

LUXURY IN THE NEW NORMAL



Hudson
Rouge

X

+ WUNDERMAN
THOMPSON

Luxury brands are striving to redefine themselves for a new era, and are rewriting the rules for the decade ahead.

Pre-COVID consumers were starting to examine where brands stood in terms of ethics, inclusivity, sustainability, and responsibility. And this is even more pronounced as conscientious consumers demand that brands get in step with their progressive values.

Inclusivity is not limited to diversity and representation but, as the millennial generation who grew up online now hit their 40s, the value of involving consumers as advisors in the design process is critical to connect on a cultural level.

E-commerce was already prompting re-evaluation of the role of retail. Now social distancing has step-changed its role: reinventing in-person experiences as cultural hubs and centers of discovery while achieving hyper convenience via contactless commerce technologies.

The New Normal continues to see quality at the heart of luxury, with tangible evidence of how superior materials, craftsmanship and experience leads to a superior design and production, with the ultimate expression being uniquely personalized to their specific tastes.

"Luxury in the New Normal" provides a detailed look at these latest trends in luxury to provide guidance to brands looking to effectively and meaningfully engage luxury consumers in the future.

Overview ————— 04

Trends ————— 10

| | |
|--|--------|
| People over profit | 11 |
| Philanthropic ceos | 13 |
| Business as unusual | 15 |
| Reconstructing retail | 17 |
| Contactless commerce | 18 |
| Evolved shopping experiences | 20 |
| 20:20 luxury lineage | 23 |
| Brand genetics | 24 |
| Slow design | 26 |
| Open source advisory | 28 |
| New age influencers | 39 |
| Co-creatives | 32 |
| The transparency imperative | 34 |

What this means ————— 37



OVERVIEW

Hudson
Rouge

x

+ WUNDERMAN
THOMPSON

BEFORE

Traditionally, luxury revolved around setting oneself apart from others, embracing excess, and signifying status. Brands such as Louis Vuitton, Hermès, Chanel, Rolex, Four Seasons, and Rolls Royce were coveted by consumers primarily for their exclusivity. As retail forecaster Doug Stephens writes in *The Business of Fashion*, at one time “one’s first Mercedes-Benz car, Rolex watch, or Louis Vuitton handbag served as...a not-so-subtle... announcement that you had arrived.”

TODAY

But today, consumers – especially younger ones – are challenging those values. Stephens argues that younger consumers view luxury as “freedom... to live where they want and work

close by, the freedom to not work at all but to perhaps travel...to pursue passions or to volunteer.”

Meanwhile, sustainability and the environment are top of young luxury consumers’ minds, too. As Pamela Danziger writes in *Forbes*, “younger consumers, even as their incomes and their ability to afford luxury rises, are embracing the values of conscientious consumption.”

And young consumers aren’t content to be dictated to, but want brands to make them part of their narrative. Millennial and Gen Z consumers, who Bain & Company forecasts will represent approximately 55% of the 2025 luxury market, “see themselves as critical actors of the creativity and conversations with luxury brands.”



CHALLENGES LUXURY BRANDS FACE INCLUDE:

- **THE GLOBAL PANDEMIC**

COVID-19 has upended the global luxury goods market, disrupting supply chains, preventing travel, and forcing stores to close for months at a time. Bain & Company forecasts that the global personal luxury goods market could contract by between 20 and 35% in 2020.

- **POLITICAL UNREST**

Social and political tensions are gripping consumers around the world. From protests against systemic racism in the US, to political protests in Hong Kong, the current volatility means it's difficult to predict which market could be disrupted next.

- **CANCEL CULTURE**

The impact of “cancel culture” – in which any missteps by brands quickly spread on social media. In 2018, Dolce & Gabbana cancelled its planned show in China after a backlash among Chinese consumers against its clumsy and stereotypical film promoting the show, featuring a model eating spaghetti with chopsticks. Added to this, a slew of fashion brands, from Reformation to Ferragamo, have been called out on social media over racism in the wake of the Black Lives Matter protests.

- **SECOND-HAND LUXURY**

The growing appetite for second-hand luxury. A 2019 study from Boston Consulting Group and designer resale site Vestiaire Collective forecast that the resale industry will increase its turnover from \$25 billion in 2018 to \$36 billion in 2021, representing around 9% of the luxury market.

- **HEALTH AND WELLBEING**

The move toward wellness, with younger consumers prioritizing their mental and physical health over acquisitions. As Pamela Danziger writes in *Forbes*, in a post-COVID-19 world, “achieving the true luxury of wellbeing will be [luxury brands’] customers’ new goal.”

- **SUSTAINABILITY**

Concerns over environmental responsibility. The Bain & Company Luxury Study 2020 Spring Update writes that COVID-19 has “consolidated the importance of the environment [and increased] the importance of human and social [responsibility]” for luxury consumers. This preoccupation with the environment was evident pre-COVID-19 in the flight shame phenomenon that led some consumers to curtail international travel, and had others questioning whether they needed to own a car.

