

The Future of Luxury:

How New Luxury Consumers are Changing the
Marketing Strategies of Luxury Fashion Brands
in the 21st Century

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Abstract

Title: The Future of Luxury: How New Luxury Consumers are Changing the Marketing Strategies of Luxury Fashion Brands in the 21st Century

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Key words: Luxury, Fashion, Consumers, Luxury Paradox, Digitalization, Sustainability, Retail Experience, Exclusivity, Generation Z, Millennials

The rise in younger consumers due to the increase in spending power of Millennials, Generation Z, and Alpha has caused a shift in the luxury fashion industry. This research aims to investigate how luxury fashion brands can adapt their marketing strategies to successfully market to the new luxury consumer without losing the notion of exclusivity and luxury. Qualitative research, in the form of 5 interviews with marketing managers from luxury fashion brands (Gucci, Givenchy, Cartier, Ripa Ripa, and Zegna), was conducted to understand what is currently being done by main players in the industry, and what further steps might need to be taken.

The findings suggest that luxury fashion brands must implement innovative solutions in the areas of sustainability, digitalization, and the customer retail experience in order to cater to the needs of new luxury consumers that were identified. Those needs included a strong desire for authentic sustainability and corporate responsibility, strong values and storytelling, as well as different product needs catered to their lifestyles and preferences. Additionally, it covers different strategic moves that brands can undertake to manage the luxury paradox, such as increasing prices, niche targeting and selective distribution.

Resumo

Título: O Futuro do Luxo: Como os Novos Consumidores de Luxo estão a Mudar as Estratégias de Marketing das Marcas de Moda de Luxo no Século XXI

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Palavras-chave: Luxo, Moda, Consumidores, Paradoxo do Luxo, Digitalização, Sustentabilidade, Experiência de Retalho, Exclusividade, Geração Z, Millennials

O aumento dos consumidores mais jovens, devido ao aumento do poder de compra dos Millennials, da Geração Z e dos Alpha, provocou uma mudança na indústria da moda de luxo. Esta investigação visa investigar de que forma as marcas de moda de luxo podem adaptar as suas estratégias de marketing para se dirigirem com sucesso ao novo consumidor de luxo sem perder a noção de exclusividade e luxo. Foi realizada uma investigação qualitativa, sob a forma de 5 entrevistas com gestores de marketing de marcas de moda de luxo (Gucci, Givenchy, Cartier, Ripa Ripa e Zegna), para compreender o que se atualmente feito pelos principais intervenientes na indústria e outros passos podem ser necessários.

Os resultados sugerem que as marcas de moda de luxo devem implementar soluções inovadoras nas áreas da sustentabilidade, digitalização e experiência de retalho do cliente, a fim de satisfazer as necessidades dos novos consumidores de luxo identificados. Estas incluíam um forte desejo de sustentabilidade autêntica e responsabilidade empresarial, valores fortes e narração de histórias, bem como diferentes necessidades de produtos adaptados aos seus estilos de vida e preferências. Além disso, aborda diferentes movimentos estratégicos que as marcas podem empreender para gerir o paradoxo do luxo, como o aumento dos preços, a orientação para nichos e a distribuição seletiva.

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List of Abbreviations

AR – artificial reality

e.g. – for example (from the Latin *exempli gratia*)

etc. – and the rest/other similar things (from the Latin *et cetera*)

Gen Alpha – Generation Alpha

Gen Z – Generation Z

Gen Y – Generation Y – Millennials

LVMH – Louis Vuitton Moët Hennessy

VR – virtual reality

1 Introduction

Luxury is elusive and multi-dimensional, luxury brands are under-investigated and complex, and luxury consumers are ever-changing, making the luxury industry as intriguing as it is glamorous (Atkinson & Kang, 2022). Additionally, with the aftermath of the pandemic, the entrance of new consumers, and economic turbulence, the industry is at a crossroads, and the question arises: How will luxury brands adapt to their changing environment?

Generation Z and Millennials accounted for 72% of the global luxury market in 2022, and spending by Gen Z is set to grow three times faster than for other generations until 2030, by which time they will make up a third of the market (Bain & Company, 2022). Clearly, luxury consumers are no longer just old, rich, white people, but are becoming younger and more diverse every year. The objective of this thesis is to identify the needs and wants of these newly emerging luxury consumers and analyze the impact that they have on the success and marketing strategies of luxury fashion brands. Additionally, focus areas and successful marketing strategies within these focus areas will be identified to give other marketing managers guidance on how to stay successful when marketing to the new luxury consumers. Potential further steps, improvements, and the need for additional research will also be identified.

The specific research question that will be touched on include:

- Who is the new luxury consumer? What are the specific needs, wants, and expectations that they have for luxury fashion brands?
- What are the opportunities and challenges when marketing to the new luxury consumer? How can luxury fashion brands market without falling victim to the luxury paradox and losing the core values of ‘luxury’ such as exclusivity?
- How important are aspects such as digitalization, sustainability, and the customer retail experience? How can luxury brands leverage these areas?

This thesis is divided into four main parts. First, a literature review is conducted to give the necessary knowledge about the luxury fashion industry, its current main players, and the traditional as well as the new luxury consumer. Afterward, qualitative research is conducted and analyzed, and the methodology and implications of this research is explored. Following this, are the analysis and main findings of the research. Lastly, a chapter on the managerial implications follows,

highlighting the existing marketing strategies of luxury fashion brands in regard to the new luxury consumer, allowing suggestions for other brands, and identifying the next steps and the need for additional research on the topic.

2 Literature Review

This literature review will provide a broad knowledge base on the topic of luxury fashion, both in terms of industry, key players, and consumer personas. Specifically, it will give an insight into the topic of luxury fashion from different perspectives and research methodologies related to the previously identified research questions. The objective of this literature review is to gain a basic understanding of the complex world of luxury and will help identify and analyze trends within the sector and will point out the need for further research. This literature review covers the historical context of luxury and the luxury fashion industry, and what challenges it now faces and will continue to face with the rise of new luxury consumers.

This stage of the thesis is divided into two major sections:

In the first part of the literature review, the historical and social context of the luxury industry will be studied, followed by an analysis of the luxury market and specifically the luxury fashion industry and its different aspects. Lastly, a deep-dive into the characteristics of luxury brands and its corresponding luxury consumers will conclude the chapter.

The second part of the literature review will give a better understanding of the new luxury consumer, giving insights into the needs and wants of younger consumers (Millennials and Gen Z) as well as touching on the newest generation, Generation Alpha. Previously identified opportunities and challenges of the rise of these new consumers will be identified to give a knowledge base of what luxury fashion brands are currently working with, and what they need to take into account when thinking about adjusting their marketing strategies.

2.1 Introduction to the Luxury Market

2.1.1 What is Luxury?

“Luxury is a necessity that begins where necessity ends.”
- Coco Chanel

Luxury is relative, elusive, and ever-changing, making it difficult for researchers to define the topic. There are many different understandings of what luxury is, depending on the context, time, place, and individual (Berthon, Pitt, Parent, & Berthon, 2009). Therefore, to reduce it to a single concept would be an injustice (Atkinson & Kang, 2022). Yet, past research has done a good job at looking at the history and evolution of the term, as well as the luxury industry and its corresponding brands to give at least a partial insight into what the term "luxury" entails.

Etymologically speaking, “luxury” stems from the Latin word “luxus,” meaning superabundance and excess. The first use of the actual word “luxury” in the English language can be traced back to the 14th century when Shakespeare used it for “lust” and “lechery,” associating it with adultery, debauchery, and perversity. Only over time did the word eventually move closer to a “sumptuous environment” in regard to food, clothing, and opulent lifestyle, setting up for its contemporary meaning of “nonessential” and “indulgent” (Merriam-Webster, 2023).

As seen, the term “luxury” oscillates between two opposing meanings, one being the representation and recognition of wealth and status, and the other being the unnecessary and pompous flaunt of money in a superficial material term (Cabigiosu, 2020).

Adam Smith divided consumption into four categories (necessary, basic, affluence, and luxury) and defined luxury as being directly linked to rarity. To him, luxury products are difficult to procure, whether that is through material scarcity, price, limited availability in quantity, or location (Smith, 1776).

At the end of the nineteenth century, the term slightly evolved from Smith’s definition and took on the meaning of what it is associated with now: “excellence, expensive and the pleasures of enjoying something comfortable beyond what is strictly necessary” (Brun & Castelli, 2013). This definition has been classified as “the new luxury” and stems from the industrialization and the birth of haute

couture (Cabigiosu, 2020). As luxury is directly linked to craftsmanship, high-quality products, and rare materials, the industrial revolution changed the approach to luxury and its meaning.

Through the industrial revolution, productivity improved and many items that used to be classified as a luxury became readily available and lost their indulgent and exclusive nature, giving way to a new form of luxury (Corbellini & Saviolo, 2015). So, in 1858, just after the end of the industrial revolution, haute couture was born, shifting luxury in the direction of art and creativity, giving it a new definition, and reviving its indulgent and exclusive nature (Danzinger, 2005). The French term for “high sewing” refers to the creation of exclusive custom-fitted clothing and so, by extension, to high-end fashion. This shift to haute couture allowed luxury to lose most of its negative connotation of perversity and decadence and shift its focus to providing high-quality products that represent elegance and wealth (Armitage, 2022).

In more recent years, luxury has moved away from exclusive, custom-fitted garments usually associated with haute couture, as a trend toward Neo-Luxury (with the massification and democratization of luxury) emerged. Neo-Luxury refers to the offer of more affordable high-quality products and services to middle-class consumers willing to spend more money on premium products (Silverstein, Fiske, & Butman, 2008). This new phenomenon challenges one of the pillars that Adam Smith used to base luxury on: exclusivity. It is a debated topic amongst researchers and professionals, whether exclusivity is necessary for a luxury brand to succeed or not. Certain key players, such as the CEO of Gucci, Marco Bizzarri, believe that the era of luxury exclusivity has come to an end, advocating for more inclusive luxury (Zanzi, 2018). The balance between exclusivity and inclusivity, or growth and status, introduces the luxury paradox:

The luxury paradox refers to the difference between traditional luxury, which values exclusivity and scarcity, and modern luxury, which is shifting toward massification and accessibility for a broader range of consumers (KPMG, 2022). Luxury is faced with the problem of growth. The luxury sector is growing, which means the luxury customer pool is growing, which eventually leads to growing sales as well. But as traditional luxury is based on the notion of scarcity and exclusivity, an increase in customers can tarnish the reputation of luxury and diminish the whole concept of what traditional luxury entails (Kapferer J.-N. , 2015). So, even though a growing customer pool might be beneficial for an increase in revenue, traditional luxury is trying to stay away from too much growth. On the other hand, modern luxury is much more open to welcoming new customers

and embracing growth, yet if they lean into this accessibility too much, they run into the problem of losing their luxury status and becoming premium, or even commercial. The luxury paradox analyzes how luxury brands can balance this growth and exclusivity (Kapferer J.-N. , 2015).

As seen through this brief look at the history and evolution of luxury, the term is dependent on historical and socioeconomic context. Kapferer states that the “luxury of some is not the luxury of others, and yesterday's luxury is not today's luxury and will probably not be tomorrow's.” (Kapferer J.-N. , 2015). For example, spices were considered a luxury in the ancient world yet can now be found at grocery stores everywhere for a reasonable price, no longer making it a luxury. And Starbucks coffee might be classified as a luxury to some but not others. Thus, what constitutes luxury varies with context. What is a luxury to some, might be irrelevant or useless to others.

What started out as extraordinary commodities, moved to products of great craftsmen, and eventually became more focused on the actual brand and image of the product rather than the materials or craftsmanship behind it (Berthon, Pitt, Parent, & Berthon, 2009). This shift in luxury and the issue of the luxury paradox puts the industry and its corresponding brands in an interesting position: able to redefine their own version of luxury and shape the future of luxury.

