



MADE IN ASIA, DESIRED WORLDWIDE: THE RISE OF THE NEXT GLOBAL LUXURY BRANDS

Petra Freddi 00:00

Good afternoon. We were told on our way here that we're the most elegant panel of this conference. Well, it's a luxury panel. It's fashionable. For most of the past 30 years, luxury in Asia was a story about demand. Asian consumers buying European brands. The story is changing. The ateliers, the designers, and the capital are now here. So, the question for the next 45 minutes is not whether Asia can make luxury, it's how will Asia build brands the rest of the world desires, and what will it take to get there? And I'm thrilled to be on stage with our three esteemed panelists, who really need very little introduction. Their long bios are on your devices, but just briefly, we have Yue-Sai Kan, who's an Emmy Award-winning TV host and producer, entrepreneur, author, and philanthropist, and earlier today we had her book launch, her 11th book. Ravi Thakran, Group CEO at Diafa Luxury Hospitality, and Chairman at Turmeric Holdings. And Jamie QQ Wu, who's founder of ModaMorphosis, a creative company based in Singapore and New York that works with emerging designers, artists, and creative technologies on the future of fashion. And our panelists are not only creators of luxury in Asia, but also longstanding consumers and influencers. Ravi, I'd like to start with you. You spent two decades at LVMH, taking European luxury into Asia, and then a decade at L Catterton, backing Asian consumer brands. When did the arrow flip? When did Asia stop being a market for luxury and start becoming a source of it?

Ravi Thakran 01:47

Look, I would say that it was, for a very long time, Asia was the center of the world. It had shifted to Europe for some time, and now it's coming back to Asia. For almost a few centuries, Asia was the biggest part of economy, and therefore bulk of luxury emanated from here. China, India were two of the biggest centers for luxury production, across various categories, be it the art or ceramics or anything. And then, of course, the geopolitics of the world led to colonialism come to Asia, and Asian economies went into hibernation. Indian economy went from 20 percent to just about 1 percent of economy during that period. But now we are rising back again, and therefore, we are finding back again our space. And I almost feel a lot of people think, "Oh, luxury belongs to Europe. When will it come to Asia?" It has already come to Asia in many categories. Best hotels in the world, Mandarin Oriental, Peninsula, Aman, you name it, almost best of the hotels, which are good definition of luxury, come from Asia. Best airlines in the world, top five airlines are from Asia. I would even say, if some Scottish friends are here, I hope they don't mind, the best whiskey in the world is now from Asia.

[Laughter]

Ravi Thakran 03:07

Best chocolate in the world, and we were talking earlier, now even products like truffles and Kaluga caviar, and many of the things start to emerge, it's all related to the state of the economy. Asia is back again rising. It's about 40 percent of the global economy, half of which is China itself. And its rise itself is leading to that growth as well. Of course, initially it was Japan, and that's why various brand, whether Yohji Yamamoto or Mikimoto, and many of the luxury brands emanated from there. And then other economies like Korea, where Korean music first, Korean beauty thereafter rose, and it's now riding the wave, and it's really leading the charge, Korean beauty across US market or European market. And I can tell you today that going forward, C-beauty or China beauty is going to lead the charge as well. I see so many sparks across the spectrum. But also, some of the smaller parts. Our own country here, Singapore, has a brand, Charles & Keith, which is in its own category the leading brand in the world. In aspirational category, Asians are already leading the charge. In aspirational categories, if you are Marks & Spencer, if you are Gap, I think you better be careful. I think the Asian brands are going to eat your lunch and soon. But in luxury, I think French and Italians and Swiss can relax for maybe a decade, but not more. I can tell you, in a decade from now, they will also find challenges across category after category, because the heritage of Asia is unparalleled. The craftsmanship is unparalleled. There are certain kinds of art, embroidery, lacemaking, do not even exist in Europe anymore. They're all here. So, if we have all the craftsmanship, if we have all the heritage and history, and by the way, Asia is already now the largest market for luxury. So obviously, the next decade, I generally believe much more of luxury brands will come from Asia.

Petra Freddi 05:10

And Yue-Sai, you're a true pioneer of luxury in Asia. Back in 1992, you have identified a gap in the market and built a brand that not only saw commercial success, but really created a cultural shift. Tell us about when you saw that gap, and how do you continue to grow your customer base today?

