the workforce and had sought out paid employment as a way to get from their second-class status. This trend is now being replicated in developing nations like China and India (Yeoman 2013). Furthermore, Yeoman (2011) identified the feminisation of luxury, where luxury has moved on from its male trophies and status symbols towards experience and indulgence. This can perhaps be attributed to women's increasing buying power in society, which is driving luxury markets such as well-being, fashion clothing and tourism. These trends are picked up by Silverstein and Fiske (2003) who argue that, in the USA, it is women who have transformed luxury products and tourism. Adding further to our understanding of luxury, Roux and colleagues (2017) study of gender and luxury identifies three drivers of luxury brand values in ways consistent with gender beliefs and status. The research suggests that luxury is not just a female thing, since female and male consumers do not favour the same luxury values and owing to gender differences in the influence of luxury value drivers. Each gender possesses a specific relationship to luxury brands in accordance with its position in the social structure and related beliefs and roles. Women are more concerned with self-appearance, which remains a criterion that others use to evaluate them, leading to detrimental objectification. Through luxury women



capture attention and men compete with their challengers by displaying attributes and material resources sought by women.

Driver 8: technological personalisation

Changes in science and technology allow us to personalise luxury experiences and prices. Using big data, companies can maximise the value of purchasing by understanding on an individual-level personal elasticity of price, knowing exactly the premium a consumer will pay and the attributes of premium value to the consumer. Thus, personalisation of price has arrived. Personalisation through technology means business can create personal profiles and a narrative about any customer. Near-ubiquitous connectivity awaits us (Robertson et al. 2015) and strings of information promise to emanate from all animate and inanimate things connected via smart and links to the wider digital network. From mobile networks to supermarkets, business is awakening to the realities of their new data-intensive worlds. Companies that were once product-providers are becoming service providers. With their customers' data, transactions are revolving around a key question, what can you know that your customer wants to find out? For the consumer, personalisation means the probability of outcomes or telling the consumer the degree of likelihood. Personalisation of technology means consumers become singles rather than segments and business creates the illusion of one-to-one marketing rather than for the masses.

Driver 9: social status

As consumers grow wealthier and better educated, they tend to put the accomplishments, status symbols, knowledge or wealth on display. This is conspicuous consumption whether the consumer is displaying the latest D&G suit or Louis Vuitton handbag. It is a term that describes the practice by consumers of using goods of higher quality or in greater quantity that might be considered necessary. American sociologist Thorsten Veblen acknowledged the term in this book *The Theory of the Leisure Class* (1949) where consumers purchase and display goods luxury goods when economy goods would do. Thus, it is a matter of display and status rather than necessity. As Philips notes (2017) in *Encyclopædia Britannica*;

Veblen identified two distinct characteristics of goods as providing utility. The first is what he called the “serviceability” of the good—in other words, that the good gets the job done (e.g., luxury and economy cars are equally able to get to a given destination). The other characteristic of a good is what Veblen called its “honorific” aspect. Driving a luxury car shows

that the consumer can afford to drive an automobile that others may admire; that admiration comes not primarily from the car's ability to get the job done but from the visible evidence of wealth it provides. The vehicle is thus an outward display of one's status in society. A corollary of the dual characteristics of goods is that such conspicuous consumption is “waste.” In using this term to describe what might usually be termed “excess,” Veblen was not making a judgment that the good is unneeded by society but rather was using waste as a technical term indicating that the production of a luxury good requires more resources than the production of a non-luxury good. The difference Veblen would label waste, but this does not mean that luxury goods should not be produced.

According to Brun and Castelli (2013, pp. 841–842), luxury has always been socially valued;

In ancient Greece and Rome, indulgence in luxury was so attractive and such a powerful social influence that it was viewed as undermining governance. In the Middle Ages, gold and precious stones, which served as the emblems of luxury, were reserved for royalty and divines. Later, they became the prerogative first of the aristocracy and then of the wealthy bourgeoisie. Currently, the ownership of luxury goods is still regarded as a marker of social class or of membership in an elite group. Possession of luxury products also attracts the admiration of friends and others. Simply carrying a luxury accessory might provide the opportunity to participate in exclusive social events without feeling out of place.

However, there have always been individuals who desired and could afford luxury products without the need to exhibit or share their passion with the rest of society. For instance, the affluent individuals who collect luxury vintage cars typically do not broadcast the number of unique cars parked in their garage. Instead, luxury is a personal pleasure that is shared only with very close friends or relatives. There is no need for product display if the primary purpose of luxury is cultivation of a passion, relaxation, enjoying a marvellous experience, or satisfying one's curiosity regarding the best item in a particular field....