2.1.2 Luxury Industry and the Luxury Fashion Market

Even in the face of economic uncertainty and the aftermath of the COVID-19 pandemic, the global luxury market has reached a value of \$1.4 trillion in 2022 and is projected to continue to grow (McKinsey, 2022). Within the luxury industry, the personal luxury goods sector is considered the “core of the core” of luxury segments, with apparel (haute couture and ready-to-wear) being one of the main players (Bain & Company, 2022).

Fashion market overall:

From 2021 to 2022, the luxury apparel industry presented a strong growth of 22% - 24%, showing a continued recovery from the COVID-19 pandemic. Behind accessories (specifically leather goods), the apparel sector showed the second-highest growth rate and overall profits within the luxury goods sector, exceeding its 2019 numbers, showing its strong and quick recovery from the pandemic as well as economic turbulences (Bain & Company, 2022).

Conglomerates

The luxury goods industry is dominated by five conglomerates: Louis Vuitton Moët Hennessy, Kering, Estée Lauder Companies, Richemont, and L'Oréal Luxe (Deloitte, 2021). Conglomerates are multi-industry companies, meaning that a parent company owns many different, sometimes unrelated, businesses (Jacoby, 1970). Louis Vuitton Moët Hennessy (LVMH) was established after the merger of Louis Vuitton and Moët Hennessy in 1971 and is now the most valuable company in Europe with a value of \$329 billion in 2021 (Cormack, 2021). The conglomerate now owns around 60 subsidiaries in the luxury sector, with brands such as Tiffany & Co., Christian Dior, Bulgari, Kenzo, Fendi, and Givenchy (LVMH, 2022). Kering owns brands such as Balenciaga, Bottega Veneta, Gucci, Alexander McQueen, and Saint Laurent, and has a revenue of \$13.1 billion (Kering, 2021). Estée Lauder Companies specializes in makeup, skincare, and fragrances in the luxury sector, and owns companies such as La Mer, Jo Malone London, and Tom Ford Beauty. It generated revenues of \$14.3 billion in 2020 (Forbes, 2020). The Switzerland-based conglomerate, Richemont, focuses its business on jewelry, watches, and leather goods and owns companies such as Cartier, Montblanc, Piaget, and Buccellati, posting sales revenues of 19.2 billion in 2022 (Richemont, 2022). Lastly, L'Oréal Luxe is the luxury division of the French personal care company L'Oréal. Similarly to Estée Lauder Companies, L'Oréal Luxe focuses on the luxury beauty sector and has partnerships with 26 brands such as Prada, Valentino, Mugler, and Diesel (L'Oréal, 2023).

With the rise of these public conglomerates in the last years, the luxury industry has shifted from family-owned companies that specialize in certain areas (e.g. Louis Vuitton as a trunk maker) to multinational companies that have pressure from the stock market to show constant growth (Cabigiosu, 2020). This trend will continue and will have a lasting impact on the luxury sector, having to balance growth and exclusivity (luxury paradox).

(Couture) Fashion Houses

The luxury fashion industry specifically, is dominated by luxury fashion houses. A fashion house - commonly referred to by its French term *Maison de Couture* - is a parent company that hires and houses fashion designers to work for their brand. To be considered a fashion house, a company

must design made-to-order pieces, house an atelier with at least 15 employees, and create a minimum of 50 designs per season (Bala, 2020).

When it comes to luxury fashion, certain fashion houses dominate the sector, no matter if one looks at China, Europe, or North America. According to a Launchmetrics report that ranked luxury fashion houses based on revenue and Media Impact Value (MIV), the following brands were identified as top players in all three markets: Dior, Chanel, Gucci, Louis Vuitton, Saint Laurent, and Prada, with Dior being number one across all markets (Launchmetrics, 2020).

As concluded through the analysis of the market and past research on the luxury fashion market, the industry is continuously growing, even after the pandemic and economic uncertainties. This growth can partially be traced back to the continuous trend of conglomerates buying up brands and focusing on economic growth to appeal to shareholders. It also once again symbolizes the luxury paradox, showcasing the economic growth of brands that might be favorable to shareholders, while each individual brands has to deal with the consequence of losing exclusivity.

2.1.3 Luxury Brands and Products

“We are in the business of selling dreams.”

- Gian-Luigi Longinotti-Buitoni (CEO of Ferrari North America)

Having previously identified the main luxury fashion houses in the industry, there are certain attributes that all these brands have in common and make them luxury brands. Literature defines many different recurring attributes of luxury goods and brands, such as high quality, hedonistic value, creativity, innovation, uniqueness, exclusivity, and rarity (Moore & Fionda, 2009). According to both the Nueno and Quelch, and Okonkwo models, perceived rarity and exclusivity are important attributes of luxury brands and can either be natural or curated, whether through material scarcity, high prices, advertising, or limited production and availability (Nueno & Quelch, 1998). Scarcity is identified as a major value driver for luxury brands (Halwani, 2021). All these attributes must be present to some degree for a product to be considered a luxury good. The mixture of these attributes and the careful management of each of these attributes by the brand make up its ‘brand DNA,’ and are communicated through brand name, identity, and advertisements, communicating a certain personality and set of values to the consumer (Nueno & Quelch, 1998).

In addition to the aforementioned attributes such as price, quality, scarcity, and heritage, the brand itself plays a large role in creating a luxury product. Especially in recent years, the shift has gone from looking for products with high quality and craftsmanship, to products from a specific luxury brand. For example, consumers will google ‘Prada bag’ or ‘Dior bag’ rather than ‘leather bag’ (Kapferer J.-N. , 2015). Consumers are also becoming more and more loyal to brands, and identifying themselves with specific brands, meaning that the brand itself (what it is and what it stands for, the emotion it evokes, etc.) is what initiates the desire to purchase and the interest in a product, rather than the actual quality or craftsmanship of the product (Kapferer J.-N. , 2015).

This is why brand heritage and identity are crucial distinctive attributes of luxury brands and set them apart from commercial brands. Luxury brands such as Louis Vuitton, Chanel, and Dior have a long history of quality, tradition, and authenticity. Their brand names and design signatures guarantee certain qualities and standards and create nostalgia and credibility for a brand, reducing the risk associated with the purchase of a high-priced item (Dion & Mazzalovo, 2016). According to research by Halwani, some of the major reasons why consumers trust and decide to purchase luxury brands include (1) monetary appreciation, (2) potential of becoming vintage, (3) inheritance value, (4) social-adjustive motives, (5) utilitarian motives, and (6) hedonic motives. Meaning that the presence of heritage and history increases the value of each of these drivers and therefore increases willingness to purchase (Halwani, 2021).

As stated by Kapferer’s first book *Kapferer on Luxury: How Luxury Brands Can Grow Yet Remain Rare*, the core mission of the luxury sector and its brands is to sell dreams. When looking at premium brands, rather than luxury brands, the essence of their positioning is to show superiority in the sector based on quality and innovation. Only through that are they able to justify their high price. Luxury brands, on the other hand, seem to be able to command any price without much justification or rationale. This is because luxury brands sell dreams, and a “symbolic access to excellence and a privileged life.” And while premium products will eventually be replaced by the innovation of another, better premium product, dreams last much longer, and dreams are not quantifiable (Kapferer J.-N. , 2015).

In order to sell these dreams, high customer service, and an exceptional customer retail experience must be offered to the consumer. Luxury consumers have a higher urge to connect and create a relationship with a brand than non-luxury consumers, so luxury brands must create personalized

and memorable experiences at all touchpoints (Gupta, Shin, & Jain, 2022). This can be done through experiential shopping experiences, strong and consistent storytelling, seamless omnichannel strategies, personalized customer service, and additional services not present at regular stores.

As researchers disagree on the list and importance of attributes that define luxury brands, according to some research it might be beneficial to define luxury brands in terms of what they do rather than what they are. In the article *Aesthetics and Ephemerality: Observing and Preserving the Luxury Brand* the authors define three components: functional, experiential, and symbolic (Berthon, Pitt, Parent, & Berthon, 2009).

The functional dimension is the material embodiment of a luxury brand, stressing quality and functionality. A brand must possess certain physical attributes or perform certain actions and uphold certain standards (Berthon, Pitt, Parent, & Berthon, 2009). Previous research divides this functional dimension into usability, uniqueness, and quality value, stating that a luxury brand must satisfy the consumers' needs, have a higher quality than non-luxury brands, and make the brand and its consumer stand out through exclusivity, rareness, and the resulting desirability (Wiedmann, Hennigs, & Siebels, 2009).

The experiential dimension of a luxury brand focuses on the individual subjective value it poses on a brand, as a person's subjective taste is what defines and values luxury. This is also where hedonic value can be found in a brand. Lastly, the symbolic value exists in the social realm and focuses on the social aspects and signals of owning a luxury brand. Not only must a luxury brand mean something to the owner, but it must also signal something to others. What needs to be considered, is that each of these dimensions are contextual. Especially symbolic and functional dimensions change largely with time and context (Berthon, Pitt, Parent, & Berthon, 2009).

Overall, what constitutes a luxury brand and products, is as elusive and difficult for researchers to explain as the term luxury itself. Yet, certain key aspects such as a high price, high-quality materials, innovativeness, and a certain extent of exclusivity were most often mentioned as attributes of a luxury product. While attributes of a luxury brand are much more intangible, such as brand heritage, a dream-like aura, an aspirational status, values, and the ability to evoke emotions and a connection with the consumer (often through customer service and retail experiences).

2.1.4 Luxury Fashion Consumer

Depending on the research, consumers of luxury goods can be classified differently. In the article *Value-based Segmentation of Luxury Consumption Behavior*, the authors develop four clusters of profiles: (1) Materialists, (2) Rational Functionalists, (3) Extravagant Prestige-Seekers, and (4) Introvert Hedonists. Materialists want a lot of luxury products in their lives and satisfy their hedonic needs through luxury consumption but feel no need to impress others or yearn to belong to a certain social group. Rational Functionalists are similar to Materialists in a way that they fulfill their personal needs through luxury consumption rather than doing it for a social purpose, what differentiates the two groups is that Rational Functionalists value quality the most out of the four clusters and have a lower need to fulfill their hedonic need. Extravagant Prestige-Seekers combine the aspects of the two previous groups as they value the pleasure aspects of luxury goods and value quality, yet also focus on the social value of luxury goods and want to impress others. Lastly, Introvert Hedonists value the hedonic aspects of luxury consumption and enjoy luxury consumption for their own pleasure rather than to impress others but are not as enthusiastic as the previous groups. They score lowest in terms of extravagance, self-identity, and usability (Wiedmann, Hennigs, & Siebels, 2009).

Whereas Dubois, Czellar, and Laurent suggest a much broader “segmentation of consumers based on their attitudes toward luxury” and define three segments: (1) Elitist, (2) Democratic, and (3) Distant. Elitists have a traditional view of luxury and believe that only the “happy few” elite should be able to buy and own luxury products. They also believe that some form of education is necessary to appreciate luxury and that this ‘good taste’ lets them differentiate themselves from others. On the contrary, consumers with a democratic view of luxury have an open-minded view of luxury and believe that everyone should be able to buy and own luxury products. They also believe that luxury products do not have to be expensive and should be able to be mass-produced and readily available to the masses. This reflects an open and positive attitude toward luxury, similar to that of the Elitists. The last customer segment, the Distant consumers, are not very attracted to luxury and feel estranged and distant from the luxury industry. This distance creates a negative attitude towards the luxury sector as they find it old-fashioned and flashy (Dubois, Czellar, & Laurent, 2005).

Other research suggests that there are two types of luxury consumers based on brand prominence: (1) affluent consumers who want to signal their status only to their own kind rather than other social groups and are willing to pay a premium price for ‘quiet’ (inconspicuously branded) goods, and (2) consumers who have a much higher need for status and use ‘loud’ luxury goods to signal to the less affluent that they are not one of them (Han, Nunes, & Drèze, 2010).