TODAY'S LUXURY CONSUMER

In both the US and China, consumers' expectations of luxury brands are shifting. McKinsey reports that young Chinese luxury consumers are more interested in “aspiration than heritage,” and judge luxury brands on what they are doing now, rather than what they did in the past.

Perhaps mindful of this focus on the present, brands are experimenting with their heritage for a new generation. Just look to Gucci's collaboration with Disney, or Tag Heuer commissioning artist Alec Monopoly to splash one of his cartoonish designs on a watch.

And with gaming a major pastime for young consumers, Louis Vuitton increased its visibility to this demographic by designing both virtual

and real collections inspired by the hit online game League of Legends.

As for how today's luxury consumer shops, physical stores are just as important as online. 52% of Gen Z and 55% of millennial shoppers said they would return to shops quickly after the COVID-19 lockdowns were lifted, GlobalWebIndex found. And for 90% of young Chinese luxury consumers an experience in a store is the most important influence in making a purchase, McKinsey says.

Reflecting this importance of both physical and digital to luxury retail, Burberry and Gucci have each teamed with the Chinese tech giant Tencent to create future store concepts that will fuse a physical store with a social media experience.

90% of young Chinese luxury consumers say an experience in a store is the most important influence in making a purchase.





x

+ WUNDERMAN
THOMPSON

True Damage Senna, Prestige Edition Concept Art
Designed by Nicolas Ghesquière for League of Legends. Image courtesy of Riot Games

THE FUTURE OF LUXURY POST COVID-19

The pandemic and ensuing lockdowns have hit luxury hard: Euromonitor International has forecast an 18% decline in the luxury market in 2020, while Bain & Company forecasts a fall of between 20 and 35%. A growing sense of consciousness was already present among luxury consumers, but the shock of COVID-19 has accelerated this movement, prompting many to re-evaluate how they buy. “Conscience is likely to be heightened by the pandemic,” writes Erwan Rambourg, global head of consumer and retail research at HSBC. “[People] may buy less but buy better.”

So how to approach this new normal? Opportunities for luxury companies to capture consumers’ imaginations against this landscape include:

- **Taking social and environmental responsibility seriously, and being accountable and authentic in their brand’s approach.**
Consumers are paying attention to luxury brands’ stances on issues spanning racial discrimination to sustainability, with a BCG and Altagamma report finding that 64% of millennials and Gen Z making luxury purchases were influenced by sustainability.
- **Brands should be ready to engage in a spontaneous and timely way with consumers online and on social media.**
Gen Z and millennials have grown up communicating online, and expect brands to do the same, whether that’s through Instagram live sessions, taking a stance on a political issue, or guiding them through a purchase on China’s WeChat.
- **Elevating in-person touchpoints into an elite experience.**
While COVID-19 has undeniably heightened consumers’ focus on digital channels, it has simultaneously transformed in-person events and activities into a rarefied privilege. By facilitating exclusive, private format leisure activities, luxury brands have an opportunity to forge emotional connections with consumers who have a deepened appreciation for in-person experiences.





TRENDS

Hudson
Rouge

x

+ WUNDERMAN
THOMPSON

PEOPLE OVER PROFIT

A new class of leadership is emerging to reflect modern consumer values.

As ethically-motivated consumers prize luxury brands that place an emphasis on inclusivity, responsibility, and sustainability, CEOs are putting these values at the core of luxury businesses.

Indeed, in the broader market, a swathe of companies has committed to no longer placing short-term shareholder gains as their lone guiding principle. In 2019 181 chief executives, from companies spanning Apple, Amazon, and Marriott International signed a statement setting out that, the *New York Times* reported, “companies should no



[Companies] must also invest in their employees, protect the environment, and deal fairly and ethically with their suppliers.

longer advance only the interests of shareholders [but]...must also invest in their employees, protect the environment, and deal fairly and ethically with their suppliers.”

In step with this movement, luxury leaders are highlighting sustainable sourcing, committing to carbon neutrality, and engaging with philanthropic initiatives.

Gucci’s CEO has trumpeted the house’s carbon neutral status, while in the face of the COVID-19 crisis, CEOs have pivoted their businesses to serve society, from LVMH manufacturing hand sanitizer, to Burberry producing gowns and masks .

Catherine Broome of executive search firm Odgers Berndtson, speaking to *Vogue Business*, points out that “a lot of sustainability goals are in contrast to commercial practice,” and that today’s luxury CEO needs to have “the courage to make decisions [that] are maybe commercially counterintuitive.”

But consumers are coming to expect such altruism from luxury companies, says Professor Benjamin Voyer, visiting fellow at the department of psychological and behavioral science at the London School of Economics. “Doing something is not seen as being above expectations, but as matching expectations,” says Voyer.





Philanthropic CEOs

Beyond driving growth, luxury goods chiefs are making tackling societal challenges part of their MO.

