



passion  
digital 

# LUXURY TRENDS REPORT

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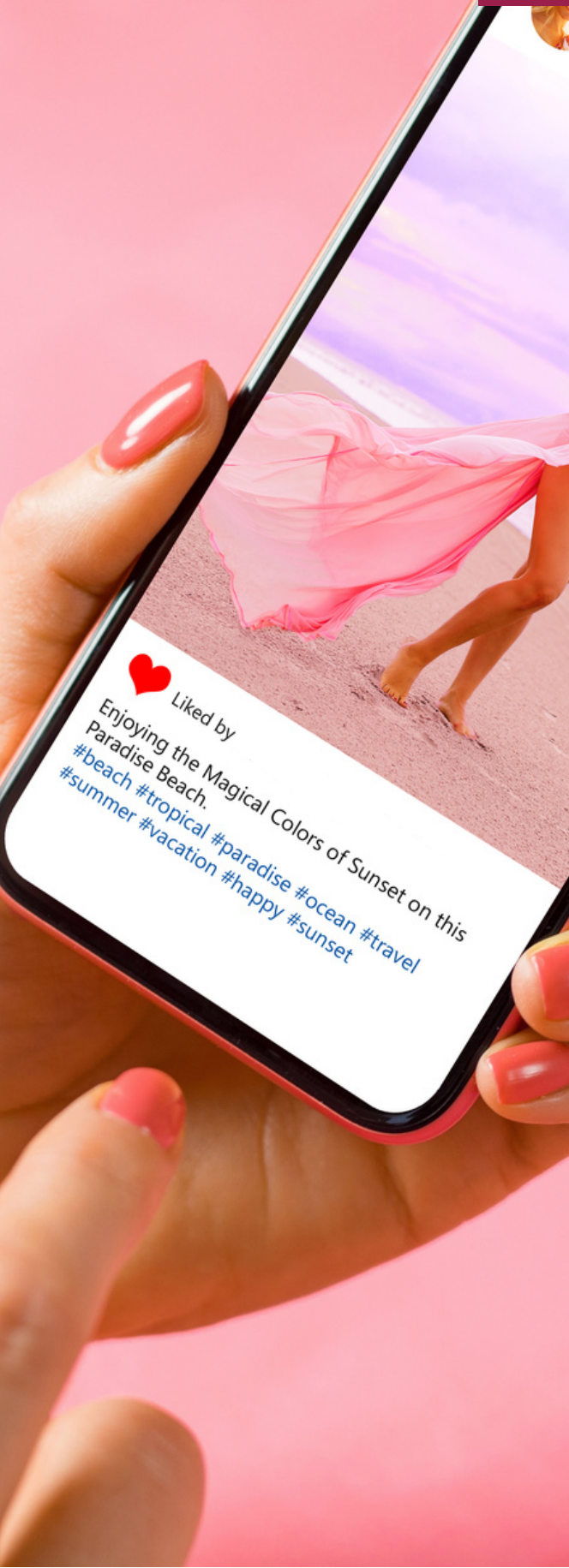


“Luxury goods are considered to be products that nobody needs, but everybody wants. Luxury is the expression of imagination, hopes and dreams of the consumer, not his/her real needs.”

(Zaharia)

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# THE LUXURY MATRIX

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What defines luxury? Why do we buy luxury? And - most importantly - how does this make us feel?

Luxury comes in many forms - from a luxurious dessert or spending time with a loved one, to a top-storey penthouse or a once-in-a-lifetime experience. The price point can change, it is what we believe it to be worth that makes it count. If we believe an item or experience is worth 3 magic beans, we will pay 3 magic beans for it.

The point of luxury items is how they make us feel. They release feelings of pleasure, dopamine and of power. Luxury purchases represent an extension of the self, tying in with our own perception of ourselves and our place in society.

In this sense, luxury purchases are very much an act of self-actualisation, for example someone may feel that if they can buy an expensive car, it means that they are the type of person who can buy expensive cars. Not only this, then others will then know they are the type of person who can buy expensive cars. The sense of status signalling and social acceptance into a particular group is another extension of luxury purchases. Both the purchase and what the purchase means tie into ideas of the aspirational self.

Not everyone who is wealthy buys luxury items, just like how people who can't 'afford' luxury still buy it. Luxury purchases in many ways tap into our base human desires: lust, power and status. For these reasons, there will always be a market for luxury. However, the way in which this market is shifting makes it a difficult landscape to predict, with a far more complex consumer.

"What's obvious about luxury consumption is that it's irrational. However, this doesn't mean luxury shoppers are spending stupidly, instead, making irrational decisions is what makes us human."  
(Crobox, 2021)

# CHANGING LANDSCAPES

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The luxury consumer is changing.

Our definition of what defines luxury is changeable, as is the DNA of today's luxury consumer. Gone are the days of mink fur-wearing socialites; today's luxury consumers are far less predictable with a range of needs and expectations.

In the following report we are going to dive into what defines luxury, who the luxury consumer is and how current luxury markets are being affected.

Luxury brands are sometimes thought of as having a somewhat invincible status, however this is far from the case. If luxury brands want to keep looking towards the future, they must keep innovating, growing and changing for the better.

## The luxury consumer is evolving.



"In fact, Millennials and Generation Z consumers are currently driving 85% of global luxury sales growth" ([Luxe Digital, 2022](#)). "By 2026, Millennials and Gen Z will make up more than 60% of luxury spending, up from 39% in 2019." ([EmperiaVR, 2021](#))

Millennials and Gen Z are key players in the luxury market. In this next section we are going to explore who these audiences are and what makes them tick.



