

MARKETING

Brands need to anticipate shift in luxury landscape

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Neiman Marcus is looking to create more in-store experiences, like many other luxury brands. Image credit: Neiman Marcus

By BRIELLE JAEKEL

NEW YORK - Despite luxury marketers' worries about the turmoil with China, the consumption of luxury goods from this region as well as on a global level is not likely to slow down.

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Material status symbols still hold a strong sway for buyers today, but the landscape of luxury is shifting and in the long-term, these goods will likely weaken in comparison to experiences. According to an analyst from Euromonitor speaking at Luxury FirstLook 2019 on Jan. 16, luxury brands who want to stay on top during this revolution need to leverage digital to heighten their experiential offerings, focus on a sustainable strategy for the environment and maintain empathy to build a connection with their audiences.

"There is a fundamental shift in consumer values toward luxury experiences over things that bring happiness and well-being," said Fflur Roberts, head of luxury goods research at **Euromonitor**. "Brands are going authentic, local, immersive, stimulating and social.

"They are embracing their imperfections to help counteract over-choice," she said. "Harnessing the power of the senses can transform the most mundane product into an amazing moment by creating inclusive brand experiences.

"Experience is a lifestyle choice that defines how consumers play and work, as exemplified by the gig economy. With a global population of 8.5 billion by 2030, all with greater expectations for unique experiences, the consumer has to come first."

Luxury Daily organized Luxury FirstLook 2019: Digital Acceleration.

A new luxury outlook

The retail landscape is increasingly becoming an international market, with luxury brands facing global competition more than ever before and Asia growing at an exponential rate.

The Asia-Pacific region counts for 41 percent of global luxury goods sales, according to research from Euromonitor. Through digital, brands can connect with anyone all over the world.



Consumers are now in control. Image credit: Peninsula

In addition to this growth, experiential offerings are continuing to heighten, making travel a key part of luxury. Middle-class consumers will not sacrifice their travel goals despite struggling to maintain their economic status, causing many to possibly split up their trips between an Airbnb and a luxury property during one vacation.

Travel characteristics are becoming more unique and exclusive, with space trips likely becoming accessible to the affluent in the not-too-far future.

For instance, SpaceX has announced that in 2023, it will provide travel for two passengers around the moon. However, the ticket comes with a hefty price tag of \$35 million.

Upscale hotels are likely to see an increase of \$11 billion in revenue by the year 2032, while cruise lines will see an additional \$3 billion.

Sustainability in luxury

In addition to experiences, sustainable consumption is becoming a major point of concern for affluent consumers.

As more luxury brands embrace sustainability in the manufacturing of their products and within their business models, those who are not doing so will face increasing pressure.

Transparency of the entire supply chain will become more common with luxury brands.



The RealReal focuses on sustainability with a special calculator. Image credit: The Real Real

Rather than being a burden, making moves into sustainability can boost a company's business, but getting consumers on board will be key to achieving green goals.

During the Apparel Importers Trade & Transportation Conference on Nov. 7, a session on sustainability delved into both the ways that brands are innovating as well as the challenges they are facing. From alternative textile sourcing to employee engagement, companies are rolling out initiatives across their operations, but beyond their own supply chain, they should be thinking about a product's post-consumer life ([see story](#)).

Consumers' shared desire to incorporate healthfulness and eco-friendliness into their lives is evidenced in the topics they talk about on social media, with subjects such as clean beauty and freeganism rising in popularity this past year.

According to data from the 2019 Topics & Trends Report from Facebook, conversations surrounding sustainable fashion have grown more than three times over in 2018, while detoxification as a term has risen 7.6 times. As

marketers prepare to launch campaigns in 2019, Facebook sees these trends as indicators of what will soon reach popularity ([see story](#)).

"Sustainability and green luxury are increasingly weaved into the strategies of luxury players and the products they offer to luxury consumers," Ms. Roberts said. "Many players are embracing the circular economy, vowing to be fur-free and exploring opportunities for reusing and recycling materials.

"Treating waste as a resource has become fashionable," she said. "Many luxury brands celebrate their upcycling models, as well as vintage and secondhand luxury."

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