



**THE NEW CULTURE CODES OF LUXURY**

*How to shift your plan to the future*

OCTOBER, 2019



It's time to stop talking about traditional luxury advertising becoming more and more ineffective, and actually start to

*market differently and better*

For the past handful of years, we have been settling into the new reality that people are consuming all content, including luxury, very differently: in their social feeds, across their devices, on their own time. As marketers, we have become the frog in the boiling pot by not truly shifting our thinking, our spending, and our strategies. The numbers speak for themselves, embracing these undisputed facts:



40—50%

OF LUXURY ADVERTISING SPEND IN THE U.S. IS EXPECTED TO GO TO MAGAZINES THIS YEAR, WHEREAS OTHER CATEGORIES ARE EXPECTED TO SPEND 5–10%.

We wistfully hold on to strategies of the past, convincing ourselves with statements like “We’ve still got the *Sunday Times*” and “The September issues always have a lot of eyeballs.” And while those can be still viable placements for any luxury media plan, they are becoming fewer and fewer, and less impactful. Take a look at the fall fashion books which have just arrived at the newsstands. *Vogue* single-sale September copies have decreased by 38% in the past five years — it’s safe to say consumers flush with money are no longer standing in line waiting to discover the “must haves” of the season.

In our latest luxury Scout custom study, we wanted to unearth how luxury brands should think about “media” in an environment where the future does not fit into containers of the past. We found that in the

hunt for personal connection and authenticity, consumers are moving away from the typical industry insiders as trusted sources of influence in luxury. What we started to unearth in this study was a very interesting dichotomy: The number one place respondents feel luxury brands belong is at fashion events (34%), followed by luxury magazines (33%). That said, no demographic pointed to these spaces as highly influential on their actual purchase decisions, with only 12% acknowledging the influence of magazines on luxury choices, and only 10% in respect to fashion week. Their sources of influence are grounded in the highlight reel of social media. So magazines still have a place in a luxury media plan, but do not drive the same number of eyeballs (everybody knows that) and, more importantly, do not carry the same influence.





Gone are the days of untouchable models being the height of inspiration; consumers are looking for a new layer of velocity, flair, and realness as they seek out inspiration. No longer can brands guarantee success by spending millions on gatefolds and cover fours or by blanketing downtown Soho or Williamsburg with high-impact outdoor. Through our research, we have come to understand that traditionally trusted media venues of luxury have perceived authority, but it is the always-on feed that has the ultimate influence and power.



If you're asking yourself the question, "How can I break through

*the scroll?"*

We hear you. We believe you can connect more deeply outside of the Instagram montage too. We believe a modern approach honors consumers new expressions and new connections to luxury. So, marketers and CMOs, here are ten ways you can embrace and empower today is and tomorrow's luxury consumer through a new kind of marketing plan that looks beyond traditional venues and beyond the social media filter.

Executive

# Summary

How luxury brands win in the new and ever-changing environment

1

**LUXURY IS ~~WHAT YOU OWN~~ WHO YOU ARE.** Personal fulfillment through luxury is shifting the tide from conspicuous consumption to new forms of luxury, and consumers are looking for brands to get more personal in their journey toward growth and self-exploration.

2

**UNDERSTAND THAT SELF-CELEBRATIONS MATTER MOST.** Luxury consumers are embracing luxury as a method of self-love beyond classic milestone moments—and brands need to shift to fit into this exploding model of self-celebration 365 days of the year.

3

**BROADEN YOUR IDEA OF WANDERLUST.** It's a mentality that goes far beyond vacation—one that is exploration-driven and curiosity-first. Embrace travel as bigger than a trip and become a partner in their wanderlust.

4

**PLUS UP POWER DYNAMICS.** Rising generations are looking to new-school purveyors of luxury, from feminists to politicians to activists, and they aren't impressed by diverse representation in luxury—they expect it.

5

**ELEVATE NEW PLAYERS IN THE GAME.** Gen Z is 54% more likely than other audiences to turn to gamers for luxury inspiration—and streetwear, music, and apparel are becoming more intertwined in the space than ever before.

Executive

# Summary

How luxury brands win in the new and ever-changing environment

6

**START BUILDING A NEW TYPE OF CLOUT** in a category that has previously really stood for “empty luxury.” 91% of respondents say luxury brands should rally behind social causes, and this new and heightened criteria is being reinvented by young consumers.

7

**SAVE THE PLANET = SAVE YOUR BRAND.** In 2020 and beyond, sustainability needs to mean more to your brand than just a logo slap or one-off donation, so explore the corners of your brand that can own environmental-first brand stands.

8

**BRING BESPOKE TO AI, NOT ATELIERS.** Recognize personalization is no longer having your name on a luxury item—it’s a tech and entertainment curated experience that makes rising affluents feel seen and heard.

9

**SHARE MORE THAN A GLOSSY PHOTO.** Social beyond the big three is finding a spot on the front screen as new generations go deeper into new inspiration threads of the Internet, and move beyond visual browsing for a deeper level of engagement in the feed.

10

**ADOPT A “STREAMING” MINDSET TOO.** To reach new heights with holistic viewers, incorporate activations (not just ads) into your video strategy—rally behind streaming TV shows to find new moments of connection that go far beyond a commercial.

Luxury is ~~what you own~~

who you are

Luxury is moving from basic badging to “symbols of the self,” and brands can play a role in this journey to self actualization. 61% of respondents stated that luxury is not about projecting an image, and is instead about looking inward. This transition toward self-actualization through luxury has transformed the consumer’s approach to the category, moving away from pure indulgence and toward moments of personal fulfillment.

With this focus on self-growth comes a distinct spotlight on the values, goals, and feelings that luxury brands evoke. Consumers are no longer looking for untouchable brands that purvey indulgence and exclusivity; rather, they’re looking for brands to get more personal in their journey toward growth and self-exploration. This shift of luxury brands as a partner in the journey toward self-discovery resonates with consumers, who are hungry for a modern lens on luxury.

And we’re seeing an impact on how consumers follow trends:



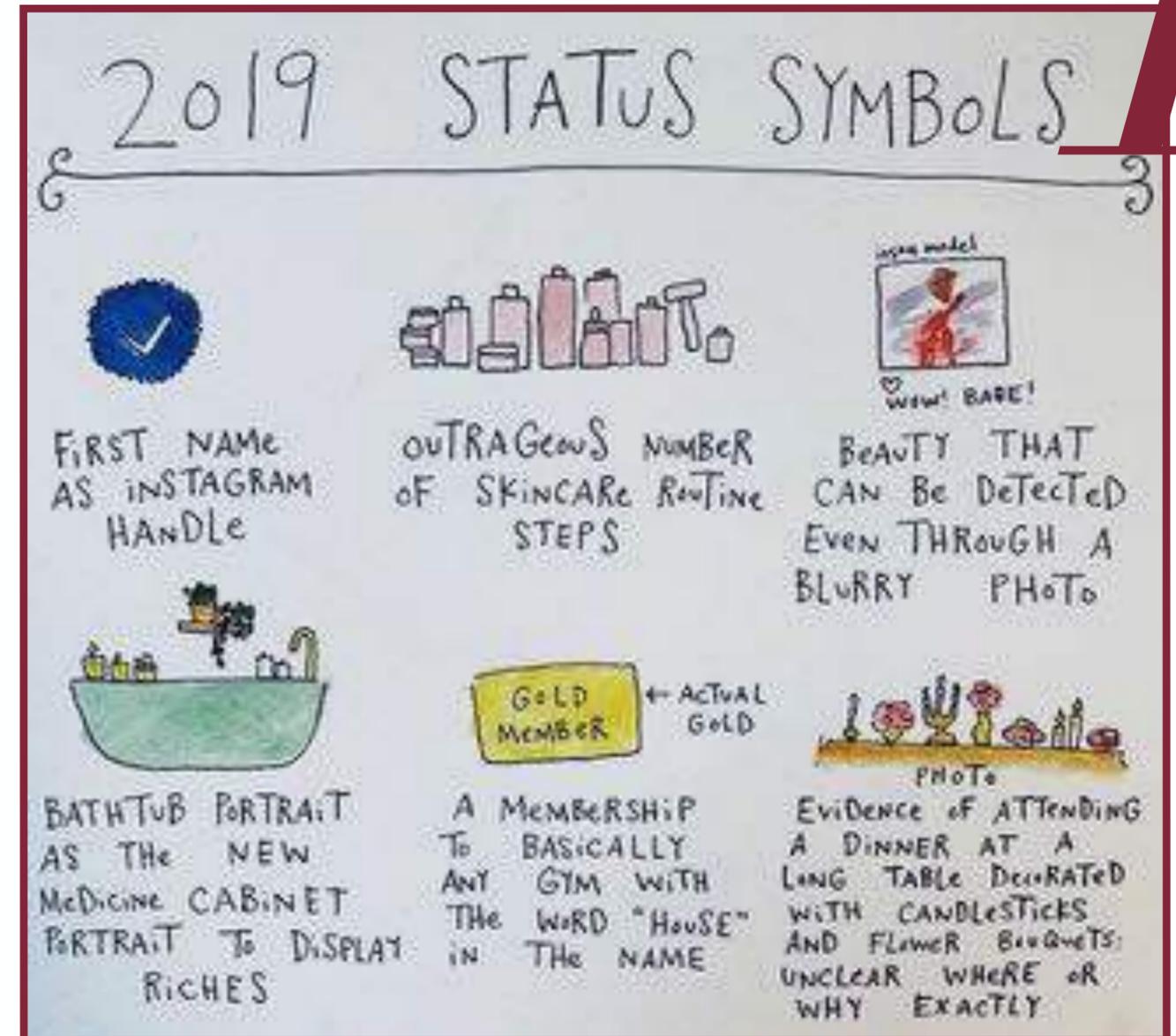
78%

OF CONSUMERS SAY THAT THEY PURCHASE LUXURY FOR THEMSELVES, RATHER THAN FOLLOWING THE LATEST TREND.



