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## How luxury brands can win Gen Z and millennial shoppers

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Luxury brands and retailers that focus on millennial and Gen Z shoppers are poised to have the biggest rebounds this summer, as the vaccine rollout continues and pandemic-based fears about going into stores recede over time.

A jolt of sales activity will certainly be welcomed. The United States market for personal luxury goods dropped by **27 percent last year**, while Europe saw further impact, falling 36 percent.

The luxury market is rapidly changing. What used to be only for the well-monied is now a democratic idea with younger generations looking for deals, even from high-end designers.

Millennials will make up **50 percent** of luxury sales by 2025, and Gen Z shoppers already account for **nearly 10 percent of the market**.

In other words, more than half of luxury shoppers will be young adults.

So, the most successful brands will be the ones that start focusing on this audience now in these three key ways

Lean into mobile and value

Luxury marketers for decades targeted readers at high-end magazines such as *Vogue*, *Harper's Bazaar* and *L'Officiel*. Yet, print publications are not the marketing medium they once were, especially among Gen Z and millennials.

Now, the best way to reach young adults is by combining mobile channels with offering value.

For instance, **55 percent of Gen Z** use their smartphones for five or more hours daily, and millennials **spend 3.7 hours a day** on mobile. And nearly **90 percent** of Gen Z consumers consider themselves price-conscious shoppers, while **80 percent of millennials** are influenced by price and how much money they will still have in their pocket after making a purchase.

These generations represent how the luxury category should now place mobile and value at the strategic center.

"Value" does not have to mean inexpensive or cheap. It means providing more than just the standard exchange of money for a product or service.

Offering digital discounts is a fantastic way to find that sweet spot with Gen Z and millennials, and it is why luxury brands such as FarFetch, Persol and Outnet have been offering 4 percent cashback via mobile.

Drive viral on the buzziest social apps

Luxury brands should lean into TikTok, WeChat, Snapchat and Instagram for their organic and viral awareness efforts.

While those platforms collectively have billions of users around the world, TikTok, with its **1 billion devotees**, is currently the buzziest platform because of the incredible engagement it can generate among Gen Z and millennials.

A single Tiktok hashtag for Moncler, a high-end outdoor fashion player from Italy, achieved **more than 2 billion** views. Such engagement is why Louis Vuitton, Balenciaga, Dior, Fendi and other luxury brands joined TikTok last year.

The bigger point is that luxury can win the hearts, minds and loyalty of Gen Z and millennial shoppers by reaching them where they spend time on mobile. And the great thing about social mobile apps as Moncler demonstrated is that they allow luxury marketers to accomplish their earned media goals while saving their ad dollars for other digital platforms that drive that ever-important value creation.

Wow them across channels

Gen Z and millennial shoppers want to be **sold on brand experience** rather than product pitches.

Delivering a memorable and personal customer experience will not only appeal to young consumers but also to luxury shoppers of all generations. After all, when their average spend is **\$2,500**, they expect top-notch experiences no matter what their age.

For these key shoppers, brands should look at the offline-online playbook of The RealReal, a luxury consignment platform that wows its young-leaning customers with its cross-channel CX.

The San Francisco-based company has created customer profiles for markets where it has physical stores and combined them with sophisticated digital, social and mobile strategies to grow its market cap to **\$1.95 billion**. During the pandemic, it even grew customers **by more than 20 percent** during some months.

LUXURY BRANDS can attract Gen Z and millennials with value-minded mobile offers such as cashback that show them that they are valued as customers.

Marketers should lean on apps such as TikTok to virally bolster awareness and build a CX akin to TheRealReal to intelligently engage customers across channels.

From a longer view, luxury has become a democratic marketplace where young adults who may have yet to reach the zenith of their earning potential are a huge opportunity for the Guccis and Stella McCartneys of the world.

Such marketers must adapt to this changed landscape to achieve the biggest rebounds this summer and win over the most important demographics of this young decade.

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