

Wealth Report: Real Luxury Is Back

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So-called luxury-goods companies are getting clobbered.

You can see it in the earnings of Christian Dior or Richemont, or the empty aisles of Saks and Neiman Marcus. As if the economy weren't bad enough, wealthy consumers are allegedly suffering from "[luxury shame](#)," feeling guilty about paying \$5,000 for a handbag while Rome burns. Luxury, in short, is dead. Or not.

A new survey from Prince and Associates shows that true luxury — goods that are rare, expertly made and sold to a select few — may be making a comeback. And the truly rich couldn't be happier.

The survey, which polled 108 private jet owners with a mean net worth \$116 million, found that 94% of those surveyed defined luxury as "for oneself," rather than for the masses (2.8%). That marks a big change from last year, when 37% agreed that luxury should also be for the masses. What's more, 92% said they feel no guilt over luxury spending today, since they said the money was hard-earned. (So much for luxury shame among the jet set). And 73% said a true luxury brand is a reward for being elite.

"What you're seeing is a shift to real elitism," says Russ Alan Prince, the president of Prince Assoc. "The rich like it better that everybody can't be part of the luxury boom anymore." Mr. Prince said the fall of the so-called mass affluent or "trading up" crowd could return luxury to its roots — selling super-crafted, little-known status to a select few. Needless to say, Tiffany charm bracelets, though labeled as luxury, convey about as much status as a mood ring.

"Luxury is becoming luxury again," he said. "I say we're entering a luxury Renaissance." Granted, even the super-rich have cut back, with most in the survey saying they plan to spend less on luxury goods. But they plan to buy fewer goods of higher quality, rather than scrapping luxury altogether. Fully 82% said they plan to make fewer purchases, but 72% said they plan to make "more upscale" purchases.

In other words, if you're Hermes or LVMH, you're going to do better in the coming months than Burberry or Coach.