



The Al Mahara restaurant at the Burj Al Arab, the world's only seven-star hotel.

BURJ AL ARAB / JUMEIRAH

The EXPERIENCE ECONOMY: The High Life of Tomorrow

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In a world saturated by “luxury goods,” what is the future of luxury?
A consulting futurist explores new trends in living very well.

The Burj Al Arab, the world's tallest and only seven-star hotel, is located in Dubai, the Las Vegas of the Persian Gulf. Built on an artificial island 919 feet from Jumeirah Beach to encourage its sense of exclusivity, privacy, and opulence, it is a seemingly gossamer structure that symbolizes both Arab urbanization and unmatched luxury. And the interior is no less impressive, with each exquisitely decorated room possessing its own 42" plasma television; electronically controlled windows, curtains, and air conditioning; Hermès beauty

products; Jacuzzi tub; and a “menu” of pillows and quilts to match your tastes. Rooms start at around \$2,000 per night, so long as you book well in advance.

Naturally, guest amenities match the décor, with helicopter transfer to the airport at your disposal and Rolls-Royce limousine service.

Should you feel like a snack, you can always saunter down to Al Mahara restaurant, where, after a three-minute simulated submarine ride, you'll be treated to the finest seafood while seated next to a seawater aquarium. Dinner for four usually

runs \$1,500, but don't fret—they can charge it to your room.

Who can afford that type of service? A surprisingly large number of individuals. There exist more wealthy people than ever before, and more wealth. The number of (dollar) millionaires jumped 9.4% in 2005 to reach 9.5 million in 2006, according to the World Wealth Report compiled yearly by Merrill Lynch and the Capgemini Group consulting firm. But the real growth, both monetarily and numerically, has been in the number of individuals who can be considered superwealthy.

By Eric Garland



BURJ AL ARAB / JUMEIRAH

The Al Mahara restaurant at the Burj Al Arab, where guests are treated to seafood next to an enormous seawater aquarium.

ers in hundreds of shopping centers across the United States are lining up for goods that used to be the exclusive domain of the very wealthy. Middle-class folks are splurging on Louis Vuitton bags. Kids at the mall sport \$100 jeans from Armani Exchange, a brand that used to be more associated with Milan and Paris than the American suburbs. Godiva chocolates, once an exclusive chocolatier in Belgium, now sells \$4 mochas in malls around the world. The American automaker Ford bought Jaguar. While the brand is historically seen as a symbol of British exclusivity, you now can own one for not much more than a well-appointed Honda.

The very nature of luxury is changing. Somewhere between iPods and plasma TVs, between opulent handbags and the proliferation of European fashions for everyone, it seems that the exclusive has become commonplace. From the ancient days of artisans until perhaps the 1990s, there were two classes of goods—functional items for the masses and handcrafted works of art for the wealthy. Today, the finest brands in the world can be yours at reasonable prices through e-commerce: Waterford Crystal is on sale at www.bestcrystal.com. You can save up to 70% on authentic Persian rugs at www.rugsdirect.com. As more and more consumers buy these luxury baubles, we are faced with significant questions for society and the economy. How many iPods can you

listen to at once? How many pairs of fancy shoes can one own as a member of the middle class?

THE WEALTHY HAVE A REAL PROBLEM

Those with the money to stay at the Burj Al Arab have a problem, though not one most people would recognize or sympathize with—namely, just what do you do with all that money? If any guy with an Internet connection and a Visa card can surround himself with Corinthian leather, Waterford Crystal, and beluga caviar, what can you do to demonstrate your wealth and position?

Future trends seem to indicate that this “problem” will continue to develop. High-quality goods are proliferating at an unprecedented pace. Consider that Costco is actually America’s number-one distributor of Dom Perignon champagne. What’s more, the quality of goods is increasing all over the world, thanks to the economic development of new industrial powerhouses such as Korea and China. As Western manufacturers have outsourced facilities to the East, not surprisingly, people in Asia have been learning their crafts, making either luxury handbags or plasma screen televisions. There are more suppliers of well-made goods than ever before, ensuring that tomorrow’s consumers are likely to be equally spoiled.

