

COMMERCE

Is the Yummy uproar warranted?

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Photo taken by The Sartorialist for Zegna

By JOE MCCARTHY

The "YUM" acronym has commanded a lot of attention following HSBC's "Rise of the Yummy" report, but will this demographic alter the luxury landscape?

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The basic assumptions behind the ascent of young urban males seem reasonable enough: delayed marriage, a move beyond automobiles to other categories and an image affirmed through television depictions have propelled Yummys to spend more on luxury goods. However, commentator reactions to the report's conclusions have been mixed, with some agreeing that the group is a boon for luxury brands and others contending that Yummys are less enthralled with luxury goods than initially thought.

"The 'Yummy' demographic is strategically important for luxury brands," said David Chang, managing director and senior vice president at **Acquity Group**, part of Accenture Interactive, Chicago. "They are an ambitious and insecure segment with aspirations to be and appear successful.

"Yummy's are helping fuel growth for the luxury sector, plus their affinity and ability to purchase luxury goods will increase over time as their careers and income elevate," he said.

"To reach 'Yummy' consumers, luxury marketers need to create rich and immersive

experiences that embrace digital and mobile technologies. Luxury brands need to cultivate an air of prestige and scarcity—their experiences should feel exclusive and advanced. It's not about a gimmicky technology or a standalone mobile app, the key is integrating channels into a unified experience."

Spending for status

Luxury brands have been looking for new engines of growth following slow-downs in key markets and brand fatigue in others. One potential area of growth is young, urban males, especially in markets like Japan and South Korea.

Men constitute roughly 40 percent of luxury sales, according to Bain, and many observers expect this number to increase in the next decade.

The phase that Yummys supposedly occupy involves buying luxury goods to authenticate status. More luxury goods are then purchased to replenish this status and the cycle grows.

Older men are supposedly less inclined to conspicuously spend because their status has already been established.

Services are sprouting up to address this rise. For instance, Savile Row Society is targeting affluent men too busy to scour the latest fashion trends or looking for a cohesive wardrobe with a made-to-measure service and digital platform ([see story](#)).



Savile Row Society board

Are young, urban males actually more driven to spend for status? Some commentators challenge this claim.

[The Guardian](#) argues that the jobs available to student-loan-saddled millennials are inadequate for luxury consumption, and that the desire for luxury goods is dwindling. "Ultimately, we value integration more than accumulation, and make our investments in lifestyle rather than proving a point with flashy luxury brands," the author writes.

In fact, the net-worth of twenty-somethings has been dropping over the past few years and has hardly budged in the past few decades, while the net-worth of people above 45 has

exploded over the same period, according to the [Urban Institute](#).

However, broader economic trends generally avoid luxury consumers, so the financial malaise affecting most young, urban males is probably not impacting those buying luxury items.



Zegna styling video

More channels

The emergence of digital platforms has allowed brands to connect with consumers in many novel ways, which likely stokes sales among Yummys.

Ninety-two percent of affluent consumers made an online purchase in Q4, versus 72 percent of non-affluent consumers ([see story](#)), indicating that luxury consumers have embraced digital more than the rest of the market.

"Luxury consumers are willing to pay a premium but expect superior customer service," Mr. Chang said. "Leveraging video to bring physical experiences into a digital environment and vice versa are a powerful tool to expand reach and increase purchase confidence.

"Gucci's shoppable video and Burberry's live runway shows are steps in the right direction," he said.

"Flexible and fast delivery options, as well as buy online/pick-up in store, are a must for impulsive shoppers looking for instant gratification. Live chat, video chat and call-me-back features are great tools for busy, digitally-connected multi-taskers."

Delaying major life decisions such as marriage and having children certainly grants consumers more purchasing power. A reoriented sense of travel that includes mass transit, car-sharing systems and other eco-friendly options frees up space for buying products in other categories.

The rise of AirBnB clearly fits into this paradigm ([see story](#)).

Also, luxury goods tend to have transparent production chains, a trait that young, urban consumers tend to appreciate.

Although pinning down how much influence metro-sexual representation in pop-culture has on consumption is challenging, luxury brands seem to be increasing their focus on men's products.

For instance, British department store Harrods hosted a made-to-measure event that brought together tailors from 13 menswear labels.

Consumers scheduled a one-on-one appointment with one of the tailors from brands including Tom Ford, Ermenegildo Zegna, Gucci, Brioni and Canali. Harrods as a retailer has the opportunity to offer a range of brands, which made the event stand out in the made-to-measure landscape ([see story](#)).

Like all effective acronyms, no matter how odd, the YUM label has generated disproportionate amounts of interest.

After all, the luxury industry is not facing a drastic restructuring.

Boston Consulting Group predicts that luxury consumption will grow organically over the next 10 years with overall spending growing from approximately \$985.5 billion today to almost \$1.2 trillion in 2020.

Consumers will be the main driving force of this growth, with the number of luxury consumers rising from 380 million today to 440 million by 2020. This presents an opportunity for luxury brands if they know how to market to core luxury consumers as well as new consumers, since they require diversified strategies ([see story](#)).

Since luxury marketers have traditionally regarded young males as non-priority consumers, the report may help to re-balance their approach.

"The Yummys are very important," said Marie Driscoll, "They are the next wave and they are early adopters and trend setters.

"Attract them where they are with technology and music and entertainment," she said.

"And of course great product!"

Final Take

Joe McCarthy, editorial assistant on Luxury Daily, New York

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