

A general theory of luxury: How Magic, Power, Success and the Individualism shaped today's luxury

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1. INTRODUCTION

The luxury market is an interesting and attractive global market that has consistently grown at attractive rates (D'Arpizio, 2013; 2014; 2015; 2016; 2017) over the last years. According to Brun & Castelli (2013), "most authors agree that luxury doesn't actually refer to a specific category of products but rather indicates a conceptual and symbolic dimension, which is strongly identified with the cultural values of the society of a particular historical period".

The concept of luxury is rich and has evolved over the last millennia, becoming complex and multivariated, reflecting the evolution of human society. Luxury has developed different meanings over time that have influenced its current concept, making it hard to define without a wide historical, social, anthropological, economical, philosophical, political and theological perspectives, as previous studies that proposed different definitions have shown (Lipovetsky & Roux, 2003; Berry, 1994; Castarède, 2006; 2008; 2014; Strehlau, 2008; Christodoulides et al, 2009); De Barnier et al, 2012, Dubois & Laurent, 1994; Heine, 2012; Lahtinen, 2014; Brun & Castelli, 2013, Cristine et al, 2016, Csaba, 2008; etc.).

The opportunity has matured to conduct a study aggregating these different contributions and to propose a general theory of luxury presenting the relevant variables. This theory would be an important tool for marketing managers to support their strategic decisions and a strong conceptual support for academic researchers.

2. RESEARCH PROBLEM

The research problem of this study is to identify and aggregate different influences in the evolution of the concept of luxury and relate the different variables into a general theory of luxury.

3. LITERATURE REVIEW

3.1. A brief history of luxury

The concept of luxury has existed for many millennia and has been evolving over time. To fully understand today's concept of luxury, first we must review its history, from its conception, in the Stone Age, to today's society (Lipovetsky & Roux, 2003, Berry, 1994, Castarède, 2006; 2008; 2014). This evolution can be summarized in four eras. Of course, many remarkable moments have happened over such a period of time in human history, so these four eras propose a schematic time view.

3.1.1. The era of magic

During the Stone Age, humankind was nomad (Berry, 1994), living from the animals they could hunt and fruits and roots they could find ripe for consumption. It was a hard life, fighting nature and beasts, as food was uncertain and depended on luck, apart from skill and strength. They had to learn to read signs of the cycles of the nature that could help them survive, as the best periods of the year to find food, climatic changes that could lead to herds' migrations, and so on. This intense interdependence with the environment resulted in a mystic association of that magical powers to elements of nature, as the sun, the moon, the mountains, the sky, the animals, etc., became the first deities. The whole nature was believed to have magic powers that could provide survival.

The first forms of luxury (Lipovetsky & Roux, 2003) is the abundance of food, attributed to these gods of nature, but an ethic of luxury without the concept of wealth or faust. The humans see themselves as special beings that communicate with the gods and receive their blessings. They offer their best goods (Berry, 1994; Castarède, 2006; 2008, 2014) as gifts in rituals performed by a spiritual leader and his helpers in a consecrated place in exchange for a better life in the future, renewing a cycle of protection and survival. These sacrifices are offered in the name of the collective (Mauss & Hubert, 1899; Silva, Cerchiaro, Mascetti 2004), in a great

party expressing happiness at the end of the cycle, with special music, ornaments, body paintings and the distribution of all goods available to all members, in the faith that the deities will provide them with more in the future. The gift exchange implies (Mauss & Hubert, 1899) that the deity deserves the generosity and it would be dishonorable not to reciprocate with an alliance and other benefits. The gifts, as being the best ones, more precious, assume magical power and virtues to attract the favors of the gods.

Today we have a strong although somewhat unconscious influence of these associations of luxury with magic powers, gifts that generate happy returns, offered in special places and rituals for its submission.