They describe their customer segmentation as the ‘four Ps of luxury’: patricians, parvenus, poseurs, and proletarians. Patricians describe wealthy consumers who want to signal their wealth to other patricians rather than disassociating themselves from others. They like to pay a premium price for items with signals that only other patricians can decipher. The parvenus segment possesses wealth similar to that of the patricians but lacks the expertise to decipher the signals of the patricians. Parvenus are much more concerned with separating themselves from other social groups and do so through flashy luxury items that everyone can identify. They consume for the sake of status. Poseurs, from the French word for a person “who pretends to be what they are not,” are highly motivated to consume for the sake of status, similarly to the parvenus. But in contrast to the previous two groups, they do not possess the financial means to afford much luxury. Therefore, they often purchase counterfeit luxury items. Lastly, the proletarians are not driven to buy luxury items and are likely not able to afford them either. They are not concerned with associating with a certain social class or disassociating from another (Han, Nunes, & Drèze, 2010).

Lastly, Kapferer makes a distinction between the old and new rich based on a thesis by Jean Baudrillard in 1998. The old rich have less of a need to signal status to other groups, such as the Patricians identified by Han, Nunes, and Dreze, and move away from luxury brands that become popular and commercialized. The new rich are much more eager to symbolize their status and buy certain brands based on their perception of their utility as a status symbol. Celebrities are often characterized as the new rich (Kapferer & Bastien, 2012).

This classification of the ‘new rich’ has, in recent years, been influenced and changed by the emergence of younger consumers, such as Millennials and Generation Z. The previously identified characterization of luxury consumers is often outdated, without taking into account these younger generations. Therefore, it is vital to take a separate look into the characteristics of these new consumer groups and their influence on the new luxury consumers.

2.2 The Impact of New Luxury Consumers

2.2.1 The Shift towards Youth

The luxury industry has historically targeted older, and quite affluent consumers. Due to the high prices of luxury items, their high levels of exclusivity and scarcity, as well as the notion that luxury is only reserved for the ‘select/lucky few’ luxury brands have historically targeted the old-rich, established, affluent, and, in consequence, often old consumers, who were able to afford luxury. However, in recent years, younger generations such as Millennials (Generation Y) and Generation Z have emerged as significant consumers of luxury products, especially in fashion.

The 21st edition of the Bain & Company–Altagamma Luxury Study stated that the entire growth of the luxury goods market in 2022 was attributed to Generation Y and Generation Z and these generations accounted for 30% of sales of the overall luxury goods market. Additionally, the purchasing power of Generation Z and Generation Alpha is projected to increase at a rate three times faster than that of older generations (Bain & Company, 2022). This overall increase in purchasing power of the younger generations such as Millennials, Generation Z, as well as Generation Alpha, makes these consumer groups an influential part of new luxury consumers.

This shows the shift from the traditional luxury customer to younger and more dynamic customers, who come with their own (very different) needs and wants.

Generations:

Substantial research has been conducted about the different generations and their individual behaviors, yet research is not homogenous when identifying the exact age range of each generation. However, literature believes that the exact age of an individual is less important, as a generation is not only a set of individuals born at a given historical point in time, but rather “a group of individuals, who were impacted, in the same phase of their life, by a technological, economic, social, or cultural revolution” that has affected their system of values (Cabigiosu, 2020).

With the aforementioned increase in spending power of the younger generations (Gen Y, Z, Alpha) the following will focus on the different needs and wants of these consumer groups and how they might impact the luxury fashion industry.

Millennials:

Born roughly between 1981 and 1997, Generation Y, or Millennials, are becoming more and more important consumers for luxury brands, as their spending power is drastically increasing (Finneman, Ivory, Marchessou, Schmidt, & Skiles, 2017)

According to Cabigiosu's *Digitalization in the Luxury Fashion Industry: Strategic Branding for Millennial Consumers*, the characteristics of Millennials were specifically impacted by the digital revolution and the rise of Web 2.0 (Cabigiosu, 2020). This generation was the first to grow up with technology rather than having to learn about it, coining Millennials to be some of the first "digital natives." This generation is "always on," meaning that they are connected every day, all the time. With the emergence of smartphones, Millennials have learned to multitask efficiently and perform multiple activities simultaneously. Additionally, due to having a smartphone on them at all times, they are the first generation to have a much larger pool of information on hand when making decisions. Before any form of decision, Millennials can research, compare, and exchange opinions. Lastly, this generation lives in the moment and has an urge for immediacy and instant gratification. Having grown up with the internet and the rise of e-commerce, Millennials are used to having everything readily available all at once, with just a simple click (Cabigiosu, 2020).

When it comes to their purchasing behavior, Millennials value experiences, entertainment, self-realization through purchases, a strong (and equal) customer-brand relationship, immediate gratification, and an omnichannel approach (Cabigiosu, 2020).

There is also a large focus on the "sharing economy" for Millennials, putting less emphasis on owning and rather putting a greater desire for accessibility and renting products (Goldman Sachs, 2023). In relation to the luxury fashion industry, this desire has given way to luxury renting platforms such as Rent the Runway and Vivrelle (Bennett, 2023).

Additionally, they care more about corporate social responsibility and sustainability than previous generations, being more loyal to brands that care about their effect on society and the planet (Cheng, 2019). This social and environmental consciousness has contributed to new trends in the fashion industry to combat negative environmental impacts and encourage a circular economy. In recent years, many second-hand luxury online platforms such as Vestiaire Collective and The

RealReal have emerged in the market (Davis, 2023). Additionally, luxury brands such as Gucci have encouraged this trend, having partnered up with The RealReal and creating their own e-commerce site for second-hand pieces (Gucci, 2020).

Generation Z:

Generation Z, or short Gen Z, refers to those born between 1995 and 2010 (Francis & Hoefel, 2018). They are highly collaborative and social, value authenticity, and care deeply about society and the planet (De Witte, 2022).

In terms of their consumption habits and relations with brands, McKinsey identifies three implications: (1) consumption as access rather than possession, (2) consumption as an expression of individual identity, and (3) consumption as a matter of ethical concern (McKinsey). Consumption as access rather than possession is a characteristic that Gen Z shares with Millennials, further encouraging the luxury fashion industry to embrace this trend. In The RealReal's 2021 Luxury Resale report, Gen Z is quoted as the demographic with the highest growth and usage percentage for the luxury resale platform, slowly catching up to Millennials as the most important customer for luxury second-hand marketplaces (The RealReal, 2021). In regard to the second implication, for Gen Z, consumption is a form of self-expression, meaning that they look for personalization and customization in the products that they purchase. Lastly, as their consumption is anchored in ethics, Gen Z expects the brands that they buy from to take a stand on ethical and environmental issues. They value transparency and do not separate the brand and its product from their social and environmental standpoints and initiatives (Francis & Hoefel, 2018).

Generation Alpha

Born from around 2010 to 2025, and likely to be children of Millennials, Generation Alpha (short: Gen Alpha) is the newest classified generation (McCrindle Research, 2023). Also coined as 'Gen C' or 'Generation Covid' this generation is the first to have been entirely born in the 21st century and have spent almost their entire life during or post-pandemic. This means that, due to the accelerated digitalization due to the pandemic, Gen Alpha is even more of a 'digital native' than its predecessors (Eldridge, 2023). As an emerging generation, not much about its characteristics is known, yet according to the latest Bain-Altgamma Luxury Goods Worldwide Market Study, Gen

Alpha is projected to behave in similar ways as Gen Z, in terms of buying luxury goods at a young age compared to previous generations (Bain & Company, 2022). Therefore, this generation must be on the radar of luxury fashion brands, as they are starting to be, and will in future become, important luxury consumers.

2.2.2 Challenges and Opportunities

As the rise of these new consumers is recent, literature and research on the challenges and opportunities associated with the rise in new luxury consumers are scarce. Only a few challenges have been previously identified.

One of these challenges arising from the new generations is the contrast between the urge for immediate gratification of Millennials and Gen Z and the slower pace of the luxury industry where waiting and desire is considered a value driver (Ott, 2021). As Millennials were previously coined as the IWWIWWIWI generation (I want what I want when I want it), their need for instant gratification is high, and this is similar for the other younger generations, such as Gen Z and Gen Alpha (Bain & Company, 2022). Companies such as Burberry have responded to this challenge, having implemented the See Now/Buy Now model into their fashion shows. This allowed Burberry to decrease the time it took for a piece of clothing to become available after a fashion show (Salonga, 2017).

Digitalization is another main challenge that literature has been able to identify. Millennials and Gen Z are demanding multichannel experiences that mix online and offline channels together (Johansson & Kask, 2017). With luxury fashion brands being historically slow to adapt e-commerce and social media strategies, this accelerated rise in digitalization due to the pandemic brings challenges to the industry (Cabigiosu, 2020). An omnichannel strategy, a high integration of different online and offline channels/platforms, is one way to cater to the growing need of luxury consumers and digitalization, yet luxury brands must ensure that the shopping experience online can compare to the expectations of retail experiences of luxury consumers and must ensure that the notion of 'luxury' and 'exclusivity' is upheld even if the brand is more accessible to people on different platforms (Cabigiosu, 2020). Additionally, the Metaverse has become an important vessel for luxury fashion brands. The importance of this channel is highlighted by the launch of the first 'Metaverse Fashion Week' in 2022, where participating brands such as Diesel, Dolce & Gabbana,

and L'Atelier showcased their digital pieces throughout a four-day virtual event (Metaverse Fashion Week, 2023).

Lastly, sustainability is a growing challenge due to the rise in new luxury consumers and their strong sustainable consciousness. With the fashion industry being one of the largest polluters across all industries, accounting for 10% of global carbon emissions and 20% of global wastewater, implementing sustainable practices and fighting this negative environmental impact is crucial for (luxury) fashion brands to appeal to these younger generations (Sun, Bellezza, & Paharia, 2021).

3 Study and Methodology

Based on the determinant of the Literature Review, three research questions were formulated in an attempt to answer how luxury fashion companies can successfully market their brands to the new luxury consumers.

- Who is the new luxury consumer? What are the specific needs, wants, and expectations that the new luxury consumers have for luxury fashion brands?
- What are the opportunities and challenges when marketing to the new luxury consumer? How can luxury fashion brands market without falling victim to the luxury paradox and losing the core values of 'luxury' such as exclusivity?
- How important are aspects such as digitalization, sustainability, and the customer retail experience? How can luxury brands leverage these areas?

In order to answer these questions specifically, qualitative research was conducted to best understand what luxury fashion brands are currently doing in regard to the entrance of new luxury consumers. As this thesis is designed to provide examples and analysis of strategies that manage the entrance of these new consumers successfully and analyze the challenges and opportunities of these strategies, a qualitative approach is most appropriate for a comprehensive description and understanding of these strategies.

3.1 Data Collection

In-depth interviews with five marketing professionals from different luxury fashion brands were conducted. The brands vary in size, country of origin, target market, and product offerings to give a diverse and broad overview of what different luxury fashion brands are doing. Additionally, brands from different conglomerates are chosen, as well as independent brands. This allows for the identification of patterns in the approaches of these different brands and general strategies that seemed to be successful, no matter the brand.

The interviewed brands include:

- **Zegna:** Italian luxury fashion house specializing in men's fashion. Part of the Ermenegildo Zegna Group.
- **Gucci:** Italian luxury fashion house specializing in men's and women's ready-to-wear, haute couture, footwear, accessories, perfumes, cosmetics (licensed through Coty), and home decor. Part of Kering Group.
- **Givenchy:** French luxury fashion house specializing in men's and women's ready-to-wear, haute couture, perfumes, cosmetics, and accessories. Part of LVMH Group.
- **Ripa Ripa:** Italian luxury fashion house specializing in men's swim- and summer-wear.
- **Cartier:** French luxury conglomerate specializing in men's and women's watches, jewelry, and leather goods. Part of Richemont Group.

After conducting an extensive literature review and reviewing the previously identified research questions, an interview guide was drafted to identify a structure for each of the interviews and to make sure that all relevant topics were covered. The interview guide highlights the main three topics that needed to be explored:

- The Profile of the New Luxury Consumers
- Problems and Challenges
- Specific focus areas
 - Sustainability
 - Digitalization
 - Customer Service and Retail Experience

The interview guide consists of 24 questions, yet during the interviews, follow-up and additional questions were asked as well. Especially regarding company-specific marketing strategies and initiatives. The interview guide can be found in Appendix I.