Yue-Sai Kan 05:30

You just mentioned the word culture. It's really true. Ravi mentioned a little bit of that. Take Korea for example. Of course, everybody knows about K-pop, everybody knows K-drama, and so the world already wants to look like what those women are in the K-dramas, right? So, K-beauty came in and very naturally becomes global, just like that. So, you need, I think, a product in order for it to be really great, it has to first come with culture. So, when I started in cosmetics in China, there was no culture at all. So, what do I do? I had to create my own culture, right? But then through my own television show, I had my own culture. I'm already in people's living rooms, right? As I said, people copy my hairdo, we call it Yue-Sai cut, and people name their daughters in my name. So, in other words, when I created my lipstick, I wasn't a stranger asking for trust. I was already trusted in that situation. So that's extremely important. The two gaps that I found very key to my launching of my product, the first one is that I could not find cosmetics for me. We are very peculiar. We are not peculiar, actually, we have black hair, black eyes, yellow-based skin tone, flat nose, and small eyes. And that's our characteristic, and how are we going to make up like anybody who has blonde hair, blue eye? All the colors are different. We have to use different techniques to make up ourselves. We have to use different colors to flatter our skin tone. So that's a huge gap. I couldn't find any, so I used to have to go to stores and find my colors and mix them myself. The second big gap is really in China itself. China had no beauty culture at all, didn't even know what the word fashion was. It wasn't even in the lexicon of the society. So, what do we do? There are two kinds of people, right? That use makeup. I always say that it's the hookers who use makeup in China.

[Laughter]

Yue-Sai Kan 07:58

And the other kind is the people on stage. So, in other words, a normal Chinese woman will never put lipstick on her face. You need to really educate them. You really have to create your own culture, really create. And as far as—what was the third part you said about?

Petra Freddi 08:18

How do you continue to grow the customer base and remain relevant today?

Yue-Sai Kan 08:22

Very interesting because when I sold my company to L'Oréal, I had 800 stores. I sold three factories, 800 stores to L'Oréal, okay? And we were doing 100 percent of our business in stores. And today, we have at most 60 stores, and we do 80 percent of our business in e-commerce. In those days, I didn't even have what I call a spokesperson. Today we have Xiao Zhan. We relaunched a number of times with Yue-Sai, and last year we relaunched a sunscreen, and it's fantastic. The first day we relaunched was €8 million, the first day we launched it. So, in other words, in order for a product to really continue, you really have to—how do you say, evolve? You really have to go with the time, because if you're still having stores, forget about it, right?

Petra Freddi 09:21

So, you just mentioned culture. And Jamie, you work with emerging designers across Asia and beyond. So where are you seeing designers successfully translate Asian culture into products that resonate globally?

Jamie QQ Wu 09:35

Before I answer that question, I left a prop in the back kitchen, which will demonstrate. Is there any Milken staff who can help me get—

Petra Freddi 09:45

We can help her get her prop. Oh, thank you so much, Yvonne. We're having a small performance here.

Jamie QQ Wu 09:52

I think—oh, that is my prop. I have my prop. Okay, I think emerging Asian designers are doing a few things, and I'll use a few Chinese designers as examples. First of all, we talked about culture and history. So, they finally discovered that we have 5,000 years of history, heritage, craft to delve into. So now that became an endless pool of inspiration. So, in China, young designers are confident enough to translate that into products, quality products. For example, there is a gold company in China called Laopu Gold. They are using ancient inlay and engraving technique that used to be used in imperial palaces and turn it into a piece of accessory. For example, there is this perfume company called Documents, who uses Chinese Zen and incense culture and turn it into luxury scents with plants like magnolia and mugwort, that's native to China. So, and there's a leather handbag brand called Songmont. They discover patterns in Buddhist paintings in caves on the Silk Road and weave that into their leather handbag. So, you see a plethora of young Asian designers that are just tapping into endless gold, a pool of knowledge and history and craft, and reinventing them and innovating them. Then on the flip side, what Asia is very good at doing is invent new categories. I think, just last year, the most coveted made-in-China product is this guy, actually, is a \$30 little toy called Labubu, that you see Rihanna and Lisa from BLACKPINK hang on their Hermès Birkin. So, and even if it's a \$30 object, money can't buy it because they have this whole blind box system. They engineer scarcity at the same time and be able to sell products at mass scale. So that is another category that Asian designers are doing, their creatives are doing. They're disrupting culture. Labubu came at a time where it filled a lot of emotional voids, loneliness in the urban economy, childhood nostalgia. And with social media, with our manufacturing capability, distribution, sophisticated distribution network, this Labubu moment will be recorded as a pop culture moment that goes into textbooks, and this is a made-in-China product. So that's what we are seeing. Creatives are getting very, very sophisticated at doing it, very confidently doing so.