Today we live in an era of desacralization (Lipovetsky & Roux, 2003) where the sacred has been substituted by the secular, and the mythical shaman has been substituted by the luxury brand artistic creator. Dion & Arnould (2011) mention the magic powers of the artistic creator of a luxury brand, able to turn common objects into valuable works of art. They cite Bruce Kapferer (1998, 5) that magic “deals with the forces of intentionality and its transmutations that are at the heart of the creation by human beings of their social... worlds” and complement that one can “see the artistic director as a kind of magical being who not only passes on his/her revelation but also “transmutes” (rewrites) codes of beauty and fashion and creates a distinctive imaginary world”. One could add that the charisma and the magic of the brand and its creator is brought to consumers by their helpers, the salespeople, in special places, and the stores are “luxury sacred temples”, the flagships (Moore et al, 2010) where, through rituals of purchase and consumption it will be transferred its magical powers to the final users.

That implies that the stores have to be designed in order to evoke associations with a temple, by the design of the *servicescape* (Lovelock et al, 2011), making use of spacious layout and refined decor, scents, music, lighting and colors, purposeful training processes that creates rituals for the experience of the brand, and appropriate dress and behavior of the salespeople. In this era of desacralization of the sacred (Belk et al, 1989), the consumption is being conducted as a ritual, like a rite of beauty for cosmetics, spas, plastic surgery, physical training, etc., or rites of passage, like pregnancy, birth, birthday, society debut, marriage, mourning, and many others. The product has to be special, creating an aura of rarity and craftsmanship. The magic of a brand is an important attribute and was ranked third (Kapferer, 1998) as an attraction factor of the luxury brands. Special care should be devoted to the packaging design (Chind, 2012; McIntyre, 2011), that should be able to express the special powers of the product inside. Rare raw materials, specialized craftsmanship and differentiated design should be employed.

3.1.2. The era of power

It is estimated that humankind learned to domesticate animals (Brisbin & Risch, 1997) around 11,000 BC and plants (Shelach, 2000) around 8,000 BC. Initially in areas close to rivers, where water was abundant, like the Tigris and Euphrates river system, with their tributaries, in Mesopotamia, Western Asia, the Nile in Egypt and the Yangtze and the Huang He (or Yellow River) in China, agricultural techniques spread all over the world with great changes to human society. Humans became sedentary to be able to explore the land and raise animals with increased productivity that made it easier to provide for their existence (Lipovetsky & Roux, 2003; Berry, 1994; Castarède, 2006; 2008; 2014; Han, Nunes & Dreze, 2010; Chan et al 2014), with less dependence on hazard hunting and collecting, and the favors of nature.

The increase in production resulted in abundance and excess supply, that can be exchanged for other goods and generate wealth. Abundant food means better health, with people living longer and population growth. The different crafts in a sedentary society allows specialization, with people becoming traders, artisans and soldiers, creating a stratified society with a hierarchy of social classes with different levels of power, wealth and social status. The ability to have specialized soldier makes these societies more powerful, as they can conquer more land, slaves and wealth from weaker societies.

The search for symbols of social position changes important social practices like dressing, possessions, dwelling, burial sites (Berry, 1994; Lipovetsky & Roux, 2003), etc., that reflect this new social hierarchy. For the more powerful citizens, luxury goods are essential social markers. The kings associate their power with the gods, and present themselves as god-kings, either as having divine origins or divine rights given by the gods. Together with the priests, they are the link with the deities, responsible for peace and prosperity, almighty and with the right of life and death over their people.

In religion, as humans become more powerful, one observes a process of fusion between ancient gods that were nature beings and the god-kings, in an anthropo-zoomorphic metamorphosis where they assume more physical and (positive and negative) moral human characteristics. This fusion means that now the god-king can also be the receiver of the gifts and bringer of good things to his people. His living place and his burial places are sacred places that have to receive luxury features to symbolize this power. Arts of civilization as pottery, metallurgy, weaving, painting, music, dance, gastronomy, poetry, etc., evolve to provide luxury to these places.

Luxury is no longer only dissipated as a sign of hope of receiving it back in the future as it was in the previous era, but its accumulation now also becomes a sign of power (of the gods and the god-king). Now as a god, he has to provide for his people, so he will have to use his power and wealth for the collective good, creating public buildings like monuments, statues, forums, arenas, circuses, markets, and promoting great faustuous festivities that mark the great cycles of life and nature, and the conquests of the society. Eventually others in the court also assume this new role by association, and to express their high social status, the noble class also offers public festivities, lives in luxurious palaces and throws ostentatious and wasteful banquets. The fragmentation of the society results in fragmentation of luxury (Berry, 1994), that assumes many arts and forms in different social circles. We have a division of the luxury in sacred and profane, public and private, in religion and in the higher classes and court.