“We can’t just focus on jewelry and money...we are part of a community and we must show solidarity and generosity,” Jean-Christophe Babin, CEO of Bulgari, told Britain’s *Telegraph* in December when the jewelry house unveiled its children’s educational center in a disadvantaged area of Rome. “Society is far too complex to rely solely on the state. It’s the duty of rich companies to give back, not just via taxes, but charity,” he added.

Similarly, in late 2019, Gucci’s CEO Marco Bizzarri launched the CEO Carbon Neutral Challenge. In an open letter, Bizzarri urged companies to take “full responsibility for...the total GHG emissions generated by their business activities.” He called for CEOs to commit to both reducing their GHG emissions and off-setting emissions with nature-based solutions.

These strong stances echo consumers’ opinions. According to Altagamma and Boston Consulting Group’s 2019 True Luxury Global Consumer Insight report , 56% of true luxury consumers are attuned to luxury brands’ stances on social responsibility, up from 45% in 2013.

Engaging with the emotional realities of consumers’ lives is becoming important, too, as they prioritize their mental and physical wellbeing.

Demonstrating this, in 2019 LVMH invested in Madhappy, a streetwear startup conceived to create conversations around mental health. Alongside its luxe activewear, the brand’s blog spotlights toolkits on setting boundaries and creating positive habits.

As Pamela Danziger writes in *Forbes*, “achieving the true luxury of wellbeing will be customers’ new goal.” She adds: “For luxury brands the goal all along has been more consumption... but in the post-coronavirus world...I foresee luxury consumers...emerging with a new set of priorities...the experience of life’s journey.”

56% of true luxury consumers are attuned to luxury brands' stances on social responsibility.





Businesses As Unusual

In the wake of COVID-19’s first peak, with consumers unlikely to be contemplating a luxury goods purchase, forward-thinking luxury brands are striving to show sensitivity to this new climate.

Indeed Bain & Company and Altagamma’s Spring 2020 Luxury Study argues that in the wake of coronavirus, “ethics will become as important as aesthetics as consumers prioritize purposeful brands.”

So instead of pushing their wares, luxury brands are demonstrating their public spirit by pivoting their production to fight COVID-19. In

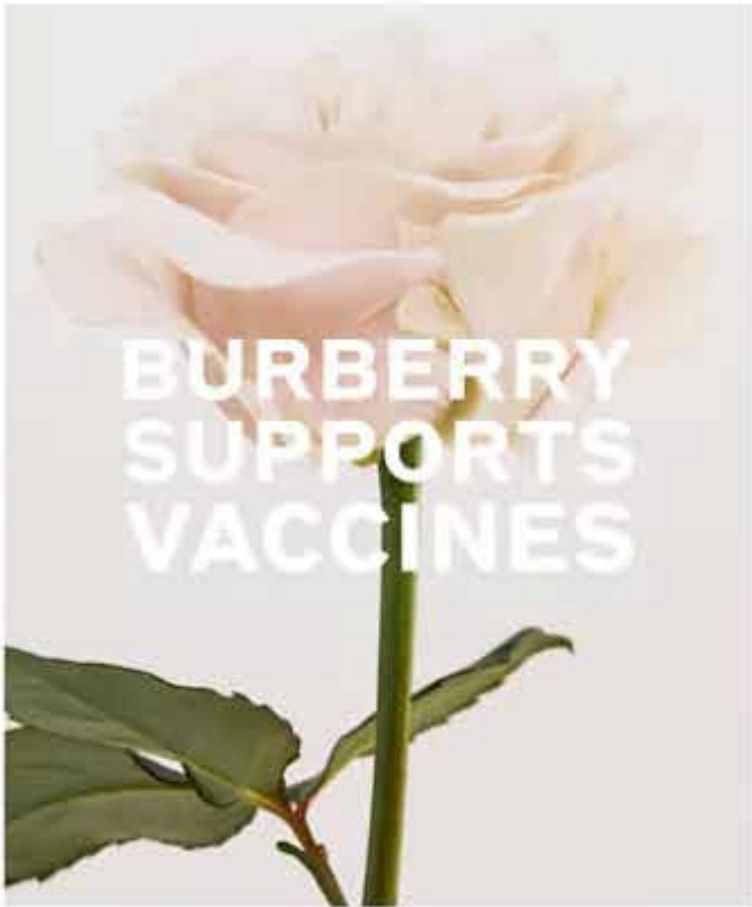
March, LVMH announced that its chairman and CEO Bernard Arnault had “instructed...its production sites to manufacture substantial quantities of hydroalcoholic gel to be provided to public authorities,” ultimately providing Paris hospitals with 50 tons of gel a week.

The house also used its supplier network to procure around 40 million surgical masks for France, which were distributed free of charge. And prior to this, the house had pledged \$2.2 million to the Chinese Red Cross in Wuhan in January, when the virus emerged there.