73%

OF CONSUMERS SAY THAT WEALTH AND MATERIAL THINGS SHOULD BE UNDERSTATED.



A parody of the 2019 luxury mindset

Luxury is what you own

who you are

As luxury becomes something much larger than badge flashing, we see “wellness” become deeply entwined with luxury categories. Even categories that have traditionally been associated with indulgence are beginning to follow the consumer trend of thoughtful moderation. 66% of Millennial drinkers say they’d like to drink less alcohol, and brands are responding to this heightened need for a personalized experience by tweaking product offerings to honor major wellness movements. Ketel One and Diageo-owned Seedlip are speaking to consumers directly as they craft products tailored to the sober-curious movement, with lowered ABV or no alcohol. This type of personalized drinking experience, tailored to the Millennial movement toward thoughtful consumption, elevates the category to an experience that feels made-for-them, creating a moment they’ll remember rather than a drink that they’ll forget. And this mindset is transforming the most popular music festivals around the world. Wellness is increasingly becoming the supporting act to music, a far cry from the hard-partying reputation that many festivals used to carry. Famed luxe music fest Coachella is including increased wellness experiences at their festivals, offering everything from vegan ramen to sound baths—and consumers are embracing this, with conversation increasing 58% year over year.



**How a Digital Detox  
Improved My Health  
& Well-Being**



**HERE'S ALL THE PLANT-BASED  
FOOD YOU CAN FIND AT  
COACHELLA THIS YEAR**

With over a dozen vegan-friendly vendors, this premier music festival has transformed into a promising vegan food fest.

Luxury is ~~what you own~~

who you are

As consumers adopt a more holistic view of luxury tied to wellness, working out, building healthy relationships, and getting sleep are viewed as essential pieces of a luxury lifestyle. This focus on mindfulness is driving them to new platforms that allow them to find balance—Apple even named mental wellness/mindfulness apps the number one app trend of 2019. And this rising focus on holistic wellness has promoted sleep to a status symbol, with sleep apps, DTC mattresses and Instagrammable comforters rising as the latest luxury trends. Brands thinking about leveraging the sleep obsession should think about new spaces that are being created in media—ASMR video views grew 122% in 2019, and sleep is now a top listening moment on Spotify. Luxury consumers agree that audio is a major piece of the puzzle—one in five say that luxury brands belong on streaming radio platforms.



(58%)

INCORPORATING WORKING OUT



(48%)

BUILDING HEALTHY RELATIONSHIPS



(70%)

GETTING SLEEP

THEIR TOP PRIORITIES THIS YEAR



 **Alyssa Stonoha**  
@astonoha

listen up fellas, "being in therapy" is the new "being tall"

The best duvet covers of 2019, according to sleep experts

We found expert-approved duvet covers for every budget.

Luxury is ~~what you own~~

*who you are*

*what you should do*

**UNDERSTAND THAT THE MOVEMENT TOWARD  
PERSONAL FULFILLMENT THROUGH  
LUXURY IS SHIFTING THE TIDE FROM CONSPICUOUS  
CONSUMPTION TO NEW FORMS OF LUXURY.**

Even for Boomers, conspicuous consumption has fallen out of style; they are 40% more likely to say that respect is more important than status. So embrace new spaces that honor this consumer mindset, like health, fitness, and sensory adventures, and explore how to push immersive wellness to new heights with emerging tech, through the use of AR, VR, and even sleep-tracking technology. Finally, honor the opportunity to be a partner to consumers as they form a whole identity, thinking beyond channel and category to find higher meaning in the consumer journey to self-actualization.

Understand that self-celebrations

*matter most*

Luxury is becoming more self-centered than ever, but in a meaningful way. From liquor to watches to travel, consumers are embracing the idea of luxury as a mode of self-love and celebration. When we asked respondents what prompted their last luxury purchase, the number one reason for making this purchase was “a treat for myself.” And self-love isn’t limited to major calendar moments—this response was two to three times higher than responses for major occasions like Valentine’s Day, New Year’s Eve, weddings, and birthdays. Bottom line is, luxury purchases are now more evergreen than ever.

Pairing self-celebration with the wider cultural conversation, we found that this best-self celebration is a true global conversation. In the last year, there were 3.2 million social mentions of statements like “do you” and “living my best life.” Social conversation has given consumers globally the permission to spend on themselves, unapologetically. And in a real way, consumers are taking “do you” to new levels by embracing “low-point moments” around them, and creating new moments of liberation. Generations today write their own rules for success, and are celebrating every step of the way.



**OF 22 TO 44-YEAR-OLDS SAY  
“WHAT I DRINK IS A  
REFLECTION OF MY SUCCESS.”**



Understand that self-celebrations

*matter most*

With this movement toward unapologetic self-love comes boosted celebration of sub-tribes that were once ignored by marketers. Single people make up 45% of the U.S. population and make up a tribe 200 million strong in China. When brands push beyond Valentine's Day and wedding-season messaging and speak to singles directly, consumers listen. It becomes less mass and more personalized. Alibaba created Singles' Day a decade ago to celebrate single people, creating an e-Commerce phenomenon that pulls in more than double the sales of Black Friday and Cyber Monday combined.



But luxury brands are just starting to show up in this massive moment of self-celebration. And few brands have spoken to single women directly, though, culturally, single women no longer fit into the “Cat Lady” stereotype. In fact, a recent study by Match says one in four women says being single makes them feel empowered. It’s time for brands to wake up, and give single women a better example than Carrie Bradshaw of the beauty of singlehood in this modern world.



Understand that self-celebrations

*matter most*

*what you should do*

**LUXURY BRANDS NEED TO SHIFT TO FIT INTO THIS EXPLODING MODEL OF SELF-CELEBRATION ACROSS CATEGORIES OCCURRING 365 DAYS A YEAR.**

69% of premium liquor is purchased for oneself, rather than as a gift. So what does it look like to honor consumers on a more personal basis? The evening, before bed, is the number one time consumers are seeking out content—what does it look like to treat this evening downtime as a moment of reflection and celebration for consumers across tribes?

Broaden your idea of

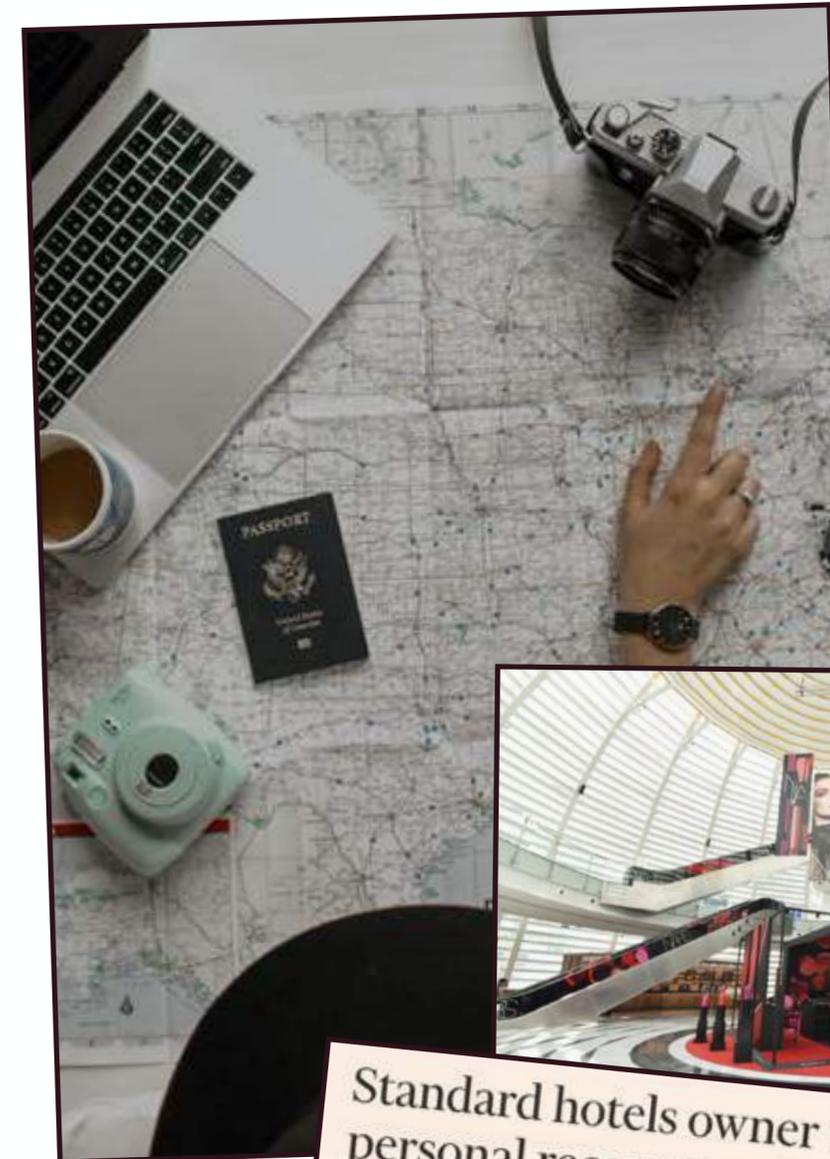
wanderlust

Among all respondents, travel is their number one passion, embedded in an ecosystem of worldly interests like reading, food, and music. This connects to the growing appetite for more immersive experiences in travel, with boosted interest in mindful travel, architecture travel, and history-based travel. As travel shifts from just being a chance to escape to also being a chance to tune in to new surroundings, we come to understand that the world has never felt smaller or more accessible.



