

MARKETING

Technology is paramount to reaching the next generation: report

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Trademarks filed by LVMH mentioning AR/VR in 2019 were more than double compared to the previous year. Image credit: LVMH

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To reach new audiences, luxury brands must experiment with their marketing strategies and innovate with new technologies while staying true to brand identities.

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According to [research](#) from public analytics company Clarivate, luxury brands continue to enter new technological spheres, from software to gaming and electronics. With younger consumers expected to account for 50 percent of luxury consumption globally by 2025, brands are leveraging technology and transparency to target Gen Z and millennial affluents.

"Organizations faced unprecedented uncertainty in the last two years, and luxury brands were no exception," said Gordon Samson, president of the intellectual property group at [Clarivate](#), in a statement.

"Spurred by the changing world, they have evolved the way they operate, from boosting their digital presence and embracing e-commerce to revamping the in-store experience to an immersive or hybrid experience."

A call to get technological

Although many luxury brands have crafted excellent experiential offerings in-person and immersive stores over the years, they were forced to regroup during the COVID-19 pandemic because of safety precautions and closings.

In 2020, the global luxury market decreased by 15 percent. To keep consumers engaged, luxury brands have had to invest even more in their digital presences, from augmented reality and video games to virtual reality, fitting rooms and showrooms.

Brands continue to notice the versatility of technology as a technique for reaching younger people.



Sharky B is Burberry's first NFT. Image credit: Burberry

In August, Burberry experimented with non-fungible tokens by becoming the first luxury brand to partner with Mythical Games' Blankos Block Party.

As part of its B Series drop, Burberry introduced a limited-edition, limited-quantity Blanko that can be purchased, upgraded and sold within the Blankos Block Party marketplace. Burberry has been an early adopter of gamification and this is the brand's first collaboration with the multiplayer party game ([see story](#)).

Italy's Valentino and Fendi have both recently introduced collaborations with fashion styling game Drest. Both luxury labels have launched seven-day styling challenges featuring capsule collections, encourage players to participate in exclusive prompts in exchange for virtual fashion rewards ([see story](#)).

French luxury conglomerate LVMH Mot Hennessy Louis Vuitton also continues to make great technological strides. In 2019, trademarks filed by LVMH mentioning AR/VR were more than double compared to the previous year.

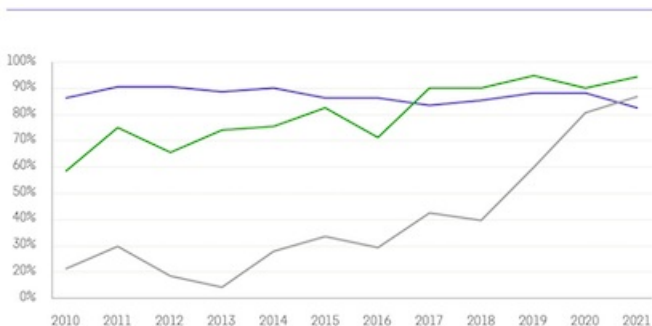
With an emphasis on technology and innovation, brands also need to remain vigilant in maintaining protection against counterfeiting and other tech-related challenges.

An Organization for Economic Co-operation and Development (OECD) and European Union Intellectual Property Office (EUIPO) joint report found that the counterfeit luxury goods market could be worth as much as \$506 billion, equivalent to 3.3 percent of all world trade.

Blockchain, which is a digital ledger of transactions that is duplicated and distributed across an organization's network to prevent system hacking, is being considered by the luxury industry as an anti-counterfeiting measure.

LVMH began filing for blockchain marks in 2018 and had 52 individual marks filed in 2019. This spring, the group also joined forces with Italian fashion label Prada and Swiss luxury group Richemont to develop the Aura Blockchain Consortium, the world's first global luxury blockchain ([see story](#)).

Figure 3: Top three high-risk factors in domain names arbitration and litigation for luxury brands



— Domain name registered/used to attract Internet users to a web site with likelihood of confusion
 — Good faith inconceivable since mark is well known/defendant aware of the mark
 — Inclusion of the trademark in its entirety in the domain name

Source: Darts-ip, 2010 to present (Aug 2021). All domain name arbitrations present in the Darts-ip database having a luxury brand company as a plaintiff.

The top three high-risk factors in domain names arbitration and litigation for luxury brands are domain names registered/used to attract Internet users to a website with a likelihood of confusion; good faith inconceivable since the mark is well known/defendant aware of the mark; inclusion of the trademark in its entirety in the domain name.

In order to mitigate these kinds of risks, luxury brands could consider registering all possible variations of domains containing their trademarks.

Reaching the next generation

Whether it is through a showcasing of brand ethos or entertaining video games, it is crucial for luxury brands to reach the next generation of buyers.

In mainland China, millennials are powering the luxury goods market and are boasting the highest rate of homeownership in the world at 70 percent.

These younger generations have also proven that they are more likely to be loyal to brands that are transparent, ethical and prioritize their employees and luxury has noticed.

LVMH's Institut des Miers d'Excellence (IME) held an event in October focusing on and promoting the next generation of craft makers.

Announcing plans for thousands of recruitments slated for 2022, LVMH is displaying its commitment to those who work in the crafting sphere at its inaugural "Show Me" event. The event brought together LVMH virtuosos and apprentices across all its brands, with LVMH announcing it plans for almost 8,000 recruitments under its Institut des Miers d'Excellence program in 2022 ([see story](#)).

Younger generations are also concerned with concepts like sustainability and how luxury brands are prioritizing the environment.

As Generation Z grows up and gains more purchasing power, this cohort's values will contribute to shifts in luxury spending.

In a webinar hosted by *Business of Fashion* on Sept. 1, fashion industry experts discussed how Gen Z consumers have shifted luxury as a whole towards more value-driven spending. In particular, sustainability is one of this group's guiding tenants ([see story](#)).

"It will be interesting to see how and when luxury brands, masters of the art of brand building, accelerate the science of intellectual property intelligence to inform decision making," Mr. Samson said.

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