“The luxury market is in flux. What was once a niche market with a specific target audience is shifting into a fragmented market with a multifaceted consumer.”  
([Crobox, 2021](#))





# MILLENNIALS: UNDER A MICROSCOPE

**Millennials span from the ages of 26-42.**

The exact age range of millennials varies from source to source, so the above age range has taken the largest age bracket to reflect this.

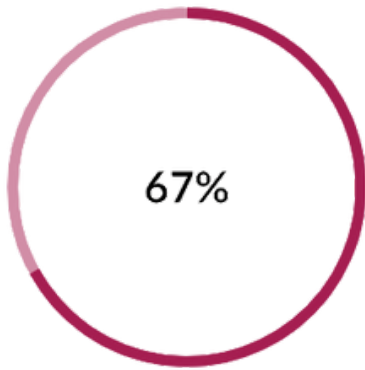
Something that is key to remember about millennials is that they are maturing; the oldest are approaching middle age and having families and their younger counterparts are stepping into more senior workplace roles, meaning they have more **financial fluidity**.

Global Web Index (GWI) - one of our favourite sources of the latest up-to-date statistics - has done a whole host of research on millennials and we've cherry picked the most relevant information from their most recent July 2022 report on millennials the next page.



# MILLENNIALS: UNDER A MICROSCOPE

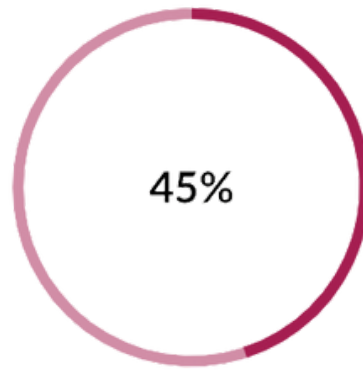
"Millennials are an active and health conscious generation, 17% don't drink alcohol and the number who eat fast food is falling steadily"



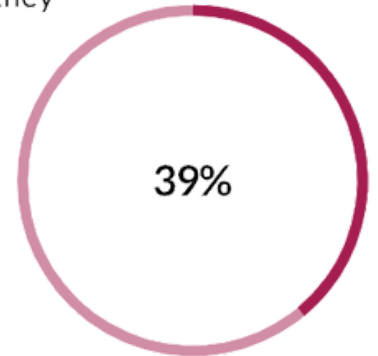
Exercise Regularly

"While millennials are gradually spending more time using online media, their overall time online is lower than it was pre-covid. There are several possible reasons for this: digital detoxing, nostalgia about older forms of media, or simply a changing lifestyle."

In luxury consumption, millennials are **3x** more likely to be driven by trend than older consumers



Loyal to the brands they like



Happy with the way they look

"Psychologists agree that purchase behaviour for millennials is usually self-directed - or for gift-giving - and often impulsive. These individuals want to possess products that will make them or others feel good."

81%



Expect the brands that they buy to be **transparent** in their marketing and **actively** talk about their **sustainability** impact.

Source: GWI millennials report, 2022

# GEN Z: ZOOMED IN

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Here are the key nuggets we've unearthed from GWI's in-depth *March 2022 report* on Gen Z

Gen Z is the generation 'now'. In some ways, they are the younger sisters and brothers of the millennials. Despite their similarities, they have distinct differences that make them very unique. They are growing up in a time of climate crisis and Covid-19, so it would be foolish to paint this generation with the same brush.



The oldest Gen Z are now in their mid-twenties. They are growing up fast and are taking their views, opinions and habits into the world with them.

*"This opens up new opportunities for brands whose products and services are being discovered by this generation for the first time – automotive and finance being just two examples." (GWI report on Gen Z, 2022)*

# GEN Z: ZOOMED IN

'HOW WOULD YOU DESCRIBE YOURSELF?'

40%   
Ambitious

42%   
Adventurous

47%   
Confident

Even if we take into account the long-term effects of the pandemic, their fears about climate change are Gen Z's number one concern (44%) eclipsing things like national debt (24%) and job security (28%). Put simply, Gen Z worry more about the planet's future than their own.

*Online is now Gen Z's preferred way to watch TV over broadcasting.*

Gen Z aged 21+ are less likely to drink any kind of alcohol every month than any other generation.

*Gen Z are more likely to discover products on social media than search engines.*

Being successful or financially secure sits among the top five values most important to them.

Since Q4 2020, the number who own any kind of savings/investments has risen by 27%, driven mostly by cash/savings funds, stocks/shares and cryptocurrency.

Source: [GWI Gen Z report, 2022](#)

"As consumers increasingly demand a transition towards an inclusive society, a unique window has opened for luxury brands to become better agents of social change by aligning their missions, values and strategies to social purpose. Luxury brands are in a key position to lead business action by leveraging their cultural authority." ([FastCompany, 2021](#))



# METHODOLOGY

*“You never really understand a person, until you consider things from his point of view.”*  
Harper Lee

*In order to get our powerful market insights we use the survey data tool Global Web Index, better known as GWI.*

This tool helps us keep our finger on the pulse and understand the consumers of today. GWI surveys thousands of people across the globe every quarter in order to gain insights on their attitudes, motivations and behaviours.

This report features four iterations of luxury audiences that we coded in GWI. These audiences were used for both our own internal insights and for our clients. For example, the 'Luxury Travel' audience was a multi-market survey, as was requested by our client. Similarly, 'Luxury Property London' was specifically used to look into a client's audience in the London area. You can go as granular or as global as you like in order to understand the thoughts, wants and desires of your consumer. You can also gather audience insights across different 'waves'; to see what people have answered across different points in time.