More people will also be able to

A brief look at *Forbes* magazine’s “billionaire list” over the past couple of decades shows that super wealth is on the upswing. In 1982, *Forbes* counted 13 billionaires inhabiting the globe. The number doubled by 1986 and quadrupled by 1987. How many billionaires were jet-setting around the planet in 2006? An incredible 793 bejeweled individuals who, together, control \$2.6 trillion in assets, about one-fifth of total U.S. GDP.

Meanwhile, thousands of miles away from the Burj Al Arab, consum-

TESLA MOTORS



The new Tesla Roadster is a 100% electric automobile that gets the equivalent of 135 miles per gallon. It can travel 250 miles per charge and accelerates from zero to 60 mph in about four seconds.

Scenario: BACKSTAGE

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Tom has been preparing for this day since he was 17 years old. But backstage, as he goes through the final motions of tuning his Fender Stratocaster guitar, his hands are shaking so badly he can barely hold the strings.

"Hey Tom? You ready to tear this place up?" asks Roger Daltrey from The Who, Tom's camp counselor for the last ten days.

"I don't think I can do it, Roger. I mean, there are actual people out there!"

Roger just smiles like he's heard all this before. No doubt he has. "What did I tell you, Tom? You're a star on this thing."

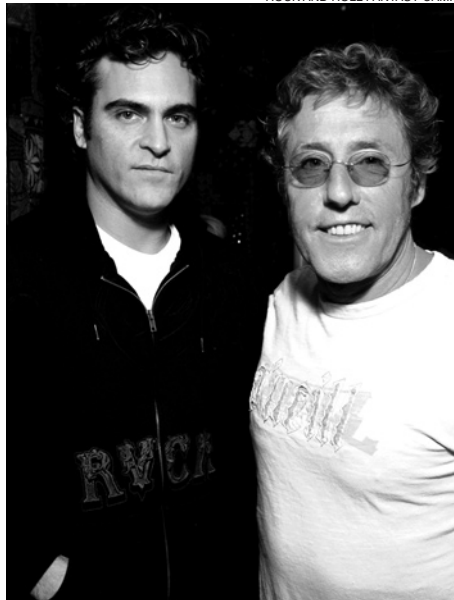
"I'm a hedge fund manager."

"Not today," says Roger. "Today, you're lead guitar in my band. You're going to hit that opening chord, and it will all come flooding back to you. You're going to get these people on their feet and then you're going to knock 'em down. When it's over, you're going to sign autographs. We'll hang out with the roadies backstage, listen to your album, and you'll know that you really did it."

In an encouraging sort of way, Roger shoves Tom toward the stage. The newly minted "rock star" stumbles at first. The lights are far brighter—and the House of Blues crowd is far larger—than Tom anticipated. But the audience is on its feet, cheering for him. Guitar pick in hand, he launches into the first chord of "My Generation." The sound of a hundred cheering fans hits the stage like a ten-foot wave as he moves effortlessly into the second chord.

Roger was right! It really does come back! His blood pumping as furiously as the 40-Watt amplifier behind him, his knees shaking, Tom realizes that he really does know this song, not because he's spent a little more than a week rehearsing it with Roger Daltrey, but because he's been playing it on air guitar—preparing for this moment—his whole life.

—PMT



The Who singer Roger Daltrey (right) with actor Joaquin Phoenix at Rock and Roll Fantasy Camp.

are about 100,000 millionaires in India and 340,000 in China, according to Robert Frank of the *Robb Report*. While the United States still leads the world in sheer number of millionaires, the breakneck 20% growth in the Chinese economy indicates that there will likely be many more private jets flying out of Shanghai airport in the future.

Nanotechnology and molecular manufacturing may be years away, but they already hint at precipitous drops in price for finely made goods. Laboratory-grown diamonds offered by companies such as Florida's Gemesis and Boston's Apollo Diamond are molecularly identical to natural diamonds and much cheaper. Add the bottom-up manufacturing of nanotechnology, making precision materials virtually free, and the very notion of bling will be altered forever.

At least theoretically, finely manufactured goods of all sorts will continue to drop in price, perhaps to zero one day. If exclusive goods are no longer exclusive, then what is the future of luxury?