Luxury is more than a materialist good (Dion and Arnould 2011). The emphasis is on symbolic status of consumption rather than material it is derived from, i.e. travel, perfume, clothes, etc. What is important is the posture, ways of speaking, interests and relationships to time and space the luxury creates. There is no such thing as a luxury good in the terms of functionality, but rather the concepts and



values that surround the good. Thus, luxury is about perception and therefore about status.

However, status has changed. Fewer consumers these days feel a need to paste labels over their personal or provincial insecurities and do not seem so pressured to prove, via the ostentatious display of objects, that they have climbed the social ladder to join the middle class. So many of our consumption choices and aspirations are instead driven by desires to accumulate greater social and cultural capital (Bourdieu 1993). Today, it is our knowledge, skills, personal accomplishments and fulfilling experiences that we value. Having the knowledge to explain a rare ingredient's origins coupled with gourmet cookery skills that can carry as much cultural credit as dining in a Michelin starred restaurant (Yeoman et al. 2015). Critiquing the latest Oscar nominated feature-length or fashion craze can now imbue an individual with considerable social credibility (Yeoman 2013).

Driver 10: changing forms of luxury

Traditionally, heritage and prestige have been the hallmarks of luxury. Indeed, the enduring quality of a particular luxury can be part of its appeal (Hanna 2004). Brun and Castelli (2013) classification of luxury brands is threefold. Firstly, absolute luxury brands are characterised by elitism, heritage and uniqueness. Second, aspirational luxury brands achieve status by being recognisable and distinctive and are represented by such brands as Gucci and Louis Vuitton. Thirdly, accessible luxury brands are more affordable than their aspirational relatives. Consumer purchases brands such as Hugo Boss and Coach to own a status symbol. This category is largely purchased by middle-class households in Europe and USA. As noted above, Yeoman (2011) discusses the concept of the fluidity of luxury as time changes and cultures develop. In the past, luxury was associated with champagne, caviar and designer clothes. Nowadays with increased affluence, luxury is no longer the preserve of the elite. More and more consumers have traded up as old values of tradition and nobility have become less important. People are enjoying much more material comfort in comparison with previous generations, and this has resulted in a trend of a cultural shift for cultural fulfilment and aspiration through experience. Therefore, it could be argued that luxury is increasingly about experience and authenticity rather than monetary value. The focus on aspiration and experience means there is an increasingly emphasis on personal transformation through for example, well-being and travel. Therefore, luxury is becoming more difficult to define, because the language has changed. Luxury today is not a necessarily expensive. It can be accessible to a mass market, not traditional; it can also be personal, authentic and experiential. However, the old-world luxury of consumption and elitism still prevails.

Driver 11: premium pricing

The reasons why people engage in premium markets are manifold and are becoming more complex (Allsopp 2005). Traditionally, there is a belief that high price is an indication of excellence and that it guarantees quality and brings social status.

Allsopp (2005, pp. 187–188) noted that the,

‘basic’ reasons for choosing premium are being complicated by a variety of factors. For example, increasingly, consumers’ buying habits do not always conform to their income levels. This has been partly promoted by the fact that many new luxury brands are stretching their price points to become both cheaper and more expensive. The strategy seems to be to make brands simultaneously more aspirational and more affordable.

There are a lot of brands that have some association with luxury, premium or finesse. Furthermore, this trend appears to be happening across markets and suggests changes in consumer behaviour (blurring the meaning of luxury in the process). If a market is important to them, consumers can ‘trade up’, and if a market is not important, they can trade down to the new range of value propositions (Silverstein and Fiske 2003).

The new faces and samples

When researching the future, the phenomena being researched throws off signposts of the scenario occurring in the present Gilad (2004). These signposts may be emerging trends or weak signals of occurrence, whereas strong signals are based upon factual knowledge. Robertson and Yeoman (2014) argue that signals are the underlying theory or explanation of the occurrence which represent new faces and signposts which phenomena happening.

New face: time to lapse

Luxury has traditionally positioned itself against the perceived disposability of mass consumer culture. However, today we see some luxury brands experimenting with combining traditional luxury vectors (e.g. quality of design, materials) with an emphasis on transient experience (Yeoman 2011; Yeoman et al. 2017) This is not just a trend for products, but also the contexts in which they appear. The words ‘pop-up’ and ‘luxury’ are beginning to seem less jarring side-by-side, as we see creative endeavours which market the exclusivity of luxury pop-up installations. We see here an interesting use of the scarcity dynamic by the premium sector.