To interview the right people, marketing managers working at luxury fashion brands were contacted through LinkedIn as well as through connections made through ESCP. From that, five marketing managers from different luxury fashion brands were acquired to take part in the expert interviews. The interviews took place from April 11th until April 21st, 2023, over Google Meet and

lasted roughly 25 to 40 minutes. Each interview was carried out according to the standardized process outlined by Bogner & Menz, which includes an opening, introduction, recording consent, as well as a questionnaire with open and follow-up questions and a closing (Bogner & Menz, 2014).

An overview of the interviewees can be found in Figure 1. Each individual has a specific area of expertise, yet all of them are marketing professionals currently working in the luxury industry.

Brand	Position	Years in the Industry	Duration of Interview
Zegna	Digital Coordinator & Business Evolution	6	27 minutes
Ripa Ripa	Marketing & Partnerships	2	30 minutes
Gucci	Marketing Coordinator	10	37 minutes
Givenchy	Media & Performance Marketing	6	32 minutes
Cartier	Event & Operational Communications Project Coordinator	2	26 minutes

Figure 1: Interviewee Characteristics

Throughout the interviews, small adaptations were made, and the interviewee was encouraged to add as much information as possible, even if it was not particularly relevant to a certain question. This allowed gaining an in-depth and comprehensive understanding of some of the marketing strategies of each of the luxury brands, and to leverage the specific expertise of the interviewee. Each interview was recorded and transcribed.

The interviewees' work experiences, and the similar interview questions and script, enabled the collection of concise, interesting, and concentrated information, reducing the necessity for increasing the sample size.

3.2 Content Analysis

To analyze the qualitative data, a content analysis based on and inspired by Mayring's inductive category development approach was conducted. This approach was chosen due to the quality and

reputation of Mayring's approach and its relevance to the research method. This content analysis method consists of six steps that were carefully followed during the analysis (Mayring, 2000).

- (1) Research questions
- (2) Determination of category definition (criterion of selection) and levels of abstraction for inductive categories
- (3) Step-by-step formulation of inductive categories out of the material, regarding category definition out of the material, regarding category definition and level of abstraction (subsumption old categories or formulating new categories)
- (4) Revision of categories after 10-50% of the material
- (5) Final working through the text
- (6) Interpretation of results, quantitative steps of analysis (e.g. frequencies)

The coding process was conducted manually, involving a thorough review of each transcribed interview to identify relevant and meaningful paragraphs of each conversation. With this approach, a table was drafted, dividing the data into seven categories (New Consumer Targeting, New Consumer Needs, Successful Strategies, Fighting the Luxury Paradox, Sustainability, Digitalization, and the Customer Retail Experience). From there, different categories (codes) were conducted based on previous research and the given data. Lastly, relevant quotes were assigned to these codes. Categories were closely analyzed and mentioned in the thesis if the frequency of mentions of these categories was three out of five or higher (meaning that at least three of the five interviewed brands talked about the category). Exceptions were made for innovations that were brand-specific. The table with the complete content analysis can be found in Appendix II.

4 Analysis and Results

This chapter presents the answers to the previously identified research questions. It is split up into three sections, covering each of the three research questions. To thoroughly understand what luxury brands must do in order to appeal to new luxury consumers, one must first understand what the specific needs and wants of these customers are (part 1). Then, one must determine what the main opportunities and challenges in doing so are, especially regarding the luxury paradox (part 2). Lastly, only then can a brand undertake specific actions to successfully market to the new luxury consumer, concerning sustainability, digitalization, and retail experience (part 3).

4.1 The Needs and Wants of the New Luxury Consumer

The analysis of the different needs and wants of the new luxury consumer is an important point to then later understand how different marketing strategies might cater to these needs and wants. From the analysis of the qualitative research, three different areas of focus were identified: (1) sustainability, (2) values and storytelling, and (3) different product needs.

	Sustainability	Values/Storytelling	Product Needs
Givenchy	Stronger consciousness for sustainability, focus on authenticity	Storytelling is the bread and butter - focus on clear communication	Take risks and experiment more + Streetwear partnership
Gucci	Focus on purpose	Push values and take certain stances on issues	More attention-grabbing pieces
Ripa Ripa	More attentive to sustainability, authentic	Feel part of the brand, the identity, and share values	
Zegna	Sustainability and traceability – new collection	Focus on staying true to values and heritage	Move from traditional suits to luxury leisure wear
Cartier	Focus on making production sustainable		

Figure 2: The Needs and Wants according to Brands

4.1.1 Demand for authentic Sustainability and Responsibility

Sustainability is becoming more and more important across all age groups and customer segments (Deloitte UK, 2023). All five brands mention the importance of “sustainability and traceability.” Yet, what differentiates the new luxury consumer from the traditional one, is that Gen Z and

Millennials specifically, value *authentic* and *genuine* efforts when it comes to these topics. As Ripa Ripa states “showcasing certain certifications is not enough, as they want some genuine content,” as they have a “bigger need for authentic content than previous generations,” as stated by Givenchy. This means that simply communicating sustainability efforts or showing certifications is not enough. A brand’s sustainability efforts must be authentic and genuine in a way that makes it part of the brand itself and should make sense with all the other activities that a brand is doing.

4.1.2 Telling a Story and Sharing your Values

Four out of the five brands specifically mention the importance of sharing values and having consistent storytelling. “Feeling part of the reality and identity of a brand, sharing the ideas and values of a brand they are purchasing” and “being able to relate to a brand,” is important for the new luxury consumers according to Ripa Ripa and Givenchy respectively. Therefore, Givenchy highlights the importance of storytelling, referring to it as “the bread and butter of luxury marketing to new consumers” explaining that it is hard to get consumers on board without “clear values and a way to communicate that.”

4.1.3 New Consumer - New Products

As much as the new consumers’ needs differ in terms of marketing and communication strategies, they also have different expectations for the actual products. Zegna, Gucci, and Givenchy all mentioned the importance of tailoring product offerings to the new consumers.

Zegna switched to luxury leisure wear, to appeal to the younger consumer’s needs for more casual attire, as “younger customers are not necessarily looking to buy suits which was the main product of Zegna in the previous years,” but now with Covid and the rise of new consumers they “shifted to leisure wear with overshirts and the triple stitch.”

Gucci and Givenchy released collections with bolder colors and patterns, to appeal to the new consumer’s need for self-expression and experimentation. The younger consumer is, in Givenchy’s opinion, “more daring,” also claiming that “streetwear and more intense styles are really popular among the younger generations,” so, Givenchy has become “more willing to take risks and experiment a bit in order to appeal to these younger audiences.” Gucci highlights the importance of self-expression to new luxury consumers, stating that “they want to express their own style and their personality and what better way to do that than through clothes.” Therefore, featuring new

collections with “brighter colors, gold stitching, and highlighted logos (...) overall producing more attention-grabbing pieces” was one way Gucci has adapted its product offerings.

In accordance with this, all three brands also launched partnerships with other brands to create new collections that appeal to the new luxury consumer. Zegna launched a partnership with Real Madrid that allowed the brand to gain a larger reach among the new target consumer, as well as highlight their newer products. Similarly, Givenchy partnered up with US streetwear brand (B).STROY to tap more into the streetwear sector and attract younger consumers, especially in the US.

4.1.4 Literature Classification

Having analyzed the data from qualitative research, some connections to previous literature can be made. Their need for attention-grabbing and loud clothing, puts the new luxury consumer in the group of extravagant prestige-seekers as classified by Wiedmann, Hennigs, and Siebels, describing the segment as valuing the pleasure aspects of luxury goods, its quality, as well as the social value of luxury goods that allows them to signal their status to and impress others (Wiedmann, Hennigs, & Siebels, 2009). In regard to research by Dubois, Czellar, and Laurent the new luxury consumer fits into the category of the democratic, having an open-minded view of luxury and its inclusivity (Dubois, Czellar, & Laurent, 2005). Lastly, looking at Kapferer’s differentiation between the old and new rich, new luxury consumers clearly fit into the category of new rich, having a greater need to signal status (Kapferer & Bastien, 2012).

4.2 Overcoming the Challenges of Marketing Luxury Brands to New Consumers

Targeting a new consumer group means targeting *more* consumers, and this can come with challenges for luxury brands. As touched on in the literature review, the luxury paradox refers to the tension between growing the customer base and the risk of losing the notion of ‘luxury’ by becoming too accessible to too many people. Essentially, it’s the tension between exclusivity and growth. When analyzing the qualitative data, three strategies were identified that help luxury fashion brands avoid the issue of becoming too accessible, while still being able to target and appeal to new luxury consumers.

	Higher Prices	Targeting/Distribution	Values/Storytelling
Givenchy	Price is a main attribute of luxury goods	Targeting right consumers wherever they are	
Gucci	Keeping the overall price high		Not changing too much – just adapting
Ripa Ripa	No discounts	Focus on finding right customer match	Sticking to storytelling and values
Zegna	Targeting rich people by increasing prices		Not following trends
Cartier	Handling demand by increasing prices	Not trying to appeal to everyone	

Figure 3: How to Fight the Luxury Paradox

4.2.1 Keep the Price Higher and Higher

When being interviewed, each brand mentions that increasing prices is the easiest and most effective way of staying exclusive and keeping the notion of “luxury.” As price is one of the main attributes of a luxury brand (as previously defined in the literature review), keeping prices high, and increasing prices is an effective way of upholding exclusivity (Nueno & Quelch, 1998). Zegna states that while they might be targeting new and younger consumers, they are “still only focused on rich people (...) so the price point has to be high.” This includes the absence of discounting products or advertising price decreases, as Ripa Ripa explains: “We don’t use discounts because we believe that we already put a price that is fair for how we do things (...) so you won’t see any ads running sales or anything just for the sake of finding new customers.” Cartier also mentions “price increases (...) as one of the easiest ways to handle demand and keep exclusivity high.”

4.2.2 Niche Targeting

As brands are targeting new consumers, it is important to target the right consumers. This means being strategic in your marketing activities, not only to save money and market efficiently, but also to uphold exclusivity. Luxury brands must target customers who appreciate their products, values, and the brand as a whole. “Finding the right match” and “the right consumer who appreciates you (...) as a whole brand” and only targeting these consumers is how Ripa Ripa handles the tension between growth and exclusivity. Givenchy similarly believes that “it’s all about targeting the right

consumers or the future consumers wherever they are.” And Cartier wants to “only attract those who actually value (their) brand and products.”

This includes targeting the right customers at the right destinations. Therefore, distribution also plays an important part when targeting the right consumers, and upholding exclusivity. Quality is more important than quantity, especially to Ripa Ripa who would rather “choose two stores than ten that might sell well but would not represent (them) effectively.”

4.2.3 Staying True to Your Values

As previously mentioned, communicating strong values and showcasing effective storytelling is of great importance to the new luxury consumer, and therefore important for luxury fashion brands as well. Zegna mentions “not following the trends” and “staying close to who (they) are and what (they) stand for” as vital to staying authentic, while Gucci similarly focuses on “staying true to values” and “not changing the strategy or storytelling but rather adapting certain aspects and communication strategies to the desires of new consumers.” Ripa Ripa forgoes growth and extra profits to “stick to the storytelling and the values that Ripa Ripa stands for: Italian summers.”

4.3 Sustainability Efforts

As previously identified as a main need for new luxury consumers, sustainability seems to be vital for luxury fashion brands to succeed. When asking each brand what exact actions and initiatives they undertake when approaching the topic of sustainability, three themes can be identified: (1) suppliers and material sourcing, (2) waste and emissions reduction, and (3) extra initiatives. Lastly, the degree to which they communicate these initiatives and how the communication strategies changed between traditional and new luxury consumers was explored.