I argue that the future of wealth will be more about human experiences and exquisite moments. Real wealth will be to increase our standard of living while reducing our environmental footprint.

So where can you go from the Burj Al Arab? What's the best experience money can buy?

LUXURY EXPERIENCE: ROCK CAMP

Before embarking on lucrative-but-conventional careers such as sales managers, accountants or whatever, many people started down the seductive path of playing in a rock 'n' roll band. Maybe you ended up a millionaire by selling drywall for office buildings, but you feel like you missed your calling of worldwide rock stardom. Not a problem—for the low price of \$9,500, you can simulate your life as a rock star with Rock and Roll Fantasy Camp (www.rockandrollfantasycamp.com).

In Hollywood, London, or New York, three world capitals of rock 'n' roll, "campers" fly out to work one-on-one with some of the world's big-

afford "consumer luxury." The rapidly expanding economies of Asia alone will considerably increase the market for such goods, as India and China grow into trillion-dollar economic behemoths. Not only has

once-agrarian communist China decided it is glorious to become rich, but it is also creating unprecedented wealth in cities such as Shanghai and Guangzhou—and new consumers for the luxury lifestyle. There



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Luxury itself has a tremendous future. Opulence has been around for a while, and spending buckets of money is unlikely to go out of fashion anytime soon. But these trends indicate that the nature of luxury is changing.

gest stars. Over five days or so, participants have the chance to actually join an ad hoc “band” with members of KISS, the Beach Boys, Lynyrd Skynyrd, Journey, and others. Roger Daltrey of The Who could, indeed, end up as the singer in your band, and as part of the experience, he might rehearse and perform songs you have written, perhaps helping you write new numbers. During the week, you get the opportunity to record with these professional musicians. The experience culminates with a fully produced rock concert at the House of Blues in front of screaming fans.

LUXURY EXPERIENCE: CUSTOM BIOGRAPHIES

It’s luxurious to have experiences that are available only to a select few, but true opulence is to have an experience that is unique to you alone.

Consider the rise of custom media. Back in the day, the wealthy would sit for portraits, a form of custom media that showed your superior financial means. After all, decent portrait painters, those who would not only represent you well but might even improve a couple things in your face (in the days before Photoshop), were rare and pricey. Portraiture was a real status item. Then photography came around. Now, every high-school senior in America gets a portrait done—hardly a luxury good.

How about a full hardcover book about your life? For several thousand dollars, a service called My Special Book will write the story of your life, illustrate it, typeset it, and present you with a book in any style you would like. The company conducts interviews with people who know

you best, collecting letters and photos, and then condenses everything into a compelling narrative of your life, replete with full-color glossy pages. Pictures may lose their value in a world of digital imagery, but the ability to tell a tale will always have value.

LUXURY EXPERIENCE: SPACE CAMP

Another experience option for the luxury consumer is to get closer to the real stars. Bored with a yacht and a house in the Hamptons, the

discerning adventurer is headed for Space Camp. Now that the Russians maintain the capability to enter space but don’t have the economy to support a space program as large as NASA’s, there is a great market for exclusive space vacations. Thanks to a partnership among Russia’s RSC Energia, the Russian Space Agency (RosoviaKosmos), and Space Adventures (a company based in Arlington, Virginia), customers can go on manned space missions for just \$20 million per trip.

Even this luxury is perhaps headed for more proletarian markets. Virgin

Scenario:

NEW ADDITION TO THE LIBRARY

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“I’ve always been a collector,” Laurence Vestin tells his guest, a reporter from *Prosperity Magazine*, as they stroll the 1,400 square-foot library of his Sagaponack estate. “I’ve dabbled in Renaissance art, classic cars, and Paleolithic artifacts over the years. Now, I collect only things of *real* value.” He runs his finger over the gilded spines of the books on his shelf, including first editions of *Moby Dick* and *Mol Flanders*. He stops at what seems an anachronistically new addition to an otherwise classic library.

