

How luxury brands can earn the loyalty of younger customers

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Nicole Amsler is vice president of marketing at Fomation

By **Nicole Amsler**

Beware, those who lived through the velour-clad days of the early-2000s **Baby Phat** is back.

The luxury/casual fashion brand, once popular among the likes of Britney Spears and her fans, re-entered the public consciousness earlier this year when founder Kimora Lee Simmons reacquired and relaunched the company.

But this time, Ms. Simmons is facing a whole new luxury world, both in terms of what shoppers are purchasing and where they are making those purchases.

Today's buyers are more likely to scroll through luxury items online than spot the latest trends in magazines or window displays. Millennials now do **60 percent of their shopping online**.

At the same time, it has become much easier to quickly move affordable, high-quality goods from design to market, effectively shifting the very definition of luxury.

Millennials and Gen Z will **contribute 130 percent of the luxury market's growth** between 2018 and 2025, and brands cannot afford to miss out on their loyalty. How can the ecosystem of brands such as Baby Phat and even more ultra-luxe companies evolve?

How are luxury, and brands overall, changing?

The majority of luxury brands today follow a product-centric playbook: jewelry, shoes, yachts and velour pants.

But gaining luxury status is not just about the highest quality product it is also about scarcity.

Sure, Lamborghini could have cranked out a few more copies of its Veneno sports car, but **releasing just three of the \$4 million vehicles** created an ultimate status symbol.

Personalized products have also risen from a nice-to-have to a standard expectation among luxury brands, powered in part by the ease of custom tailoring.

But luxury marketing simply does not match this personalized product mindset brands' approach is segmented at best, and one-size-fits-all at worst.

Literally every brand under the sun has a diverse fan base, and will never retain its customers without developing a relationship-based marketing plan.

What is attractive to the new generation of customers?

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While their grandparents may have invested in legacy brands such as Chanel and Buick, millennial and Gen Z buyers are more interested in luxury as it relates to status and experience, rather than product.

These generations show off their entire lives on social media and experiences carry a more one-time-only feeling.

That definition of experience includes a customer's experience with a company throughout the buyer journey, from the purchasing process to in-store interactions to brand-customer communications and beyond.

Luxury shoppers cite these experiences as far more important than brand legacy.

Nearly half (43 percent) of wealthy consumers cite superior customer service as an essential brand quality, compared to the 30 percent who point to brand heritage and history (30 percent).

How can luxury brands unite the trifecta of products, experiences and loyalty?

Luxury brands need to adopt a modern definition of "above and beyond" to succeed amid new personalized expectations. This will require adopting cutting-edge technology to quickly analyze customer preferences and interactions, and fine-tune experiences at the individual level.

Luxury companies that use tech to achieve experiences impossible by conventional wisdom and then empower their marketing teams to further engage customers will achieve success.

As with other modern companies, luxury brands must not be afraid to lean on data to understand their customers, and create compelling products and experiences that hinge on one-to-one personalization.

Data serves as a gateway to each customer's preferences: when, where and how they like to shop, their desired interaction with a brand and what motivates each customer to continue shopping with the brand. It is a crucial tool for any luxury brand looking to gain trust going forward.

A majority (58 percent) of affluent consumers report feeling emotional connections to their favorite brands, and are more likely to purchase (59 percent) and spend more (53 percent) with such brands.

Yes, there will always be a group of people who are not interested in luxury products as status symbols, no matter how much wealth they attain. But that is also why 1:1 personalization can prove a great opportunity for luxury brands, especially when coupled with experience-based scenarios.

A personalized touch only enhances a customer's emotional connection to a luxury brand and speaks to the "why" behind the relationship.

For example, if soccer fans are welcomed at a premium club with a monogrammed scarf, and travelers arrive to a plate of their favorite cookies at a hotel concierge floor or airport lounge, they see a place for themselves within luxury and begin to develop loyalty.

These moments are only possible thanks to customer data that helps brands identify their customers' motivations.

TO GAIN FAVOR among new customers, luxury brands must realize that younger consumers' definition of premium has expanded to include premium experiences defined by personalization.

By engaging with audience, soliciting opinions and taking them on a journey to exclusivity, your luxury brand will build cachet around truly knowing your customers' preferences, driving fresh interest and loyalty.

Nicole Amsler is vice president of marketing at [Formation](#), San Francisco. Reach her at nicole.amsler@formation.ai.

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