Sample

The Lost Distilleries blend (<http://www.lost-distillery.com/>) is a selection of blended whiskies made with whiskies from renowned, but now closed, distilleries. A limited batch of each blend is made, and once they are savoured, they can never be recreated. Much of the surviving stock from the now closed distilleries has become legendary, with the makers calling the endeavour ‘a piece of liquid history’. Each award-winning blend retails for £350. In the fashion context, Gwyneth Paltrow announced that she would be opening her first pop-up boutique for her online lifestyle blog Goop (www.goop.com) to mark Christmas 2015. Since then, the pop-up has toured American cities selling exclusive capsule collections (Foresight Factory 2017). In a twist on the brand’s typical image, McDonalds opened a luxury pop-up restaurant in Tokyo for one night only in July 2015. The private dining experience offered access to ‘fresh’ versions of the brand’s new summer range of burgers, a gelée made with fresh vegetables, a French fry vichyssoise soup and an Oreo McFlurry served in a glass bowl (Yeoman 2017).

New face: built to last

Much luxury imagery draws on nostalgia with theming around ‘old-world’ and ‘long-lasting quality in a world of disposable, mass manufacture’. Sustainability is built into luxury semiotics. The challenge for luxury product and service suppliers is to convey this message while remaining modern, fresh and relevant. We see examples of brands using vibrant storytelling to draw upon their history and allow consumers to experience the richness of their heritage.

Sample

In a move that marries past and future, Dior announced in May 2016 that it would be restoring Christian Dior’s original castle in Grasse, France, as well as setting up a new fragrance laboratory in the city’s centre. The region is famed for its perfume production and many of Dior’s iconic fragrances were first made there. In relation to the watch industry, Patek Philippe’s adverts say: ‘You never actually own a Patek Philippe, you merely look after it for the next generation’ (Foresight Factory 2017).

New Face: Gemini Brands

Recent years have seen multiple collaborations between high street and luxury brands, and particularly so in the fashion sector. By making their brands accessible to somewhat more mainstream, less affluent and often

younger consumers, luxury brands can drive awareness among a demographic that would otherwise be unable to experience them (but may well do in future as they progress up the socio-economic ladder). These lines frequently generate significant hype and sell out quickly, limiting access to those early few who managed to get there first (Parguel et al. 2016; Seo and Buchanan-Oliver 2015).

Sample

Adidas is a serial luxury collaborator, with partners ranging from Dior’s creative director Raf Simons to cult high-end favourite Rick Owens. The brand even features its own half-Gemini, half-diffusion label Y-3 which is a permanent line with Japanese luxury designer Yohji Yamamoto. H&M is another regular luxury collaborator, celebrating its 11th effort in 2015 with Balmain. The event spawned its own hashtag #balmania (<https://www.instagram.com/explore/tags/balmania/>). Though criticised by some for its hefty price tags far beyond H&M’s typical prices (£399 for a dress), the line was still more affordable than a Balmain piece (Foresight Factory 2017).

New Face: Local Luxury

Local luxury brands in emerging markets continue to challenge the traditional and frequently Western, luxury brand stalwarts. Nonetheless, Western markets as difficult to enter with heritage, age and global recognition being key to many luxury brands’ appeal. Moreover, many consumers in emerging markets still believe that higher-quality products are made abroad. While traditional luxury brands such as Chanel and Rolls Royce continue to reference (often subtly) their national identities, emerging brands are often happy to sit astride cultures and global boundaries. (Kapferer 2014; Stuart et al. 2013)

Sample

Russian jewellery designer Alena Gorchakova launched in 2010. Her flagship store is in Moscow, while all her pieces are crafted in Geneva. Luxury lifestyle brand Shang Xia is backed by Hermes, opening its first shop outside of China in Paris in 2013 (Foresight Factory 2017).

New Face: Wish Listing

The pre-purchase online collection of images and products (Yeoman 2017; Yeoman et al. 2017) is what we term *wish listing*. While many do this as part of their pre-purchase activity, some see it as a leisure pursuit in itself and it does not necessarily lead to an eventual buy. With this new



behaviour comes a potential disruption to luxury's traditionally elite access. Luxury brands have no control over who collects, re-pins or re-posts images of their goods. Digital ownership is not exclusive; it is open to all. However, this presents an opportunity too, and pre-purchase collection of beautiful images fits the aspirational nature of luxury shopping. Moreover, it appeals to the target demographic; indeed, wish listing is particularly valued by those on higher incomes, across global markets, but especially so in emerging markets.