**56% OF RESPONDENTS SAY THE ULTIMATE LUXURY IS EXPERIENCING THE MOST LIFE HAS TO OFFER.**

Booming passion in the travel space opens up bigger and bolder opportunities for luxury brands to play a part in the exploration experience. As an example, NARS launched a NARS Lip Gallery pop-up in airports in Thailand, China, and Japan consisting of interactive motion sensors, a mobile augmented-reality feature, and complimentary beauty demonstrations, resulting in over 45 million earned impressions. And consumers are asking for more: Airports, first class lounges, and travel magazines are the top three environments where consumers want to see and experience luxury brands. The Standard Hotels are taking this hyperinvolvement to a new level, using customers as travel advisors to craft hyperpersonalized recommendations in their upcoming app, Benny. And rising brand BeRightBack has brought subscription services to travel, challenging the typical booking model as consumers dig for constant immersive experiences.



3

**brb**  
#BeRightBack

Standard hotels owner to launch app based on personal recommendations

Group aims to take on online room-booking engines by 'making everybody a travel agent'

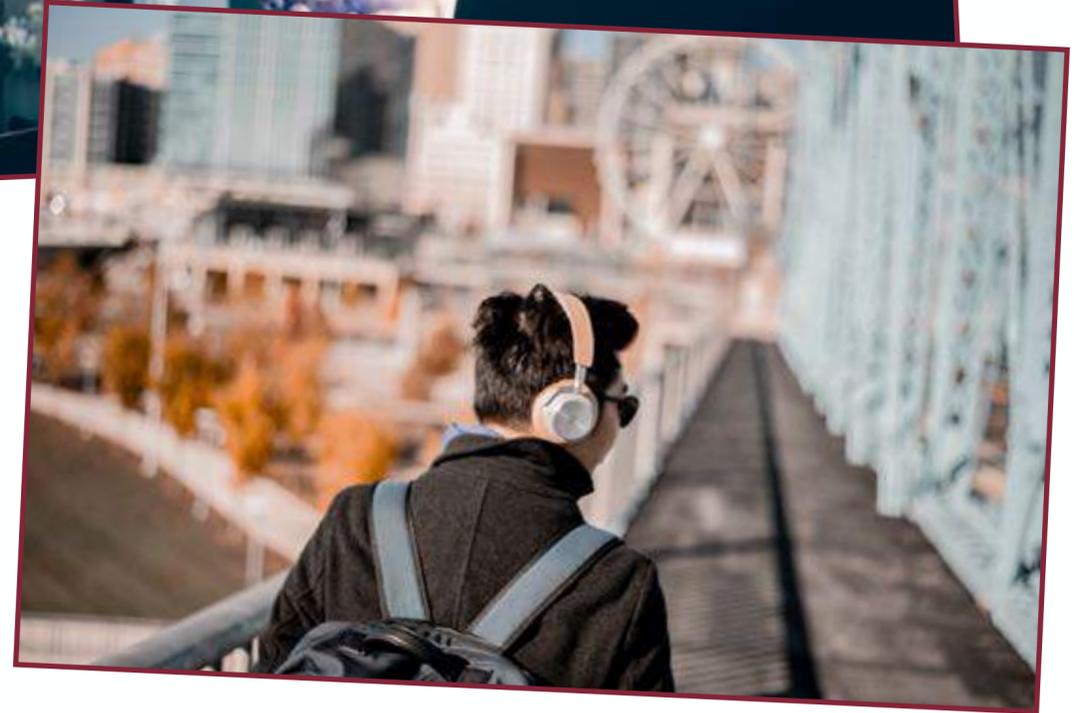
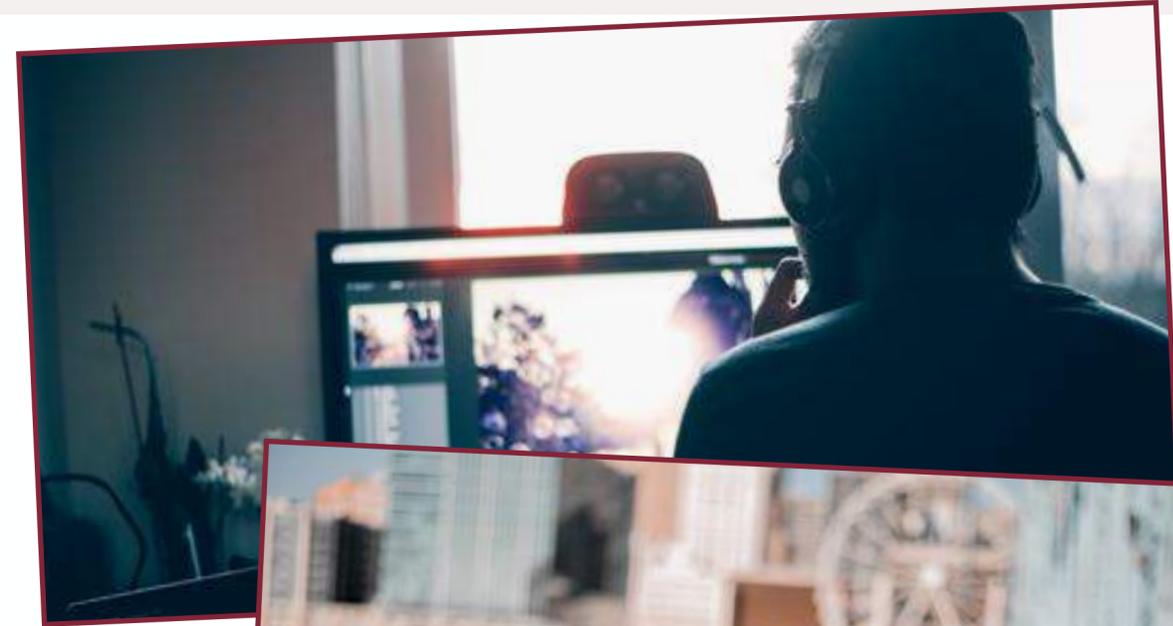
Broaden your idea of

wanderlust

But the web, streaming, and technology have lifted not only borders but our wanderlust; they have pushed our discovery far beyond itineraries. We see wanderlust as a mentality that goes far beyond a vacation—one that is exploration-driven and curiosity-first. Emerging from this mentality are opportunities to deliver consumers an exploration experience, regardless of them hopping on a flight. Subtitles are acting as the new tour guide, as emerging generations rely on entertainment to dip into their wanderlust.

The overwhelming social convo around HBO's *Los Espookys* and Netflix's *Roma* clearly reinforces that exploration obsession lives on the screen in tandem with IRL travel. And this appetite for global moments in media spreads beyond TV. One out of every five top streamed music genres on Spotify is from another country, and consumers across generations are using audio to be transported between trips to new cultures.

Brands are finding new ways to participate in wanderlust beyond the airport, like Twitch partnering with Duolingo to spark exploration of new languages and cultures. Cultural immersion is taking place in smaller, daily moments, and creative marketing activations can make your brand a true partner in exploration—from the airport to the couch.



**OF 18 TO 36-YEAR-  
OLDS SEEK OUT  
CONTENT FROM  
OTHER COUNTRIES.**



**SAY THEY  
REGULARLY WATCH  
NON-AMERICAN  
TV SHOWS.**



**SAY MUSIC ALLOWS THEM TO  
CONNECT WITH EACH OTHER  
AND OTHER CULTURES.**

Broaden your idea of

*wanderlust*

*what you should do*

**AUGMENT CONSUMERS' DESIRE FOR  
WANDERLUST, EMBRACING TRAVEL AS  
BIGGER THAN THE TRIP.**

Think beyond linear travel when tapping into the luxury love of wanderlust—look to places in media where you can transport consumers on their continuous hunt for stimulation and inspiration.

Plus up

# power dynamics

Thankfully, the days of white-male-driven luxury are falling out of fashion. We are finally starting to see refreshed focus on diverse representations of luxury across gender, race, and age as spending power becomes even more diversified. Black, Hispanic, and Asian consumers hold \$3.6 trillion in annual spending power and must be a fundamental piece of any luxury growth strategy. And Gen Z and Millennials aren't impressed by diverse representation in luxury—they expect it. Begin to understand what it looks like to get comfortable with diversity as a fundamental piece of all campaigns, not just a tack-on.

So to capture a growing diverse luxury audience, act as a mirror by listening to and lifting up rising voices who resonate with your tribe. Brands that are constantly asking how their campaigns can be more inclusive—across age, race, gender, ability, and size—create moments of relatability with their consumers, who feel seen and heard.

Congresswoman Alexandria Ocasio-Cortez has been able to find this magic with new audiences through heightened transparency on social, and her followers are eating it up as they see themselves in Congress—many for the first time ever. AOC's Instagram stories have become fireside chats: She'll move between subjects in a way that we haven't seen politicians do before, portraying herself as a whole person. That means she'll discuss high fashion in one breath, and tax policy in the next. She'll talk AI bias and liquid lipstick, displaying a substantive understanding of both. And the AOC effect is real: A tweet about her signature red lipstick from Sephora this past July drove a 20% increase in sales in one week. And it's creating a new definition among girl gangs—Taylor Swift's squad has found 2.0.



Gen Z/Millennials are **32%** more likely to turn to **feminists, politicians, and activists** over celebrities as sources of luxury inspiration.