The access to luxury for new social groups creates a negative reaction (Berry, 1994) for different reasons. In the political level, a struggle for power tried to justify the denial of access on moral grounds. Greek and Roman thinkers like Plato, Aristotle and Cicero proposed that ostentatious and superfluous luxury was a non-natural corruption of the virtues of the simple life, offering false pleasures that weaken the farmer, deviates the artisan from his vocation and causes the cowardice of the soldier. These were noble activities that were being corrupted by the avarice of the trader, that was more interested in monetary gains when offering the excesses of luxury for a profit. The merchants were presented as people that lived from selling the same goods for higher prices, exploring the desires of the people and using the passions of luxury for personal gain. In his "Republic", Plato (1937) assigns the tasks of storekeeper and salesman to the unhealthy: "In well-ordered states they are commonly those who are the weakest in bodily strength, and therefore of little use for any other purpose ...". Aristotle ordered economic activities (Baker, 1952) into a hierarchy of worthiness. Agriculture and handicrafts are termed natural and productive, while exchange in all its forms is less desirable. He denounces retail trade as unnatural and base, explaining that it is "justly censured, because the gain which results is not naturally made [from plants and animals] but is made at the expense of other men". Cicero says (Haney, 1949) that merchants "are to be accounted vulgar; for they can make no profit except by a certain amount of falsehood ...".

This derogatory view (Steiner, 1976) of the tradesman spread its roots through the ages and eventually contaminated advertising, marketing and business in general, creating the ancient clash of the *old wealth* vs the *nouveau riche*, the gentle noble threatened by the uneducated arrivist. One reaction was the creation of sumptuary laws, defining where and who were allowed or not to have access to luxury products, irrespective of their purchasing power, but associated to specific social classes. Luxury (Wilkins, 2008), "throughout history (in the ancient Greek times, in the Roman era, in the medieval period, and in the Renaissance up until the 17th

century) has been limited by the guardians of an orderly society, where luxury was perceived as a danger to be limited to a public place". In 1327, under Edward III of England (Freudenberger, 1963), a law was enacted to control "the outrageous and excessive apparel of divers people against their estate and degree" and they would only disappear in the XVIII Century "by the increasing individualism and economic freedom of the time".

As a similar strategy of power control, the catholic church (Berry, 1994) condemned luxury for stimulating mundane pleasures and its association with the sinful and erotic woman. In the V century, Augustine of Hippo (Berry, 1994) appointed luxury as an excessive stimulator of passions, associates it to luxuria, sin and sex (he also defended virginity and celibate). The consumption of luxury by women resulted in more temptations and should be avoided. People should relinquish luxury in order to save his soul.

Over this period, we observe a slow evolution of rights (Freeman, 2011), from the natural rights and the codes of Hammurabi to the Greek and Roman laws, that stablish rules that could depend on social status and other factors, to the first guarantees of human rights, where everyone has the same rights, simply for being a human being, as in the Magna Carta, signed by King John in 15 June 1215, but this trend would only consolidate with the American and French revolutions in the XVIII Century. The Magna Carta acknowledged the divine origin of the power of the king, but not his absolute powers of life and death. The power should be exerted in the benefit of the people within some restrictions.

The heritage of this second era to today's luxury derives from this association and fusion of divine with secular power. Luxury becomes a status symbol of high hierarchical position and religious, social or military power, as still is today. Luxury arts as pottery, metallurgy, weaving, painting, music, dance, gastronomy, poetry and others develop to represent symbols of status. The role of provider of good things (public buildings, festivities, etc.) is shared between the gods and the god-king, creating the concept nominated by Balzac (1836) as "*noblesse oblige*", a French expression meaning that "nobility has its obligations", so today we have this strong social value that those socially well positioned should contribute to charity, social causes, public works and the general well-being of society. Luxury as an art creator (Kapferer & Bastien, 2009) has to be a trend setter, offering what will become mainstream art in the future, sponsoring new talents, new styles and new forms of art expression. According to these authors, "... the function of luxury is the aestheticization of society, the overtaking of the material by the spiritual, elevation through beauty and art" "the accumulation of material wealth should encourage and offer elevation through the intangibles – here the arts – to all".