	Suppliers/Materials	Waste/Emissions	Extra Initiatives
Givenchy	Ensuring traceability of all materials	Refillable packaging and recycled materials	
Gucci	Certified and recyclable materials	Focus on recycling initiatives	Gucci Equilibrium
Ripa Ripa	Strong relationship with suppliers & local, 100% Italian materials	Reducing carbon footprint	

Zegna	Leveraging relationship with suppliers and aligning strategy	Neutralizing garment production emissions	OASI Zegna
Cartier	100% traceable materials	Monitoring and reducing CO2 emissions	

Figure 4: Approaching Sustainability

4.3.1 Finding the Right Supplier and Materials

Both Ripa Ripa and Zegna stress the importance of having a good and strong relationship with their suppliers, as well as making sure that their values align with that of the brand. Ripa Ripa “visits and interviews (their) artisans to showcase the strong relationship” and Zegna mentions “leveraging the relationship with suppliers and aligning them with (their) strategy.” Similarly, four of the five brands believe that the materials that come from the supplier are an important sustainability effort as well. Whether that means sourcing traceable, local, or recycled fabrics. Ripa Ripa’s focus is on local materials, “using only Italian linen and sourcing everything in Italy,” while Zegna and Givenchy mention the importance of “100% traceability” and Gucci looks for “certified cotton, recycled fibers, and newlife polyester.”

4.3.2 Reducing Waste and Emissions

Another key initiative that all five brands refer to when talking about their sustainability efforts, is the importance of waste and emissions reduction. “Reducing the carbon footprint,” is mentioned by Ripa Ripa and Cartier, while Gucci, Givenchy, and Zegna touch on “monitoring” and “reducing” CO2 emissions and becoming carbon-neutral. “Limiting production” and “limiting waste” are other ways in which Ripa Ripa and Zegna implement sustainable practices, and Gucci and Givenchy mention the importance of “recycled and refillable packaging” and “pushing for more circularity.”

4.3.3 Going the Extra Mile

In addition to the already mentioned sustainability initiatives, both Zegna and Gucci talk about some additional steps they are undertaking to partake in sustainability efforts and to communicate these to their customers.

Zegna’s OASI ZEGNA is a great example of how brands can go above and beyond in their sustainability initiatives. With their reforestation project in Northern Italy, Zegna has planted over

500,000 trees and has made the Oasis a key part of their business, having reinvented their logo in honor of OASI ZEGNA and having launched the new OASI Cashmere Collection.

Zegna: “Our Oasi Cashmere is a showcase of an “uncompromising approach to natural materials and represents a new model of environmental and business consciousness.” With the mantra “crafted for tomorrow”, Oasi Cashmere becomes now a medium of collaboration, a facilitator for creative conversations.”

Similarly, Gucci has launched Gucci Equilibrium and established itself as a leader in the luxury fashion industry when it comes to sustainability and social responsibility.

“Gucci Equilibrium is where we really communicate our sustainability efforts transparently. Through this program, we have been able to launch a bunch of projects that really make a difference and show our commitment to the planet and society.”

Gucci Equilibrium combines initiatives to foster a push for gender equality, a circular economy, social justice, diversity and inclusion, environmental reporting, and positive environmental impact (Gucci Equilibrium, 2023). Gucci releases an annual Equilibrium Impact Report to give a transparent and comprehensive insight into all of Gucci’s activities to sustainability and social responsibility.

What was interesting was the different degrees to which these brands communicate their sustainability efforts to the consumers. Gucci is especially proud of its initiatives, having created its own platform ‘Gucci Equilibrium’ to communicate its efforts there and on social media. Ripa Ripa’s focus lies on “properly communicating” and offering “clear communication” through newsletters and social media. And Zegna believes that as sustainability “is important for everyone, (...) communication is straightforward" and there is no need to adapt the communication strategies to the different consumer segments. Lastly, Cartier and Givenchy claim that communicating their sustainability efforts is not the “main priority” and customers are encouraged to check out “information on the website” on their own.

4.4 Digital Transformation

Having previously identified the new luxury consumer as young Millennials and Gen Z, who are deemed to be digital natives, a strong digital presence is undoubtedly important. Therefore, all five brands were asked about their efforts regarding digital transformation to analyze how important the digital realm has become, and how brands have been managing this change. Three areas of focus were identified: (1) e-commerce and digital marketplaces, (2) the metaverse, and (3) additional Innovations.

	E-Commerce	Metaverse	Innovations
Givenchy	Easing check-out, improving images and descriptions	Givenchy Beauty House with Roblox, launch of NFTs	
Gucci	Gucci VAULT, partnership with The RealReal	VR collab with Snapchat, Metaverse collab with Roblox	Gucci VAULT
Ripa Ripa	Always big focus on e-commerce		
Zegna	Recent implementation of strong e-commerce		Zegna X Configurator
Cartier	Improvements: 3D images	Collaboration with Snapchat, virtual try-on of watches	

Figure 5: Leveraging Digitalization

4.4.1 The Rise of E-commerce and Digital Marketplaces

All five brands mention the rise of importance of e-commerce in the past years. While some businesses such as Zegna recently launched their e-commerce that “went from nothing to part of this business,” others simply revamped or improved their e-commerce site due to the growing demand for an online platform, especially during and after the pandemic. Cartier improved their e-commerce experience by “providing clients with 3D images of the products rather than 2D to improve the online shopping experience,” and Givenchy worked on “easing the check-out procedures, improving the images and product descriptions, and tying together the virtual and physical shopping experience more effortlessly and coherently.” Ripa Ripa on the other hand, being more in the digital realm and doing most of their business online, has “always had a big focus on e-commerce.”

Now, when it comes to being present on other e-commerce sites and marketplaces, each brand has its own approach. Gucci, has, in addition to “strengthening their e-commerce presence” also launched Gucci VAULT, an online concept store that sells vintage and archived pieces as well as new collections, and “partnered with other marketplaces like The RealReal, to tap into the trend of the importance of ‘recommerce’” to sell second-hand pieces and encourage circularity.

4.4.2 Entering the Metaverse and Virtual Reality

Three of the five brands (Gucci, Givenchy, and Cartier) mention their presence in the metaverse as a new point of focus in recent years, especially when trying to reach new, younger, luxury consumers. As Cartier still lists “physical boutiques as (their) main focus,” yet has been expanding their virtual reality efforts, for example when partnering up with Snapchat to create a virtual reality (VR) experience where customers could “try on watches and travel back in time through Paris and the different evolutions of the surrounding in correspondence with the watch.” Gucci also teamed up with Snapchat and “offered consumers a realistic try-on experience where they could try on four different types of Gucci sneakers.” Additionally, they have partnered up with Roblox and brought their Gucci VAULT store into the metaverse as well. Lastly, Givenchy “launched initiatives such as the Givenchy Beauty House with Roblox and launched different types of NFTs as well.”

4.4.3 Digital Innovations

Zegna highlights two of its additional innovations that they have launched in regard to digital transformation. Firstly, their outreach app allows client advisors to “provide personalized service to customers through various channels, including text, email, social media, and messaging apps like WhatsApp and WeChat.” This allows customers to receive advice and buy products from the comfort of their homes. Secondly, Zegna has recently launched Zegna X, “a new digital ecosystem and customization tool that bridges the gap between physical stores and digital channels.” This technology works as a 3D style configurator that allows customers to “fully customize their fashion choices, from cut and color to material and measurements.” Both innovations improve the digital customer experience of the consumer and play into the growing need for digital tools and experiences of new luxury consumers.

4.5 Customer Service and Retail Experience

Literature has identified the growing need for excellent customer service and retail experience in the luxury sector, especially for new luxury consumers. As digital transformation and the improvement of e-commerce, metaverse, and VR initiatives have improved the customer experience on the digital side, the qualitative research has identified three other areas of focus when it comes to improving the overall shopping experience: (1) Events, (2) personalized experiences, and (3) omnichannel strategies.

	Events	Personalized Experiences	Omnichannel
Givenchy			Virtual and physical
Gucci	Gucci Circolo, Garden, Café, Museum	Personalized service - even online through video calls	Gucci Live
Ripa Ripa	Italian Pop-Up store		
Zegna	Private dinners and events, trip to OASI	Personal client advisors	Zegna X Configurator
Cartier	Exclusive events for high-end clients	Data collection to ensure highly personalized services	Purchase Concierge

Figure 6: Optimizing the Luxury Retail Experience

4.5.1 Events and Experiential Retail

Four of the five brands mention the importance of facilitating events and creating experiential retail experiences. Both Gucci and Ripa Ripa highlight creating memorable experiences that allow customers to “immerse themselves in (their) world and live it” and to “feel part of (their) world and (their) brand” in order to strengthen relationships with the customer. Ripa Ripa accomplishes this by creating pop-up stores in Milan “representing Mediterranean life and the Italian summer” to highlight their identity as an Italian-made summerwear brand, while Gucci fosters an immersion into the ‘Gucci world’ through “more experiential things such as the Gucci Circolo, Gucci Garden, or the Gucci Cafe and Museum.”

While these events and locations are accessible to all customers, both Zegna and Cartier specifically focus on their top clients when planning events. Zegna invites loyal and high-spending customers to “private dinners, events, or private trips to OASI Zegna,” while Cartier organizes

events such as “the High Jewelry event in Madrid (...) during which (they) make sure the customer experience is perfect and really make them feel special.”

4.5.2 The Importance of Personalization

Customer service is vital in luxury boutiques, and through data collection and highly trained salespeople, luxury fashion brands make sure to uphold this high standard and the high expectations of luxury consumers. At each Zegna boutique, client advisors are assigned to certain clients to learn everything about their specific needs in terms of “colors, products, and preferred hours.” The advisor is in charge of building a close relationship with the customer, in order to, in combination with the purchase history, “create a personalized experience and warmer relation with the customer and really get to know them and their preferences.” Cartier also has a strong focus on client services, claiming that “providing clients with an excellent and personalized experience is one of (their) top priorities.” This is also apparent in their tagline: “More than just a service, an experience.” They leverage their “extensive data collection” to ensure personalized and educated customer service. Gucci brings its personalized service to the online world as well, allowing customers to get personalized client advice through video calls, imitating an in-person client service for the digital world.

4.5.3 A Coherent Omnichannel Strategy

Four out of the five brands mention initiatives they undertake to create a seamless omnichannel experience. Zegna, Gucci, and Cartier mention specific initiatives that have allowed them to “improve the omnichannel approach” and “create a seamless experience.” Zegna once again touches on how their Zegna X configurator “leverages on the modernness store evolution trend where the store is not only a place where you go to buy something, but it is also a place where you have an experience.” Cartier’s purchase concierge that lets customers “buy things online, pick them up in one of the boutiques or partner-boutiques or ship it home” allows their customers to leverage the different channels and creates a coherent and seamless shopping experience there. And lastly, as mentioned before, Gucci’s Gucci Live initiative where customers are “able to get customer service from the comfort of their own home,” was deemed to be “especially helpful during COVID,” and has helped create a more coherent omnichannel experience.

5 Discussion and Managerial Implications

The following chapter will analyze the above findings to answer the research question of who the new luxury consumer is, and how luxury fashion brands can adapt their marketing strategies to cater to these new luxury consumers.

RQ 1: What are the Specific Needs, Wants, and Expectations of New Luxury Consumers?

The findings from the qualitative research are in correspondence with the Bain-Altgamma Luxury Goods Worldwide Market Study from 2022, claiming that younger generations (such as Millennials, Gen Z, and Gen Alpha) are becoming the new (and biggest) luxury consumers (Bain & Company, 2022). Each brand identifies the new luxury consumer as younger generations, such as young Millennials and Gen Z specifically, with an outlook for Gen Alpha in the near future as well. The identified demand for authentic and genuine sustainability and social responsibility efforts correlates with previous research, claiming that these generations have a higher demand for corporate social responsibility and sustainability practices, simultaneously leading to higher brand loyalty for brands that care about their impact and are working on creating positive change.

Additionally, in correspondence to their desire for sustainable actions from brands, they value strong values that are reflected in a brand's storytelling. Lastly, they have different product needs than previous generations, valuing bold colors and patterns resulting in attention-grabbing pieces. The desire for more leisurewear and relaxed items reflects their young age. This finding was not explicitly covered in literature yet was highlighted by a majority of the interviewed brands. Therefore, in order to appeal to younger consumers, brands must cater not only their marketing but also their product offerings to the new consumer's needs, as well as strengthen their sustainability initiatives, all while communicating a coherent and authentic story and staying true to a brand's core values and mission.