Burberry also sprang into action to address a shortage of medical garments. The British luxury brand

"Ethics will become as important as aesthetics as consumers prioritize purposeful brands."





"People will remember brands for their acts of good in a time of crisis."

Janet Balis,
Ernest & Young

announced in March that it had “retooled” its trench coat factory in Yorkshire, England, to make both surgical and non-surgical masks and non-surgical gowns for medics and patients. The brand also harnessed its supply chain to deliver 100,000 surgical masks to the UK’s National Health Service, donated to UK

charities tackling food poverty, and helped to fund research into a single-dose vaccine for COVID-19 at the University of Oxford.

Luxury beauty brands have taken up the baton, too. Augustinus Bader, renowned for its haute skincare, donated 20,000 units of its new Hand

Sanitizer to those on the medical frontline, alongside donating 40,000 hand sanitizers to customers in the US and UK, charging only shipping costs.

In turbulent times, these actions show that luxury brands can be a force for good. As Janet Balis of

Ernst & Young writes in *Harvard Business Review*, “people will remember brands for their acts of good in a time of crisis,” with the caveat that “companies need to show that their contributions are material and not solely for commercial benefit, [as] consumers recognize authenticity and true purpose.”

RECONSTRUCTING RETAIL

Luxury brands are reinventing retail for a new normal.

As the realities of social distancing change how consumers shop in stores, luxury brands are striving to reinvent retail for this new normality.

From drone deliveries, to shopping via text message, to experiencing luxury goods virtually, brands are pushing the boundaries of physical and digital retail to create excitement. As Anne Pitcher, managing director of British luxury department store group Selfridges, told *This is Money*, “we have to...look up and out, be bold and consider a better future. You can't afford to be boring.”

Indeed, many of these shifts in experience were already underway, as tech innovations had ushered in new, virtual ways for consumers to discover luxury products. But as COVID-19 has made virtual and digital experiences a necessity rather than a luxury, developments in these new formats are set to accelerate.

“We have to...look up and out, be bold and consider a better future. You can't afford to be boring.”
Anne Pitcher, managing director, Selfridges



Contactless Commerce

Luxury businesses are adjusting to the demands of ongoing social distancing, and reimagining retail as a contactless experience.

With China having been first hit by this new normal at the beginning of 2020, brands have been pioneering contactless solutions there.

Tesla launched a new contactless test drive service in Beijing and Shanghai, whereby customers could make a reservation by phone, and then test-drive the car near a store without having to interact with others.

And Chinese car-maker Geely in February began to offer a contactless

car key delivery, sending keys for new cars directly to owners’ doorsteps by drone.

The seamless, contactless shopping and payment process that Amazon has pioneered with its Amazon Go concept could soon be seen in a wider swathe of retailers. Reuters reported in March that the internet giant is now selling its Just Walk Out technology to other retailers, with “several deals” reportedly signed.

Luxury department store Harrods in London, meanwhile, launched a remote personal shopping service beginning May 18, allowing a small number of customers to place orders via phone and text.



At Selfridges in London, Pitcher says the store is looking at how it can “provide experiences over and above” social distancing requirements.

“One solution...could be that we reduce the amount of [products] out – less touch but more enjoyment and more one-to-one interaction with the customer,” she told *This is Money*.

And before the store can offer its personal services face to face, it’s migrated them to video. Customers can book a video call appointment for guidance on recreating Selfridges’ beauty services at home, or a styling appointment to see a personalized edit of looks that can be delivered to the customer’s home.

This approach illustrates how a luxury shopping experience can still exhibit a human, personalized touch, even when taking place remotely.

While social distancing requirements accelerated the introduction and adoption of remote shopping, it appears this is just the beginning of the rise of contactless commerce components within the shopping experience.





Evolved Shopping Experiences

The next generation of luxury consumers prizes a physical store experience.

NPD Group finds a third of US millennial and Gen Z luxury customers prefer in-store shopping, while for 90% of young Chinese luxury consumers store experience is the most important influence in making a purchase, McKinsey says.

This view is set to persist post COVID-19, as consumers crave IRL experiences having been deprived of them for months. Altagamma and Bain & Company’s Luxury Study Spring 2020 Update predicts that “when safe, consumers will return to physical

stores with a renewed passion,” while “some digital shopping habits built during the outbreak will stick.”

José Neves, CEO and co-chair of fashion marketplace Farfetch told *WWD* in May that “the digitization of physical retail was a distant innovation for many luxury brands and retailers, but may now be promoted from nice-to-have to must-have status.”

Neves said Farfetch had modeled this in its partnership with Chanel on the digitization of the brand’s 19 Rue Cambon Store in Paris. The concept incorporates apps for clients and sales associates, allowing a client to upload a wish list of garments they want to try before arriving at the store - reducing in-person contact - while looks can be



Online gaming usage was up 75% in the US in the first week of quarantine alone.



previewed without touch via a connected mirror.

