

WEBINARS

## As market demands scale, scarcity remains sector's greatest asset: Women in Luxury 2023

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*A select few high-end brands exhibit "extraordinary restraint" to day, resisting the pressure to expand endlessly in favor of age-old luxury values. Image credit: Shutterstock*

By AMIRAH KEATON

As unprecedented rates of growth throw the industry for a loop, LVMH's former head of North America outlines the impacts of an ongoing identity crisis during the sixth-annual digital conference.

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Present day, by virtue of limited availability, luxury's obsession with scale goes head-to-head with a finite volume of precious resources materials like precious gems and high-end fabrics. As *Luxury Daily's* Women in Luxury panelist explained during last Thursday's fireside chat, the layout presents a definitive paradox for leaders looking to meet demand and remain relevant while preserving values of exclusivity.

It's very difficult to be true to luxury and play at the multibillion-dollar level that many brands today do," said Pauline Brown, author of *Aesthetic Intelligence: How to Boost It and Use It in Business and Beyond* and marketing professor and executive-in-residence at [Columbia Business School](#), New York.

"The scale effect dilutes [the luxury sector] to the extent that in order to scale, you can no longer work with those precious diamonds, there are just not enough of them," Ms. Brown said. "In order to scale, you cannot offer the service level of a boutique shop that only has a few customers... they know them, they go back generations."

"All of that gets watered down."

The April 27 webinar, "Luxury's trajectory this decade," was moderated by Mickey Alam Khan, editor-in-chief of *Luxury Daily*, New York.

A closer look at luxury

To the question of where the expert sees the luxury sector heading, Ms. Brown takes a look back, explaining that what was once a playground for royals with high titles and aristocratic ties has become fairly democratized over the centuries.

"Luxury, if you go back hundreds of years, was always about hard-to-make, hard-to-find, lasts forever," Ms. Brown said.

"I could probably count on one hand the number of brands that still abide by [this]."



*LVMH's former head of North America outlines the impacts of the industry's ongoing identity crisis during the sixth-annual digital conference. Image credit: Luxury Daily*

Ms. Brown shares that a mid-20th century shift saw self-made individuals gain the capital and, thereafter, the access required to begin buying into the high-end category.

"The fact that [luxury goods are available] to people who maybe, a generation ago [to] five years ago, could not have afforded these products, to me, [is] not as objectionable," Ms. Brown said.

Present day, by virtue of limited availability, luxury's obsession with scale goes head-to-head with a finite volume of precious resources materials like precious gems and high-end fabrics, presenting a definitive paradox for leaders looking to remain relevant while preserving exclusivity.

"A Harry Winston diamond necklace is hard to find not because I couldn't do a Google search and see a picture of it, but because there are only so many diamonds of that caliber that are mined in the course of a decade,"

"There are only so many artisans that know what to do with a raw stone that's that valuable," she said. "That's the scarcity value."

"I do see a number of brands that show extraordinary restraint in keeping with their luxurious principles," Ms. Brown said. "Hermès, if they so chose, could be 10 times the size tomorrow, just by producing more, bringing the price point down a little bit, opening more stores."

"They have decided that in order to stand by the quality and to keep the preciousness of what they do so valuable that they won't."

Return to normal

Besides a career spanning the cosmetics, fashion and leather goods verticals at companies such as Estée Lauder ([see story](#)) and Louis Vuitton Mot Hennessy, Ms. Brown also carries a history in private equity, having previously served on the board at Italian fashion company Moncler.

As mentioned, the corporate experiences lent the former executive insight into what it takes to build a luxury brand, including why some last and others do not, allowing the panelist to apply learnings on a broader scale in the world of luxury goods.

In terms of the evolution in differences between a truly bespoke brand and premium labels of a lower quality dressed in high-end finishings, Ms. Brown points to the removal of travel from the luxury experience over time as just one distinguishing factor, suggesting that elements of immediacy brought about by an era of digital shopping has in and of itself contributed to a sense blurred lines.

"The gap is narrowing, for sure," Ms. Brown said.

"It used to be... that in order for me to get Chanel ready-to-wear, I would actually have to travel, most likely Paris," she said. "There'd be a few posts, maybe one in the U.S., in New York."

"Now, there are so many [stores], in second and third-tier cities, I think that kills the dream."

Luxury Daily's sixth annual Women in Luxury 2023 digital conference is designed to reflect the expertise and smarts of leaders in the luxury business. <https://t.co/KeCVdQLScb>

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The insight is particularly noteworthy now, considering the rise of in-person, experiential retail, shaped in the aftermath of the COVID-19 pandemic ([see story](#)).

As hinted at by the Thursday morning speaker, perhaps a rerouting in-store could mark a return to luxury's roots.

"I'd like to think that luxury fashion will get back to the local, and the special, and the personal and the cultural discovery that it has lost," Ms. Brown said.

"I'd like to think so."

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