RQ 2.1: What are the Opportunities and Challenges?

Literature has previously identified the adaptation to digitalization as a main challenge that luxury fashion brands must tackle in order to appeal to and cater to the needs and wants of new luxury consumers. From the conducted interviews, digitalization is much less seen as a challenge and rather as an opportunity that brands are using to improve their customer and retail experience. From

Gucci's strong entrance in the metaverse, Givenchy's launch of NFTs, Zegna's X Configurator, and Ripa Ripa's strong e-commerce, to Cartier's Concierge strategy, each of the brands is leveraging digitalization and using it to add value to their customer experience. However, with the continuation of new and improved digital channels and innovations, brands must continue to stay on trend with digitalization and continue their innovative solutions. Therefore, having digital innovation officers and teams in place that focus on this area is crucial for a brand's continued success in an ever-changing digital world.

Additionally, literature identifies the tension between the need for immediate gratification of the new luxury consumer and the traditionally slow pace of the luxury industry as a challenge, yet during none of the interviews was this touched on. This could be due to this improvement in the digital presence and omnichannel strategy, allowing consumers to shop faster and easier online, in person, and in the metaverse.

Sustainability was another challenge that previous literature identified, and while the interviewed brands are currently undertaking actions to improve and communicate their sustainability actions, the rising need and want for sustainability by luxury consumers will continue to pose as a challenge for luxury fashion brands to overcome. Therefore, similarly to the challenge of digitalization, having officers and teams in place that tackle the continuous and growing demand for more, innovative, and authentic, sustainability is crucial for brands to succeed in the 21st century.

RQ 2.2: How can Luxury Fashion Brands Market to New Consumers, without Falling Victim to the Luxury Paradox and Losing the Core Values of 'Luxury' such as Exclusivity?

The overwhelming answer to this question was price increases, with all of the luxury brands naming this as the easiest and most effective way to stay exclusive and keep up the notion of *luxury*. However, what needs to be taken into consideration when performing price increases is the degree to which prices are increased. While the luxury industry might be overall unaffected by economic downturns, and the spending power of young Millennials, Gen Z, and Gen Alpha is increasing, driving up prices too high might still alienate important consumer groups, as new luxury consumers overall still possess less money, on average, as the traditional luxury consumer (Bain & Company, 2022). Therefore, other strategies mentioned by the interviewed brands such as selective/niche

targeting, selective distribution, and staying true to values and storytelling might be less harmful ways to fight the luxury paradox while targeting new luxury consumers.

RQ 3: How Important are Aspects such as:

3.1 Digitalization

As mentioned before, having been identified as a challenge in previous literature, digitalization has become an important leverage point to use, especially when catering to the new luxury consumer. Both the rise of e-commerce and the rise in second-hand marketplaces are mentioned by a majority of the brands, as well as in previous literature. Therefore, in order for luxury fashion brands to successfully cater to the new luxury consumers, they must:

1. **Improve their e-commerce presence:** Cartier does this by implementing 3D images of the products on their website. Givenchy mentions easing check-out procedures, and Gucci has even launched a more experiential and innovative platform in addition to their traditional e-commerce site: Gucci Vault.
2. **Embrace second-hand retail platforms:** Millennials and Gen Z are more environmentally conscious and have become the main consumers for second-hand marketplaces (The RealReal). The second-hand luxury market is growing rapidly, and brands who quickly adapt to this trend and embrace it rather than fight it can easily grab the attention of the new luxury consumer, as seen through Gucci's success (Statista, 2023).

Additionally, the metaverse is another important aspect of digitalization that luxury fashion brands should capitalize on. Not only does it serve as another channel for consumers to interact and connect with a brand, but the metaverse and VR also serve as another way for consumers to try and buy products. Both Gucci's and Givenchy's collaborations with Roblox are successful examples of how luxury fashion brands can enter into the metaverse.

3.2 Sustainability

Gen Z is deemed to be the most sustainable and environmentally conscious generation yet, putting heavy influence on those around them as well (Wood, 2022). The conducted qualitative data backs this, up with all interviewed brands naming 'sustainability' as a main driver for new luxury consumers (consisting largely of Gen Z).

As reducing emissions and waste, as well as ethical sourcing of materials were popular ways in which brands fight their environmental impact, the qualitative research shows that simply communicating basic sustainability efforts is no longer a differentiation factor, and not enough for the new luxury consumer. The new consumers expect authentic and genuine initiatives and can spot ‘greenwashing’ easily, as mentioned by both Ripa Ripa and Gucci. Therefore, in order to partake in successful sustainability practices that appeal to and convince the new luxury consumers, sustainability initiatives must be:

- 1. Embedded in a brand’s values and storytelling:** OASI Zegna being a great example of this – embedding the OASI Zegna approach in its marketing, collections (OASI Cashmere), and through its new logo.
- 2. Visible across all channels and all activities:** This includes being visible on social media, website, newsletters, within stores, as well as communicated through spokespeople and ambassadors. Additionally, sustainability must be present across the whole supply chain, in production, packaging, in-stores, online, through initiatives, events, partnerships, etc.
- 3. Innovative:** As all/most companies are partaking in some form of sustainability initiative, more innovative and creative initiatives serve as a better point of differentiation and competitive advantage. Gucci Equilibrium and OASI Zegna being great examples of this.

3.3 Retail Experience

Much more than in any other industry, the retail experience is a crucial factor within luxury fashion, and luxury consumers have high expectations - the new luxury consumer being no exception. The findings and managerial implications are separated into the physical and online retail experiences.

3.3.1 Physical Retail Experience

The physical retail experience is still the main focus area of most luxury fashion brands, as this is the place where brands can show the highest level of customer service and transmit a hedonistic experience. Cartier mentions that as much as they are expanding into the digital world, their boutiques are still the brand’s main area of focus when it comes to delivering high-end customer service. Research shows that, in order to deliver an exceptional customer retail experience, especially for the new luxury consumer, brands must take into account these factors:

- (1) **Experiential Retail:** Four of the five interviewed brands mention fostering some form of experiential retail whether through pop-up, events, or within their regular boutiques. The focus lies on allowing the customer to immerse themselves in the world of the brand, as done through Gucci's Gucci Garden, Café, Museum, or Gucci Circolo. Ripa Ripa's pop-up store (the only physical interaction a customer can have with the brand right now) transports visitors from Milan to Ponza, allowing the customer to feel the main part of Ripa Ripa's identity: Italian summers. As online shopping is much more convenient, customers are expecting experiential and high-end services when they make the effort to interact with a brand in-person, and therefore, brands need to deliver these unique experiences that allow customer to have a positive and memorable experience with a brand.
- (2) **Personalized Experiences:** High customer service is one of the main pillars of luxury retail (Gupta, Shin, & Jain, 2022). One way of ensuring high-quality customer service is through the personalization of this service. Zegna ensures this by assigning their client advisors to the same customer every time, so that they can learn everything about them from their preferences in colors, styles, and sizes to when they usually come into the store. Cartier highlights the importance of data collection, both online and offline, to ensure that they have all the necessary information to tailor their product offerings and services to the customer.

3.3.2 Online Experience

With the growing importance of digital platforms, luxury brands must ensure that their customer retail experience upholds a certain standard, even online. Having previously mentioned the improvement of e-commerce and the embracing of online second-hand platforms, another focus lies on digital innovations to improve the omnichannel strategy:

Zegna, Cartier and Gucci each highlighted their digital innovations to improve their online shopping experience, through innovations such as Gucci LIVE, Zegna X and its Outreach app, and Cartier's Concierge service. These innovations highlight the importance of combining the online and offline retail experience in new and innovative ways, as new luxury consumers are not only digital natives but also require convenience and fast-pace service no matter the channel.

6 Limitations

The thesis and its results are subject to several limitations. Firstly, as the number of interviews is low, as only five brands were interviewed, it is not possible to completely generalize findings and derive generality from them. Secondly, as the marketing managers from these brands have an affinity to the brands they work for, the likelihood of the presence of favorability bias is high. Meaning that the favorable aspects of a brand and its marketing strategies were highlighted, while shortcomings might have been omitted. Time limitations, lack of budget for deeper research also led to significant limitation of research. For a more holistic profile, more interviews would have to be conducted.

7 Conclusion

7.1 Summary

As the rise of the new luxury consumers has been recent, research on how luxury fashion brands can successfully target them has been sparse. Therefore, qualitative research was conducted, interviewing five diverse luxury fashion brands, to understand what is currently being done in terms of targeting the new luxury consumers, and what more can be done in the future.

The luxury industry is changing, due to both the aftermath of the pandemic as well as the changing demands of luxury consumers. The younger generations that make up the new luxury consumers are becoming more affluent, and their different needs make it important for luxury fashion brands to adjust their marketing strategies. The interviewed brands have all taken actions to appeal to the new luxury consumers, on all three previously identified areas: digitalization, sustainability, and customer retail experience.

The main strategies for digitalization include embracing e-commerce as well as online second-hand platforms - a strategy that was historically avoided or frowned upon by luxury brands - as well as utilizing new technologies such as the metaverse and other VR experiences. However, with the ever-changing digital environment through new innovations and trends, this focus area needs to be closely watched and new adaptation and innovations will have to follow in the future, if luxury fashion brands want to continue to reach and appeal to the new luxury consumer in the digital realm.

In terms of sustainability, all brands agree that sustainability is as important as ever, and new luxury consumers value authentic and genuine sustainability initiatives and communication across all channels, embedded in the brand's core identity and mission. General sustainability practices such as waste and emission reduction and ethical sourcing of materials are not seen as enough, so many brands are taking further steps and have implemented more innovative practices such as Zegna's OASI Zegna or the Gucci Equilibrium.

Lastly, the customer retail experience was improved by all companies both in terms of physical and online experience. All brands adopted an omnichannel strategy and are working on offering more personalized and experiential experiences across all channels. Experiential retail is a big

focus-topic, with Ripa Ripa putting in great focus in their Italian summer-inspired pop-up store, and Gucci on opening more experiential stores such as Gucci Garden, Gucci Cafe and Museum, and Gucci Circolo. Zegna on the other hand, focuses on improving the customer retail experience through added feature in their stores such as the Zegna X configurator, adding extra customization and personalization features in their retail experience, and bridging the gap between physical and digital channels.

Whether it is through revising their product offerings, optimizing their digital and omnichannel presence, launching sustainability practices, or improving their experiential customer retail experience, luxury fashion brands are adopting their strategies to appeal to younger consumers: the new luxury consumer. But no matter the practice, what all brands agree on is that initiatives and strategies must be authentic and coherent with the brand's values and storytelling.

Additionally, through the conducted interviews, the importance of the new luxury consumers becomes apparent, and shows the necessity of luxury fashion brands to adapt their marketing strategies if they want to continue to be successful in the coming years.

7.2 Outlook

Further research might improve the validity and reliability of the research findings presented here. Conducting consumer research might be especially beneficial, to validate whether the identified marketing strategies by these brands actually resonate and appeal to the new luxury consumer. This would allow for a more comprehensive understanding of the success of these strategies, remove the favorability bias of the interviews, and further show customer perceptions and preferences.

Additionally, as this study specifically focused on the luxury fashion (clothing and accessories) sector, further research could be conducted in other luxury sectors to determine whether the influence of new consumers has a different influence on marketing strategies across different sectors.

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9 Appendices

9.1 Interview Guide

Welcome and introduction.

I would like to kindly welcome you to this interview today and thank you for your participation. I will briefly introduce myself. My name is Louisa, I am a second-year master student from ESCP Business School, studying International Management with a specialization in Luxury Marketing. I am currently finishing my last semester of studies at the Turin campus in Italy.

Brief introduction to the research

The purpose of this interview is to gain insights from marketing managers from luxury fashion brands on how they successfully market their products to the new customer segments, particularly younger customers. As marketing professionals in the luxury sector, I am interested in your view and experience on this topic.