**63%** of Gen Z and Millennials say luxury is becoming **less refined and more relatable**.



Rep. Barbara Lee @RepBarbaraLee  
First day of a new era. 🦵👏

WE TRIED THIS | FEB. 28, 2019  
**5 Women Try Alexandria Ocasio-Cortez's Favorite Lipstick**  
By Kathleen Hou

Alexandria Ocasio-Cortez @AOC  
Lip+hoops were inspired by Sonia Sotomayor, who was advised to wear neutral-colored nail polish to her confirmation hearings to avoid scrutiny. She kept her red.  
Next time someone tells Bronx girls to take off their hoops, they can just say they're dressing like a Congresswoman.

Ashley Alese Edwards @AshleyAlese · Jan 4  
I saw @AOC wearing gold hoops and red lipstick at her swearing in so I am now going to wear gold hoops and red lipstick everywhere I go.  
[Show this thread](#)

Plus up

# power dynamics

But it's possible for heritage brands to authentically honor rising power dynamics, too. In 2017, Gucci pledged to bring diversity to life in real ways throughout the brand and made good on their promise. The brand molded an authentic brand story by taking a diverse approach that was consistent in both their designs and their activism. External support of equality-first causes included reproductive justice and gun control, and internal work prioritized celebrating difference. Gucci refused to water down these initiatives, even making massive donations to political causes like March for Our Lives.



Within design, the brand embraced maximalism as an outlet for bold self-expression. And their Resort 2020 line was anything but subtle in both its design and advocacy—dresses with embellished uteruses and blazers reading “My Body My Choice” shouted Gucci’s stance on reproductive justice loud and proud. And it worked. After they enacted their diversity initiatives, sales went up 50% in a category growing by just 5%. Their success has been sustained, with Gucci’s earnings up 39% this year. And this growth is bolstered by younger audiences: Consumers under 35 made up 62% of sales last year.



Plus up

# power dynamics

Once diversity-first campaigns are created, it is imperative to put spend and strategies behind reaching these groups. Multicultural groups are largely underrepresented in media investments, making up just 5% of overall advertising spend. Efforts to diversify your brand fall flat without spend behind them, and these groups deserve a bigger role in your media plan if you want a bigger piece of their wallet. So shift your spend to ensure that you actually reach multicultural audiences —these are the consumers who will grow your brand.



African-Americans make up **7%** of Millennial/Gen X luxury consumers, **BUT 1.4% OF ALL TARGET AD SPEND.**

This ratio is even higher for Hispanic Americans, who make up **14%** of Millennial/Gen X luxury consumers, **but just 3.6% of all advertising spend.**



Plus up

# *power dynamics*

*what you should do*

**ACROSS GENERATIONS, TAKE THE LEAP TO EXPLORE WHAT IT LOOKS LIKE TO SHOW UP FOR, AND LIFT UP NEW SUBTRIBES IN YOUR PLAN.**

Dipping your toe in the water isn't enough—diversity is an expectation for rising generations. Diverse voices must be honored throughout the campaign, in both creating and lifting up your brand story, to achieve real authenticity when supporting shifting power dynamics. And when crafting your plan, explore the innovative ways you are going to reach diverse consumers. Make multicultural consumers a priority in your spend—if they aren't already—in order to find growth.

Elevate new players

*in the game*

As consumers discover and seek out luxury brands in new media, this is leading them to look to new purveyors of luxury. One in four Gen Zers say that they look to gamers for inspiration about luxury brands. Up-and-coming brands will be unearthed from these new-school influencers, especially as the gaming category finds deeper roots in community and activism.



71%

**MORE LIKELY TO POINT TO GAMERS  
AS INSPIRATION FOR LUXURY  
BRANDS THAN ATHLETES**

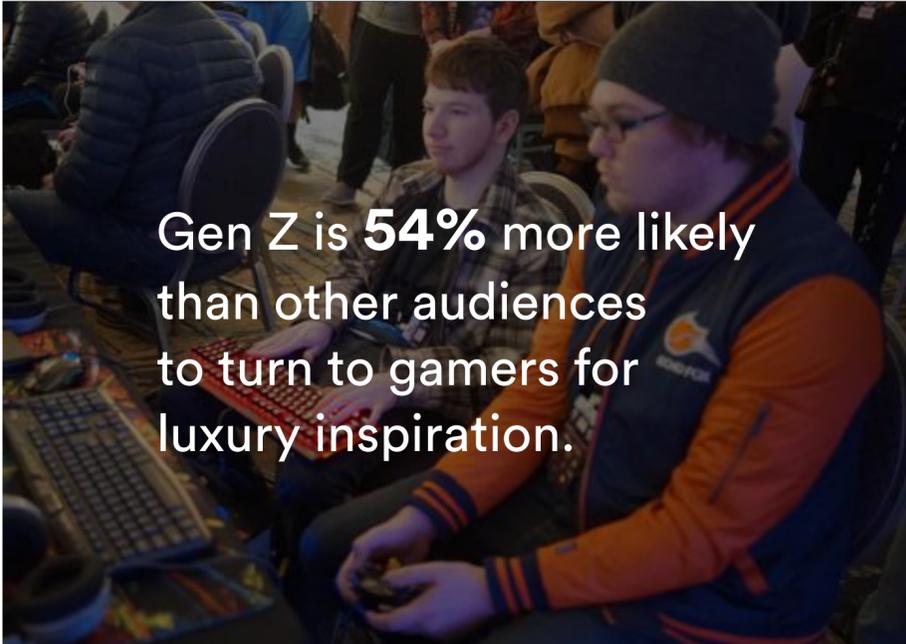
Emerging players like Soleil Wheeler—the first deaf player and first female to join FaZe Clan—have brought new meaning to live streams. Soleil’s been lauded for coming into her own voice, seamlessly integrating her advocacy for the deaf community into her streams, and bucking the traditional stoic-masculinity trends that often dominate the gaming scene. As she grows her career on a national level, she’s made inclusivity real in the gaming world while setting the bar for new ways to achieve luxury. Generating interest among the gaming community, she boosted conversation with one of the most popular gamers—when she played with Ninja earlier this year social, conversation for him increased by 163%. And consumers are putting their money where their values are: Twitch streamers raised over \$40 million for charities in 2018.



5

Elevate new players

*in the game*



Gen Z is **54%** more likely than other audiences to turn to gamers for luxury inspiration.



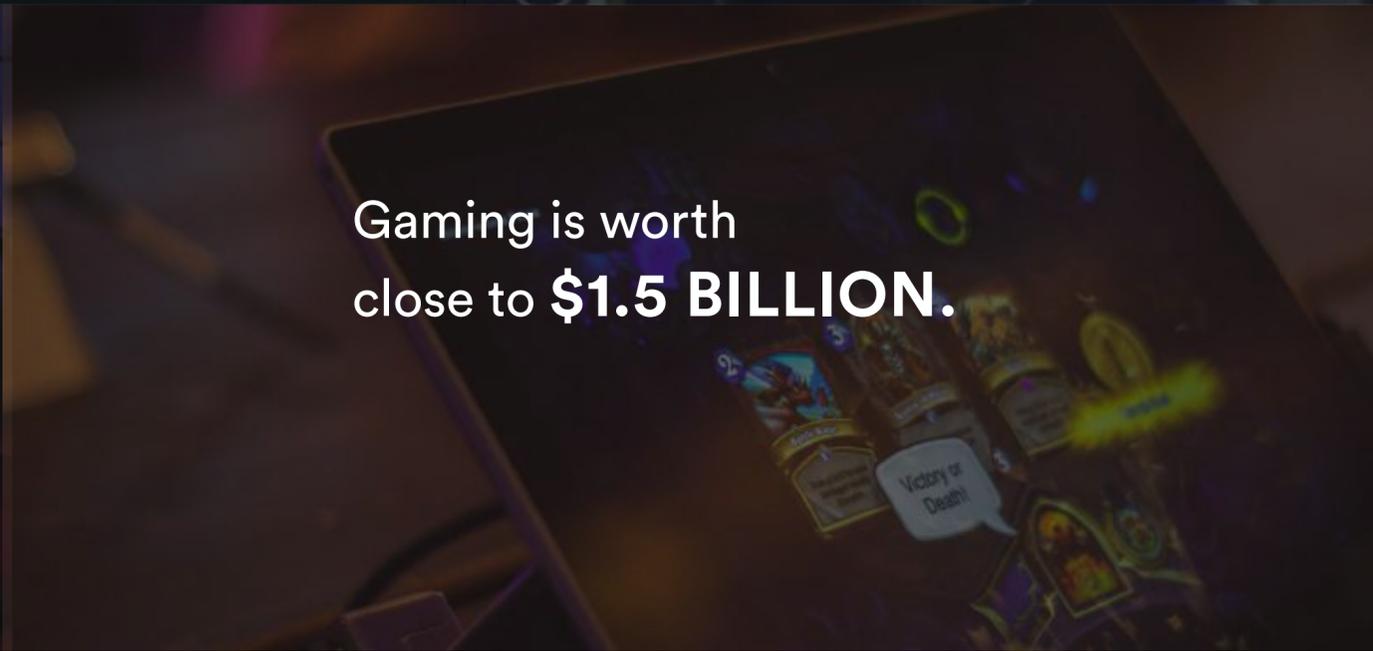
**ONE IN THREE** say gaming has inspired their career path.



**ONE IN FIVE** say they are spending less time with Netflix in favor of gaming.



**53%** of 23 to 36-year-olds pay for gaming services (51% pay for TV).



Gaming is worth close to **\$1.5 BILLION**.

Elevate new players

*in the game*

This past June, Columbia Records launched a new imprint, Lost Rings, creating a space to promote artists who produce original content that combines their love of video games and their love of music. Singer BlackKrystel and rappers BunnyMightGameU and Sunzi, who joined Lost Rings, have earned a niche, but obsessive, fan base that supports a new kind of freestyle. Their music, which has been difficult to pin down to a specific genre, expresses their individual passions for video games, music, and intersectional interests like anime.