We use this tool as a means to better understand consumers. It allows us to see what they think about almost any topic, how they feel about themselves and how they feel about the world. It is **data-led insight** that gives us **human answers**.

## LUXURY



- Country: UK
- AND
- Income: high or highest
- OR
- Value of savings: high
- OR
- Tend to buy the premium version of products

## LUXURY TRAVEL



- EITHER
- Income: high or highest
- Value of savings: high
- AND
- Have a domestic vacation at least once a year
- Fly in business class or first class at least once a year

## LUXURY PROPERTY-PRIME



- Country: UK
- AND
- High net worth -> Highest wealth group

## LUXURY PROPERTY - LONDON



- UK regions: London
- AND
- Income by segment: High
- AND
- Owns 1 or more homes outright with a mortgage
- EXCLUDE
- Highest wealth group

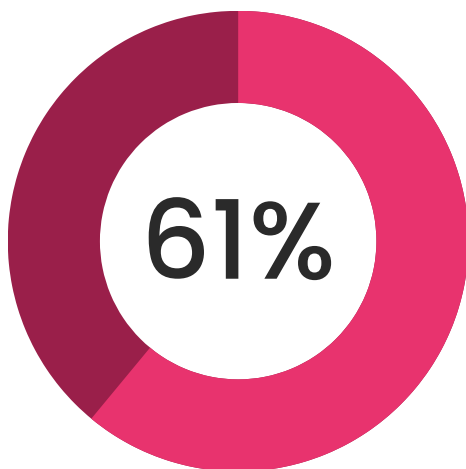
# SUSTAINABILITY

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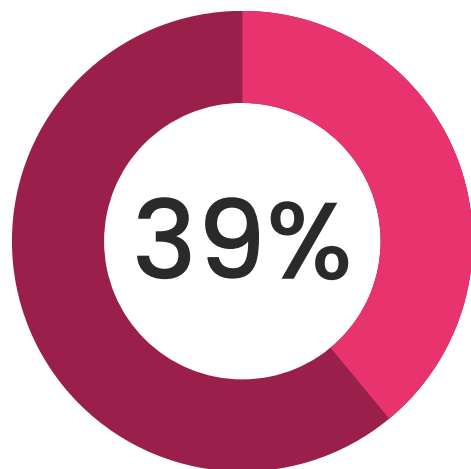
ESG (Environmental, Social and Governance) is now part and parcel of every company's framework and is fast becoming an area of scrutiny among consumers. Yet luxury is rarely thought of as an industry synonymous with sustainability; how does an industry that always aspires to be bigger and better strip back?

As we have seen, for today's conscious, younger luxury consumer, sustainability comes up top trumps. In our 'luxury audience' research project, we found that 61% of the audience would pay more for an eco-friendly product, rather than 39% who would pay less for a non-eco-friendly product. Similarly, we found that amongst luxury consumers, 'being eco-friendly' and 'being socially responsible' was in the top three answers of 'what you want your brand to do' across three markets, trumping 'making you feel valued' and 'customer feedback'. This suggests the luxury consumer is willing to go beyond their own needs in order to be green.

The issue sustainable luxury faces is that it has to be more than creating an item out of recycled materials and calling your company 'green'. It must be a more systemic change within the company itself, with attempts to change things like air miles, manufacturing and emissions. It must be authentic. Brands and businesses must tread very carefully so that they aren't labelled as 'greenwashing'. Vacuous claims of being green are easily spotted by consumers, particularly when companies make sweeping claims of being 'eco' with little evidence ([Guardian, 2022](#)). Each luxury sector has been responding to this in their own way.



**PAY MORE FOR AN  
ECO-FRIENDLY PRODUCT**



**PAY LESS FOR A  
NON ECO-FRIENDLY PRODUCT**

# SUSTAINABILITY

## FASHION

The fashion industry has undergone huge criticism in the past decade due to fast fashion and unethical processes. Fashion today is responsible for between 2% and 8% of global carbon emissions, as well as causing waste and pollution. About 300,000 tonnes of used clothes are burned or buried in landfill each year in the UK. ([Guardian, 2022](#))

The industry is now racing to try and get a better name for itself. Luxury fashion has claimed to try to achieve net-zero emissions by 2050. ([British Vogue, 2022](#))

Certain brands are paving the way with a full-funnel, sustainable system such as Stella McCartney, which has a sustainable supply chain and commitment to vegan materials ([British Vogue, 2022](#)). Fashion brands like The People Tree and Everlane are going one step further and offering consumers the opportunity to meet the makers of their clothes or take digital tours of their factories. This is a brilliant way to pique the interest of a modern luxury consumer, not only does this method offer transparency to showcase fair and ethical practices, but it also underlines the fact that these garments are created by local artisans, making them authentic and unique "the true ethos of social luxury." ([Luxe Digital, 2022](#))





# SUSTAINABILITY

## TRAVEL

In travel - an industry that by nature is not exactly green - the sector is under pressure to deliver sustainable solutions. In a recent survey conducted by Virtuoso - a luxury global travel agency - 82% of travellers said the pandemic has made them want to travel more responsibly and 78% said it's important to choose companies with strong sustainability policies. ([Schroders, 2022](#))



The travel industry is now seeing an emergence of cross-sector initiatives to tackle green issues. One example is 'Tourism Declares a Climate Emergency', a collective of hundreds of tourism-related brands working together to deliver action and accountability across the industry by "measuring and then reducing each member's carbon footprint."([Schroders, 2022](#))