There are also relationships with art as result of the previous era – the creative design has the magic powers and the brand can practice this magic in "temples of art", as museums, galleries, biennales and expositions sponsored by the brand. Research by Jelinek (2018) has shown that "integrating art consistently and authentically within the whole value chain system, leads to a higher brand equity". This stream of art is complex and difficult (Chailan, 2014) and is an interesting positioning strategy for luxury brands as more exclusive, making the consumer feel special and unique. This author identifies from the practices of the major global brands in the luxury industry four main types of collaboration between a luxury brand and art: Business Collaboration, Patronage, Foundations and Artistic Mentoring. Another influence of this era is the prejudice against luxury, that is still strong today, and will only be countered in the next age, when the growth in power and wealth of the merchant class will lead to a new view of their social and economic contribution to society.

Sumptuary laws were common during this age as a mean to control access to status symbols only to those worthy. Today they are no longer restricted and are used by luxury brands as signs of wealth and power.

3.1.3. The era of success

With the end of middle age and the emergence of the economic policy of mercantilism (Lipovetsky & Roux, 2003, Berry, 1994, Ormaechea & Sanchez, 2013), the bourgeoisie becomes so rich and powerful with the new trade markets that they become bankers and partners of the royalty and the church, and with the intimacy, came the desire to have the same luxury they witness in the palaces of the religious and state powers they now rival in wealth. A good example was Jakob Kugger, “the rich” (1459-1525) (Strieder, 1931), German banker, industrial and trader, painted by Albrecht Dürer (1519) in the period when he was negotiating a loan to Charles I of Spain in his imperial election that proclaimed him Charles V of Germany. He was active in the trade of spices with the Portuguese crown and its colonies, was the first non-Portuguese to invest in Brazil, in 1503, through his representative Fernando de Noronha (just three years after the official discovery by Cabral), and his fortune was estimated in today’s currency in 400 billion euros.

The end of feudalism and the beginning of the Renaissance (Berry, 1994) was characterized by the reduction of the power of the feudal lords, the increase of power of the royalty as they gather powerful mercenary armies with new military technologies (like the more efficient long bows) and we witness many battles for regional and European supremacy, that means high expenses to be financed. Apart from private financing, that incurred in high interest rates and debts, inflated by the scarcity of gold and silver in Europe, mostly under control of the bankers, we have a new policy of state intervention in the economy, the Mercantilism (Blaug, 1997). Based on the idea of fostering positive balance of trade, the State wants to generate wealth by conquering colonies where cheap raw materials could be obtained and used in the production of goods by the protected and subsidized local industries, in order to substitute importation and increase exportation, with positive balance of trade. Under this policy, the period witnesses an explosive growth of wealth of those dealing with banking, imports of raw material or precious goods from the colonies and exports of manufactured goods, and imports-substitute goods supported by state incentives in protected markets.

The most remarkable example is the birth of the luxury industry in France, (Burke, 1992; Barry, 1994), when Louis XIV found the national treasure depleted by war campaigns and expenses of his predecessor and, seduced by the luxury he saw in Spain at the court of his father-in-law, Philip IV, funded by the Spanish colonies, he developed a policy with his Minister of Finances Jean-Baptiste Colbert, that would turn France into the main producer of luxury in the world. Among others, he banned the Dutch tapestry and created La Administration Générale du Mobilier National et des Manufactures Nationales de Tapis et Tapisseries - Manufacture des Gobelins in 1650, he banned imports of glass, crystal and mirrors from Venice and created La Manufacture Royale de Glaces de Miroirs, later Saint-Gobain in 1665, and he banned Chinese porcelain and created La Faïence de Rouen in 1673. At this same year, he prohibited Italian opera and plays and instituted the monopoly of La Comédie Française. As a way of reducing the power of the medieval lords and the nobility, he ordered them to move to the court, away from their base of power, and created new rules of behavior in the court, the arts of the court: etiquette at the table, ballet, opera, fencing, equitation, as new forms of status symbols. The increase in the production and offer of luxury goods and the increase in the demand for luxury goods through the wealth generated from banking, industry and trade resulted in a new market for luxury goods, the bourgeoisie, eventually ending the exclusivity of access to luxury for royalty and church, and the sumptuary laws. This wider access can also be seen as a further step into individualism, that will become the norm in the next era.

