

MARKETING

Generational marketing is a complicated cocktail, says Oscar de la Renta CEO

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Oscar de la Renta, fall 2017. Image credit: Oscar de la Renta

By JEN KING

BRUSSELS Strategy conversations are currently dominated by ways to best reach Generations X, Y and Z due to the different shopping behavior of each consumer demographic.

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The older, Gen Xers, born between 1965 and 1980, often conduct a lot of research prior to making a purchase, while Gen Y, commonly referred to as millennials, born from 1981 to the mid-90s, tend to shop with their emotions. Considered the consumer of the future, the younger Gen Z overlaps with millennials by a few years, born from the mid-90s to the 2000s, and are known for social shopping as the generation grew up during the digital, social era.

"When I was gathering my thoughts for this, it struck me that we have a management team led by Gen X, a design team led by Gen Y and a core customer, that is decidedly baby boomer," said Alex Bolen, CEO of **Oscar de la Renta**. "And we have all of us rushing to understand how Gen Z communicates and engages with the world."

"It's a complicated cocktail and as the bartender, the cocktail is a little bit different each day, and the ingredients to get the taste exactly right is a case in experimentation," he said.

Behavioral breakdown

During "Caught Between Generations X, Y and Z" at The New York Times' International Luxury Conference Nov. 13, panelist and moderator Hanya Yanagihara, editor in chief of The New York Times' T Magazine, examined how the three consumer segments shop differently, their inspirations and if heritage means anything to the coveted millennial shopper.

At British automaker Aston Martin, for example, only a small percentage of the 5,000 vehicles it makes each year are purchased by millennials.

Aston Martin's chief creative director Marek Reichman explained that millennials are most interested in the brand's Valkyrie model, of which 150 are made annually with a starting price of 3 million pounds, or \$3.9 million at current exchange rates. The limited model also sells out each year.

Millennials aspire to own the fastest vehicle in the world, Mr. Reichman said, and Aston Martin does not exclude or

discourage anyone from exploring the Valkyrie.

Despite the vehicle being out of reach for most, it can be discovered on Aston Martin's Web site, at a factory visit or even playing racing video games such as Gran Turismo or Forza Horizon ([see story](#)).

Interestingly, the few millennials that do buy the Valkyrie are based in China. In established markets, the purchaser demographic is 45 to 50-years old, but in new markets, such as China, the average buyer's age drops to 30.

Also, the gender breakdown is 50 percent male and 50 percent female in China compared to being 95 percent men in traditional markets.



Aston Martin's Valkyrie is as close to Formula 1 driving as legally possible on a standard road. Image credit: Aston Martin

Tao Liang, better known as his blog pseudonym Mr. Bags, provided insights into the Chinese market and generational shopping behaviors. Mr. Bags explained that Gen Xers in China did not have the Internet and only recently gained the disposable income enjoyed by the younger generations.

Chinese Gen Xers relied heavily on word of mouth, often buying things because they were told to without knowing much about the product or history of a particular brand.

Millennials in China, similar to those in traditional markets, are more educated in luxury and begin purchasing entry-level products such as sunglasses before going for handbags and shoes. Eventually, millennials with the income to do so will purchase ready-to-wear.



Tao Liang aka Mr. Bags holding Burberry's Giant Tote. Image credit: Mr. Bags

But, Gen Z differs greatly, and even Mr. Bags admits that he does not fully understand their motivations.

Gen Z does not make high-end purchases just to show off status or personal style. Instead, the demographic does not want to buy overly expensive goods just for the sake of doing so. Rather Gen Zs buy anything perceived as chic and fashionable, regardless of price point.

U.S. fashion brand Oscar de la Renta can be seen as an inflexion point between the generational consumers marketers must consider.

Mr. Bolen explained that Oscar de la Renta is associated with its baby boomer consumer base, is managed by Gen X, designed by millennial creative directors, Laura Kim and Fernando Garcia ([see story](#)), and together, Gen X and Y, and is trying to figure out Gen Z.

Backstory

Part of luxury's balancing act to speak to various generations at once has been to diversify product offerings.

Oscar de la Renta, for example, best known for its glamorous history of gowns and red carpet dressing, recently introduced T-shirts and denim to its collection in a bid for younger consumers' interest.

There is a school of thought that millennials do not particularly care about the brand heritage of Oscar de la Renta or Aston Martin's 50-year relationship with the James Bond spy franchise ([see story](#)).

Mr. Bags, who has worked with the likes of Tod's and Givenchy on limited-edition collaborations ([see story](#)), believes that millennial followers do in fact care about heritage. In his experience, when a millennial is planning to make a purchase, at least 40 to 50 percent of that decision is based on brand story or heritage.

If a consumer plans to buy a Lady Dior handbag, for example, she may have a heightened interest in the style's backstory, the other women who have carried it and why it is considered a classic silhouette. If this interest in heritage and brand curiosity did not exist, a consumer would just purchase a cheap, plastic tote instead.

"I think heritage is important, but it can also be the ball and chain as well," Aston Martin's Mr. Reichman said. "That's the unfortunate side of heritage.

"It is important because there is sense of belonging to the tribe and learning more about the tribe," he said. "That's what happens first, [consumers] see an object and they fall in love with that object, and then they want to know about

the object.

"That knowledge is the luxury side of the object. Without the knowledge do you really understand the object you've fallen in love with?

"You want to be able to tell people about the object you love. Heritage is absolutely important, but if you let it be the ball and chain that means you cannot move forward."

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