# SUSTAINABILITY

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## PROPERTY

In the property industry, commercial property has been "under intense pressure for years from investors, occupiers and regulators to embed environmental standards" ([Knight Frank, 2022](#)). However the same isn't the case for the residential property market, where location, design and detail have continued to be the focus for wealthy buyers. According to Knight Frank, forward-thinking developers are already taking strides in the technical aspects of energy efficiency and the sustainability of materials and increasing numbers are placing these "as central tenets in their marketing strategies." ([Knight Frank, 2022](#))

However, it is one thing for a luxury buyer to *believe* they're being sustainable and another for them to actually *be* sustainable in the grand scheme of things. Unfortunately, luxury lifestyles are not green in nature, as seen by the numbers reported by Knight Frank. The homes of wealthy Americans are responsible for nearly 25% more greenhouse gas emissions than those in lower income brackets ([Knight Frank, 2022](#)). The world's richest 1% are currently responsible for more CO2 emissions than the poorest 50% of the world's population, according to their 2022 report. And the problem isn't necessarily getting better - a report from Oxfam and the Stockholm Environment Institute confirmed that over the past 25 years, emissions from the richest 1% have grown three times faster than emissions from the poorest 50% ([Knight Frank, 2022](#)).

According to Knight Frank, what that response looks like will depend on whether global governments can work together to form a unified strategy. What luxury brands can and should do now is assure their customers they're making authentic movements in the right direction.

*The world's richest 1% are currently responsible for more CO2 emissions than the poorest 50% of the world's population.*

*([Knight Frank, 2022](#))*



# DIVERSITY AND INCLUSION

As with sustainability, diversity and inclusion (D&I) has become a key talking point for corporations over the past few years thanks to what's been coined as "consumer activism" ([The Conversation, 2021](#)). However, D&I can be equally as problematic. Companies can be guilty of weaponising D&I for marketing purposes as opposed to embedding it within the organisation itself.

The luxury industry has historically faced backlash over its D&I. For an industry that has thrived on being **exclusive** rather than **inclusive**, changing public perception around what luxury stands for is challenging,

## FAUX PAS

As if to showcase this, big brands are still making big mistakes. The Ivy Asia released an advert in 2021 to promote the launch of its new restaurant in Chelsea. The advert, which featured two characters dressed as geishas being transported to the restaurant on a rickshaw, was criticised by food writer Jay Rayner who called it "premeditated racist stereotyping" ([Jay Rayner's Twitter account, 2021](#)). The Ivy have since apologised, calling it "inappropriate and culturally insensitive". ([Sky News, 2021](#))

This same feeling of luxury brands being 'out of touch' continues around the luxury space. There has been examples of brands doing a quick 360 after receiving criticism on their D&I. Prada has spoken out against racial injustice on social media, yet the company has also been forced to apologise for merchandise that was deemed racist. Elsewhere, Dior launched a message of support and solidarity accompanied with a black background following allegations raised against them for cultural appropriation ([The Conversation, 2021](#)).


In 2022, evidence of virtue signalling leaves a sour taste in consumers' mouths.



*Luxury brands have always embraced an element of mystique, but times are changing, in the digital age – consumers are hungry for more information. They want to make sure that their purchase decisions reflect their ethics. ([Luxe Digital, 2022](#))*

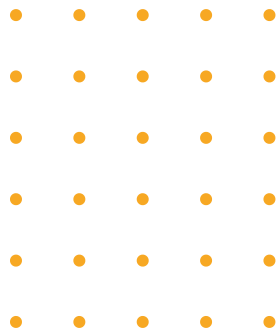
American Gen Zs consider diversity & inclusion more important than fashion or reputation.

(GWI Gen Z report, 2022)



"Millennials and Generation Z are the most racially and sexually diverse generations of all time. These generations have grown up in a digital world of borderless connections."

(OMD, 2020)





# DIVERSITY AND INCLUSION

## SYSTEMIC CHANGE

In the last 10 or so years, the fashion industry has seen a shift in its choice of models, sizing and campaigns to show its move towards inclusivity.

However, the issue needs to be addressed within organisations themselves as well as what they put out to the world. A New York Times report has shown that among top designers and creative directors in the fashion world, **only four are black** ([The Conversation, 2021](#)).

There are companies making bigger steps in the right direction. For example, Steve Madden, Jimmy Choo, Versace and Michael Kors use a recruitment app called Hello Hive to hire more diversely ([Crobox, 2021](#)).

Much needs to be done and luxury brands could do well to make real changes in their hiring, their ethics and their outputs to sustain and safeguard the future of the industry.

"The luxury world has always faced competing paradoxes. How can brands grow while maintaining their aura of exclusivity and rarity? How can they hold onto their heritage while innovating for the future?" (IMD, 2022)

# PROPERTY

Of late, the property market is a hotly debated topic. In the aftermath of Covid-19, property prices soared around the UK. However, with rising inflation and cost of living, the market is set for turbulent times ahead with whispers of a crash looming on the horizon.

In 2022, we carried out our research into luxury audiences in London using GWI. We looked at the richest 20-30% of London residents. 60% of this audience have savings from £65-£650K. When looking at the demographics as seen in Figure 1, a whopping 72% of this audience are under the age of 44 - i.e. Gen Z and Millennials - and a staggering 70% of these are male.