Sample

Aston Martin is one of the most successful luxury brands on Pinterest, with 328.6 k followers and Louis Vuitton is the most followed luxury brand on Instagram with 10.6 m followers (Foresight Factory 2017).

New face: next door

The arrival of bloggers in the early to mid-2000s seriously disrupted the fashion industry with user-generated fashion shoots, styles and opinions. The genre is now professionalised, with influential vloggers taking up the front rows of fashion shows. However, it continues to evolve and invigorate particularly the fashion and beauty sectors by offering highly personal, unfiltered content. Luxury vloggers now form a sizeable online tribe of their own, with unboxing videos particularly popular. (Wilcox et al. 2012).

Sample

In Chinese, the word *wanghong* means internet celebrity. A typical *wanghong* is a 20-year-old girl, who often posts selfies showing her make-up looks, luxury apparel, travels, etc. (Foresight Factory 2017). Considered internet royalty, blogger Zoella has her own waxwork in Madame Tussauds, books, and a lifestyle range. She has recently been named the most powerful beauty vlogger by Forbes Magazine.

New face: on demand

Recent years have seen an explosion of start-ups offers with on-demand access to a range of services. Personal taxis, hairdressers, home-cooked meals are all available and delivered at the touch of a button. We see here a clear incursion into luxury, concierge service territory. This trend holds potent disruption for established markets, where on demand is tech driven. Emerging markets, due to the cheaper cost of human labour, have always had wider middle class access to a range of services, from maids and chefs to drivers.

Sample

Costing \$99, Packnada (<http://packnada.totemapp.com/company>) allows regular travellers heading to Singapore to avoid packing before a trip, and the endless waits at baggage carousels. Simply put, it permits luggage-free travelling. It offers travellers the convenience of storing clothes and essentials in Singapore. On their next trip, they just collect their freshly laundered and pressed clothing from their hotel concierge upon arrival.

New face: pop culture

Luxury brands are experimenting with forms of communication by developing their own emojis and filters and allowing consumers to download branded emojis as well as customise social media images with the livery of luxury brands. This allows brands to enter the natural conversations of consumers while also digitally developing and reinventing their often cult icons and logos. Typically, free to download, they represent surprisingly democratic access to aspects of high-end brands. Anyone with a smartphone is able to own a luxury brand (Foresight Factory 2017).

Sample

Launched in February 2016, Versace's (<http://www.versace.com/>) free Emoji app allows users to create their own messages branded with Versace emojis and filters. The emoji is a rebrand of the fashion house's iconic Medusa logo. It coincided with a launch of \$700 t-shirts bearing the brand's emoji. In February 2016, Bloomingdale's (<https://itunes.apple.com/us/app/bloomoticons-by-bloomingsdales/id1085287593?mt=8>) created a range of emojis in collaboration with some of its designers to promote collections that are exclusively available at the store. Images include a grosgrain ribbon chosen by Sarah Jessica Parker to represent the details she uses on her shoe designs. The store also created a special Snapchat geo-filter that appears over users' photographs when they are in or near a store.

New face: premium space

While the meaning of luxury for many consumers is clearly associated with its classic, traditional definition of expensive, unique, product quality, we note that the intensity and quality of experience is becoming valued by consumers too. In sectors ranging from travel to retail, luxury suppliers are responding to the interest in the experiential by providing more interactive, enriched environments for their customers as well as providing opportunities to learn about or interact with their products. (Dion and Arnould 2011; Euromonitor 2017; Kapferer and Laurent 2016)



Sample

BMW World (<http://www.bmw-welt.com/en/>) in Munich is part museum of the brand's history, part consumer experience centre and part exhibition of new cars. Events scheduled for 2016 included a jazz festival, golf event and an exhibition to mark the 100-year anniversary of the BMW Group. Le Labo, a perfume brand, embeds experience into the buying process for its customers. Every perfume that is bought is hand-blended and created in front of the customer, dated and named. The consumer must then marinate the fragrance in the fridge for a week before using. The purchase becomes a ritual-filled experience in itself, with the craftsmanship of the brand at the centre (Foresight Factory 2017).

New face: quietly conspicuous

Luxury providers are experimenting with no logo branding to attract those consumers for whom overt, flashy expressions of luxury become somewhat distasteful and crude. The desire for quieter, understated luxury would appear to be higher in established markets, but even in emerging markets this attitude is growing, and especially so among younger consumers (Klein 2001; Yeoman et al. 2007).

Sample

In 2013, Louis Vuitton ran an ad campaign in China that carried no branding at all. The message was 'true luxury doesn't need to draw attention to itself' (Foresight Factory 2017). Notably, the country has seen a slowdown in its voracious consumption of high-end labels.

