

MARKETING

Younger generations redefining, decentralizing luxury: Highsnobiety

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New generations of consumers are redefining luxury. Image courtesy of Highsnobiety/BCG

By SARAH RAMIREZ

The next era of luxury will be fragmented, as consumers are increasingly motivated by storytelling, identity and community.

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According to [Highsnobiety](#) and [Boston Consulting Group's](#) new "Luxury 3.0" [white paper](#), luxury consumers are placing varying emphasis on attributes that build brand credibility. The consumer journey has also evolved, increasingly involving more influential communities and knowledge.

"In Luxury 3.0, the brands that will win tomorrow are those that invite their audience in to contribute and play an active role," said Sarah Willersdorf, global head of luxury at BCG, in a statement.

"Communities are no longer autonomous to the luxury experience," she said. "They are a powerful multiplier of the luxury experience."

The report is based on a survey of about 3,000 general luxury consumers and 1,350 "cultural pioneers," including a sub-segment of Highsnobiety's audience that skews younger and buys 38 percent more luxury goods than the general public. Researchers also interviewed experts from luxury, fashion, culture and technology.

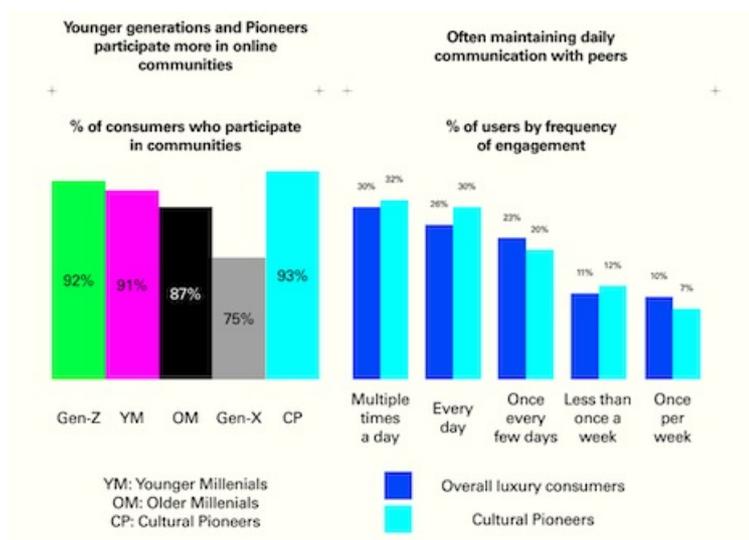
The report also defines younger generations as Gen Zers and young millennials, while old millennials and Gen Xers represent older generations.

Meeting metacommunities

Although product quality remains the most important attribute for luxury shoppers making purchase decisions, consumers across age groups are increasingly emphasizing sustainability and celebrity or influencer endorsements.

Three-quarters of cultural pioneers cite superior product quality as the most important decision driver. This cohort also places great value on brand timelessness and unique product style, while sustainability ranked as the seventh most important attribute for a luxury purchase.

Just as consumer priorities have begun to shift, so has how consumers engage with brands and one another. Traditional strategies centered around a single consumer archetype or brand community are now outdated.



Most young luxury consumers are frequently engaging in metacommunities. Image credit: Highsnobiety

Particularly, online communities have evolved over the last two decades into complex ecosystems with sub-communities and overlapping connections. BCG and Highsnobiety define this fragmented framework of overlapping sub-groups as "metacommunities," which include multiple consumer segments and cohorts.

The new brand metacommunity model is more dynamic and circular, with brands needing to respond and be proactive about feedback especially as consumers hold their favorite brands accountable on a variety of topics. The metacommunities are also decentralized, existing across brand-owned and third-party channels, such as Facebook groups or forums.

Younger generations tend to participate more in online communities, including 93 percent of cultural pioneers. Three in 10 of all luxury consumers also engage with these communities multiple times a day, with Instagram, YouTube, Facebook and WhatsApp as the preferred social channels.

About a third of all luxury consumers and 52 percent of cultural pioneers participate in general luxury communities. Nearly half of cultural pioneers are involved with brand-specific communities, and 57 percent participate in sneaker and streetwear communities.

Other popular online communities are centered on sports, gaming or fitness.

Luxury consumers gravitate to online communities for several reasons, with cultural pioneers especially valuing meeting like-minded peers, expanding their thinking and gaining exclusive information or access.

Enhanced customer experience is the most in-demand offering from a brand community among luxury consumers.

There are some generational differences, however, as older luxury consumers prefer transactional benefits such as loyalty programs and early access to drops while younger luxury consumers are more interested in intangible benefits including having their voices amplified by a brand.

Generational differences also shape what positively or negatively impacts a brand community.

Older luxury consumers prioritize attributes that build credibility and authenticity for brand communities, such as discounts, relevant subject matter and exclusive live experiences. Younger cohorts are more sensitive to negative factors, such as greedy corporate practice and false claims or lacking effort regarding sustainability.

Similarly, cultural pioneers are more sensitive to "credibility detractors" than the general luxury consumer at an average rate of 56 to 31 percent.



TikTok train spotter Francis Bourgeois appeared in a Gucci x The North Face ad in a bid for Gen Z shoppers. Image credit: Gucci

Knowledge is also becoming social currency and an important part of the luxury experience, especially among younger shoppers and cultural pioneers.

A third of Gen Zers do more research before making a purchase after being inspired during the discovery phase, compared to 26 percent of younger and older millennials. Fifty-six percent of cultural pioneers also opt for more research before making a purchase, compared to 29 percent of general luxury consumers.

Relatedly, 42 percent of the general luxury population consider their most recent high-end purchase to be an impulse buy, compared to 26 percent of cultural pioneers.

Defining Luxury 3.0

Decentralization in the consumer landscape and shopping journey will continue to shape Luxury 3.0, as culture becomes increasingly fragmented. Identity and values will also become even more intertwined with luxury.

Luxury 3.0 also refers to the growing digitization of luxury, in a nod to Web3.

Brands must approach Web3, the next era of the Internet, from a cross-functional perspective to unlock its potential.

With the adoption of the metaverse accelerating, brands must be cognizant of the different languages of each platform. This awareness is essential for authentic engagement with community members ([see story](#)).

In addition to speaking the same language and culture as the platform, luxury must also ensure their metaverse efforts, including NFTs ([see story](#)), are authentic to their brand heritage.

"Much like Web 3.0, which is characterized by decentralization away from traditional sources of authority, Luxury 3.0 similarly represents a profound shift where individuals and the communities have more control over the narrative than ever before," said David Fischer, founder/CEO at Highsnobiety, in a statement.