Petra Freddi 12:56

So, do you see a shift in what luxury consumers actually want?

Jamie QQ Wu 13:01

Absolutely. I don't know about Yue-Sai and Ravi. I, as a consumer, feel like have less and less desire to buy anything. However, I did buy what I'm wearing today, which my art critic friend who's sitting there, she said, "You look like a beggar from a—

Petra Freddi 13:24

Hahahaha. A luxurious beggar.

Jamie QQ Wu 13:25

A beggar from a Chinese kung fu movie." You know, like one of the, the beggar turned out to be the kung fu master with immense power. *Qi gai*, we call it *qi gai* in Chinese. But this is a Central Saint Martins new graduate. She's working with recycled fabric, with natural dye, free cutting. This is one of a kind. It's all handmade, sustainably made. You will never find another one. You could plausibly think this is \$50, but if I tell you how much it is, my husband in the audience will just have a heart attack. So, I think luxury today, you have to create new desires, you have to create new codes, luxury codes for people to actually want to buy something. And it's becoming harder and harder to find at home.

Petra Freddi 14:14

And Ravi, that's something you're leaning into. You're shifting where you're deploying your capital. Tell us where you see luxury going.

Ravi Thakran 14:20

Well, look, I spent two or three decades-plus in luxury products, whether it was fashion or beauty or jewelry or watches. But over the last decade, in particular, I saw a clear trend that the people are now focusing more and more on luxury experiences. And that is why even the luxury product companies are pivoting. They are trying to associate themselves with the world of art, world of live entertainment, world of hospitality, and therefore, all across Mediterranean this summer, whether you're in Bodrum or in Mykonos or wherever, luxury brands are showing up to some of the best restaurants or best hotels. Experiences economy is certainly on the rise, primarily because of other macro shift. All of us are every day hearing about AI, that AI is going to make our life much more effective and efficient, which is absolutely true. So, all of us are going to basically have 30, 40 percent more time at hand because technology will take care of it. We're also hearing at the same time another revolution in play, which is biogenics. Biogenics is claiming that at least the younger generation will live for 120, 150 years. Even some of us have a chance, but certainly the younger generation will live longer. Now, if you're going to be living 30 percent longer, and you're going to be 30 percent more effective, efficient, and have more time, that means almost half a life will have to be filled with something. But on the other hand, there's epidemic of loneliness. People are drinking less, going out less, being less intimate, all these things we read as well. So, I think there's a need for human connect, the need for economy that will build that human connect, whether through personal connect, community connect and all, and that is where I believe role for experience economy is going to be big. So, we've therefore pivoted and we created a company called Diafa, which basically means hospitality in Arabic. And in that, we're investing a lot into luxury F&B, luxury members club, luxury hotels, and that's the direction we have taken and invested several billion already and looking forward, going to invest much more. And other areas of luxury experiences, the whole thing of travel, live entertainment, sports, longevity. I think these are some of the areas which certainly are going to be gaining significance going forward, and we certainly will be looking at that area.

Petra Freddi 16:47

So, is AI playing no role in luxury, or does it have a role somewhere, and if so, where?

Ravi Thakran 16:52

I think there are things that AI certainly is great on so many levels, but there are things that AI certainly will not—when it comes to true craftsmanship, authenticity, all of those areas, yes. I, in fact, call artificial intelligence, not—there's nothing artificial about it. It's augmented intelligence. It will augment all our work, whether you're a lawyer, whether you're a designer, whether you are distributor. It'll augment all our work, but the need for authenticity, need for true craftsmanship will remain. And that certainly—and then again, you talked about the cultural significance. I think culture is amazing. Why are we now suddenly starting to buy our Asian designers? It's all about confidence in yourself. When your economy becomes strong, when you culturally start to believe in yourself, you certainly are going to start looking at your things with different eye. I genuinely believe a decade from now, Asia will not only be the largest consumer of luxury, which it already is. It will by far be the largest consumer, but it'll also be a great producer of luxury brands across the spectrum. I genuinely believe that it all comes from confidence in your own economy, confidence in yourself. I said 10 years ago when I spoke at Mykonos, I said, "I have a particular index. The day we stop using whitening creams, the day would have arrived." I don't know why we, genetically speaking, Asian skins are as rich as any, but we had this complex, because we didn't believe in our own skin. They were not confident in our own skin. But now, as you so beautifully described, we all are into ourselves, and the day that confidence comes, all these taboos will go, and we will start believing our designers, our culture, our motifs, our designs and everything. And it'll come.