New Face: Democratisation of Personalisation

The big data revolution has made personalisation more cheaply and abundantly available for all (Yeoman et al. 2017). Personalised service was once provided only in the most elite stores. Now loyalty schemes and data on past purchases and preferences can be leveraged to offer personalised recommendations in everyday commercial interactions. The challenge that luxury providers face is to elevate their own personalised services ever higher.

Sample

Dutch airline KLM's 'how happiness spreads' campaign randomly surprised travellers with gifts as they waited to board their planes. The gifts were personalised based on information the passengers had shared on social media. In early 2014, Virgin Atlantic trialled Google Glasses with concierge staff in the Upper-Class lounge at London

Heathrow. The technology allowed staff to identify a customer by name as well as see their flight details and refreshment preferences. So far the trial has not led to a full-scale roll-out of the technology (Foresight Factory 2017).

New face: the Faberge syndrome

Virtually every category of goods available on the market today includes an upscale subset of similar products whose 'luxury' credentials are signalled by, for example expensive, high-quality components and materials, solid construction, ornate aesthetics, better performance and advanced features. The *Faberge-isation* of even the most everyday of objects might be considered a direct response to the widespread premiumisation efforts of the mass market; in the bid to differentiate, the only way is up! The extent to which consumers will welcome the wholesale arrival of *Faberge* alternatives to familiar products is questionable; without serious functional improvements (in addition to the aesthetic overhauls), we suspect few will feel the itch to upgrade (Yeoman 2014).

Sample

Louboutin hit the headlines when it launched a \$50 nail polish range featuring a tall spiked lid design that replicated the brand's classic stiletto heel. Furthermore, its limited-edition shade, released for Christmas 2014, was premiumised further with 1500 hand-applied strass crystals and a black lacquer display box. It retailed for \$675 (Foresight Factory 2017).

Scenarios

One of the ways to express the future is by using scenarios or scenario planning (Yeoman and McMahon-Beattie 2006; Robertson and Yeoman 2014). Scenario planning is a research methodology that deals with multiple futures and is the most commonly deployed methodology in future studies (Anderson 2007; Asselt et al. 2010). Scenarios are illustrations of possible alternative futures. Scenarios do not explicitly refer to probability or claim to reduce futures uncertainty (Bishop et al. 2007; Gabriel 2014). Adopting Van der Heijden's (Van der Heijden 2005; Van der Heijden et al. 2002) approach to scenario planning, four scenarios were constructed based upon a review of the literature to identify drivers of change (*see above*). These drivers were clustered, amalgamated and hierarchically ordered based upon the degree of uncertainty and certainty to determine drivers for impact and importance to identifying what the future of luxury is. These drivers and scenarios are illustrated in the scenario matrix in Fig. 1.



The first driver of change identified is *Access* with two bipolar, i.e. exclusive and affordable. *Exclusive* represents limited access to luxury as one of the challenges for luxury brands is that they face the risk of being perceived as too accessible, thereby losing their exclusive appeal. It focuses on the traditional values of materialism and the importance of High-Net-Worth Individuals (HNWI). *Affordable* represents the redefinition of luxury: access to it is no longer the preserve of the elite. The second driver is *Forms of Premium Pricing* which has two bipolar. *Status* represents the embodiment associated with the advantages and conspicuous consumption of luxury. *Inconspicuous consumption* moves pricing into the realm of experiences as a focus on the enrichment of life and sampling new experiences dominates in a modern era. In the next section, four scenarios are portrayed as stories as if they appeared as a lifestyle story in the New York Times (www.nytimes.com). They are set in 2030.

Scenario 1: trading up to luxury

In 2030, you can purchase a Louis Vuitton handbag on www.amazon.com at a premium price but it isn't exorbitant. Moët Chandon Champagne is no longer special and has been commodified. Staying in a 5-star hotel with the highest levels of luxury and service is now the norm. Because of wealth gains from property speculations, the world has more millionaires than ever before and being middle class is the norm. A survey by Merrill Lynch in 2029 found that 75% of those living in urban centres in China classified themselves as middle class, with assets over US\$3.0 million. These middle-class consumers are demanding, sophisticated, educated and culturally tuned

Females demand the finest lingerie from France and conspicuously display their wealth through designer fashion labels. Consumers are increasing trading up and trading down. The middle of the road supermarket is being squeezed as these middle-class consumers shop for bargains at cheaper stores. Mercurial consumption is the new norm. The shared economy means these middle-class consumers don't own everything. Shared rides, cars, private jet, books, holidays and handbags are everywhere. If you want a Chanel, a Gucci or a Tory Burch www.bagborroworsteal.com is the place to get it from. The HNWI often comment 'when they see someone drive past in a Bugatti they often don't know if they actually own it'. The middle classes are dominating the premiumisation of consumption and have an appetite for the top luxury goods. From Ethiopia to Chile and Vietnam to Albania, these middle classes are everywhere. With the opening of the new Hilton orbital space, it seems there is nowhere for the super-rich to escape too as everyone seems to be rich and can afford those out of this world holidays.