Meanwhile, in July, Burberry opened a prototype social retail store with Chinese tech company Tencent in Shenzhen Bay, China. The store aims to connect customers’ “social and online lives to their physical environment.” Gucci, too, has a partnership with Tencent in the works.

Shanghai digital platform Xcommons showcased the possibilities of a virtual runway show when it partnered with retailer ICY to create a 3-D, immersive show for emerging designers, during which viewers could leave reviews.

The immersive experience of gaming takes on a new significance, too, in a

socially-distanced world. Luxury brands had already begun dipping their toe in gaming collaborations: Louis Vuitton has launched virtual and real-life League of Legends collections, while Moschino created real-life and virtual collections inspired by Sims.

Another player is Drest, a virtual styling game that has partnered with over 175 luxury labels. Lisa Bridgett, chief operating officer at Drest, told *WWD* that amidst the lockdown periods, the app has seen a 50% increase in downloads. With online gaming usage up 75% in the US in the first week of quarantine alone, it’s set to continue to be a powerful way to engage with younger consumers as the COVID-19 crisis plays out.



20:20 LUXURY LINEAGE

In a recessionary climate, in which many consumers may be questioning luxury purchases, one quality that brands can emphasize is the level of personalization and hand-craft invested into their products.

Indeed, an April McKinsey report writes that “after a large-scale crisis with a heavy emotional toll, consumer preferences could shift...toward ‘silent luxury’—paying more attention to classic elements, such as craftsmanship and heritage, and less to conspicuousness and ‘bling.’”

Alongside highlighting the hand-work that goes into their products, often passed down across the generations, luxury brands are also adding value via tech innovation. Many are using data – from DNA and blood profiles to personality tests – to deliver hyper-personalized products, that are truly one of a kind.





Brand Genetics

Brands are harnessing data for hyper-personalized output.

What could be more unique than a product or experience informed by your own DNA, or your deepest-held values? As luxury consumers seek out purchases that are precious in their individuality, brands are responding by creating bespoke products and services based on a customer’s DNA profile.

Indeed, given that luxury has long been defined by highly personalized services and a minute attention to detail, it’s no surprise that brands are taking this to the next stage by drawing on a client’s DNA.

Luxury London department store Harrods has pioneered this approach at its Wellness Clinic. The clinic’s Gen Identity service uses DNA samples, combined with a lifestyle assessment, to create a tailored skin care regime and prescribe custom products.

And transforming taking supplements into a bespoke experience, London-based Bioniq’s customer journey starts with a blood test at a client’s home. Their results are then analyzed to create a unique supplement blend of Swiss micronutrients. The product is accompanied by access to an online personal health dashboard, alongside online consultations with medical professionals.



This personalization trend extends to travel, too. Luxury travel agency Brown and Hudson conducts pre-trip interviews with its clients, to uncover their “personality traits and values,” its founder Philippe Brown says. Working with a behavioral psychologist, the agency devises unique trips based on a client’s answers. “In travel at this level...what we create needs to be able to fit...and evolve with that person on a minute-by-minute basis,” Brown says.

And during the COVID-19 crisis, the company is exploring how to recreate this experience in the digital sphere. “The convergence of different technologies into the virtual realm could create a serious and exciting alternative to the reality of travel,” Brown told Wunderman Thompson

Intelligence’s Future 100 2.0.20 report. “In the uber-luxury realm, we’re already speaking with a client who’d like us to scope out the creation of a virtual travel experience designed exclusively for their family to a land we co-create.”

Meanwhile, luxury cars are employing biometrics to enhance the driving experience. At CES 2020, Mercedes showcased its Vision AVATR concept car, which allows drivers to connect to the car with a console that identifies the driver based on their “breath and heartbeat” when their hand is placed on the console. While still a concept, Mercedes illustrates how biometrics could be employed to take personalization – and security – to whole new level.

Slow Design

Generations of craft, hand-worked designs are being elevated in luxury.

While luxury brands want to embrace the future, at the same time there’s a realization that what sets them apart is their storied heritage, alongside a slow, deliberate production process, and artisanal techniques.

In recessionary times, luxury brands are striving to demonstrate how this heritage translates into real value, rather than serving as mere image-building. As *Luxe Digital* writes , this moment is “a chance for luxury businesses to pause and ponder...the very essence of their brands to

deliver a timeless and timely form of meaningful value.”

Ketty Maisonrouge, adjunct professor of business at Columbia Business School’s marketing faculty, says she sees this focus on heritage as “a way of luxury brands going back to the essentials, their fundamental values, and communicating a heritage that a younger clientele might not be aware of.”

Hermès in 2019 highlighted the craftsmanship involved in maintaining its bags with a film entitled “Luxury is that which can be repaired,” documenting the labor-intensive process of artisans repairing its bags, and their stories. The house notes that its action for sustainable



development is “founded on the values passed down through the generations by the artisans who have shaped our house and our objects since 1837.”

