

RESEARCH

Burberry sets standard for engaging Generation Y: study

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Burberry has reaped the benefits of digital experimentation, social media savvy and public relations acumen to earn the affection and dollars of young, digitally aligned consumers who will dominate the luxury market in years to come, according to L2 Think Tank.

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The research firm singled out Burberry for its digital prowess, saying that the British designer successfully toed the line between manufacturer and media company, and consequently emerged as a trailblazer among prestige brands. Forward thinking initiatives such as those executed by Burberry are becoming increasingly important as Generation Y consumers begin investing in luxury goods.

“Brands that Millennials report loving, like Burberry, are establishing direct, authentic relationships with their consumers via social and digital media,” said Kate Barnett, associate of research and advisory services at L2, New York. “Affluent Generation Y consumers are interacting with these brands not just on their Web sites, but through mobile apps, email and social media.

“These brands have robust, integrated strategies to engage their consumers and are willing to take risks,” she said.

L2 surveyed nearly 1,000 affluent adults with an average age of 27 for its second annual “[Generation Y Affluents: Media Survey](#).”

Burberry placed third in the 2010 Luxury Marketer of the Year awards ([see story](#)).

Digital maven

The Generation Y report highlights Burberry’s digital accomplishments in a case study that proclaimed the brand a digital darling.

In particular, the company’s executives earned praise for supporting digital experimentation through initiatives such as its commerce-enabled fashion-show experience, streamed live on iPads at Burberry retail locations ([see story](#)).

Burberry also gained media buzz this fall when it crossed the three-million fan threshold on Facebook, a first for fashion brands. It currently boasts 3.4 million fans, an asset during a time when Facebook has become the preeminent real estate on the Internet.

As a result, the company’s digital sales doubled in the first half of 2010.

Burberry’s new media strategy has paid dividends as the brand transformed itself from a crusty old-world relic into one energized by innovation, according to the report.

The designer was ranked seventh among prestige brands that young affluent men aspire to own, only behind companies such as BMW, Audi, Mercedes-Benz and Armani.

Meanwhile, the brand ranked eleventh among young affluent women on a list topped by Louis Vuitton, Christian Louboutin and Hermès.

Making the most of social media

Generation Y consumers are interested in engaging with brands. Three-quarters of respondents said they have affinity for brands, while more than 15 percent claimed to be devotees, according to L2.

Early adopters are particularly important, as 79 percent expect to earn six-figure incomes in the near future and over-index on brand awareness.

Learning how to reach young consumers is key, as the demographic is adopting a very different media profile from its predecessors.

Young affluent consumers prefer digital contact and social interaction and engage frequently with luxury brands through several different channels.

However, Facebook is the elephant in the room. Eighty-one percent of respondents reported accessing Facebook daily and more than 30 percent access the site more than five times per day.

The social network’s share of Internet traffic continues to build – one in four pages viewed in the United States is on Facebook – and the platform is becoming an increasingly powerful engine for driving eyeballs to branded content.

The site eclipsed Google News to become the No. 1 referral source for news and media sites, while the majority of study respondents said they engage with brands via Facebook.

In fact, 54 percent of respondents said they had “liked” a brand on Facebook in the prior 24 hours, while 30 percent shared brands with friends on the network.

Meanwhile, nearly half of young affluent consumers read at least one blog per day and two-thirds use Twitter.

Digital video is assuming a major role in Generation Y's media palette as 56 percent of respondents reported watching a video on YouTube over the past 24 hours, compared to 60 percent who watched TV in the same time period.

Meanwhile, one in five participants said they used Foursquare in the past day.

“Brand's ability to establish direct relationships en masse could dramatically alter the media landscape,” she said. “As brands’ Facebook fan bases start to dwarf media companies' circulation, an opening emerges for brands to circumvent the traditional publishing network.”

Print's paperless future

Print advertising has long been the centerpiece of luxury brand marketing.

However, luxury brands should be prepared to divert more of their ad budgets away from print channels and into a wider variety of digital media.

Young consumers are still much invested in keeping up to date on current events and culture through news organizations, however few are doing so with print products.

Sixty-five percent of respondents read newspapers online, while only 19 percent read print versions and 14 percent access such information on mobile phones, ereaders or tablets.

Magazines are still by-and-large a print form, as 71 percent read the periodicals in their traditional incarnations, compared to 24 percent who read online and 5 percent from other sources such as mobile.

However, the report speculates that Facebook could actually render magazines obsolete as it lets consumers access a wider variety of content more easily.

While magazines have increasingly turned to the iPad as the platform of the future, they have not created products compelling enough to engender significant readerships on tablet devices.

Luxury brands should take note of such media preferences to understand when and where to reach consumers with marketing communications.

“Affluent Generation Ys, part of the largest consumer group in the U.S., show a higher preference for digital content and social interaction than their cohort overall,” Ms. Barnett said. “In fact, the early-adopters – those who access content on mobile devices and e-

readers – were the most affluent and brand aware.

“To connect with this group, it's critical that brands embrace the digital migration,” she said.

Digital competes with physical world

In-store is still the dominant sales channel for luxury buys among young consumers. However, almost half of respondents said they foresee themselves buying upscale goods and services through brands' Web sites in the future.

Additionally, mobile commerce has started to register as a luxury sales channel as brands such as Ralph Lauren, Diane von Furstenberg and Marc Jacobs have adopted mobile shopping options.

The study predicts that digital sales channels will receive a substantial inflow of budget allocations as consumers turn more and more to online shopping.

Meanwhile, more survey participants visit a brand Web site (76 percent) than step inside a bricks-and-mortar location (73 percent) in a given 24-hour period, though In-person discussion with friends (83 percent) is still the number one form of brand interaction.

In fact, brand Web sites are just as important a tool for shaping consumer perceptions as traditional newspapers and magazines.

Prestige brands still spend a disproportionate amount of their budgets on the more traditional forms of communication.

However, the tide could be shifting as luxury brands finally start adjusting to the new media landscape and formulating digital strategies to target young consumers in those channels they occupy.

“Fortunately, it seems to be the end of the beginning as brands recognize the importance of investing in their own sites, social media platforms and mobile apps,” Ms. Barnett said. “Those brands that are doing well are investing in their social and digital media strategies –it's not enough to simply have a Facebook page.”

Final Take

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