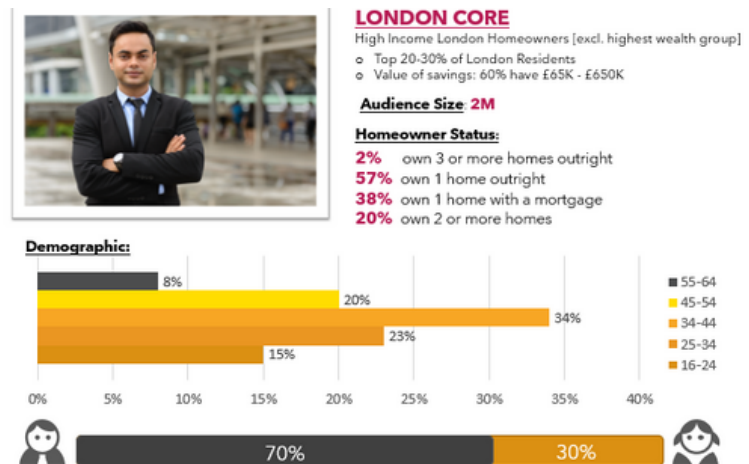
Though just a snapshot, this tells us how these younger audiences should not be overlooked and are crucial players in the current luxury market. As we saw earlier, millennials are maturing and thus making their mark on the property ladder.

## PRIME AND SUPER PRIME

What's interesting to consider is if the current turbulence of the property market will affect the top tiers in quite the same way - particularly the 'prime' and 'super-prime' markets.

In the prime market across the 25 cities tracked, Knight Frank's global research teams now expect prime prices to rise by 4.4% on average in 2022, down from 6.1% six months ago. ([Knight Frank, 2022](#))

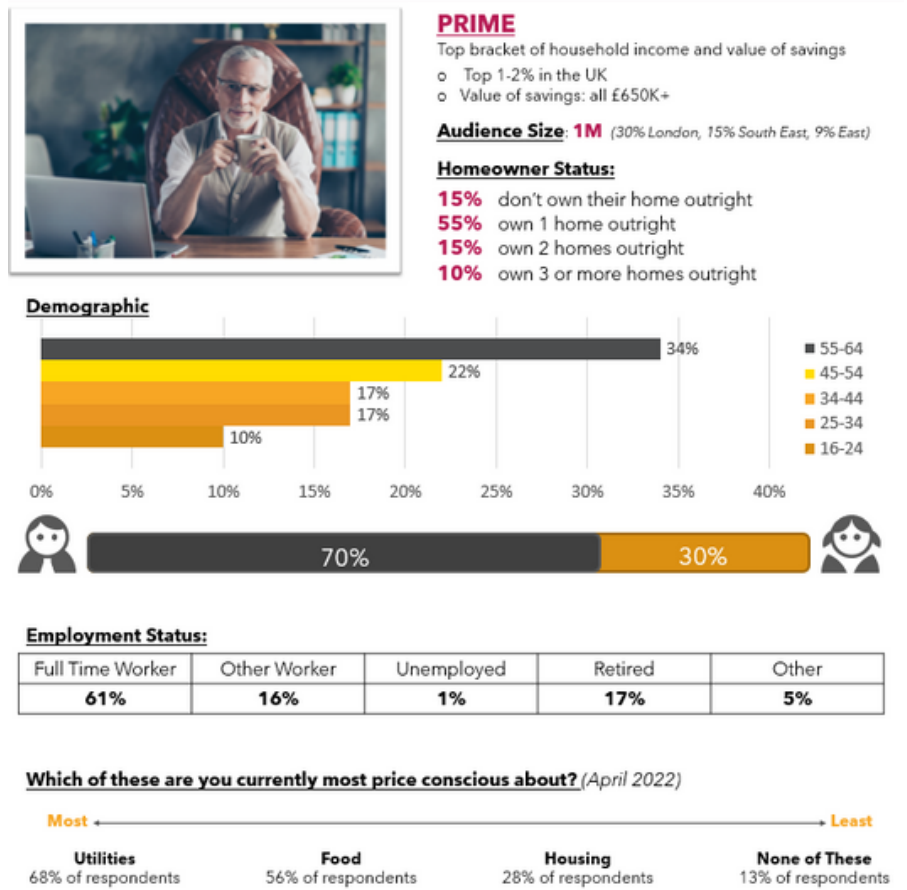
In the super-prime market, the pandemic-induced trends in residential markets fuelled a record year for sales US\$10m+ globally. In fact, "despite the mounting economic headwinds, super-prime markets have remained resilient in the first half of 2022." ([Knight Frank, 2022](#))



(FIGURE 1)

# PROPERTY

“For homeowners, their sense of wealth is 'intimately tied to the value of their property.' (Reuters, 2022)



(FIGURE 2)

We wanted to look into this "super prime" audience during our own research (Figure 2). We looked at the top 1-2% of household income earners in the UK with savings worth £650k or more. Unsurprisingly, 56% of this audience is between the ages of 45 and 64, with the largest segment being between the ages of 55 and 64. What we found most intriguing about this audience is that 61% of them work full-time.

An older audience makes sense, accumulating such large salaries, savings, and potential property comes with the benefit of time, which Gen Z and millennials lack. This demonstrates the significance of audience segmentation. While Millennials and Gen Z are important players in the luxury market, the older generation cannot be overlooked.

According to Knight Frank, both prime and super prime markets will remain active in 2023 before returning to more normal patterns (2022, Knight Frank). Brands must remain vigilant in the stormy times ahead.



