THE LUXURY IDENTITY CRISIS:
HOW CAN LUXURY BRANDS REGAIN THEIR LOST MEANING?

An article written by Dr. Martina Olbert from Meaning.Global

We believe that luxury is experiencing an identity crisis, now more than ever. The question is: What is luxury? For this same reason, we invite Dr. Martina Olbert, the world’s leading expert on meaning in business and a visionary thinker redefining the future of luxury. She is the Founder and CEO of Meaning Global, a global strategic intelligence consultancy helping clients navigate the fast-changing socio-cultural context and understand how the evolving symbolic meanings in our world today impact brands and businesses and where their value shifts next.

Martina is a global speaker, brand advisor, consumer psychologist, social scientist, and business educator giving expert advice on meaning, culture, strategy, and the rapidly changing consumer behavior to some of the top luxury, consumer, and lifestyle brands in the world. She is regularly featured in Forbes, Luxury Daily, Luxury Society, BBC Culture, WARC, ELUXE, and Vogue Business, and is the author of The Luxury Report on Redefining The Future Meaning of Luxury.

Martina is the best person to reflect on this identity crisis and help us understand how luxury brands can overcome it by adapting their meaning to what people value as luxury today.

Dr. Martina Olbert explains the shift in the meaning of luxury and where the opportunity lies for luxury brands in the future:
What has happened to luxury?

This is the question that many people in the luxury industry are asking themselves at this point.

The luxury sector is facing a global reset right now. In recent years, luxury has experienced a massive change on many fronts at the same time: a shift in consumer patterns, the rise of digital, fast-changing geopolitical situation, the shift towards China as the soon-to-be dominant purchasing power in the global market, global adoption of social media as the primary e-commerce channel, instant access to brands via digital, and the emergence of a completely new generational cohort Gen Z, which is effectively rewriting the rules of luxury as we know it.

All of this in the span of just a few short years. Count in the global COVID pandemic that hit the luxury market in 2020 and we have a recipe for the perfect storm. But, all of these changes are not only affecting the global luxury market from a business and economic standpoint. More importantly, they are also shifting the cultural and social meaning of luxury and how we define it.

Facing the identity crisis

The identity crisis of luxury mirrors the identity crisis we are currently facing today in our society. Thanks to the reminder of COVID which disconnects us from our everyday lives, we were forced to reconnect with ourselves; with our inner essence, humanity, higher needs, and our spirituality.

The COVID pandemic has effectively sent our society in search of its very own meaning and has pushed us to reinvent our lives and become more authentic versions of ourselves. In many ways, it has shown us that authenticity is a new luxury. We have ventured inward to rediscover our authentic sense of self, essential needs, and lasting human values. This new quest for meaning in our own lives has fundamentally shifted where we place value, what it is that we’re looking for in consumption and what we deem luxury in our real everyday lives.
Stepping into the New Luxury paradigm

This new focus on human essence and higher needs is leading to an emergence of the New Luxury paradigm. The COVID pandemic has served as a catalyst speeding up the transition to the New Luxury much faster than the luxury sector would be able to do under normal circumstances.

We are now moving away from the previous conspicuous luxury consumption towards the new conscientious, meaningful luxury. The things and experiences we now consciously choose to consume and surround ourselves with need to become extensions of who we are, to compliment us. We now aspire to luxury products as value enhancements of our own lives, rather than venturing away from our own lives into aspirational brand worlds that don't connect with our authentic values and our sense of self. We still aspire, but we aspire to many different things than we did before. Conscientious Luxury is driven by essential human needs, values, and personal identity, connecting with what matters and adds real value and meaning to our lives.

The old versus new luxury

In the past, where the majority of people had arguably very little possessions, material excess, flashiness and opulence were seen as the ultimate symbols of luxury. Luxury is always in the experience of scarcity and rarity as it is out of the ordinary. Therefore, in this historical context, the old concept of luxury made sense.

Today, however, we live in the age of over-abundance where we are facing the opposite situation. The excess of material possessions has become the norm. What is scarce today are ironically the human essentials: time, space, clean air, peace of mind, meaning, human touch, and deeply meaningful connections with other people. Therefore, in this new context, luxury brands need to turn their focus to the intangibles to craft more meaningful value and authentic experiences that people can connect with based on their own identity, who they are, and whom they want to become.
True luxury is about transcendence

At their best, brands should help us become more of who we are to transcend the present moment and experience something deeper and more profound. This is twice as true for luxury brands as they are the leaders in crafting superior value. Luxury brands were always the leaders and never the followers. They stand at the epicenter of craftsmanship, beauty, timelessness, and creativity.

Luxury has always been about transcendence. Its nature of beauty gives it a divine element that surpasses the here and now and transports us somewhere else, to a higher state that connects us to our spirit. When done right, luxury is a deeply spiritual practice that is about uplifting our senses as well as the mind. It should be about elevating our everyday life experiences, rather than gaining social validation through others.

Luxury objects should be spiritual objects for everyday use - that is why they're full of meaning. This sudden twist back to the human and spiritual roots of luxury gives luxury brands a unique chance to return to their inner essence and tell their story in a way that catapults the customers to a more profound place where the brand's essence meets our human essence.

This is the essence of luxury. This is where the true value of luxury lies in transcendence. When luxury brands understand how to be the leaders again, how to craft superior value, and create meaningful and authentic experiences that allow us to identify with deeper parts of ourselves, the essence of luxury will return to the luxury sector.

This is how luxury brands will regain their lost meaning: by coming back to their essence as well as ours.