Yue-Sai Kan 18:52

You're right about AI. I really believe that when you want to buy something desirable, you cannot buy it from AI. I think real trust is really built by human beings. Actually, I think that all brands have to start from creator. The creator creates the brand. AI, we can use to refine it, but trust has to come from human beings.

Ravi Thakran 19:21

Absolutely.

Jamie QQ Wu 19:22

Yeah, I think AI has a lot of ideas, but it doesn't have taste. Because taste, essentially—I think one end of taste, obviously, we can go endlessly elaborating or debating what taste is, but let's all be honest, it is a lot of coded gatekeeping by human beings that defines taste. So, clothing needs to be worn by certain people to be special. A painting needs to be collected by a certain collector to have value. The times where LVMH got to define luxury as an empire was when you had Bernard Arnault, you had Anna Wintour in Vogue, and you had a fashion critic called Tim Blanks. They define, they tell you this is cool. They tell you Miuccia Prada made this collection. It is aesthetically defined as ugly chic, and you just spent \$2,000 buying a skirt to prove you have taste. So that, with social media, with the rise of Asia economy, and with social media, where cultural authority is very hard to claim. There's so many opinions, and it gets very fragmented. So, I think once that kind of collapse in the old world in Europe, you'll definitely not see another LVMH coming about in the next 10 or 20 years at that scale and that kind of authority. Maybe you will see a Miuccia Prada or a Karl Lagerfeld, and they're going to be Asian. High chance they're going to be Asian. Because I think now taste is largely defined by the consumers. You have more consumers, you win. It's not a fashion critic or an Anna Wintour. It is how much this product is in the secondary market. How talked about are you, coveted are you online? So, I think inevitably, and that's why it's our time—and back to AI is that it's machine. There's no human authorship, no cultural authority AI can really claim.

Petra Freddi 21:27

So, talking back to the authority, would you say these old signs of authority, like having a *défilé* at the Paris Fashion Week, having a store in Champs-Élysées or Via Monte Napoleone, are they no longer required for an emerging brand to be considered luxurious? Are there Asian ways of expressing the same thing, or do you think they're no longer required?

Jamie QQ Wu 21:46

I think there's a few areas it's very hard to shake. I think if you're haute couture, you have to have a Paris stamp on it. They still hold on cultural authority. Well—okay. Ravi can debate and disagree. But I use Chinese designer Guo Pei as an example. Her trajectory was the Met Gala, the Met exhibition, and Paris Couture. So, I see that a bit hard to shake. Maybe Swiss watchmaking is very hard to shake. However, if you're an emerging brand, I think you'd have to build your own following before you sometimes even have the product. So that usually is homegrown. That is algorithm magic plus your narrative, your storytelling. Paris and New York is a bit far to exude power on that, I think.

Ravi Thakran 22:40

Okay. I would disagree, but before that, let me agree on a few things. First part is talking—we mentioned about Swiss watchmaking. There is, first of all, a big myth about the Swiss are the biggest watchmakers. 92 percent of watches are made in Asia, 60 percent of watches are consumed in Asia. Asia is the biggest center for luxury watch consumption. Unfortunate part is the brand value is still 80 percent with Swiss. They are mere assemblers of Swiss watches. Almost all, but for six, seven brands, almost all of the brands, all components are made in China or nearby, and they're just taken to Switzerland, assembled there. So again, what do they have? They have the brand, they have the storytelling. They have the packaging presentation. The day we learn those things from the West, we can beat that not only in watches but across all categories. This is the issue. Japan is a very developed economy for a long time. Japanese have produced some fantastic products. In a category like camera, for example, almost nobody produces as good as they have been doing, but for some small exceptions in Germany, etc. But their storytelling was not as great. Their packaging presentation was not that great, but we are getting there. We now have talent, we have Western education, we have all kind of other knowledge that we are able to bring in. The moment we pick up and bring those things—it's not only watches, garments. 91 percent of garments are made in Asia. 91. 61 percent of garments are consumed in Asia, but we have only 11 percent of the value. It is category after category because Western world has still the brands. The day we learn how to do better branding, better marketing, better storytelling, we will capture the market, and we'll become the center of the world. Now—

Yue-Sai Kan 24:37

It's the desirability.