# TRAVEL

*Few sectors around the world have had a more turbulent journey over the past few years as travel. With the cataclysmic effect of the pandemic, which brought overseas travel to a virtual halt, the sudden rise of 'staycations' and now the recovering rising market, travel has been on a roller coaster. What's interesting to consider is how this has and will affect the luxury travel sector.*

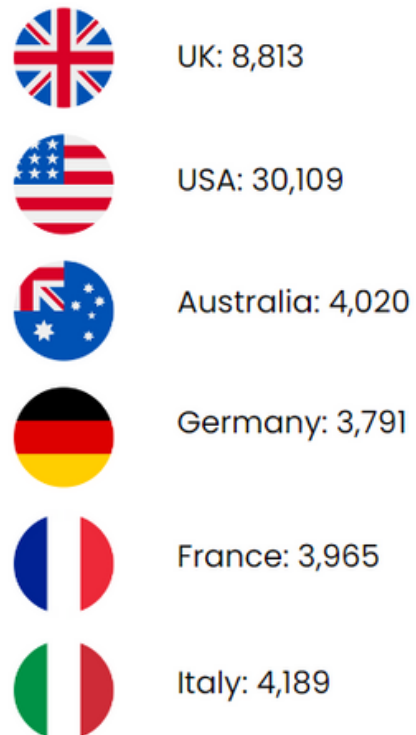
## OUR RESEARCH

We conducted a multi-market research project in GWI earlier this year to study different luxury travel audiences around the world. We used responses from those who took part beginning in mid-2020 because we wanted results that accounted for the pandemic's polarising effects.

The audience provided us with a wealth of interesting insights, with their age being a standout. In the United Kingdom, the highest percentage was among those aged 25 to 34. 55% of the audience was between the ages of 25 and 44. A further 15% were between 16-24, meaning 70% were under the age of 44 i.e. Gen Z and millennials.

As mentioned in the report's sustainability' section, we discovered that 61% of the audience would pay more for an eco-friendly product, compared to 39% who would pay less for a non-eco-friendly product.

Survey size by country:



**Total survey size: 54,887**

# TRAVEL

The audience's top 'describe me' statement was 'open-minded' in three markets - including the UK - which we thought was indicative of a younger audience sway.

We also saw a large percentage of the audience from our research describe themselves as 'price conscious', despite falling in a 'high' or 'very high-income bracket'. We must not forget that a luxury audience can also demand value for their money.

Elsewhere, our research revealed that luxury audiences in 2022 want bigger and better holidays. The audience is over-indexed for a "once in a lifetime experience" and for "taking longer holidays".





# TRAVEL

## IN REAL TIME

Our research from earlier this year has proven to come into fruition post-summer 2022. Recent news has highlighted how the luxury consumer has shifted.

Luxury customers want an experience that is personalised, authentic and perhaps off the beaten track. The demand for 'blow-out trips' to mark a return to travel is high. Consumers are looking for the kind of experiences that "can't be found in a guidebook" ([National Geographic, 2022](#)). Instead of booking every night in a luxury hotel, luxury travellers are considering a penthouse apartment, a private villa with a butler or exclusive hire of a safari property to "truly make the most of their experience." ([National Geographic, 2022](#)).

Luxury travel companies have discovered that people are going away for longer periods of time and investing more in travel. Customers are searching for "high-quality experiences such as safaris and more adventurous trips booked through tour operators" ([National Geographic, 2022](#)). This is also due to the fact that - as previously stated - luxury consumers want sustainable travel and are actively attempting to extend their trips and stay for longer periods of time ([National Geographic, 2022](#)). Similarly luxury travellers are interested in knowing more about how their trip might give back, "whether that be through their choice of hotel, local experiences, or community-based initiatives." ([Schroders, 2022](#)).

*Tangible things like high thread-count sheets and unlimited champagne are no longer the main focus. Instead, there is renewed interest in authentic experiences, wellness incorporated into itineraries and climate-conscious options.*

*([National Geographic, 2022](#))*

# EXPERIENTIAL LUXURY

## EXPERIENCE IS EVERYTHING

Luxury travellers are seeking "deeper connections" ([National Geographic, 2022](#)) with the places they visit, in order to have a more authentic experience that they will remember. If the pandemic has taught us anything, it is that time is of the essence.

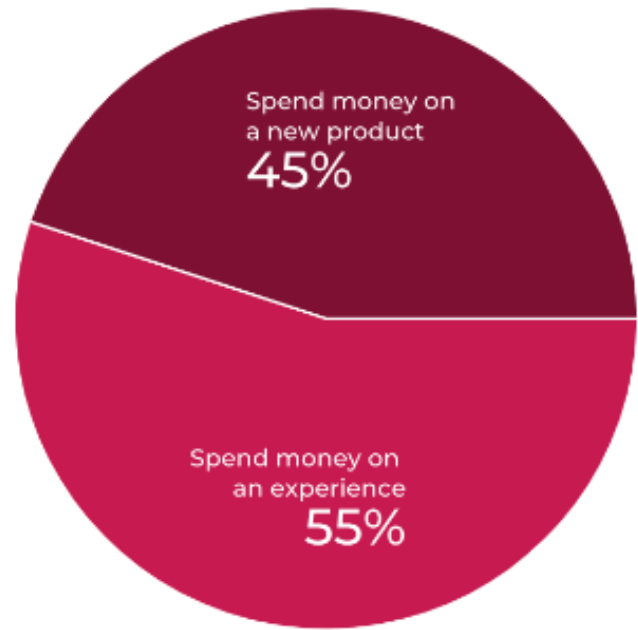
*"The growth in experiential luxury across all industries is fuelled, in part, by the global impact of the pandemic which has dramatically shifted both the priorities and expectations of consumers...with a desire for life experiences overtaking the desire for material goods." ([MGN Events, 2022](#))*

Indeed, in our own research, we found that 55% of this audience would rather spend money on an experience than spend money on a product.

Brands have started to push more 'pop-up' and 'studio spaces' to showcase their brand in a different way. Dior invested in pop-up boutiques at choice beaches. ([Forbes, 2021](#)).