As the intersection of music and gaming is becoming closer than ever, with game radio soundtracks and songs for the introductory splash screens in games, consumers pointed us to this connection: Discovering a new musician or band is one of the top things 13 to 36-year-old gamers have done because of gaming.



**“I feel like it’s a no-brainer. The culture is my life. I want to make music for me and my people. I want to make music for us gamer nerds to resonate with.”**

**—BLACKKRYSTEL**

**“For people like me who understand things in hip-hop culture and understand things in geek culture, we’re able to actually bridge those gaps and make good music that’s relatable.”**

**—SUNZI**



Elevate New Players

*in the game*

*what you should do*

**PUSH YOUR MEDIA AND CREATIVE AGENCIES TO TEST THE GAMING SPACE IN UNISON.**

This is not a media-buying-only exercise, and this is not a media-agency-only exercise. Exponential power will be reached when message and medium are linked. Gaming is bigger than you think—keep an eye out for Louis Vuitton’s League of Legends trophy case, which will be awarded to the champion on November 10th, an award previously reserved for winners in major conventional sports.

Start building a new

*type of clout*

Badge luxury has new and heightened criteria for Gen Z (13 to 24-year-olds), with a renewed focus on brand stands. One in three of Gen Z say that luxury brands must have social status intertwined with a luxury reputation, and these are built through taking a stand and creating a relevant presence across social media. And while Gen Z is spearheading the movement toward meaningful badge luxury, it points us to a more universal movement of heightened criteria for badge brands, with 91% of consumers across generations agreeing that luxury brands should rally behind social causes. And the bar is even higher for luxury brands than for non-luxury brands.



68%

OF RESPONDENTS SAY IT'S MORE IMPORTANT FOR LUXURY BRANDS THAN FOR NON-LUXURY BRANDS TO SUPPORT SOCIAL AND ENVIRONMENTAL CAUSES COMPARED TO NON-LUXURY BRANDS (BECAUSE OF THEIR PRICE POINT).

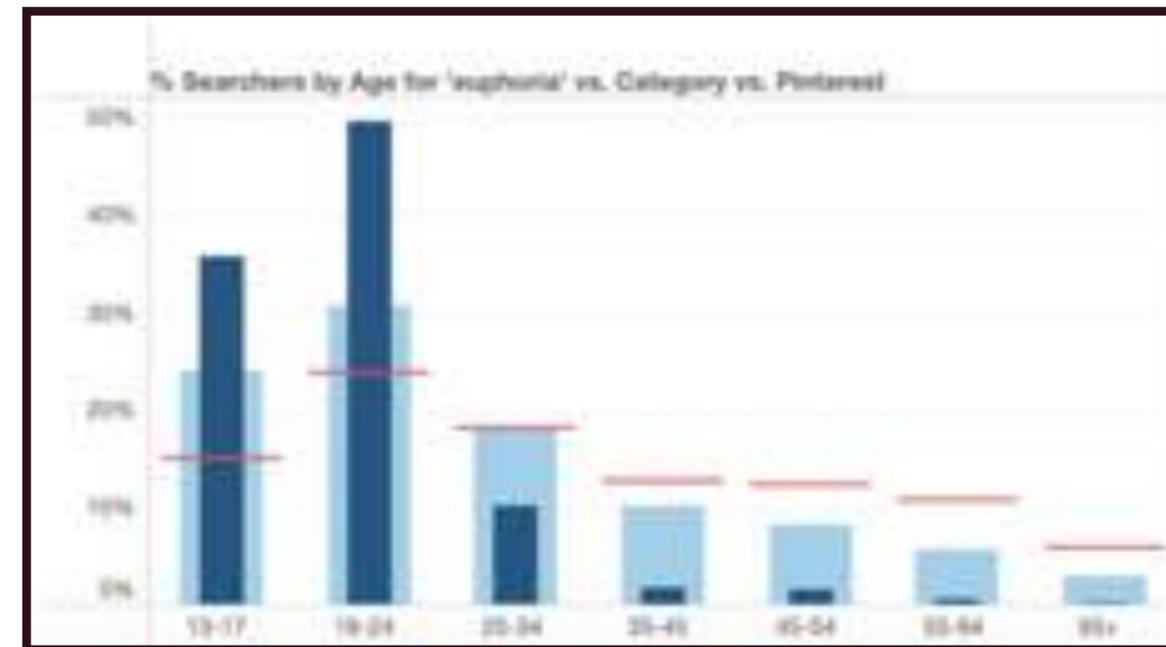


6

Start building a new

*type of clout*

This new-school set of badge criteria emanates from media emerging generations are loving—with shows like *Euphoria* earning the number two slot in terms of social conversation this year (behind *Game of Thrones*). Gen Z queen Zendaya ushered the generation through an entertainment experience that prioritized transparency, standing for a raw and real TV moment. Obsession with the show became all-encompassing, transforming into a rallying moment for mental health and teenage experiences, and eventually widening the conversation across verticals, specifically to beauty and fashion. In week three of the season, platforms like Pinterest and TikTok created an entirely new movement of UGC looks, increasing beauty and fashion conversation around the show by 104%. Beauty brand Lemonhead LA celebrated the show by debuting a limited-edition *Euphoria*-themed glitter kit, which sold out immediately. When a brand or media experience speaks to the needs of Gen Z directly, it earns permission to step outside of its category to inspire across conversations. And when a brand understands how technology is accelerating social media and entertainment categories are converging, they see true penetration in culture.



Audience composition of *Euphoria* searchers on Pinterest



*Euphoria* search pattern on Pinterest



Start building a new

*type of clout*

*YOUR*

*what you should do*

**EARN YOUR SPOT ON GEN Z'S LIST BY PUTTING YOUR VALUES FIRST, WITH REAL ACTION SURROUNDING THEM.**

Gen Z is driven by logos more than any other factor in their hunt for luxury goods, and they are more likely than any other generation to be drawn to logos. As their love for meaningful badge luxury drives their spending, give them something to champion when they display your logo.

Save the planet,

*save your brand*

New-school clout goes way beyond Gen Z. Mission-first brands are winning, and brands that are able to directly tie their business model to a social cause are rewarded for their authentic brand stands. But when digging into our research, we found that certain causes are becoming evergreen criteria for luxury buyers, regardless of brand or even industry. Sustainability is becoming a mandatory for luxury brands, and it's moved way beyond Patagonia and Swell. Both brands pioneered environmental activism in their category, from politically charged major activations to support national parks, to the normalization and luxurious transformation of reusable products. And while marketers look to these two brands as North Stars, it is becoming increasingly clear that brands across the spectrum need to be incorporating sustainable practices as a standard piece of their business model.

Our results told us that this is an evolve-or-die moment for luxury brands: 68% of consumers agree that luxury brands should feel the need to support environmental causes more than non-luxury brands. This heightened need pointed us to the fact that luxury brands can't afford to wait on sustainability. While sustainable practices, from production to packaging to waste reduction, require significant investment, there is a clear reward on the other side. 70% of consumers are willing to pay a premium for sustainable products. And as consumers evolve, they are prioritizing environmental-first products in ways we've never seen before:



Luxury consumers are **THREE TIMES MORE LIKELY** to value sustainability over connoisseurship in luxury.



Save the planet,

*save your brand*

This has bolstered brands like luxury reseller The RealReal, whose sustainable positioning was once tangential to their true value prop: luxury goods at a lower price. Today, 80% of users of the The RealReal flock to the site for its sustainability above all else. And the brand has welcomed this attention, incorporating a sustainability calculator to help consigners measure their impact on the environment as the brand refocuses on its sustainable impact.

Legacy brands are slowly starting to evolve as it becomes more and more evident that sustainability is a requirement and not an option. Porsche recently unveiled its first fully electric vehicle, with a focus on eco-friendly driving that extends beyond the engine. And brands from Gucci and Burberry to Nike and Gap rallied together at the G7 summit, signing a pact to fight climate change within the fashion industry. But newer brands popping up in the feed are evolving faster. Beyond Meat and Impossible Foods have taken advantage of the booming \$200 billion alt-meat industry, bolstering the growing meatless movement in the name of sustainability. And DTC brands like Everlane are building entire businesses on transparency and sustainable goods.



**LUXURY BRANDS, ESPECIALLY HERITAGE LUXURY BRANDS, NEED TO LOOK TO THESE NEWCOMERS TO UNDERSTAND WHAT IT LOOKS LIKE TO RADICALLY INCORPORATE SUSTAINABILITY INTO THEIR BRANDS.**



Save the planet,

*save your brand*

*what you should do*

**IN 2020 AND BEYOND, SUSTAINABILITY NEEDS TO MEAN MORE TO YOUR BRAND THAN JUST A LOGO SLAP OR ONE-OFF DONATION.**

Investment in eco-friendly products and business practices finds new meaning for luxury brands as consumers begin to incorporate sustainability in their set of purchase considerations. To connect with today's luxury consumer, explore what it looks like for your brand to dive headfirst into sustainability. While fledgling DTC brands have incorporated sustainability from day one, take a page from their book as you nimbly explore the corners of your brand that can own environmental-first brand stands.

Bring bespoke to AI,

*not ateliers*

As Millennials age up and boost their wallet share in the luxury economy, they are moving away from traditional purchases that once defined the market. They're calling for luxury experiences that feel distinctly theirs, and it's raising the bar for luxury brands.