Ravi Thakran 24:40

Absolutely.

Yue-Sai Kan 24:40

Yeah.

Ravi Thakran 24:41

Now, talking about this, Asian brands in fashion in particular often would make a big claim that this year Sabyasachi is now presenting in the New York Fashion Week, or Rahul, Malhotra is going to Paris Fashion Week or so-and-so designer opened a store in Paris, a store in Via Napoleone. Yes, this has been a big quest, and so this brand is even there. It is basically mere validation they're looking for. I don't think by having a store in Paris or having Via Monte Napoleone, you get bigger revenue. Or by having Sabyasachi store in New York, he gets big revenue out of it. He'd get this validation that even French are accepting the designer—even those markets have a store, but you sell still to your own. Any brand that cannot succeed in its own market will hardly ever succeed abroad. You need to be a big brand for your own, and your own people have to accept that. And when that becomes, it becomes big. Now, of course, when you're a small island like Singapore with very few people, you've got to go out to the world, and that's how Charles &

Keith, they started here, but then went out to the world. And I'm very proud to say we have a billion-dollar brand from this country in fashion. Nobody ever thought Singapore was creative enough to create any brand in fashion. Today, you have a billion-dollar-plus brand. It's a leader in the category. So, this validation will still be important, but I would say only for some time.

Jamie QQ Wu 26:05

But I think it was also very unique since you brought up Sabyasachi, who is known as the Vera Wang of India. He designs the most elaborate, amazing wedding gowns, mostly for Indian or Indian diaspora brides. And I think this is a very unique Asia phenomena where a country like India could probably rival many of the individual European countries or American markets that—and luxury have had a hard time tackling India. I think Ravi did a brilliant presentation at BoF specifically about it because especially in fashion, cultural dressing, women wear their cultural garments on a daily basis, and you cannot shake that tradition. So, when the most important day of your life comes, if you can afford it, you go to an Indian designer because only they know how to design your cultural garment at its most elaborate format. So, does Sabyasachi need Paris stamp? Like Ravi said, probably no. It's a validation. It's good to have.

Petra Freddi 27:09

But Ravi, you were just saying Asian luxury brands have not yet figured out how to do the branding and marketing, and I would say Yue-Sai figured that out more than 30 years ago. So, tell us, what did you do to create that success, and which of the Chinese luxury brands nowadays also do you see are getting it right? And if they're getting it wrong, why are they getting it wrong?

Yue-Sai Kan 27:31

Well, luxury—my first lipstick was sold at \$9, \$10. And that was at a time when Chinese are making \$31 a month. So that's really the drama. It's one quarter of their monthly income. So that, to me, was real luxury, right? But luxury is a desire. You really have to want it. The storytelling is extremely important. So, the success is a number of very interesting success. Guo Pei, of course, I know her very well. I brought her to America. She got very famous from going to America. And we launched her in my charity and then China, like—Metropolitan Museum used her then two years later. So now she's everywhere. Every museum in the world is actually exhibiting Guo Pei right now. She's in the Silk Museum in Hangzhou right now, in the biggest exhibition of all. In fact, there is a dress that Sotheby's auctioned off. It was estimated at \$870,000. A gown, \$870,000. I had a large charity in New York a month ago, where Jamie was, and the one last dress that she put together cost, workmanship, 40,000 hours to make that dress. So, you're right, Western designers cannot possibly even think of this kind of craftsmanship, right? I mean, \$40,000 a dress. The gold thread used was as thin as hair. It's amazing. How do you compete with that? You cannot. And Guo Pei never discounts. Major, major brands do not discount at all. And you don't see Wallace Chan discounting, right? I mean, never discounts. And Guo Pei doesn't even have ready-to-wear clothes at all. So, you talk about Lǎopù huángjīn. [Laopu] doesn't discount, but it actually raises its price, and in fact, people are still standing in line for hours just to get in there to buy. So again, it's where the craft and culture really comes into being. The real failures are very obvious. You guys know about Shanghai Tang? I mean, is there another brand that's more famous than Shanghai Tang? It's amazingly famous, right? It didn't make it, because basically people are thinking that Shanghai Tang was merely a step up from Chinatown clothes. So, the Chinese women don't really want to wear it on a day-to-day basis, right? So, when David Tang gave up his title, basically, Richemont really could not make it with that brand. And of course, you have other examples that are really real failures. The most famous is Shang Xia. Shang Xia brand, Hermès put so much money into that brand, and of course, they have very beautiful craftsmanship and all. But those pieces look like museum pieces. It's hard to desire them. I mean, how can you use a museum piece to wear it on your body? It's very difficult for everybody. So, I think those are really glaring mistakes. Just because it's very beautiful, doesn't mean that it's desired to be worn.