What's interesting though is that this experience needs to be more transparent than ever. Not only do brands need to show, they also need to tell.

*"Guests are no longer satisfied by just consuming the experience; they want to know intimate details of every element of it. For example, if they're attending a prestigious party, they'll want to know who made the food, where it was sourced and its cultural relevance among other things." ([National Geographic, 2022](#))*



*As the luxury market grows, so too does the appetite for experiential luxury; a category that goes beyond 'standard' ideas of luxury and seeks to create rich, dynamic and immersive experiences which evoke the senses and delight them on multiple levels.*

*([MGN Events, 2022](#))*

"As in the physical world, there is no one-size-fits-all approach to digital. Luxury brands need to master integrating the physical and digital touchpoints to create extraordinary experiences in both worlds."  
(IMD,2022)

# THE ONLINE WORLD

For work and play, the online world is part of our lived reality. How luxury consumers navigate the online as well as the physical world is key to marketing to them and creating authentic online experiences.

In our own research, we found that luxury consumers are a digitally engaged bunch. As many of our audience turned out to be busy working professionals, they unsurprisingly over-indexed for having various devices, likely for business and for pleasure. They also are an audience that over-indexed for social media usage: Instagram and Facebook were the top social media choices, followed by Twitter, TikTok and LinkedIn. This is common for what we see among younger consumers, with Gen Z having TikTok higher up their list and millennials using Facebook.

## DETOX

However, a yearning for the real, for the authentic and for the tangible is a real desire we have seen from luxury audiences. For the younger sway, who have spent their lives being digital natives, a kind of detoxing is occurring.



*"While millennials are gradually spending more time using online media, their overall time online is lower than it was pre-Covid." (GWI millennials report, 2022)*

The question to brands then is this: how do you keep your audience authentically engaged, interested and importantly, in the market?

*“For the creators of luxury, artisanship is no longer confined to physical work but extends to digital assets. (IMD, 2022)*

# THE ONLINE WORLD

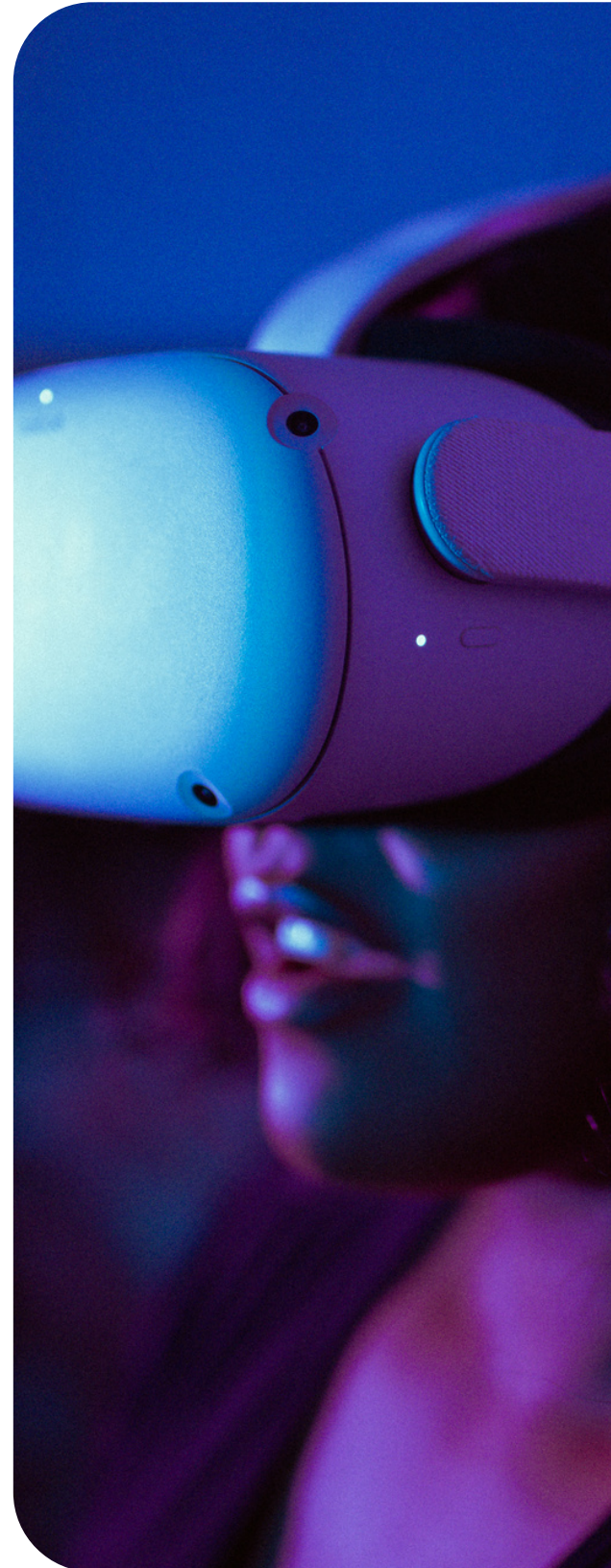
## ONLINE EXPERIENCES

*"Digital natives expect personalized, seamless customer experiences. The brands that come out on top have adopted flexibility and stayed open to change." (Crobox, 2021)*

Luxury brands are already doing this - from trying on virtual clothes using augmented reality as seen in the recent partnerships between Snapchat and luxury players Prada or Farfetch, to Louis Vuitton's collection of 'skins' for the video game League of Legends. (IMD, 2022)

Bespoke and personal experience are the bread and butter of luxury consumers. Creating personalised experiences online where consumers can engrave, craft or design their own product or experience is something that can work in many different ways, and will usually go down a treat.