Chanel, meanwhile, has put its ateliers center stage with 19M, its “center for artisanal excellence.” The 270,000-square-foot space is set to open in late 2020 in northern Paris, in an imposing building designed by architect Rudy Ricciotti. With some areas open to the public, the building will house Chanel-owned ateliers such as embroidery house Lesages, Massaro, a boot maker, and Maison Michel, a milliner.

This concept of passing on traditions to a new generation is also evident in

a collection of experiences that Airbnb has offered in China called “Lost & Found,” allowing travelers to learn Chinese crafts and traditions from 40 “masters.”

Dr. Kelly Meng at Goldsmiths compares this renewed appreciation for heritage crafts and techniques among Chinese brands and consumers to the 19th Century Arts & Crafts movement in Britain. “I think it’s come to the time that the Chinese are starting to reflect and say, ‘We actually have a lot of the skills, should we let so many techniques disappear?’”

“I think it’s come to the time that the Chinese are starting to reflect and say, ‘We actually have a lot of the skills, should we let so many techniques disappear?’”

Dr. Kelly Meng, Goldsmiths



OPEN SOURCE ADVISORY

A new generation of consumers is re-shaping and democratizing luxury to fit their values.

From stamping their identity on a product, to collaborating with brands, to learning something meaningful from their luxury encounters, the influence of younger consumers is growing. In their Luxury Study 2020 Spring Update, Altagamma and Bain & Company forecast that Gen Y and Gen Z are set to contribute 150% of the luxury goods market’s growth between 2019 and 2025.

These younger consumers’ influence is also felt across the generations. Milton Pedraza, CEO of research and business solutions firm Luxury Institute, tells *Forbes* that “brand

influencer power [today] is often reversed, with connoisseur teens guiding their parents as to which brands are hot, and which ones are not.”

The most progressive luxury brands are no longer envisaging themselves as remote and elitist, but are instead actively listening to young consumers, and engaging them emotionally today to engender loyalty before they become the drivers of luxury goods growth in the future.



New Age Influencers

Forget a perfectly-curated Instagram feed. For Gen Z luxury consumers in both the US and China, influence comes from a new generation of content creators who are perceived as authentic and who aren’t afraid to have fun with their image.

In the US, this shift has become even more apparent in the wake of COVID-19, as any overtly commercial content from influencers doesn’t chime with young consumers. “Consumers are really starting to respect [influencers] who have a real passion, a real job, who aren’t walking adverts,” Alexandra van Houtte, chief executive officer of the search engine platform Tagwalk, told *WWD*.

And speaking to Wunderman Thompson Intelligence, Justin Bolognino, founder and CEO of experience company Meta, mused that the crisis is “going to essentially sift out a lot of the inauthenticity... when something like this happens, we suddenly have newfound superpowers to perceive authenticity; to perceive bullshit.”

In this spirit, TikTok, with its videos’ unfiltered irreverence, has come into its own during the crisis, with *The Guardian* calling the platform “the medium of global lockdowns.” And it’s a magnet for younger consumers – TikTok has over 500 million global users, 66% of whom are under 30, according to data from *Business of Apps* and Sensor Tower.





CELINE



CELINE



Celine demonstrated TikTok influencers’ impact on luxury when it cast Noen Eubanks, a homegrown TikTok influencer famed for his lip synch videos, in its campaign in 2019.

And in China, consumers are inspired by “deeper,” more authentic collaborations with KOLs – or “key

opinion leaders” – *Jing Daily* says , as opposed to one-off ads or sponsored content. When KOL Yvonne Ching partnered with Burberry during the country’s quarantine period, she live-streamed her visit to the brand’s Jing’an, Shanghai store, on Tmall. And customers responded to Ching’s authentic take on Burberry - 1.4 million

watched the stream, with most products selling out, *Jing Daily* reported.

As for influencers’ aesthetics, strange often trumps perfection; the age of Instagram has given rise to a generation broadening the beauty palette and paving way for bold new

forms of self-expression. Take Salvia, who creates an otherworldly appearance with her skillful use of prosthetics. For Rick Owens’ Fall 2019 show, Salvia added prosthetics to the models’ faces, telling *i-D* that “you can use glamour in a way that is political, a way that pushes things forward and challenges perceptions.”





"To listen at scale is...something that any smart brand...is increasingly going to have to do."

Emily Weiss, founder, Glossier

Co-Creatives

For Gen Z consumers, buying into a brand isn't enough – they want to have a creative impact on it, too.

Chinese firm Daxue Consulting asserts that “to target China’s Gen Z, brands must offer creative opportunities; they want their voices heard and are willing to pay for it.”

Glossier, the cult make-up brand that launched out of online magazine *Into the Gloss*, developed its products by consulting its readership. “I don’t use the word crowdsourcing, but I do think that listening and continuing to

listen at scale is something Glossier is laser-focused on, and....it’s something that any smart brand...is increasingly going to have to do,” Emily Weiss, Glossier’s founder, told the *Financial Times* last year.