Luxury now also becomes associated to success in acquiring wealth and success in society, of being able to rise to higher social levels through personal efforts and skills. This new market, apart from consuming the existing luxury, also created demand for new forms. They still used the existing symbols of power and wealth, like great castles and palaces, armies of servers, ostentatious banquets and parties, and patronage of arts as a way of expressing their power and

prestige. But they also started the declericalization of arts, that used to represent only divinities and kings (Lipovetsky & Roux, 2003) and now portraits the newcomers, as for instance in the famous pictures “Portrait of Merchant”, by Jan Gossaert or “A Merchant of the German Steelyard: Hans of Antwerp” by Hans Holbein the Young, where the sitters are depicted in expensive clothes but in more informal poses in their workplace, with instruments of their trade, as documents, quill pens and coins. A quest to achieve immortality through the arts created a strong demand for paintings, statues and other forms of representation, and a new form of literature was created, the autobiography.

A new form of distinction as a luxury status symbol in this period becomes the personal association with arts, through individual good taste and culture, chasing esthetic and erudite pleasures, as expressions of own value. This individual desire of distinction leads to a new form of patronage, not public as before, but now in a private way. This new and strong demand for luxury items for private pleasure creates a dynamic market for artworks, antiquities, production of manuscripts, translation and copy of Greek, Latin and Oriental texts, the emergence of archeology and the creation of private collections and libraries that would eventually become the museums.

This new-acquired status of the bourgeoisie brings new debates to religious and economic thinkers of the time about the concept of the individual and its rights, challenging the existing powers and rights of the church and the state.

Martin Luther, originally an Augustinian monk, was a key player in the Protestant Reformation (Berry, 1994), rejecting many teachings and practices of the Catholic Church, when he published his 95 theses in 1517, criticizing the sales of indulgences and the interference of the church in the state, contesting the authority of the Pope, defending the bible as the only true source of the words of God (Plass, 1944), and restoring the ancient concept of universal priesthood, where all baptized Christians can be in direct contact with God, without the need of the church’s priests (Luther, 1958). The defense of more power for the people (and the resulting valorization of the individual) and the exhortation for all to become literate to be able to read the bible contributed to the diffusion of these ideas and to advance many changes in the social structure of power.

In the economic field, many thinkers are discussing the old restrictions of power concentrated in the hands of church and state, proposing moral and economic reasons to have it share with the new powerful class, the merchants and bankers. The old reasoning proposed that luxury was dangerous to the society and should only be used under control of the sumptuary laws and conducted in a limited form in public places as benefits from the church and state to the people. Nicholas Barbon (1640-1698) criticized (Berry, 1994) the mercantilism and the state as centralizer and wealth accumulator, the idea that luxury was superfluous and harmful to the nation and defended free market. He proposed that the will of the people should drive the market, influencing later thinkers as Keynes and Schumpeter. In his view, trade caters to the legitimate and just needs of the body, the mind and the soul, pleasure and well-being in life, because these needs are noble and distinguish men from the basic needs of the beasts. The needs of the soul are infinite and can generate infinite markets, in particular for luxury and fashion, stimulating the economy.

Bernard de Mandeville (1670-1733) acknowledged (Berry, 1994) that luxury had some shortcomings, but these were human flaws that existed independently of luxury, but, on the other hand, luxury had many compensatory virtues, providing personal and social well-being, economic growth, as the quest for pleasure and happiness was a high need of the human being, making people more active and prosperous, and contributing to the wealth of the nation.