Scenario 2: prestige luxury

Bored with your super yacht, how about a luxury submarine to explore the deepest oceans. Austrian company Migaloo Private Submarines (www.migaloo-submarines.com) recently launched their first ultimate submersible with a theatre, spa, library and storage for a helicopter (when surfaced) for US \$10.5 billion. It was sold to a reclusive Chinese billionaire Xin Zhao who has a passion for eco-adventure. With another four submarines under construction, these 'boats' are the ultimate luxury experience. One of the submarines is destined for Royal

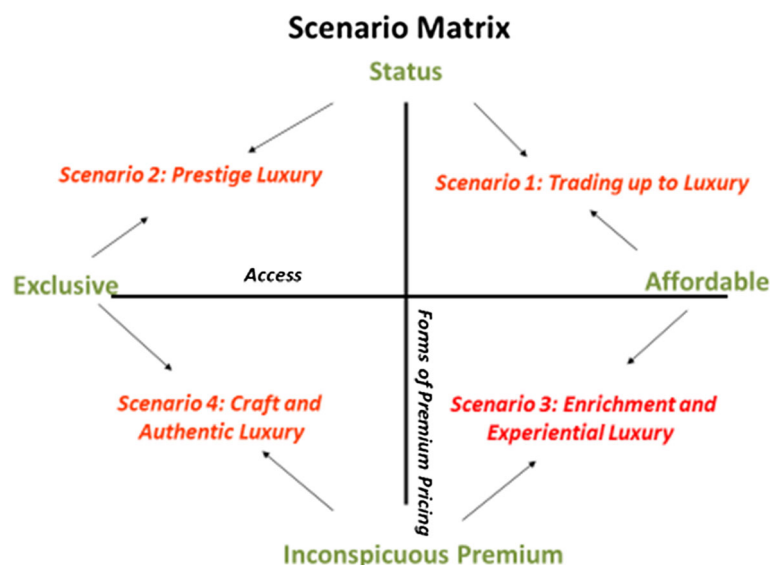


Fig. 1 Scenario matrix: future of luxury



Caribbean Cruises which can take up to 40 passengers and who will offer underwater cruises of the Australia's Great Barrier Reef and Pacific Islands from 2035. Prices have still yet to be determined.

This is the world of the seriously wealthy whose fame often create a dialogue with this aspiration. It was Berlusconi Junior who recently bought Sunderland AFC to add to his football team collection of AC Milan and PSG. Indian entrepreneur Imtiaz Ali III owns the New York Yankees and the Boston Red Sox. The ultra-wealthy have transformed the skyline of New York. It was the business empire of Ambani who bought the 72-story family home that dwarfs Trump Tower in Manhattan. With an underground car park for 350 cars, 4 helipads and a Virgin Galactic (www.virgingalactic.com) space port, this is the ultimate New York residence. The Guggenheim recently sold Picasso's 'On the Beach' for US \$400 million to Imtiaz Ali III an offer they said they couldn't refuse. Most recently, India's Prime Minister in a visit to New York said that wealthy Indian families should show moderation and remember the poverty slums back home. This is the world of prestige luxury and the super-rich.

Scenario 3: enrichment and experiential luxury

Experiential luxury is about consumers' prioritisation of doing, seeing and feeling over the need to possess material objects. Consumers want to do or experience something different and they are searching for the unique. These are personalised experiences at premium value. Shaped by a detailed, big data knowledge of personal preferences and buying behaviour, personalised luxury experiences are characterised by perfectly tailored experiences. This means business can construct 'something just for you'. From a luxury perspective, the environment of predictability, good surprises and serendipity become of elevated importance. The social capital ascribed to being open to trying something new, to taking a slight (albeit, managed) risk, to choosing the wildcard, grows. And all the while, consumers seek suggestions and exposure to new ideas, to experiencing new things that do not feel contrived or managed. Luxury has a sense of mindfulness that health products and service providers draw on. This is about extending spiritual well-being and looking beyond physical health. Wealthy travellers seek unique experiences. Millions now feel entitled to luxury in some form. In countries where GDP per capita is comparatively lower, the feeling that luxury goods and experiences are there to be had for immediate enjoyment will not be nearly as entrenched—their power here has so far been aspirational as much as anything else. As access to luxury becomes more mainstream, its very definition evolves to carry ever more nuanced associations alongside more traditional ones.