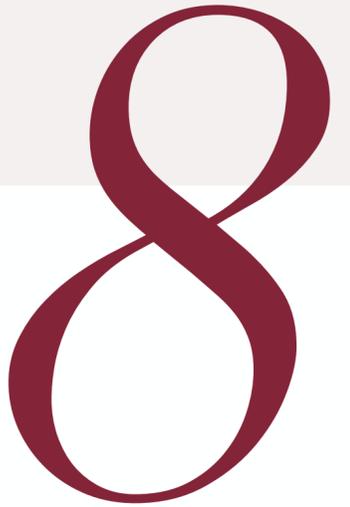


**MILLENNIALS IDENTIFY LUXURY AS SOMETHING UNIQUE TO THEIR LIFESTYLE (133 INDEX).**



**THEY IDENTIFY BESPOKE OFFERINGS AS A DRAW FOR LUXURY BRANDS (150 INDEX).**

This desire for hyperpersonalized goods and experiences is pushing Millennials to pour their money into tech and entertainment that deliver a new level of customization in both small and big ways. They're putting major dollars behind these splurges: one in three Millennials say that their luxury tech buys range anywhere from \$500 to \$1500, higher than those of either Gen X or Boomers. This passion for luxury tech becomes real when we examine the products Millennials are willing to spend on, with ultra-personal tech rising to the top. From connected home devices to wearable tech and athletic brands like Peloton and Mirror, Millennials' favorite splurges craft curated moments that can be enjoyed on a day-to-day level in a hyperpersonalized, tech-first way.



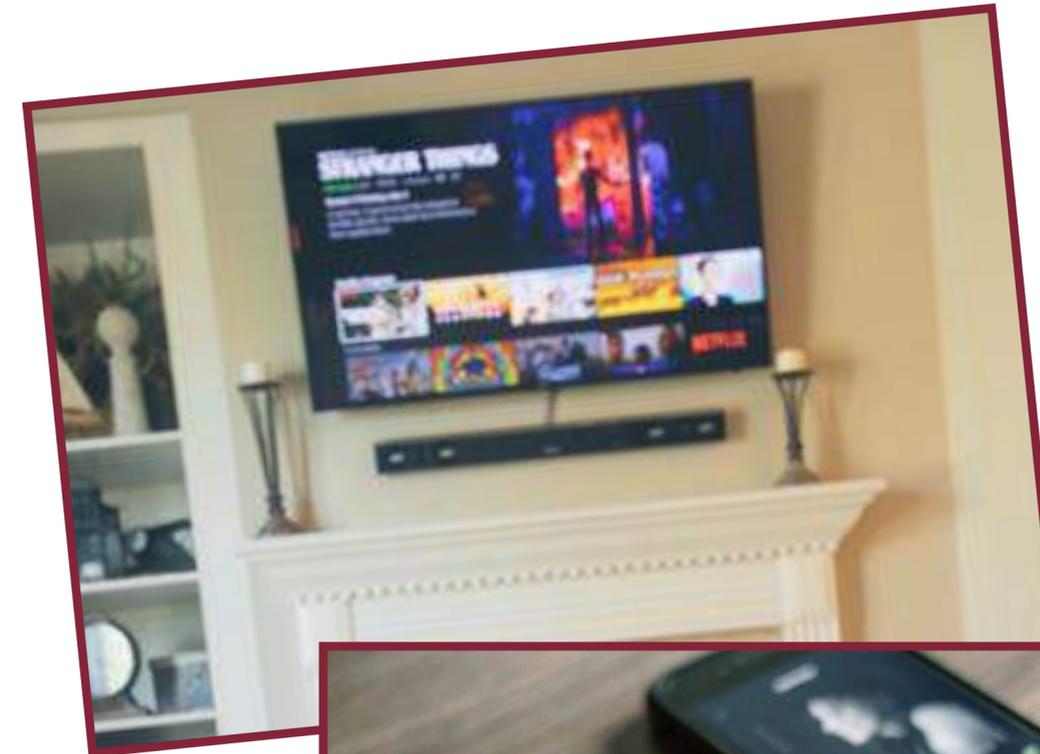
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We see this come to life in their daily media habits, with Millennials diving deeper into the rabbit holes of streaming platforms to find and uncover their niche entertainment experiences. 30% of Millennials spend up to 30 minutes scrolling for a new show to watch, which is two to three times longer than other generations. And they are flocking to tailored experiences within the media that they love: younger Millennials are three times more likely to engage in personalized Discover Weekly content on Spotify than users 35+. Media platforms have begun to tailor their experiences to this call for made-for-me content, with BuzzFeed introducing MoodFeed—a curated feed of content based on your current mood. This pull toward personalized media experiences is not only drawing eyeballs, but creating monthly subscription spend across platforms for Millennials, who are 56% more likely to pay for streaming subscriptions across paid platforms than the general population.

**WHICH OF THE FOLLOWING STREAMING CONTENT PROVIDERS DO YOU PAY FOR YOURSELF? PLEASE SELECT ALL THAT APPLY.**

	<i>Millennials</i>	<i>Gen Pop</i>
<b>Amazon Prime Video</b>	<b>36%</b>	<b>26%</b>
<b>Netflix</b>	<b>70%</b>	<b>48%</b>
Hulu	32%	19%
Premium Cable (HBO, Showtime)	20%	14%
<b>YouTube Red</b>	<b>17%</b>	<b>9%</b>
<b>Spotify Premium</b>	<b>22%</b>	<b>10%</b>
Apple Music	11%	8%
Pandora Unlimited	13%	6%
iTunes	12%	9%
None of these	14%	34%



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*what you should do*

**LUXURY FOR RISING AFFLUENTS IS SOMETHING CRAFTED ESPECIALLY FOR THEM, HONORING THE MOMENTS THAT MATTER MOST.**

Elevate the experience for Millennials to one that makes them feel seen, heard, and reflected by your brand. Speaking to Millennials on a one-to-one level, through rising tech, product offerings, social presence, and dynamic creative, will get your brand on their radar.

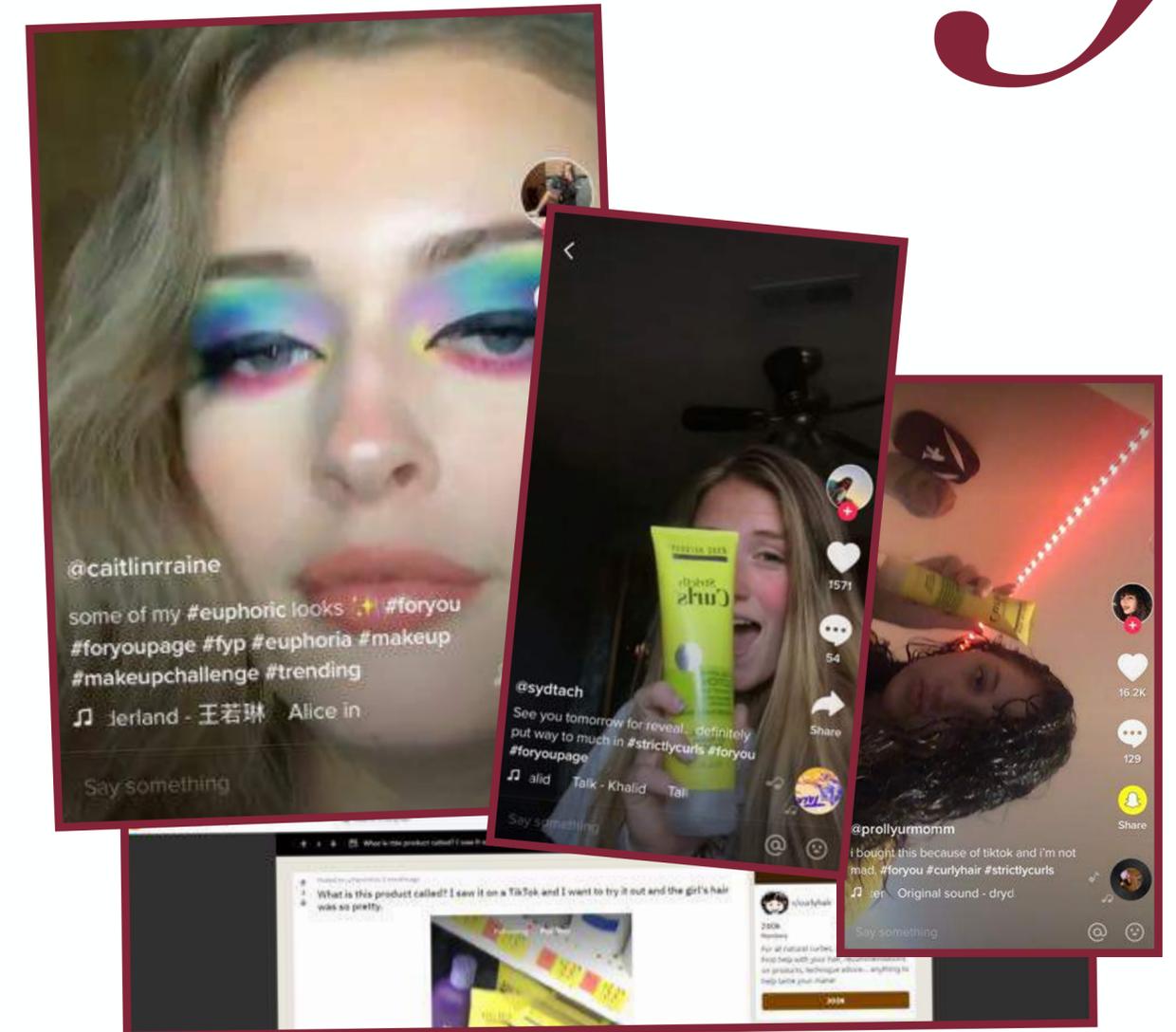
Share more than

*a glossy photo*

Gen Z and Millennials are taking inspiration on social to a new level, moving beyond a perfunctory scroll to a deeper level of engagement in their feed. Reddit, Twitter, TikTok, and Snapchat move from purely visual browsing to platforms of heightened community, engagement, and discovery. Social beyond the big three is finding a spot on their homepage as they go deeper into new inspiration corners of the internet.