And during the COVID-19 crisis, Alexander McQueen invited its followers stuck at home to harness their creativity and contribute to its content, with a series of projects such as crafting intricate paper dolls or photographing nature, the results of which the house shares on its social channels. “Brands with a community can reach out to consumers and say, let’s do



"Brands with a community can reach out to consumers and say, let's do something together as a community of brand loyalists."
Meredith Ferguson, MD at DoSomething Strategic

something together as a community of brand loyalists," Meredith Ferguson, managing director at DoSomething Strategic, a social impact consultancy that surveys Gen Z, tells *Vogue Business*. "Those are the brands that are going to succeed and outlast this crisis."

Meanwhile, motivated by what a McKinsey report defined as Gen Z's "search for truth," some luxury brands are fostering programs to nurture this mood of enquiry.

One is Eaton House and Workshop, which describes itself as a "global purpose-driven company and

creative lab." Its hotels-meets-members' clubs in Washington and Hong Kong host events to foster "creativity and consciousness-building." Among them are a day-long wellness festival and a conversation with Barrett Holmes Pitner to mark Black History Month.

Eaton House's founder, Katherine Lo, (whose father Lo Ka Shui owns the Langham Hotels), told *Forbes* that the business was inspired by "my personal passions, such as the arts and social change. I feel like Eaton House offers...a space to have open minds and experiment with ideas and projects."

THE TRANSPARENCY IMPERATIVE

Brands must be tuned into rapidly evolving cultural climates or risk getting left behind.

When it comes to wider social, political, and environmental issues, luxury brands can no longer stay silent. According to McCann, 88% of affluents “believe that brands have the power to make the world better” – and, more than ever, they're expected to use that power and engage in cultural conversations.

Indeed, the Black Lives Matter protests highlighted the way in which consumers – especially younger ones – expect brands to have a point of view when it comes to social issues. In a survey by data insights company Dynata, reported by *WWD*, 58% of

Black Lives Matter supporters said they “want to see brands ‘encourage people to vote;’ 48% want them to commit to look at their own company and diverse hires [and] 36% to make donations.” Added to this, consumers under 35 were 3.2 times more likely than older consumers to say the movement would change their purchasing behaviors in the future.

Similarly, consumers expected brands to protect their employees and communicate with an attunement to the anxious mood when COVID-19 struck. However, communicating as the pandemic evolves becomes





“This crisis means we will never again communicate in the same way, and we will try to make everything we do much more meaningful.”
Patrizio Miceli, head of creative agency Al Dente

trickier. Vanessa Friedman in the New York Times criticized Chanel’s “disappointing” presentation of its Cruise 2020 collection in June, with its images of models against a sunset backdrop, as it “seemed to entirely ignore the cataclysmic context in which [the clothes] would be worn,” she wrote. Friedman added: “if a statement from a designer can’t even acknowledge the pain and complications of her consumers, even the rich ones — then, pretty as the products may be, it is not doing its job.”