Influenced (Berry, 1994) by the pioneering ideas of the father of liberalism (a moral philosophy of liberty and equality), John Locke (1632-1704), in the following XVIII Century the movement of the Enlightenment (1715 – 1789) proposed the use of reason, analysis and individualism in

place of the authoritarianism and intolerance of the church and the state, the expansion of civil rights, and in particular, reinforced the defense of luxury as beneficial to people and society. David Hume (1711-1776) proposed (Berry, 1994) that only the excesses of luxury were pernicious and corruptive for society, but the search for physical and mental pleasures, with refinement, is desired in a civilized society that cares for the well-being of its members and can be a driving force more important to social development than just common political good will. Adam Smith (1723-1790) also defended luxury as positive to the well-being, as long as the excesses were avoided. The invisible hand of the market guarantees that luxury answers to a demand derived from collective will, resulting in more specialization, productivity and the development of art and sciences, generating growth, wealth and well-being.

All these ideas contributed to counter the ancient prejudice against luxury, making it a legitimate trade, as long as it does not conduct to excesses.

As an opposing ideology (Steiner, 1976), at the end of XIX Century, “hearkening back to Aristotelian roots, basic Marxist doctrine has been a major contributor to the hostile image of marketing”. He goes back to Greek times to criticize traders and producers when he “sees value as emanating almost entirely from the creation of form utility. He does grudgingly concede that transportation and storage are productive economic activities, not because the creation of place and time utility is valuable, per se, but on the grounds that shipping and warehousing are a continuation of the process of production”. The social function of the trader is no longer recognized. “In a characteristic explanation of the source of value, Marx tells us: “Already in the minute when the commodity is finished, before it leaves the hands of its first vendor, it must be worth as much as the final purchaser, i.e., the consumer, pays for it in the end.”” This should lead to a generalized prejudice (Berry, 1994) against luxury in communist governments, with restrictions, taxations and even prohibition.

The consolidation of the concept of individual rights continues and two significant moments are the American independence revolution (1776) and the French revolution (1789), another step to the next era of individualism.

As luxury becomes more individual (Lipovetsky & Roux, 2003), sumptuary laws are extinguished and fashion becomes less rigid and hierarchic, and the old apparel that involved and dissimulated the body, reflecting the hierarchic social immobility, is abandoned by new ways of expressing subjective personal tastes and preferences. The costumes are tighter, molded to the body and its shapes, more ephemeral, elaborated, colorful, detailed, mundane, ludic, capricious and directed to human pleasures, adding a new dimension of merriment, taste, exuberance and dissipation.

Fashion creators are recognized and valued as bearers of the creative magic of luxury and its esthetic pleasures, no longer anonymous but authors that sign their creations and influencers of new trends. The occupation becomes well remunerated and socially recognized, and those able to create unique pieces, in opposition to the serial craftwork, are able to have their own “maisons”, commercial houses that originated the great luxury brands. From the XIX Century on we have the birth of many luxury brands, among others: Christofle (1830), Jaeger-LeCoultre (1833), Hermès and Tiffany (1837), Fabergé (1842), Cartier (1847), Patek Philippe (1851), Goyard (1853), Louis Vuitton (1854), Burberry (1856), Panerai and Chopard (1860), Lalique (1885), Lanvin (1889), Ritz (1898), etc.

The luxury fashion industry kept growing and in the XX Century it became a relevant economic sector, especially in France, where (Lipovetsky & Roux, 2003), in 1925, “haute couture” represented 15% of the country’s total exports, mainly to other countries of Europe and the United States, and Chanel produced about 28 thousand pieces, employing four thousand people. The popularization of luxury created a new concept, the semi-luxury, or false luxury (Lipovetsky & Roux, 2003), with the industrialization of craftsmanship, creating standardized, degraded copies to new middle classes that aspired to luxury, with lower prices, more quantity

and more accessible. This serial handicraft offered bric-à-brac jewelry, curios, statues, rugs, furniture, etc., selling in a new format of luxury temples, the department stores, like the pioneer “Le Bon Marché” (1838), in Paris, and the Liberty store (1875), in London. They introduced low prices, fixed prices, return guarantee, free access, wide line of products and advertising. A false democratization that made luxury much more popular, although distorting the original concept.

The Two World Wars had a significant impact on society and luxury. The threat of dictatorships, the suffering of the wars, the increasing role of woman in the workforce and the valorization of democracy, equality and the individual led to a rejection of the most visible signs of status and power and, in the words of Balzac, “the luxury of simplicity”, the esthetics of discretion, offered democratically with the support of the technological knowledge and industrial capacity obtained with the war effort.