Gen Z (Index)	Millennials (Index)
Snapchat (140 Index)	Reddit (147 Index)
Tik Tok (131 Index)	Facebook (133 Index)
Instagram (126 Index)	Twitter (126 Index)
YouTube (121 Index)	Pinterest (120 Index)
Pinterest (106 Index)	Tumblr (120 Index)

Gen Z's most loved social platforms, especially Snapchat and TikTok, champion self-expression as they rally behind like-free environments and media that honor individuality and diversity. Unlike Instagram's, the default feeds of both TikTok and Snapchat are centered on discovery, not filled solely by accounts you follow. Unlike on Facebook, emerging TikTok communities are found based on connections like sexuality and gender identity; not through immediate peers. As Gen Z and younger Millennials move away from ideal and untouchable views of luxury in favor of relatable and human content, TikTok and Snapchat find new meaning in organic content strategies, giving brands a platform from which to push against the Photoshopped sea of sameness of Facebook and Instagram. And we see this especially come to life in beauty; Gen Z beauty lovers have found a home on TikTok as a medium for playful experimentation with new trends, creating potential moments of connection for luxury brands finding their footing with this rising generation. MAV Beauty's Strictly Curls collection has already seen success, seeing a 60% boost in sales after the product went viral in a TikTok #StrictlyCurls challenge. Rising platforms like Snapchat and emerging platforms like TikTok should be playing a major role in content strategies to find real connections with this rising young consumers.

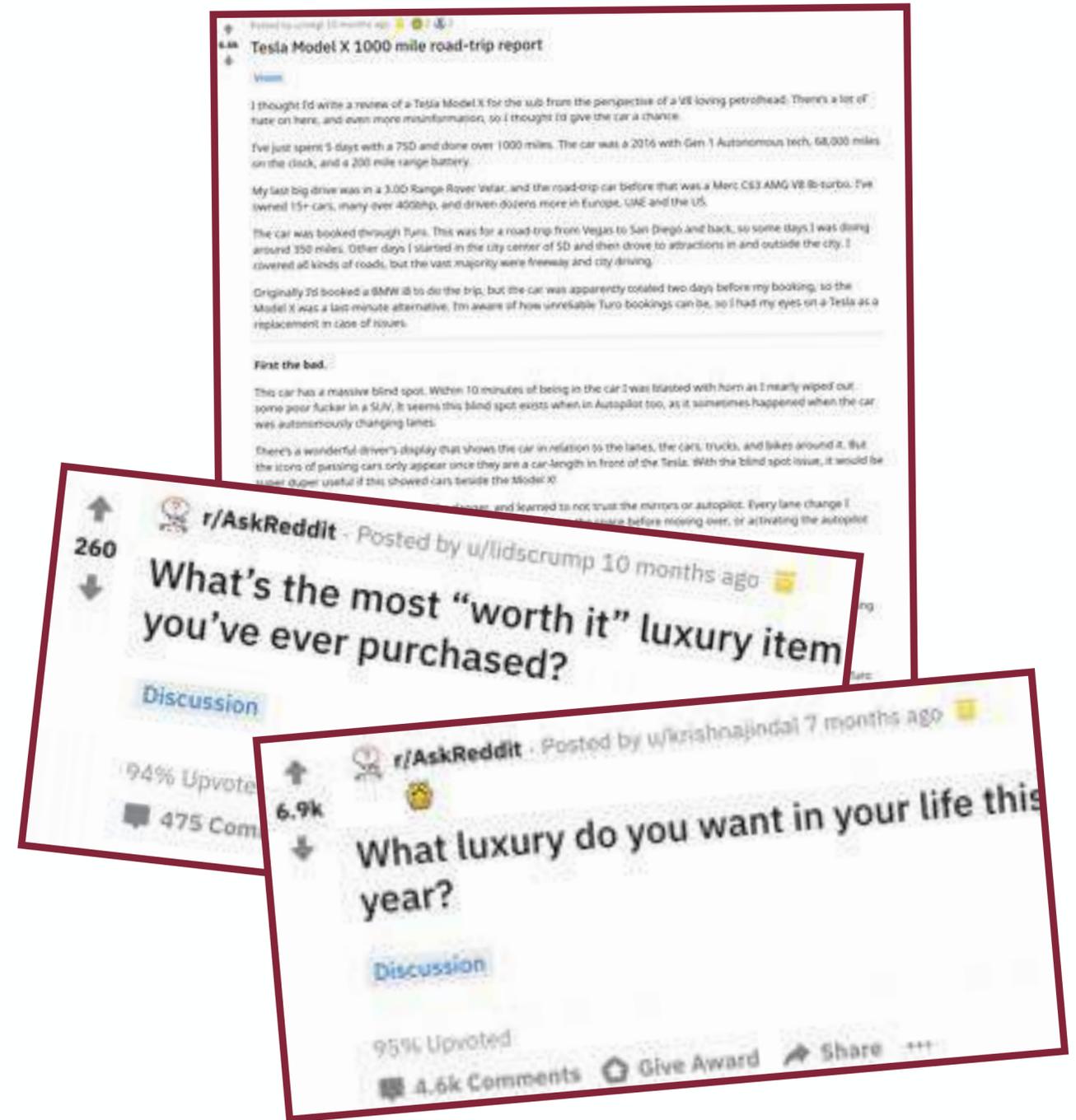


9

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Millennials are drawn to info-centric deep dives on places like Reddit and Twitter that allow them to share their ideas, their hopes, and their feelings. Tweet threads help users go deeper in discovery, celebrating the Internet rabbit holes that bring new dimension to the verticals they love. Subreddits push redditors to go deeper into the mass and niche topics they love, from r/listentothis crafting an audiophile's haven to r/mentalhealth creating space to share coping tips for mental illness. Trust runs deep on the platform, amid a wider culture of distrust online—73% of people who visit Reddit agree that they trust other users, recommendations, because they are people like them. We see subreddits as new-school connoisseurs across luxury verticals, from r/TeslaMotors and r/Watches to r/malefashionadvice and even r/PersonalFinance. High-involvement, high-trust environments give luxury brands the opportunity to push back against the mindless scroll. Becoming an authentic piece of their discovery and becoming a part of their knowledge-sharing through organic content will help you reach subcultures in a more meaningful way.



Share more than

*a glossy photo*

*what you should do*

**WITH THE UNBUNDLING OF SOCIAL MEDIA IN FAVOR OF DEEP DIVES ACROSS PLATFORMS, WE'RE SEEING A TIPPING POINT AGAIN FOR ADVERTISERS WHO ARE CLINGING TO THE BIG THREE.**

Take a risk and embrace up-and-coming platforms as a place for powerful organic content, because they're bigger than you think. Encourage your teams to be agile in adapting emerging social platforms, and experiment with growing corners of the Internet that are outside of your brand's comfort zone to find real connection in the feed. And spend the time to understand how your brand can authentically fit into the feed—think beyond standard ad placements and explore organic content to truly connect with consumers in these places.

Adopt a streaming

*mindset, too*

10

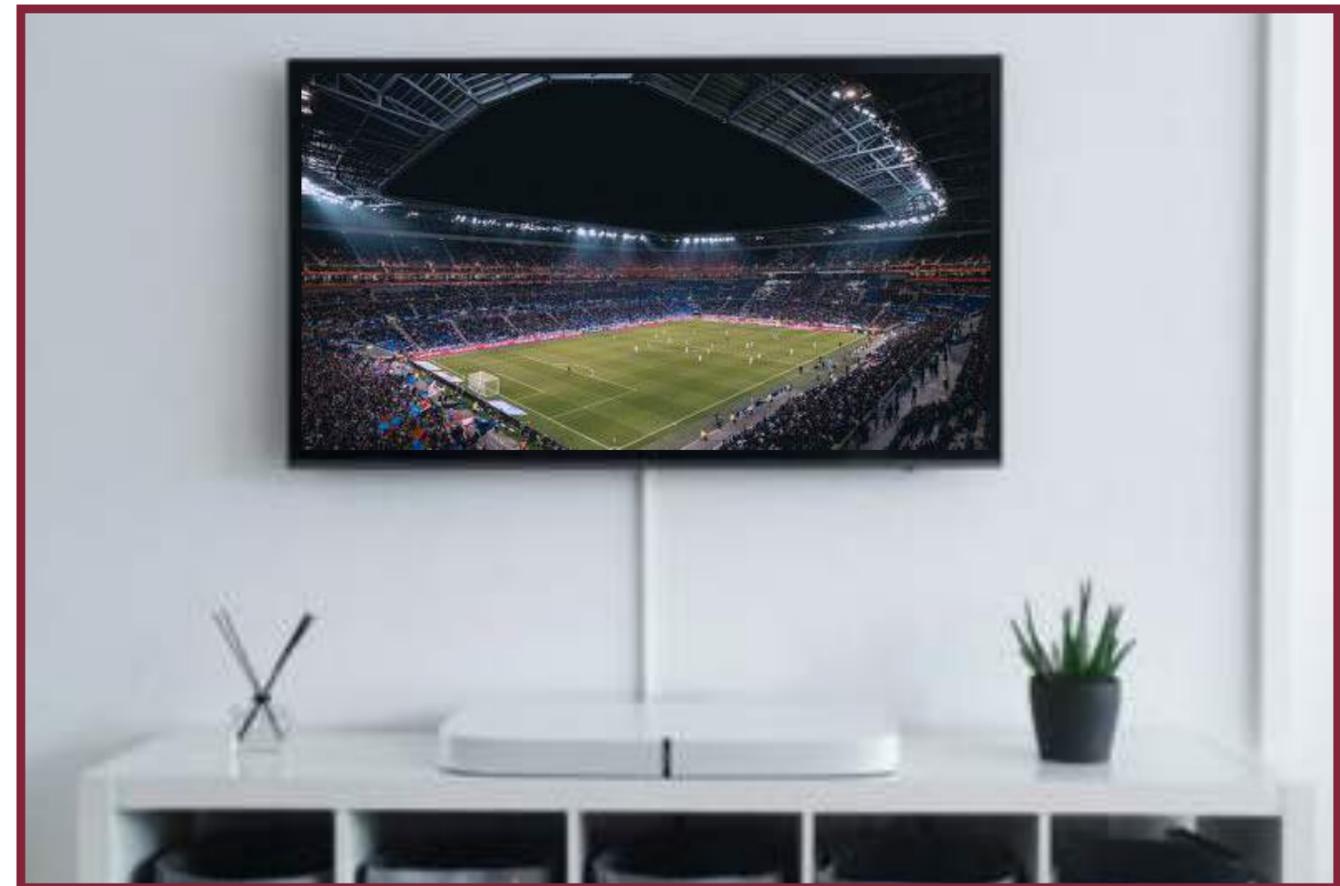
Let's begin by setting the record straight: the TV industry and TV luxury advertising industry are not dying. But they are most certainly evolving. Given the proliferation of digital devices and the millions of apps, games, VR, and other digital novelties that compete for our attention, it should come as no surprise that the luxury model of surrounding tentpole cultural TV moments like award shows and major sports games needs to evolve.