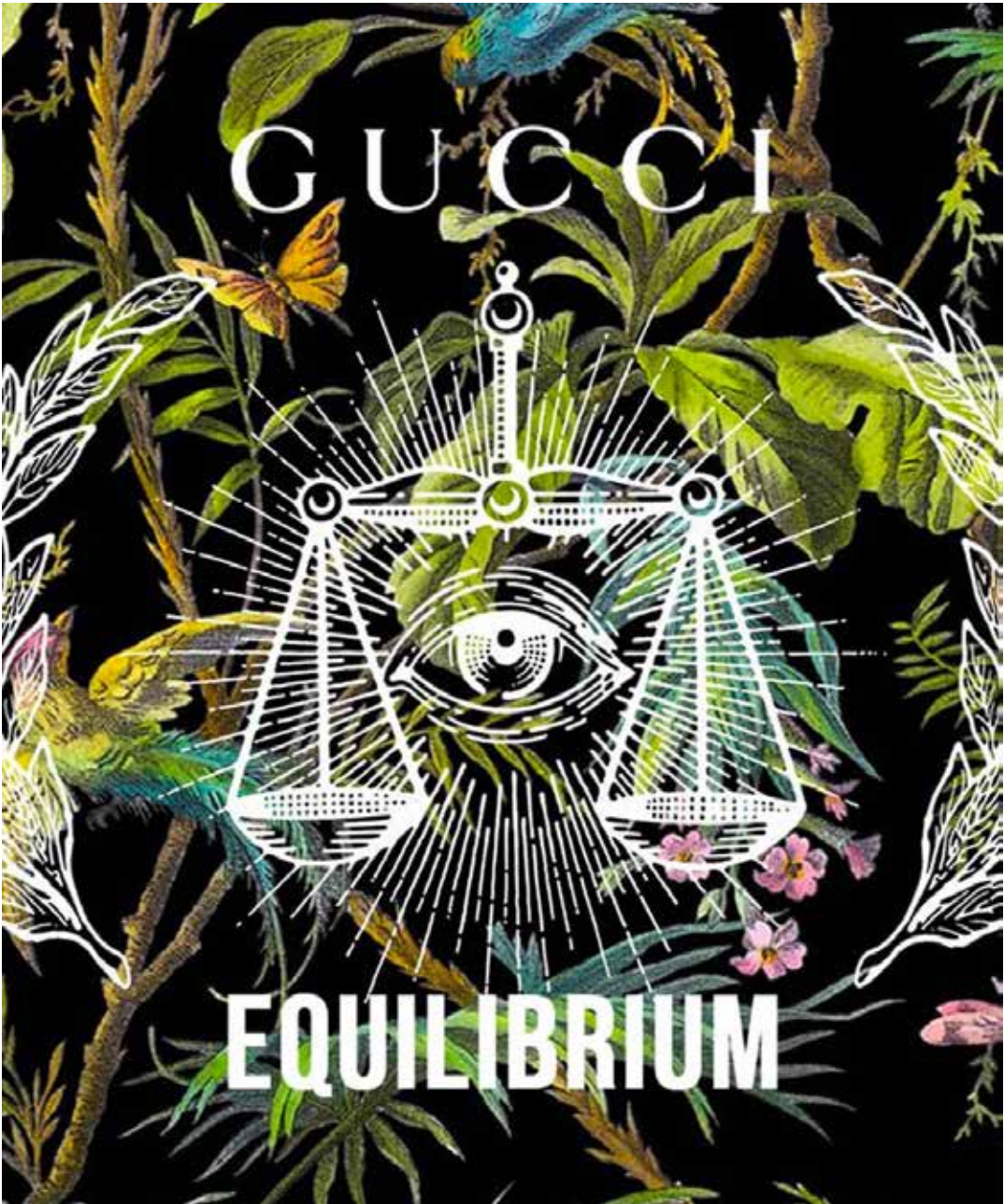
It’s clear that in the face of an unpredictable world, with consumers highly engaged with political and

social issues, brands need to be clear on their principles, so they can quickly respond to events. As Patrizio Miceli, head of creative agency Al Dente told *WWD*: “this crisis means we will never again communicate in the same way, and we will try to make everything we do much more meaningful.”

The Luxury Institute also underlines the importance of luxury brands communicating values of “morals” and “protection” in the current climate, noting that “any brand, to execute its purpose, must first build a shared high moral purpose and values...and live them daily.”

Gucci has pledged its commitment to principles with the June 2020 relaunch of Gucci Equilibrium, a platform “designed to connect people, planet and purpose,” the brand explains. With the objective “to reduce [Gucci's] environmental footprint and protect nature, while supporting people’s rights and championing inclusivity and respect,” the initiative positions sustainability, diversity and social change as central pillars of the brand’s identity.

With world events evolving ever-more rapidly, those luxury brands best prepared for the future will be able to call on their established principles and ethics to respond with authenticity to a tumultuous news cycle.



GUCCI EQUILIBRIUM



A WORLD IN EQUILIBRIUM
Welcome to Gucci Equilibrium. This is the heart of Gucci's mission to bring positive change in order to secure our collective future.



WHAT THIS MEANS

Hudson
Rouge

x

+ WUNDERMAN
THOMPSON

THE FUTURE OF LUXURY WILL INCLUDE:

1

EVOLVED EXPECTATIONS OF BRANDS

Ethics are the new luxury commodity; alongside a high quality product, consumers’ expectations of luxury brands now include filling philanthropic voids and being civic leaders, through the actions they take and the conversations they promote.

2

DIFFUSE RETAIL TOUCHPOINTS

The traditional boundaries of retail—within the four walls of a store or on a dedicated landing page—are dissolving. In their place, luxury retail is charting new territory for brands to deliver paralleled convenience via contactless commerce while reinventing in-person experiences as cultural hubs and centers of discovery.

3

NEXT LEVEL LUXURY PERSONALIZATION

The luxury brand-consumer relationship is evolving into an intimate double helix, offering genetically informed products and services that deliver tangible quality achieved from their years of experience.

4

DEMOCRATIZED CREATIVE PROCESSES

Rising generations are entrepreneurial and creative, and they want a say in the creation of the products they’re buying. To forge a lasting emotional bond, offer them a figurative seat on the advisory board.

HOW WE IDENTIFY TRENDS

We take a holistic and nuanced approach to research and strategy, by identifying new consumer behaviors, zeitgeist shifts and innovation across different industries to unpack pivotal opportunities and challenges for brands. The research features original perspective from trend analysts, data analytics, interviews with experts and a combination of qualitative and quantitative insights.

By understanding new and emerging behaviors in people and culture, we are able to identify early stages of change that will be meaningful and impactful in the future for brands to remain relevant, seize new opportunities and be future-proof.

A project in collaboration with Hudson Rouge x Wunderman Thompson Intelligence.