For our discussion, there are no right or wrong answers as I am simply interested in your opinions and personal experiences on the topic. I have a range of questions that I hope to discuss during the next 30 to 60 minutes, but anything related to the topic that comes to your mind is valued. For each of these questions/topics, feel free to add any other information that you believe to be important and/or relevant. Also, all information you provide will be treated confidentially and you will remain anonymous during all research stages. Is this clear so far or are there any questions?

PART 1: Getting to know the interviewee.

- Can you tell me about yourself? (Name, age, and nationality?)
- What company do you work for? What is your specific position at the company?
- What is your academic and professional background?

PART 2: Getting into the topic.

The New Luxury Consumer

- How do you define the new luxury consumer?

- How important are these new customer segments for your business?
- How do the needs and wants of these new luxury consumers differ from those of traditional luxury consumers?
- How has your brand adapted to cater to the needs and wants of these new luxury consumers?
- What marketing strategies have been successful in targeting the new luxury consumer?

Problems

- How do you navigate the luxury paradox, where luxury brands strive for exclusivity but also need to grow their customer base?
- How do you balance growth without losing the scarcity and exclusivity of luxury?
- How do you evolve your brand without losing its heritage and identity?
- What challenges have you faced in adapting to the needs and wants of the new luxury consumer?

3. Are you focusing on

Sustainability

- How does your brand approach sustainability?
- What sustainable practices has your brand implemented?
 - How do you communicate your brand's sustainability efforts to customers?
 - Does it differ between your traditional and your new customers? And if so, in what ways?

Digital transformation

- How has your brand adapted to the increasing importance of digital channels?
- What digital marketing strategies have been successful for your brand?
 - How do you balance the importance of digital channels with the exclusivity of luxury?

Customer service and the new experiential luxury retail experience

- How does your brand provide a unique and personalized experience for customers?

- Do you tailor your retail experience to your new consumers? If so, how?
- Have you adapted your retail experience because of this shift in consumers?
- How has your brand adapted to the trend of experiential luxury retail?
 - How do you balance providing a personalized experience with maintaining exclusivity?

Conclusion:

Thank you for taking the time to participate in this interview. Your insights will be valuable in understanding how luxury brands can successfully market their products to the new customer segments. Is there anything else you would like to add before we conclude the interview?

9.2 Content Analysis

Inductive Coding Mayring Approach

Category	Code	Answers
New Consumer Targeting	Always been the Target (x1)	Ripa Ripa: “Gen Z and young Millennials are our customers and always have been. We serve mainly young Millennials but now Gen Z are also a huge part of our customer base.”
	Focused Targeting (x1)	Gucci: “We are focusing heavily on younger consumers, such as Gen Z and Millennials who now make up around 50% of our profits.” Givenchy: “Givenchy is targeting quite a broad range of consumers, but we are for sure focusing on younger consumers such as Gen Z and young Millennials, especially ever since Matthew Williams took over.”
	Targeting Simultaneously (x2)	Zegna: “We are aiming to enrich the previous customer base and also enlarge it with new target customers simultaneously” Cartier: “Cartier serves a broad customer base, from young Gen Z to older and more established consumers, we are trying to reach them all.”
New Consumer Needs	Sustainability & CSR (x5)	Ripa Ripa: “They are way more attentive to the sustainability and responsibility of a brand” Zegna: “Sustainability, traceability, and all the processes that are related to the more sustainable habits from consumer perspective are important” Gucci: “They also have a larger focus on a brand’s purpose and authentic social and environmental responsibility.” Givenchy: “No doubt younger consumers have a stronger consciousness when it comes to ethical and sustainability topics. They need brands to be authentic

		<p>and genuine in their efforts to help the world, more so than with previous generations.”</p> <p>Cartier: “They definitely value it more than previous generations, so we are trying to focus on our production and making that sustainable and communicating that to them.”</p>
	<p>Values & Storytelling (x4)</p>	<p>Ripa Ripa: “They really want to feel part of the reality of a brand, really want to feel the identity of a brand (...) they rather want to share the ideas and values of the brand they are purchasing or appreciating.”</p> <p>Gucci: “They don’t buy into traditional luxury values such as exclusivity (...) more concerned about pleasing themselves rather than appealing to other groups (...) We push our values and take certain stances on issues such as gender fluidity and inclusion and diversity. This has been very important to us and it shows that this is also important to our customers, especially the younger consumers.”</p> <p>Givenchy: “For luxury brands specifically, storytelling is the bread and butter. Without clear values and a way to communicate that, it is really hard to get consumers on board, especially younger ones who want to be able to relate to a brand.”</p> <p>Zegna: “We are focused on not following the trend or at least only part of the trends (...) we have to balance what we have done so far, with what we want to do with the new brand.”</p>
	<p>Attention (x1)</p>	<p>Ripa Ripa: “They have less attention span in general, they require fast replies usually, but it is because they were born in a digital environment in social media”</p>
	<p>Product Needs (x3)</p>	<p>Zegna: “Post-covid situation, where you can have this example as moving from traditional suits to luxury leisure wear”</p> <p>Givenchy: “Streetwear and more intense styles are really popular among the younger generations, they like to be bold, and they like to express themselves through their clothing. (...) We are willing to take risks and experiment a bit in order to appeal to these</p>

		<p>younger audiences and Matthew Williams is doing a great job at that.”</p> <p>Gucci: “More recent collections feature brighter colors, gold stitching, and highlighted logos, because we saw that many of the younger people, especially Gen Z and some of Gen Alpha who are becoming targets as well, like to have more attention-grabbing pieces.”</p>
	Personalization/ self-expression (x1)	Gucci: “Gen Z especially likes to be able to personalize their experience and the products. They want to express their own personal style and express their own personality, and what better way to do that than through clothes.”
Successful strategies	Partnerships (x3)	<p>Zegna: “Collaborations and partnerships with sports brands and so on such as Real Madrid to add a bigger audience have been super helpful”</p> <p>Gucci: “Another really successful way to target new consumers and increase awareness has been through partnerships like the one we did with Roblox in the metaverse.”</p> <p>Givenchy: “Partnerships are a great way to increase awareness and buzz and kind of reimagine the brand a bit, which can be helpful when targeting new groups. (...) Our partnerships with (B).STROY has allowed us to tap more into streetwear and reach a different audience, especially in the US. Yet they still share a lot of our values and foster self-expression which is important to Givenchy, its customers, and younger people.”</p>
	New Product Lines (x3)	Zegna: “New product line which is called ‘Oasi Cashmere’ for both the fashion show of 2022 and 2023 and we will go ahead in the next year focusing on the ‘Oasi Cashmere’ strategy. (...) Now with Covid and the rise of new consumers we have shifted to this luxury leisure wear (...) is mainly focused on delivering products that are closer to younger generations.”

		<p>Gucci: “More recent collections feature brighter colors, gold stitching, and highlighted logos, because we saw that many of the younger people, especially Gen Z and some of Gen Alpha who are becoming targets as well, like to have more attention-grabbing pieces.”</p> <p>Givenchy: “Since Matthew Williams became creative director, a lot of our collections feature avant-garde, bold, and streetwear-inspired items, kind of addressing the needs of new consumers, yet we try to uphold Givenchy’s original values and style as to not lose ourselves in trends and fads.”</p>
	Storytelling (x1)	<p>Ripa Ripa: “Include them to make them feel part of our world (..) trying to create a lot of storytelling to the product but also to the content and everything between the two”</p> <p>“So, we grab the attention of our customers through social media, and then through email and the newsletter we are able to expand on our storytelling and send things such as a Milan city guide to kind of show who we are as a brand. And I am telling you this because especially for Gen Z and young millennials it is very important that you show your perspective on the world you are trying to picture, in every channel you use.”</p>
	Omnichannel strategy (x2)	<p>Gucci: “Leveraging on VR, AI, AR, gamification, social media, the metaverse, and so on and so on, really creating a complete experience on all levels has been very successful for us.”</p> <p>Givenchy: “With the launch of our new ecommerce site, we have been really trying to improve our omnichannel strategy and attract younger consumers through that. They are digital natives so providing a seamless experience on all platforms, online and offline, is key.”</p>
Fighting Luxury Paradox	Pricing (x5)	<p>Ripa Ripa: “We don’t use discounts because we believe that we already put a price that is fair for how we do things, and we kind of stay true to that in every channel so you won’t see any ads running sales or anything just for the sake of finding new customers”</p>

		<p>Zegna: “New consumers have a younger age but still we are only focused on rich people as all the luxury companies, so the price point had to be raised a little bit (...) finding a new balance in terms of financial aspects.</p> <p>Cartier: “Easy answer: price increases! We have a lot of demand and one of the easiest ways to handle this demand and simultaneously keeping our exclusivity high is by increasing prices.”</p> <p>Gucci: “While we do offer some products that are priced ‘lower’ I think the overall price of all Gucci items is high enough to uphold exclusivity through a financial aspect.”</p> <p>Givenchy: “Price is a main attribute of luxury goods, and therefore keeping the price high ensures that we can continue to be luxury.”</p>
	Quality (x2)	<p>Ripa Ripa: “I think quality is very important when you are working on the luxury market, in general but specifically when targeting Gen Z and young millennials. Like the image that you give in every channel you use”</p> <p>Zegna: “You have to show them that the new products that you are delivering are something that go toward their preferences, so you have to push push push in order to show them what is the new luxury after the Covid and this still has high quality and is luxury.”</p>
	Targeting and Distribution (x3)	<p>Ripa Ripa: “Focus on finding the right match (the right customer who appreciates you rather than just finding someone who buys your product). You really need to find someone that likes the whole brand, let's say everything that is around that and not just the product and in this way, you stay exclusive as a consequence of that. (...) We rather choose two stores rather than ten that might sell well but would not represent us effectively.”</p> <p>Cartier: “We are not trying to appeal to anyone, but to the Cartier customer. This doesn't mean that we don't want to attract new people, but we only want to attract</p>

		<p>those who actually value our brand and our products.”</p> <p>Givenchy: “Let me read you a quote: <i>“It’s important to be the first in things we do. Not for the sake of being the first. Each time, it’s all about the consumer, about targeting the right consumers or the future consumers wherever they are.”</i>”</p>
	<p>Storytelling and Values (x3)</p>	<p>Zegna: “We are focused on not following the trend or at least only part of the trends (...) we have to balance what we have done so far, with what we want to do with the new brand.”</p> <p>Gucci: “What has been nice is that Gucci has always kind of had a focus on inclusivity and diversity, or at least for a while now. So, changing our strategy to appeal to younger customers still allowed us to stay true to our values. We have not completely rebranded Gucci but rather adapted certain aspects and communication strategies. Gucci stands for boldness and self-confidence and self-expression, and this has not changed with our new strategies but has actually rather been amplified.”</p> <p>Ripa Ripa: “We could grow by selling other clothes and expanding our business, but then we wouldn’t stay true to who we are. We make Italian summer wear and swimwear, and we stick to that story, and we stick to what that means to us.”</p>
<p>Sustainability</p>	<p>Suppliers and Material Sourcing (x4)</p>	<p>Suppliers:</p> <p>Ripa Ripa: “We visited and interviewed our artisans and showcased the strong relationship with them to our consumers and really showed our sustainably production processes.”</p> <p>Zegna: “We are working in terms of processes so mapping and leveraging the relationship with the suppliers (...) we have to push them to align with our strategy.”</p>