In summary, over this period, it can be observed that mercantilism brought new wealth and status to the bourgeoisie that had its social value recognized, and its access to luxury morally and economically justified. This changed luxury to a more private, personal, subjective experience, where esthetic and erudite pleasure and taste became relevant, catering for the higher needs of the human being, and that was positive for society, as long as there are no excesses. Luxury is no longer exclusive to those with power in church and state but is also associated to personal success through work and skills. The view that luxury is bad for society is gradually dismissed.

Creative artists that can offer personalized luxury solutions gain status and economic power in this new market, originating the maisons and the luxury brands.

The dissemination of the concept of the individual increase demand for the democratization of luxury and industrialization answers with a “false luxury”, industrialized craftsmanship offered in the new temples of luxury consumption, the department stores.

3.1.4. The era of individualism

The concept of the individual and his rights (Lipovetsky & Roux, 2003; Berry, 1994; Castilho, 2006) evolved over the last eras and in the after-war period, society reached a new stage where the process of deinstitutionalization of the church and the state led to deep changes in the concepts of family, religion, sexuality, fashion, politics, etc. Without the guiding principles of the old authorities, people began to think on how to find happiness and solve social problems by themselves. A quest for social justice, reduction of poverty and unemployment, and the reduction of state intervention and taxes, resulted in more social conscience, coupled with an individualist drive that borders narcissism, where the influence of even the closer equals is not relevant, free from any conventions.

This constitutes what Lipovetsky calls the era of Hypermodernity, where we have an exacerbation (and not a contestation) of the values created in modernity, elevated in an exponential form. A liberal society, characterized by movement, fluidity and flexibility, by the culture of the excess, the intense and the urgent, the demand for undefined progress without defined destiny, a demand for the right to instant happiness, prestige, beauty and luxury, to take pleasure in being different, original, privileged, ready to lead his life according to his own interests, enjoy experiences and the most intimate emotions. Luxury (Truong, McColl, & Kitchen, 2009) is not just to express social class, but becomes a way to strength self-image, admire oneself, see oneself as unique, self-reward this singleness.

This leads to a wide diversification of life models, with different references. Luxury becomes diversified and directed to the masses, a mass phenomenon and a democratic right. Individualism values products that help one to detach from the crowds, hedonism increases demand for products that offer immediate pleasure and narcissism looks for products that improve physical appearance, eternal youth and health. Now the worst thing that can happen to

someone is to become old and ugly. The concept of luxury is now defined subjectively by each consumer.

This new mindset is answered by the New Luxury (Danziger, 2005; 2007; Silverstein & Fiske, 2003; Silverstein et al, 2008; Truong, McColl, & Kitchen, 2009), a much different kind of luxury, when compared to the Old Luxury of the previous eras. The products in demand in the new luxury are the esthetic surgery clinics, the spas, the health clinics, sports and leisure activities that reinforce the cult of the perfect body, and retirement homes where old people can remain (or, at least, feel) young. Experiences become more important than goods, luxury has to offer pleasure, voluptuousness, a feast of senses and emotions. It doesn't have to be expensive or exclusive, but it can be small rewards for oneself, a self-caress, a small mindless madness. One can use an experience to play an aspirational role, a ludic game, or to pretend to be rich for a few moments. This led to a relevant growth of the hospitality industry, with the travel industry (Kotler et al, 2017) becoming the world's largest industry. International travel has receipts of over \$1.33 trillion and over 1.25 billion travelers. Gastronomic experiences, personalized travel packages, spiritual retreats, all can be new destinations. The pleasure of consumption is also a luxury, and the department stores are joined by the luxury shopping centers and the outlets as new temples of luxury.

The recent preoccupation with sustainability in luxury (Joy et al, 2012; Cherapanukorn et al, 2014; Kapferer & Michaut, 2015; Winston, 2016; Kapferer & Michaut-Denizeau, 2017) led to a greater conscience on the origins of the raw materials, sources and conditions of labor, and possible environmental impacts.