Petra Freddi 31:30

So, what would be your advice? You have so much experience in this field. We have many young leaders with us here in the room. To a 30-year-old designer in Seoul, Mumbai, Shanghai, that wants to build a luxury brand, what you wish someone had told you?

Yue-Sai Kan 31:44

Me? Oh, for sure. Of course, a lot of things I would want to tell him, but the most important thing I think is that you have to remember, to build a luxury brand, you really take time. Don't let a money person come to you and say, "I give you a lot of money, but then I want two years to double my money, and three years to exit." It won't work. For a real luxury brand, you really need the time to build it. That's really what I think is a very, very important point.

Ravi Thakran 32:17

I think for anybody who's looking to create a brand, the key is really define your DNA and stay true to that DNA. I think that's the most important part. See whether you have cultural relevance to today's time as well. Like Shanghai Tang for its own time is okay, but it stopped innovation, stopped creativity. After David sold it, nothing much happened in terms of innovation in the brand. Cultural relevance, true DNA, true authenticity, focus on craftsmanship. These are values that are everlasting. And those values were relevant 10 years ago, were relevant today, and will remain relevant a decade from now. These are absolute. And then use everything. Use artificial intelligence or augmented intelligence for all you need, but never lose the sight of staying true to your own DNA.

Petra Freddi 33:14

Mm. So, Yue-Sai, you talked about patience, and Ravi, you're an investor and you know what it's like to have underlying LPs who are semi-patient, sometimes impatient. How do you balance the two?

Ravi Thakran 33:29

I think the point she said, very, very true. Luxury takes time. So therefore, as an investor, if you're investing, you would not invest in early-stage brand. You would rather invest—so investing in Gentle Monster when it's just starting would be foolhardy for private equity, but investing when they're in their eighth and 10th year, when they've already gained significance and then take to next stage, yes, that makes good sense. And that's what we did.

Petra Freddi 33:57

And are there certain characteristics you search for in brands if you think this is an Asian brand that can become global? What is it? What are the traits you would look for to take them global?

Ravi Thakran 34:10

I'll say some of the common traits are what I mentioned already. That does this brand have something very unique? Does it have cultural relevance which is portable? Portability is a key aspect. But sometimes, if you're in a country like China, I would not worry about portability. I have big enough market of my own, and I can become a massive brand and own market itself. Same for India. India is very Indian, as you rightly said. Sabyasachi has a store in New York, has some presence in Paris. He doesn't have to. Indian market itself can make it a billion-dollar brand. So yes, portability is needed for smaller market, for smaller population, but large population market can build brand for their own itself and worry about portability later. But I think the focus of the team is very important. Are founders really focused? Founders are passionate, founders are very involved. You never buy a founder-led business and take them out and think you can do, because founders, as you saw in her, the passion never goes. The passion is superbly important. You can bring better management, but you always need founder-led businesses. You go and can take minority or majority, but always have good skin in the game and have them really lead the charge. Nobody will be able to replace that passion.

Yue-Sai Kan 35:33

You know, actually, L'Oréal told me once that they could never start a brand themselves. They only can buy because they don't have someone who's passionate about one idea. They can only buy.

Jamie QQ Wu 35:50

Yeah. I think if I were to use K-pop as an example, because recently I did some research, I made a piece of commentary on it, is that K-pop as it is today is not an overnight phenomenon. In 1998, when Kim Dae-jung became the president, Michael Jackson was at his inauguration, and this is when he announced that culture—and this is right after the Asia financial crisis, where the Korean economy collapsed. And he announced culture as a pillar economy. So, there is a huge pool of talent in Asia, for sure. There is endless ways to creatively distribute, create, make, but I think some sort of capital government infrastructure behind it is still very important. Then for the next 30 years, K-pop became what we saw today. And I think K-beauty is now a category. It's not a trend anymore. It's a new category of a product people will buy from now on for a very, very long time. So, and the success of K-pop was government backing, the conglomerates chipped in, and then there was the creatives. And speaking of luxury, I talked about the Bernard Arnault, Anna Wintour, Tim Blanks triangle, and this is how they claim cultural authority, and I think institution building is something that Asia could really make reference to. There's no shortage of funding and talent and of history to build institutions, so it's also a way of building your own cultural narrative, your own cultural authority. That will give young designers and creatives a platform to succeed and a platform to say, "Hey, we're now luxury."