While the meaning of luxury for consumers with newfound wealth is likely to be more rigidly wedded to its classic, traditional definition of expensive, unique product quality, we note too that intensity of experience is becoming more important to global consumers. Indeed, they seek any form of indulgence that enables them to fulfil deeper spiritual ambitions and confirm their social success and *savoir-vivre* in the process. Underpinning the experiential scenario is the notion that the leisure activities and moments contribute to one's skill-set, cultural awareness and even character: superior experiences have a lasting impact upon one's personal outlook and therefore represent an investment. Ultimately, such endeavours (and improvements) can be broadcast across social networks, both online and offline.

Scenario 4: craft and authentic luxury

In this scenario, luxury is about access to artefacts or experiences that are unique and different. These represent something that are a privilege to engage with and can be admired. They are crafted from the past and deliver some form of learning. Authenticity luxury is the search for real and original experiences or products. Authenticity must have a link to place, culture and the past. Over a century ago, Veblen (1949) wrote his book, *The Theory of the Leisure Class*. In 2030, the picture he paints is still true. In his book, he emphasised the conspicuous consumption of the leisure class who spent lavishly on expensive perfumes and champagne. These symbols were the defining elements of the wealthy class. Today, luxury is more than these material possessions. Consumers want connoisseurship as their cultural capital and they are willing to pay for it. They want to impress their friends. They have the finest wines and they know everything about those wines. They have visited the vineyards of Domain Francois Raveneau Foret and Penfolds. They are club members of 3-star Michelin restaurant Maaemo in Oslo, where the food is air freighted to their home, so they can impress guests. This is the world of Charles and Chelsea who live in Long Island, USA. When their rare Russian Blue cat died, they cloned another from its stored DNA.

Implications of the scenarios

The *Trading up to Luxury* scenario reflects a society where incomes are rising. The wealth improvement connected with this is seen as the driving agent of luxury. With greater wealth comes a more sophisticated consumer, who is educated and demanding and can afford to be eco-focused. They expect better quality; will not tolerate failure or defects and they be choosy. The Global Financial Crisis



of 2007, which can be described as a material and psychological shock of affluence-interruption, has paradoxically emboldened consumers further. It is a more considered, but no less demanding approach to consumption that now characterises their buying behaviour. These consumers are meticulous and waste-conscious. They practice good household budgeting, engage in deal-hunting and product-price comparisons, and have a clear focus on value-for-money. In this context, consumers can both trade up and trade down. However, affluence breeds the 'upgrade culture' in so many consumer sectors today. This encourages the development of super-luxury products, personalised communication, special club memberships, exclusive events, sophisticated concierge services, access to the upper deck or the chef's table. As such propositions take hold at the high-end, so too are they replicated in lower-value markets and at more accessible price points. In a way, therefore, it is legitimate to talk of a progressive democratisation of wealth and accessible luxury.

In the *Enrichment and Experiential Luxury* scenario access to luxury goods has become more widespread. The very notion of luxury attracts more subtle associations and its meaning becomes more fluid. Often luxury will be less associated with material objects and more associated with experiences (e.g. a concierge-type service, a Michelin meal in an exclusive locale, a club membership or a relaxing retreat with knowledge-enhancing day classes). The desire for new and enriching experiences extends into more and more consumption areas but continues to have special importance in the out-of-home leisure, retail and travel sectors. For luxury providers, it is important to deliver experiential value beyond materialism. These experiences should speak directly to consumer desire for skill acquisition, have a sense of purpose and are associated with the greatest experiential-aspiration. For example, the retail sector is seeing a growing prevalence of concierge services that offer to curate shopping experiences on behalf of the consumer based upon preferences, safeguarding a sense of novelty and exclusivity at minimal effort. Traditional forms of luxury are not supplanted by this trend, nor is their appeal seriously weakened. But many consumers will prefer to share details of experiential rather than materialistic forms of luxury.

Thus, the coveting of material goods is being threatened as more consumers come to favour the experiential over the material. Experiences and stories collected and shared are becoming a more common way for people to express themselves and build social capital. Whereas once the designer handbag was a signal of success in life, now a memory from an exotic holiday is a marker of status. This opens significant opportunities for the leisure sector, as objects are transformed into experiences, and consumers look for ever more exciting and novel experiences and events to discover.