For companies, this new market presents a new scale of numbers of customers and income. Luxury companies used to be small familiar business working in market niches with resources to conquer bigger markets, and a new business model had to be created. Business entrepreneurs initiated a process of fusions and acquisitions of individual brands that resulted in three global conglomerates (LVMH, Richmoud and Kering) that owns more than 200 of the most prestigious brands. As there not enough managers trained in luxury in the market, they brought experienced executives from the retail sector and trained them in details of this new consumer. An investment portfolio approach was adopted, with managers responsible for short and long-term profitability, growth financed through public offer of company shares in the stock exchange, brand extensions were directed to these new subjective desires of consumers, oriented by marketing research. The main stylist has freedom of creation but has to achieve financial goals, product lines have smaller life cycles, are launched to a global network of stores, supported by strong mediatic campaigns. Most expensive products are not usually profitable but provide prestige to new luxury products, like perfumes, cosmetics and apparel accessories. Product lines are wider to cover a fragmented market with many segments. A new concern is the combat of counterfeits.

In summary, the increasing conscience of individual rights and the after-war democratization processes in many countries led to a new demand for luxury goods, denominated "the new luxury", based on the concepts of democratization, experiences, individuality, lifestyle, brand purpose and social responsibility. The managerial strategic answer of the sector was to develop great conglomerates of global companies offering a wide array of more affordable products and services to a much wider public with an ever-increasing profit over the last three decades.

In a nutshell, luxury today is a complex market with an offer that draws on the characteristics of these four eras to combine the promise of magic, power, success and individual expression.

4. A GENERAL THEORY OF LUXURY

The concept of luxury is wide, subjective and complex, because of its rich story of evolution over several millennia. From the literature it can be identified four constructs of the luxury concept – magic, power, success and individualism - that represent the four eras of development.

Luxury began as a relationship of spiritual and material exchanges of nomad communities with their deities, offering in the name of the collective what they had most precious. Even today, luxury products are believed to be selected from the best and have **magic** powers to bring the best things. The brand experience should be performed in a magic *servicescape*. Its sale should be conducted in a special location, the luxury temple, purchased in a ritual that restore these powers, conducted by the salesman as a representative of the magical creator of the brand, protected by a special packaging and consumed in a specific ritual.

As societies become sedentary, they increase their production and become rich, powerful and populous, being able to trade and conquer other lands and wealth. **Power** creates social hierarchy and status symbols. The most powerful are identified with the gods and assume some of their rights and obligations, and luxury becomes the symbol of power and a way to bring well-being to the public through the patronage of public buildings, arts, culture and leisure. Prejudice against luxury and sumptuary laws are created as ways to keep luxury under restricted control and practiced mostly publicly.

The ascension of the mercantilist bourgeoisie through banking and trading brings a new protagonist to the consumption of luxury. Initially to emulate the power symbols of the state and the church, they also want to express their personal **success**. This transformed luxury into a more private, personal and subjective experience, where esthetic and erudite pleasure and taste are also relevant. The moral justification that luxury satisfies the higher needs of the human being and contributes to the economic and social well-being of society, as long as there are no excesses, reduces the prejudice.

As concept of individual and his rights consolidate, **individualism**, in parallel to narcissism and hedonism, results in a new concept of luxury, the New Luxury, connected to the new values of luxury, associated to the concepts of democratization, experiences, individuality, lifestyle, brand purpose and social responsibility. The luxury industry adapts to this new world by creating through mergers and acquisitions great conglomerates of global companies, bringing concepts from retail and finance, and offering a wide array of more affordable products and services to a much wider public, supported by strong distribution and promotion, with an ever-increasing profit.

5. CONCLUSIONS

Luxury developed into a complex concept over millennia and any study or strategy should consider this broad view and not just partial views that equate luxury to superfluous, wasteful or sinful. It has important economic and social contribution to the society, but the network of associated concepts it developed over time have to be respected, in order to satisfy consumers' desire for luxury.

Today's market is fragmented into several segments that value in different ways these four constructs.

Suggestions for future academic studies are to focus on validating the theory empirically, to study how different segments attribute value the different associated variables, and how different products share different components of the luxury concept.

Managers should make sure that their strategies are aligned to cover solutions for demands associated to each of the four constructs.

Limitations of this study may have resulted in not including relevant research from other languages the authors are not fluent or publications with restricted access.

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