Ravi Thakran 37:42

I can say with the fullest confidence, 'til 20 years ago, for almost 200 years, Asia was not that relevant. It became relevant only in one area. Starting 1980s to 2000, it became factory of the world. Particularly with the rise of China, but also Southeast Asia, factory of the world. We were producing almost everything. In the last 20 years, now we've become market of the world. Today, category after category, Asia is the leading market, particularly in luxury, Asia is the biggest market because we have discernment. We always love luxury, and we're always ready to pay for luxury. And it's already become the largest market. I can tell you in the next 20 years, Asia will be the biggest brand factory of the world. Asia is where the biggest innovation will come from. As I mentioned that nowhere people are working as hard, nowhere people are working with that much detailed craftsmanship, nowhere in the world there are embroiderers like we have, nowhere there are people who can do the whole dyeing and all the work with hand that people are doing across, nowhere. Some of those arts and crafts have gone out of Europe. So, we have everything, all the ingredients. With our economy rising, with our discernment staying in place, we will become the biggest center for production as well. I genuinely believe so.

Petra Freddi 39:00

Yue-Sai, what do you envision is the future of luxury and Asian luxury?

Yue-Sai Kan 39:05

For sure, Asia is going to be the biggest. Right now, already, some of the most beautiful shoes are made in Asia. Some of the most beautiful clothes are made in Asia. No question about it. It's not even a question anymore, right?

Ravi Thakran 39:21

Yeah. There's only one point I would say, which is unfortunately, a subject in the Trump era has been put into backside, which is sustainability. And I think we should all in the industry overall, should worry about one thing from the world of luxury and fashion, about overconsumption. You talked just now Jamie when you stood up, said you almost don't feel like buying more. I think fashion industry produces almost 120 million garments that do not ever go on anybody. 120 million garments get wasted. Similar, category after category, the amount of waste that gets created is phenomenal, and I think somewhere the true luxury should be consume less, but consume things of real heritage. Consume things that culturally, you can say they relate to you. I think that message has to do. Our

children certainly know which brands and which companies actually care about people and planet, and I'm telling you, that generation will honor those. When you talk a brand like Patagonia, kids know all of them, that that's real. And when all other company, their annual reports are full of green color and whatnot, they know they are not authentic. So, I think this is one area where I think a message of an Indian who influenced a large part of Asia, Buddha, had said that less desires mean more happiness. And I think somewhere we need to take that message more deeply. Yeah, desire a few, and buy things of deep cultural relevance to you. I think that would make all of us much happier.

Yue-Sai Kan 41:07

No, it's hard.

[Laughter]

Petra Freddi 41:11

Yes. And Jamie, what are your closing words defining characteristics of future luxury brands?

Jamie QQ Wu 41:17

Future luxury brands needs to make me want to buy it. It cannot do this, okay? So, before this prop popped up, which is not mine, it's my friend Rebecca's Birkin. You saw me in this beggar outfit. You go, "Who is this girl? What is she wearing?" Right? You cannot define me. And the moment I carry this, you're going to go, "Oh, okay. This is kind of the taste she has," and start guessing my income level, my husband's net worth. And so that is this new generation of luxury. It has to not just send a status signal; it has to go so deep into creating new desirability. It has to become a bit more intellectual. It has to not just be commercialization. It has to not sell a commodity. I think that's going to be the foundation of what we call luxury.

Petra Freddi 42:13

And even us at the Milken Institute, we look forward to bringing you more conversation about the world of arts, culture, creativity, and everything that's truly human and creating more amazing experiences. That is something my new team is working on across our global platform, and this is just the beginning. So, thank you so much to our amazing panelists.

[Applause]

Petra Freddi 42:39

And please join us for our dinner, which is all about K-pop and K-beauty. Thank you.

Disclaimer: This transcript was reviewed by individuals for accuracy and serves as a reference. However, it may still contain errors or omissions. Please verify any critical information independently.