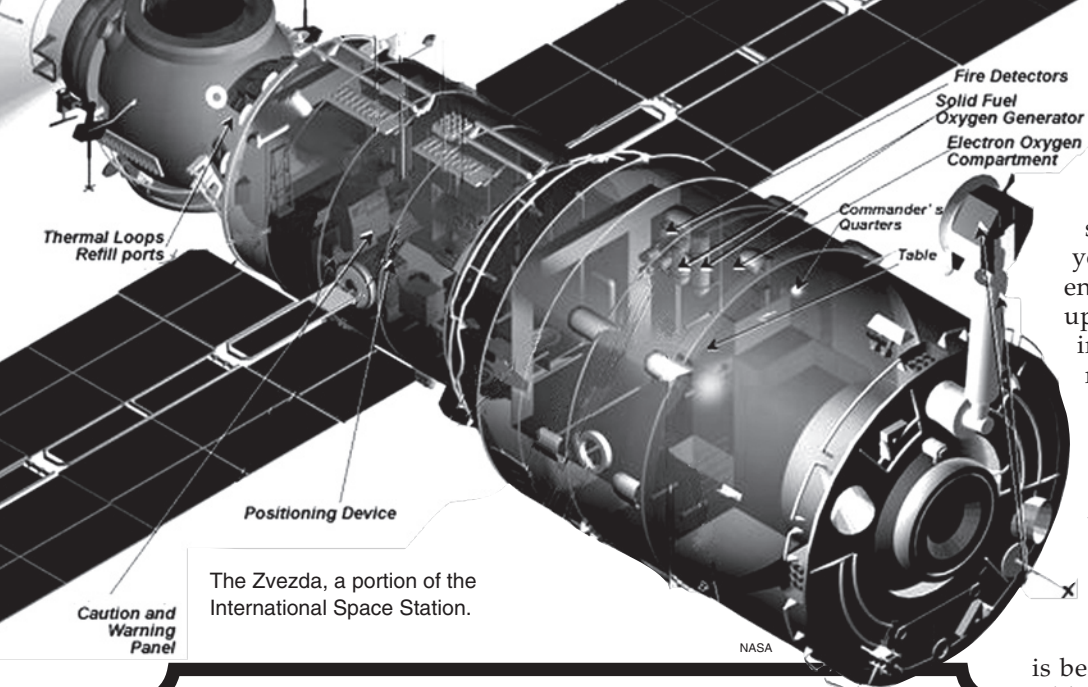
“Ah, here it is.”

Beaming, he pulls the hardbound text from the shelf and holds it up like a proud parent displaying his infant son. *My Way: The Life and Times of Laurence Vestin III*.

“It’s surprisingly good,” he says. “They found a fellow who won a Pulitzer to write it for me. Originally, you know, all books were privately commissioned by wealthy patrons. Most were intended for an audience of one—or perhaps two—noblemen. This privately commissioned work pays homage not only to myself but to that very venerable tradition. Though, of course, we don’t have lords or aristocrats anymore.”

“No, of course not,” his guest answers in a tone that strikes Laurence as just slightly insolent.

—PMT



Galactic promises to “end the exclusivity attached to manned space flight,” and aims to give you “the most incredible experience of your life” by taking you up into suborbital space. Having transformed record stores, mobile phones, and regular air travel, Virgin Group head Richard Branson has contracted for the creation of commercial suborbital “spaceliners” that will let people experience space flight for a couple of hours while cruising at a height of 68 miles.

This luxury experience is becoming more and more accessible, costing a mere \$200,000 per flight—only 1% of the Russians’ asking price (though it doesn’t go nearly as far into space). Branson himself says he wants to bring this experience to more people, and Dick Rutan, designer of Virgin Galactic’s *SpaceShipTwo*, says the thrill for him is that, in 15 years, every kid will dream about going into space—and have a chance at making it happen.

LUXURY EXPERIENCE: ECOLOGICAL WEALTH

For millennia, we have associated disproportionate use of resources with wealth. What’s the difference between you and the king? When he dies, his subjects will spend thousands of man-hours constructing a 300-foot-high edifice of stone to show his manifest greatness. The moral of the story? The more resources we use on you, the more important you are.