Notably, there will be no serious diminishing in the extent to which consumers feel the need to indulge themselves: it is the flavour of this indulgence which is changing. Time pressure in everyday life has and will remain remarkably stable. Indulgent activities will continue to be met with social disapproval, but that has always been the case. Consumption desires are stretching far beyond the appetite for pleasure and hedonism. Experience is a new delicacy and is replacing traditional vice with risk-free gratification.

The *Prestige Luxury* scenario is developed around the seriously wealthy. It takes into consideration how HNWIs or rich celebrities can influence the purchasing decisions of others. Their wealth and their tastes are a glorious incentivisation for the designers of bikes, handbags, tablet computers, necklaces, kitchenware, mobile phones, wines, skin cream and so on. We could argue that the aesthetics generated by all this cascade down into the products produced for and purchasable by the moderately prosperous. This in turn shapes the lifestyle aspirations of those on ordinary to lower incomes. Gossip columns and show business chat shows are full of stories about the interaction between the astonishingly wealthy and outstandingly beautiful. This is a new *cultural nomenklatura* which is formed around, for example, the world of film stardom, glamour modelling, hedge fund wealth, oligarchies, and billionaire boardrooms. What would Monte Carlo or French Riverian be without the seriously wealthy? They are *Prestige Luxury* destinations. Indeed, places that host Formula One Grand Prix's and film festivals have developed as luxury status destinations.

The *Prestige Luxury* scenario means more products and services that were once the preserve of only the wealthiest of consumers are finding a broader audience. Luxury brands, keen to give consumers a taste of the products and services enjoyed by the mega-rich, are widening their offers to encompass demand from more mainstream markets. The whole implication of this scenario is that what the mega-rich devour every day, the rest of us would like to taste at least once in a while. Their appetites are characterised by customised exclusivity, artistic perfection and the best whatever the price. As the numbers of the mega-rich grow over the decade, this process will only harden.

The *Craft and Authentic Luxury* scenario references the search undertaken by some for real and original experiences and luxury products that are crafted. In turn, this can influence purchasing decisions across a wide range of sectors from the food we choose to eat to the leisure activities we undertake and the holiday destinations we favour. Here, individuals enjoy finding products or experiences that have clear links to a place, time or culture; ones that are reproduced in a traditional way, that are unique and that have a genuine story behind them. Such authenticity is



perceived as adding value and is prized as premium. Products with a clearly communicated cultural, historical, environmental or geographical provenance can hold significant appeal for global consumers. Many enjoy understanding more about a product's heritage, how, when and by whom it was created and the ingredients or components it comprises. Considerable status is also bestowed upon those owning the original version of a product.

This scenario has an association with the accumulation of knowledge. The holiday trip, for example, has become so much more than an excuse to simply laze in the sun. Instead, holidaymakers wish to experience different cultures and to sample local foods and leisure activities to a region or country; they wish to immerse themselves in the local vernacular—all at a premium. Such collectible experiences in turn become rich sources of social and cultural capital and an important means of differentiating ourselves.

This also relates to products or activities that offer a connection with the natural world as well as a return to some of the more traditional, honest and simple pleasures in life. In developing and rapidly urbanising countries, offers of this kind are likely to become increasingly appealing, especially as consumer-citizens manage the transition to urban lifestyles.

One of the challenges for luxury brands is that they face the risk of being perceived as too accessible and losing their exclusive appeal, so the responsive is to refocus on exclusivity through authenticity and craft. It is all about making luxury scarce. Luxury has always been associated with history, as there is a sense of durability, classic and craft, whether it luxury watches made the traditional way or bespoke suits made with the finest wool and crafted by the best tailor. Luxury brands have been associated with craft skill and made by master craftsmen. As such they are artesian, handmade and tailored by the buyer. Uniqueness and individuality command this scenario.

Concluding thoughts

Luxury has changed, without doubt. There has been a marked democratisation of luxury but as a response luxury brands have reinvented themselves through innovations, which are targeted, for example, at the seriously wealthy and which emphasise craft. The history of luxury is well documented, but what is not researched is its future. We cannot say exactly what the future will be, but we can illustrate a series of pathways or scenarios to discuss the future of luxury. The contribution of this paper lies in articulating those futures and, for those in the luxury industries, it aids in understanding how change has occurred or may occur. The paper allows practitioners to

explore the possible future of luxury and design products and experiences based upon identified drivers, examples, stories and the implications presented in this research paper. Those luxury brands face future challenges, so we expect them to use this paper for position and strategic responses.

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