Similarly, being part of an elite group is something that resonates with luxury consumers more than others. This seems somewhat paradoxical, considering what we've learnt about their concerns over inclusivity. However, this is the strange contradiction that now exists: luxury consumers want *their* experience to be exclusive, but they want their *brands* to be inclusive. Make sense? They're still "more likely than average to pay for a product in order to access its community (+23%)" and "want brands to be exclusive (+19%)" (GWI chart of the week (luxury), 2021), so when they purchase items, they continue to buy into the lifestyle of a select group. How can brands incorporate this apparent paradox into customer experience, both in the physical and digital worlds?



"Luxury consumers are more likely than average to pay for a product in order to access its community (+23%) and to want brands to be exclusive (+19%); so when they purchase these items, they continue to buy into the lifestyle of a select group."  
([GWI, 2021](#))



“Gen Z are more likely to discover products on social media than search engines.

([GWI report on Gen Z, 2022](#))



## THE ONLINE WORLD

### ON SOCIALS

It is also critical for luxury brands to post relevant content to their target audiences. It's worth considering how the digital age has aided in the democratisation of the luxury markets.

*"Social media has cut through the carefully-crafted mystique and fuelled a widespread democratisation of the sector, offering behind-the-scenes access and a two-way dialogue with brands that were previously tantalisingly out of reach."* ([Crobox, 2021](#))

Social media gives brands nowhere to hide. What was once an untouchable brand now has the democracy of the comment section, which can expose brands to scrutiny.

When we consider that Gen Z are more likely to discover products on social media than search engines, we recognise how powerful a tool social media is, if used in the right way. ([GWI Gen Z report, 2022](#))

Luxury brands have an opportunity to monopolise this space and leverage their powerful voice. What brands say and do on social media has a big influence on younger generations. Similarly, brands can experiment with their image, take risks and have some fun. For younger generations for example, the use of memes or trending content is a language in and of itself. This is an excellent opportunity for older luxury brands to step outside of their comfort zone and explore new avenues.

Never again will luxury brands be able to decide between either digital or physical; it will always be both. The most successful companies will be those that are able to reconcile these tensions creatively and continue creating the dreams and fantasies that fuel our desires. ([IMD, 2022](#))

# TAKEAWAYS

## The luxury consumer has a strong young sway

- Luxury audiences are younger than previously thought. Millennials and Gen Z are already major players in the luxury market and are set to become even more pivotal in the future
- Millennials are maturing, becoming parents and moving up the career ladder, while Gen Z are becoming independent young adults
- These audiences have varying appetites for needs and expectations



## Markets are in flux

- What the luxury consumer wants has influenced the landscape of luxury markets such as real estate, travel and fashion
- The effects of the post-pandemic, cost-of-living, and energy crises are causing turbulence in key markets. There are numerous variables, and brands must remain vigilant



## Luxury audiences are conscientious

- Luxury consumers expect brands to be actively sustainable and inclusive. It is no longer enough for luxury brands to rely on image, reputation or heritage
- Greenwashing also doesn't fly with this audience



# TAKEAWAYS



## Luxury audiences seek authenticity

- From what they say online to what they sell, luxury consumers expect authenticity from their luxury brands

## Experience is important, physically and digitally

- Experience in luxury has always been important, but now in a post-pandemic world it is like gold dust to a consumer. The luxury consumer today seeks a tailored, authentic and one-of-a-kind experience that speaks to them on a personal level



## Audiences may seem contradictory

- Today's luxury audience may seem complex, but a deeper understanding of their needs will clear the muddy waters

# FINAL THOUGHTS

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Today's luxury market is complex and in some ways, contradictory: brands must show and tell, they must pull out all the stops while remaining sustainable, they must offer a sense of exclusivity while also serving diversity and inclusion and they must create a brand that is authentic and down to earth while remaining, of course, luxurious.

However, these apparent obstacles should be viewed as opportunities to stand out from the crowd, make your mark and connect with your customers in ways you have never done before.

You must provide your clients with an experience that is uniquely theirs, something that delights and excites them both in the physical and digital world. Tap into your audience and your three magic beans will be worth their weight in gold.



# THOUGHTS FOR 2023

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Ritz - Digital Strategist - shares her thoughts on the future trends.



Despite our current economic turmoil, the luxury market is expected to grow in 2023, albeit at a slower pace. The personal luxury goods market is expected to grow anywhere between 3-5% or 6-8% (at constant exchange rates) in sales this year and there are three macro shifts to drive this growth. ([Bain & Company, 2022](#))

- It was Millennials and Gen Z who drove the entire growth of the global luxury segment in 2022. But the luxury buyer is going to get younger with the entry of Gen Alpha. Luxury spending of Gen Z and Gen Alpha is to grow three times faster than other generations ([Luxe Digital, 2023](#))
- 2022 saw the growth of online luxury sales and this is going to get bigger this year. Online is going to surpass all other luxury sales channels in 2023 with the share of online sales for personal luxury goods expecting to grow to 33% by 2030 driven by mono brand online stores (stores dedicated to one brand) and new digital opportunities ([Luxe Digital, 2023](#))
- The luxury market has always rushed to cater to the rich in China and those in the West. However, it is time to look beyond and more specifically at other Asian countries like India and Indonesia, especially since India's luxury market is projected to surpass \$200 billion by 2030 ([Mint, 2022](#)) and Indonesia is expected to become the world's seventh-largest economy by 2030 ([Retail Asia, 2022](#))

This new world of luxury is here to stay and the quicker we understand its nuances the better we can cater to its legion of customers.



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