In the early twenty-first century, however, the rules have changed a bit. More and more people are aware of the collective ecological consequences of human activity, such as global warming, and there is a new trend in wealth—ecologically efficient wealth. Sports cars, a classic luxury purchase, offer an example: The old model of sports car featured fantastic performance and appallingly low gas mileage. But the gasoline bill has never been an issue for the wealthy consumers who buy the world’s best autos.

That’s why the Tesla Motors electric speeder is such a revolutionary

Scenario: THE VIEW FROM HERE

“It’s time to wake up, Mr. Lovenwitz,” Saul hears. Warily, he unzips himself from his sleeping bag and drifts out into the main portion of Zvezda space module. Ivan, the flight captain, steadies him. “Good morning. We have some juice for you, if you would like.”

“Any coffee?” Saul asks. Ivan flashes red with indignation and floats over to a nearby laptop, grumbling in Russian.

Saul has begun to suspect that he has made a terrible, \$20 million mistake. So far, his space trip has not been what he expected. He remembers nothing about his ride aboard the Soyuz rocket except that he blacked out right after lift off. Upon his arrival at the International Space Station, he was so disoriented that the flight crew immediately strapped him into bed. Now awake, he feels as though all the fluids in his stomach have migrated to his head, and vice versa. “Space sniffles,” he knows, is the popular name for the effects of microgravity on the human system, a coy term that he now understands to be a ridiculous understatement.

He casts his eye over the Zvezda module, seeing only can-

isters, levers, and tubes. It feels very small, dark, and cluttered.

“What’s that?” he asks.

“The solid fuel oxygen generator,” says Ivan. “Do not touch it.”

“And this?” asks Saul.

“The Electron Oxygen Compartment.” Ivan answers. “Also, do not touch, please.”

“What about that thing?” Saul asks, floating toward what he believes is an image on a monitor—it seems almost to glow. The blue, curved horizon of the Earth looms in the small port window. Saul is suddenly overcome with a medley of powerful emotions. Awe, fear, and humility are underscored by a rush of what he can only interpret to be gratitude. The smallness of his life, as well as the grandness of this newly revealed universe, overwhelms him.

“The sun is rising,” he says to Ivan, unsure whether he has truly said these words or merely whispered them.

“Keep watching, Mr. Lovenwitz,” the Russian shuttle captain answers. “It will do that fourteen more times today.”

—PMT

concept. When most people think “electric car,” it’s a golf cart that likely leaps to mind or something similarly benign and sluggish. But when celebrities like George Clooney are lining up to spend over \$100,000 for the 2007 Tesla Roadster, you know it’s got more juice than the golf course requires.

The Tesla is a 100% electric automobile that gets the equivalent of 135 miles per gallon and can travel 250 miles per charge. But the fun part has nothing to do with the environment—the car goes from zero to 60 mph in about four seconds, as good as or better than most boutique sports cars currently on the market. This is a serious toy for people serious about global climate change.

Also in the works is a luxury zero-carbon beach resort. Architects in London are currently designing a world-class luxury property that will have no negative environmental impact. Each of its 35 villas will be totally self-sufficient, using only energy from the sun and wind and producing little waste or carbon emissions. Villa walls will be shaped to draw the sea breeze into the bedroom, after being cooled by passing over the pool. Cold-water pipes will run through the inside of the bed to cool it, and each villa’s water supply—from rainwater and desalinated seawater—will be stored in its own tank. Hot water comes from pipes that run beneath the solar panels on the roof. The only environmental drawback is that the resort is planned for Nungwi, Zanzibar. Unless you plan on hiking to Zanzibar (or are a Zanzibarian), it may take thousands of gallons of fuel to get there.

CONSEQUENCES OF AN EXPANDED LUXURY MODEL

Luxury itself has a tremendous future. One look at the Pyramids tells you that opulence has been around for a while, and spending buckets of money is unlikely to go out of fashion anytime soon. But these trends indicate that the nature of luxury is changing as physical goods become more common.

The environmental consequences of these trends are likely the most

Five FUTURE THINGS MONEY MIGHT BUY

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Current trends suggest that money may buy surprising things in the future. Here is a semi-serious look at what might happen in the years ahead.

