

MARKETING

Millennials are open to luxury, but require new tactics to be convinced

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Newly wealthy young consumers present both an opportunity and a challenge to luxury brands

By DANNY PARISI

NEW YORK While wealth is most commonly concentrated among older consumers, affluent millennials still comprise and will increasingly make up a good portion of any luxury brand's consumer base, and their particular habits and responses to marketing are an important metric to watch.

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Speaking at Luxury Roundtable: Engaging Gens X, Y & Z on May 3, four panelists explored the ways that younger generations have responded to their marketing and how they have gone about targeting them. The "Response to Advertising, Marketing and Social Overtures – Or Indifference" panel shed light on some of the ways the represented brands and agencies targeted millennials and other young demographics.

"Today, print is still the cornerstone of our engagement because of the environment where we reach our audience," said Greg Licciardi, chief revenue officer for North America, Elite Traveler Media Group. "Anyone who is on a private jet reads us.

"Eighty-two percent of our audience came into their wealth in the last 10 years," he said. "They did not grow up with it, they are new and they need to be educated on brands."

Luxury Daily produced Luxury Roundtable: Engaging Gens X, Y & Z on May 3.

Millennial marketing

Millennials are not the wealthiest demographic. Understandably, older individuals tend to have more money and are more often the target of luxury brands.

But as Mr. Licciardi noted, a significant number of affluent customers of luxury brands are newly wealthy, often being new to the luxury world and not having as many preconceived notions about the luxury industry such as those of their old money counterparts.

This presents both an opportunity and challenge for luxury brands. The opportunity lies in the fact that they have an untouched consumer base who are susceptible and desirous of luxury messages to help them decide what to do with their newly acquired wealth.

The challenge is that those consumers are not necessarily susceptible to the same messages that have worked for generations.



Deborah Marquardt, Greg P. Licciardi, Joanna Young, Cornelious Robinson

A good example is the diamond industry, which benefitted from years of precedent that diamonds are a necessary product. But young consumers today are a much harder sell for diamonds, being exposed to the realities of conflict diamonds, and are much more skeptical of diamonds in response.

"We need to tell better stories about our product," said Deborah Marquardt, chief marketing officer of a collection of diamond companies called Diamond Producers Association. "We have millennials who have not been exposed to our messaging and especially not on their channels.

"There's great diamond advertising but usually on print and TV and only a few times a year," she said. "The question is how do we connect with them where they are the rest of the year?"

Especially as younger consumers differ so greatly from their older counterparts in terms of culture, habits and levels of digital proficiency, luxury brands need to understand those differences and adjust their message accordingly.

"Most of our brands are global brands," said Cornelious Robinson, digital media specialist at AMP and cofounder of Trufflin. "We are kind of handcuffed when it comes to messaging.

"We translate sometimes, especially when your audience is not who you thought it was," he said. "Digital allows you to pivot a lot quicker than traditional media.

"[Also,] we always look at who our audiences are, who is converting, what is their behavior before and after they visit the site."

Message matters

Diamonds are not the only sector where millennials are a hard sell. Recent research has suggested that millennials on average are more apathetic toward the luxury sector in general.

Insight into this problem comes from a collaboration between the Shullman Research Center and the Luxury Marketing Council of Connecticut/Hudson Valley, which took a look into why millennials are so skeptical of the luxury industry. The reasons touch on a number of unique factors affecting this generation, issuing a warning to luxury brands that they will have to work harder to capture millennial customers ([see story](#)).



Greg Licciardi and Joanna Young

Ultimately, the luxury marketer with millennials and other young consumers on their mind will have to figure out ways to keep their messages consistent with the overall brand while coming up with exciting, interesting ways to present that appeal to their target demographic.

"With Lexus, one of our clients, we partnered with New York Fashion Week," said Joanna Young, management director of strategy at Team One. "We bedazzled a car with LEDs.

"What they did was make it programmable so they could do patterns and designs," she said. "[Lexus] did an installation where there was a fashion show going on and the LED lights on the car were in sync.

"It's a showcase of the design, but also shows how we can do things in an interesting, fun way."

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