Last year, the luxury category spent upwards of \$5 billion in TV, with sports as the primary focus —over half of the spend was allocated to major events like the US Open (golf), the Masters, and *Sunday Night Football*. While these TV moments certainly drive the lion's share of eyeballs, they are dwindling, decreasing 20–30% in viewership over the past five years.



80%

OF CONSUMERS FAVORITE PROGRAMMING INCLUDES HOME, DESIGN, AND DIY.

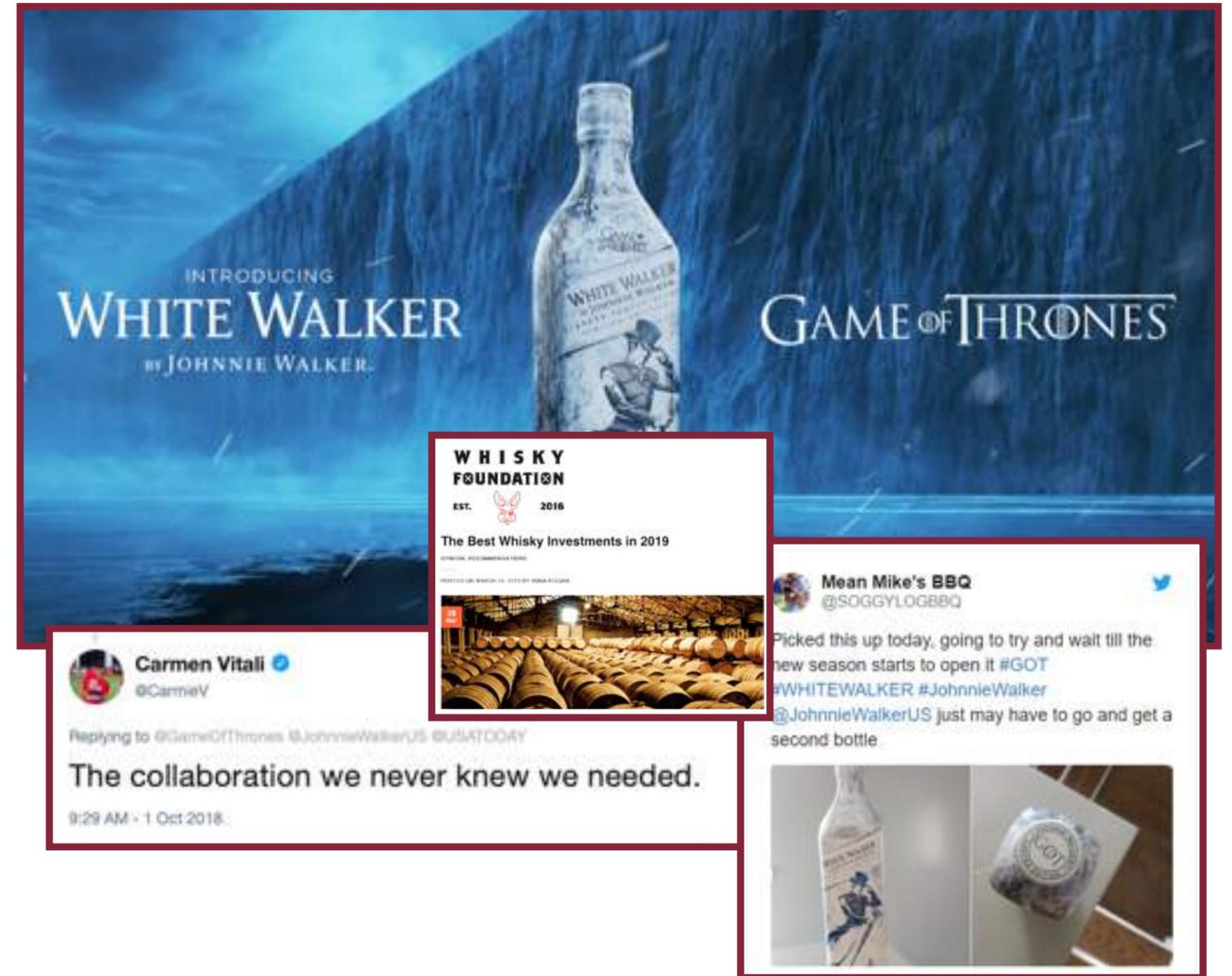


Adopt a streaming

mindset, too

When digging into category activations, we found that streaming moments may be able to move the needle more when it comes to attention and building a brand platform. In social conversation around two such moments, we looked at how two liquor brands have rallied behind them. This past summer, Grey Goose created a tennis-inspired bottle design to pair with the signature cocktail of the US Open, while, this past winter, Johnnie Walker drew up a Scotch surprise for the *Game of Thrones* premiere, crafting eight Scotches for the eight *Game of Thrones* houses. In looking at the impact of these two product launches, we found that conversation around Johnnie Walker doubled while conversation around Grey Goose remained flat. And more interesting is that, as many streaming environments are ad-free, Johnnie Walker's activation had to live independently of an ad. This means that their effort had to work even harder to gain attention.

70-83% OF THE ENTRIES IN "BEST SHOWS OF 2019 LISTS" ARE STREAMING-TV ORIGINALS.



**Adopt a streaming**

*mindset, too*

So no, luxury advertising on TV is not dying. But the luxury model that defined the category spend for more than half a century needs to change. Luxury advertisers need to change their strategy to acts, not just ads. Rather than just blanket the market with TV commercials, take a page out of the Postmates playbook, looking at what they did for the *Marvelous Mrs. Maisel* season two premiere. Rather than just promote new delivery options for the weekend, Postmates created the ultimate delivery treat—a pastrami-on-rye sandwich, a pickle, a black-and-white cookie, and a nice helping of tomato juice—a cuisine true to the show’s era and its Jewish roots. And the meal pack created an immediate connection—social conversation for Postmates increased by 83%.

To plan for these heightened streaming moments, demand a cultural calendar from your agency—one that allows you to know what is going on in culture, and one that pinpoints the exact streaming moments your consumer targets are going to be connecting with each other about. Whatever that magical show is that your consumer target connects over, ask yourself “Could my brand help here? Would I fit in?” As you plan ahead for your streaming acts, understand that it requires a social—and experiential—first approach. And shift your mindset from “mass awareness” to “mass reaction” so you approach your cultural moment from a true cultural perspective.



Adopt a streaming

*mindset, too*

*what you should do*

**AS BRANDS CONTINUE TO LOOK TO CULTURAL MOMENTS FOR NEW BRAND ACTIVATIONS, IT WILL BE IMPORTANT TO LEVERAGE “ACTS” IN STREAMING TV AS FUNDAMENTAL COMPONENTS OF THESE EFFORTS.**

Brands rallying around sports moments instead of looking at a holistic viewer will be missing out on key consumer groups: 57% of U.S. adults are cord cutters or cord nevers, meaning that focusing on specific sports moments and events will exclude millions of potential consumers and brand advocates.

Final

# Thoughts

While the energy around “luxury” brands has become negative over the past few years,

*rest assured that luxury isn't going away—*

but luxury as we know it is. Luxury has moved beyond excess and beyond experiences. Instead, luxury is finding renewed meaning for consumers as the industry moves away from untouchable, white-glove experiences and instead leans toward warm, personalized moments of indulgence. As the luxury consumer evolves to think beyond the “September issue,” brands are forced to work smarter, harder, and quicker than ever. So now is not the time to rest on the laurels of decades past, or to rely on marketing and media plans that move slower than GIFs.

Instead, envision 2020 and beyond as an opportunity to pioneer new verticals like immersive wellness and travel beyond wanderlust, and look to new-school purveyors of luxury from musicians to feminists to gamers. While shifting tried-and-true strategies can feel uncomfortable, use this opportunity to embolden your brand to make future-forward thinking the rule, not the exception. So in 2020, embrace new partners, new platforms, new technologies, and new ways of thinking. Now is the time to re-engage your brand with today and tomorrow’s cultural context to find new meaning with today’s luxury consumer. Brands within the luxury space that are able to seamlessly embrace evolving consumer values and expectations are the ones that will win.