		<p>Materials:</p> <p>Ripa Ripa: “We produce everything in Italy” “For all the products we do we use Italian linen and cotton, so we are very attentive to the fabrics we choose. We source everything here in Italy.”</p> <p>Zegna: “Sourced from 100% traceable fiber”</p> <p>Gucci: “We have been sourcing certified cotton, recycled fibers, and new-life polyester, so starting with sustainability right from our products.”</p> <p>Givenchy: “We are ensuring that 100% of our materials are traceable and to ensure transparency and show our commitment to ethical sourcing.”</p>
	<p>Product lines (x3)</p>	<p>Z: “Oasi Cashmere is a showcase of an uncompromising approach to natural materials and represents a new model of environmental and business consciousness. With the mantra “crafted for tomorrow”, Oasi Cashmere becomes now a medium of collaboration, a facilitator for creative conversations.”</p> <p>Gucci: “More recent collections feature brighter colors, gold stitching, and highlighted logos, because we saw that many of the younger people, especially Gen Z and some of Gen Alpha who are becoming targets as well, like to have more attention-grabbing pieces.”</p> <p>Givenchy: “Since Matthew Williams became creative director, a lot of our collections feature avant-garde, bold, and streetwear-inspired items, kind of addressing the needs of new consumers, yet we try to uphold Givenchy’s original values and style as to not lose ourselves in trends and fads.”</p>
	<p>Waste Reduction (x4)</p>	<p>Ripa Ripa: “Try to produce the right pieces as to not have any waste that is very important”</p> <p>Zegna: “This is our first collection where we have with 100% traceable fiber and carbon-neutral and also zero waste as we are finding solutions to reduce our waste”</p>

		<p>Gucci: “Our sustainability efforts include recycling initiatives in stores, recycling products through Gucci VAULT initiatives and pushing for a more circular economy.”</p> <p>Givenchy: “As best as we can we are encouraging recycling and circular economy, rather that is through using recycled materials or refillable packaging and so on.”</p>
	<p>Emissions Reduction (x4)</p>	<p>Ripa Ripa: “We try to reduce our carbon footprint by rather not producing a lot of pieces to be sustainability”</p> <p>Zegna: “We are working to neutralize garment production emissions”</p> <p>Gucci: “We are monitoring our CO2 production so that we can set better targets and actually reach our goals for reducing our environmental impact.”</p> <p>Givenchy: “We have a commitment to reduce our CO2 emissions by 50% and use 100% of renewable energy.”</p>
	<p>Extra Initiatives (x2)</p>	<p>Zegna: “Oasi Zegna”</p> <p>Gucci: “Gucci has been a leader in the industry when it comes to sustainability and responsibility, and we are proud of that. The best example is Gucci Equilibrium, where we really communicate our sustainability efforts transparently. Through this program we have been able to launch a bunch of projects that really make a difference and show our commitment to the planet and society.”</p>
	<p>Communication (x5)</p>	<p>Ripa Ripa: “We always try to properly communicate this with newsletters but also through our social media (...) we really value clear communication to our customers through social media, our website, and our newsletters”</p> <p>Zegna: “In this case it’s more or less the same because it is something that is really, at this moment, really important to everybody so we don’t have different strategies for different customers. It is pretty straight forward. “</p>

		<p>Cartier: “Our focus is not on the communication aspect of this. You can find the information on our website, but on social media and other communication channels we focus more on our products and quality rather than our sustainability efforts.”</p> <p>Gucci: We are proud of our efforts, and we love to talk about it, and it shows that this is important to our consumers as well. We communicate our efforts through social media and other platforms, but our main focus is on Gucci Equilibrium.”</p> <p>Givenchy: “Communicating our sustainability efforts is not our main priority, but we do have the information online and our new creative director is quite outspoken on this topic, so if people want to know about Givenchy’s sustainability practices it is quite easy to find this information.”</p>
Digital	Ecommerce and Marketplaces (x4)	<p>Zegna: “Ecommerce has raised in the previous years, so I can say that it went from nothing to part of the business”</p> <p>Cartier: “Ecommerce is growing but our focus is still on boutiques. However, we have been improving our ecommerce website by providing clients with 3D images of the products rather than 2D to improve their shopping experience online. (...) also helps with data collection.”</p> <p>Gucci: “Similarly, we have worked on strengthening our ecommerce presence, as well as further developing platforms such as Gucci Vault or through partnerships.”</p> <p>Givenchy: “As I said we have recently revamped our ecommerce site. We’ve done things such as easing the check-out procedures, improved the images and product descriptions, and worked on tying together the virtual and physical shopping experience more effortlessly and coherently.”</p>

		<p>In terms of Marketplace:</p> <p>Zegna: “you can leverage is importance of the marketplaces, so we are present on different marketplaces, (...)and obviously according to the partner that you work on you have different approaches and also different product selections”</p> <p>Gucci: “As I touched on before, we have partnered up with The RealReal to tap into the trend and the importance of ‘recommerce’ and to further improve our circular economy strategy.”</p>
	<p>Innovations (x2)</p>	<p>Zegna: “Zegna X is a new digital ecosystem and customization tool that bridges the gap between physical stores and digital channels. This new technology features a cutting-edge 3D style configurator that allows customers to fully customize their fashion choices, from cut and color to material and measurements.”</p> <p>Gucci: “Gucci VAULT is an online concept store where we sell a combination of old vintage pieces and new ones as well. It acts as an archive and really lets us leverage on the history of the brand and improve our storytelling in an innovative way.”</p> <p>“With our launch of Gucci VAULT Land, we have also been able to extend on this concept and enter the metaverse and leverage on this aspect as well.”</p>
	<p>Targeted Ads (x1)</p>	<p>Ripa Ripa: “We would rather target very narrow audiences so only people that we know can be interested in the value of us and our brand”</p>
	<p>Social Media (x2)</p>	<p>Ripa Ripa: “we put a lot of creativity in our images and videos for social media such as Facebook and Instagram and some captions so that you can really picture how we see the life in the Mediterranean and really lets you immerse yourself in our way”</p> <p>Givenchy: “We leverage social media a lot, especially now to reach younger consumers. Especially our new product lines and spokespersons, ambassadors, and so on are important for our social media strategy and we like to communicate these things on Instagram for example.”</p>

	<p>Metaverse/AR/VR (x3)</p>	<p>Cartier: “Not of the biggest importance for Cartier as boutiques are our main focus, but we did a partnership with Snapchat to try out how VR works for us and to attract younger consumers. They were able to try on watches and travel back in time through Paris and the different evolutions of the bridge. Through the filter they could also go to the website and buy the watch.”</p> <p>Gucci: “we also have been working on strengthening our presence in the metaverse. With the example of Roblox showing that.”</p> <p>“We teamed up with Snapchat to offer our consumers a realistic try-on experience where they could try on four different types of Gucci sneakers. With some technical integration, people were redirected to the site and could immediately buy the shoes.”</p> <p>Givenchy: “Givenchy has been a leader when it comes to the metaverse. We have launched initiatives such as the Givenchy Beauty House with Roblox and have launched different types of NFTs as well.”</p>
	<p>Data Collection (x2)</p>	<p>Cartier: “Especially through our ecommerce site it is very easy to collect a lot of data on our clients. And then we use this data to improve our offering and service to them the next time they come to visit. It’s a cycle of improvement every time.”</p> <p>Gucci: “We are already doing a good job at collecting data and using this data to leverage on the customer experience. The data we get from consumers, rather through online or in-store, helps us immensely and it will only become more important. Gucci has also started to use this data (especially purchase data) to create better collections based on what people like.”</p>
<p>Service and Experience</p>	<p>Ecommerce (x3)</p>	<p>Ripa Ripa: “The ecommerce picture which is a part of customer experience in the end because you really need to see very well how the product is made and what it looks like.”</p> <p>Gucci: “It’s not our main focus, but we are shifting to strengthening our ecommerce platform. Obviously through Gucci VAULT as well as our partnership</p>

		<p>with the RealReal we are trying to push consumers to buy Gucci online as well as in stores.”</p> <p>Givenchy: “As I said we have recently revamped our ecommerce site. We’ve done things such as easing the check-out procedures, improved the images and product descriptions, and worked on tying together the virtual and physical shopping experience more effortlessly and coherently.”</p>
	<p>Communication (x1)</p>	<p>Ripa Ripa: “Another part is through our newsletter. There we extend the customer experience (...) we try to explain for our community this story of the product through our newsletter to really extend the customer experience to another level because it is not just the product, but the product has a story. “</p>
	<p>Events (x4)</p>	<p>Ripa Ripa: “Pop-Up store: created a space that really represented Mediterranean life and how we picture the Italian summer, and it made a lot of people enter the store just because it was beautiful, like ‘OMG we are in Milan, but it feels like we are in Ponza.’ And they really enjoyed this experience. We are a small brand but what really made a difference in the experience is that very often we were there at the pop up, so our customer gets to know us, and they really felt part of our world and our brand, and of course we organized a lot of events inviting our community do activities together which really strengthens the relationship and also offer a different experience.”</p> <p>Zegna: “We organize private dinners, we organize private events, we organize private trips to ‘Oasi Zegna’ to show them what we are working for.”</p> <p>Cartier: “Especially for our top clients we organize a lot of events such as the high jewelry event we did in Madrid in the summer. (...) During the event we make sure the customer experience is perfect and we do everything for them and really make them feel special. Because if they are happy, their willingness to spend goes up.”</p> <p>Gucci: “Gucci has always focused on customer experience and making it memorable. Rather that is through the high customer service at the boutiques,</p>

		<p>our design of the website, or more experiential things such as the Gucci Circolo, Gucci Garden, or the Gucci Cafe and Museum. Customers are invited to really immerse themselves in the Gucci world and live it.”</p>
	<p>Innovations (x2)</p>	<p>Zegna: “Outreach app: enables ZEGNA’s style advisors to provide personalized service to customers through various channels, including text, email, social media, and messaging apps like WhatsApp and WeChat.”</p> <p>“Zegna X: Zegna X is a new digital ecosystem and customization tool that bridges the gap between physical stores and digital channels. This new technology features a cutting-edge 3D style configurator that allows customers to fully customize their fashion choices, from cut and color to material and measurements.”</p> <p>Gucci: “Gucci Live has really improved our online presence and omnichannel approach. Through this new innovation customers are able to get customer service from the comfort of their own home, this was especially helpful during COVID.”</p>
	<p>Personalized Experience (x3)</p>	<p>Zegna: “The customer advisor has their own customers (...) the CA in charge of adding a relationship so this makes a personalized experience because you have the purchase history of the customer and you have the warmer relation with the customer and you know what their preferences are in terms of colors, products, also working hours for example, and so on.”</p> <p>Cartier: “Providing our clients with an excellent and personalized experience is one of our top priorities. As you can see from our tagline: "More than just a service, an experience.” “We offer our clients drink services and (even when just waiting in line) a CA that follows them around the store and helps with everything, and thanks to our extensive data collection we are able to understand them better and tailor our service offerings to their needs.”</p> <p>Gucci: “Gucci Live has really improved our online presence and omnichannel approach. Through this</p>

		<p>new innovation customers are able to get customer service from the comfort of their own home, this was especially helpful during COVID.”</p>
	Omnichannel (x4)	<p>Zegna: “The idea is to create a seamless experience and leveraging the modernness store evolution trend where the store is not only a place where you go to buy something, but it is also a place where you have an experience, (once again through Zegna X).”</p> <p>Cartier: “With our purchase concierge we are able to connect both online and offline transactions. Customers can buy things online, pick them up in one of our boutiques or partner-boutiques, ship it to home, and online they can also book services such as resizing, or maintenance services. It really brings everything together and creates a seamless experience.”</p> <p>Gucci: “Gucci Live has really improved our online presence and omnichannel approach. Through this new innovation customers are able to get customer service from the comfort of their own home, this was especially helpful during COVID.”</p> <p>Givenchy: “worked on tying together the virtual and physical shopping experience more effortlessly and coherently.”</p>
	Gamification (x2)	<p>Zegna: “This is also the direction of having younger customers and giving the customer something to play when he is in the store, and not only to him but also to the people who are in the store with him while he is purchasing or trying on something. “</p> <p>Gucci: “We try to make the shopping experience more exciting, especially online and at our more experiential locations. Whether that is through our presence in the metaverse (Roblox, Gucci Villa, Gucci VAULT, and all that) or in our physical store locations (like the claw machine at the Gucci Cafe) we try to keep the customer engaged.”</p> <p>“We even took this a step further and launched our Gucci Good Game collection, where we connected Gucci and the gaming world through our clothes.”</p>

	Next Steps (x1)	Zegna: “Trying to leverage on digital tools to create a membership and loyalty program around the consumers, giving something to them where they can relate it to Zegna brand such as NFT strategies and product passport personalization and so on.”
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