1. HAPPINESS. People feel happier when they come into more money, surveys show, but the happiness effect soon wears off and they are no happier than before. Except for the poorest people, having more money doesn’t seem to make people much happier.

But psychiatrists already are prescribing drugs that can relieve severe unhappiness (depression). In the coming years, there may be really effective ways to keep people more or less permanently content—if they can afford the treatment.

2. LOVE. A fortune may help you find a partner for sex or marriage, but love may remain elusive. Even if there is love at the beginning, it may soon disappear.

But psychologists are making rapid progress in analyzing the emotional states we think of as love. In the future, matchmaking corporations using databases and the Web may really be able to find you someone whom you will love and who will love you—if you can afford the fee.

3. THE WHITE HOUSE. The American people were outraged when President Clinton wanted to let major campaign contributors sleep in the White House. The idea of renting out Lincoln’s bedroom became a national scandal, so probably no one—not even Bill Gates—could buy the White House today.

But money talks louder and louder in American politics, so maybe the only problem is that today’s billionaires just don’t have enough money to persuade Congress to allow the sale of the White House.

More to the point, the rapidly climbing U.S. national debt plus the unfunded obligations to Social Security and Medicare recipients foretells a national crisis that will force Congress to take desperate measures.

At that point, the lawmakers may consent to selling the White House—and maybe the Smithsonian Institution as well.

4. SAINTHOOD. The Roman Catholic Church does not now allow people to become saints before they are dead. And it’s not easy after death because the Church demands evidence that you have performed miracles. But money has always played a big role in religion, and the Church needs more of it than ever. So the rules might change to allow living saints. If Roman emperors could become gods while they were still alive, why shouldn’t exceptionally virtuous people be declared saints while they are still alive? Once that happens, a well-spent billion dollars or so might bring you sainthood while you are still alive and can make your friends jealous.

5. A PLACE IN HEAVEN. Scientists have searched zillions of light-years into the universe without finding heaven. Nor have they found hell, despite their ever more refined probes of the Earth.

But if heaven is not viewed as a physical place but as the psychological experience of being with God in heaven, then it may become increasingly purchasable. Already, more and more people are living in virtual worlds, and we may confidently anticipate a race among game makers to produce ever more heavenly virtual heavens.

There is one problem, however: Sinners may be able to buy their way into the best of virtual heavens, scandalizing the virtuous.

—Edward Cornish

Buying Privacy and Convenience

By Larry Bean

The Robb Report magazine covers the luxury market and lifestyle like no other. According to the magazine's editor-in-chief, even exquisite tastes can change.

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If you want to predict where the luxury market might go, start by asking two questions. First, what do most people value? Many of the people we poll say privacy and convenience.

Second, if you're seeking those things and you have nearly boundless means, what's possible? For instance, a supersonic private jet might get you from Paris to New York in a couple of hours. The private flight industry is

four times what it was a few years ago. What that offers is convenience.

In terms of privacy at the higher end market, what we're now seeing is that certain places that had been inaccessible are now the destinations that many people with means want to see, in part because they're so exclusive and new. Bhutan is an example. It's remote, yet a luxury hotel chain recently opened a resort there, giving those who can afford it a comfortable yet private and unique experience.

This commentary is excerpted from an interview with FUTURIST Associate Editor Patrick Tucker, which may be read at www.wfs.org.

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important. While new products such as the Tesla Roadster are impressive, most luxury products are unsustainable and polluting. Will this luxury trend improve the quality of living for some while stripping the natural resources required to make goods?

Consider the expansion of the global market for leather. Leather making is one of the most polluting processes there is, and its expansion undoubtedly will be toxic. The bottom line is that a globalized model of wealth that encourages massive resource consumption is unsustainable. If this isn't clear today, wait

until 2.5 billion Chinese and Indians become more acclimated to the world capitalist economy—all of those handbags and plasma screens will add up.

There is a new luxury on the horizon—one of experiences, and not necessarily of wanton resource consumption. Although speed boats, plasma TVs, and leather couches are pretty nice, too, this experiential future of wealth is arguably more compelling. □



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