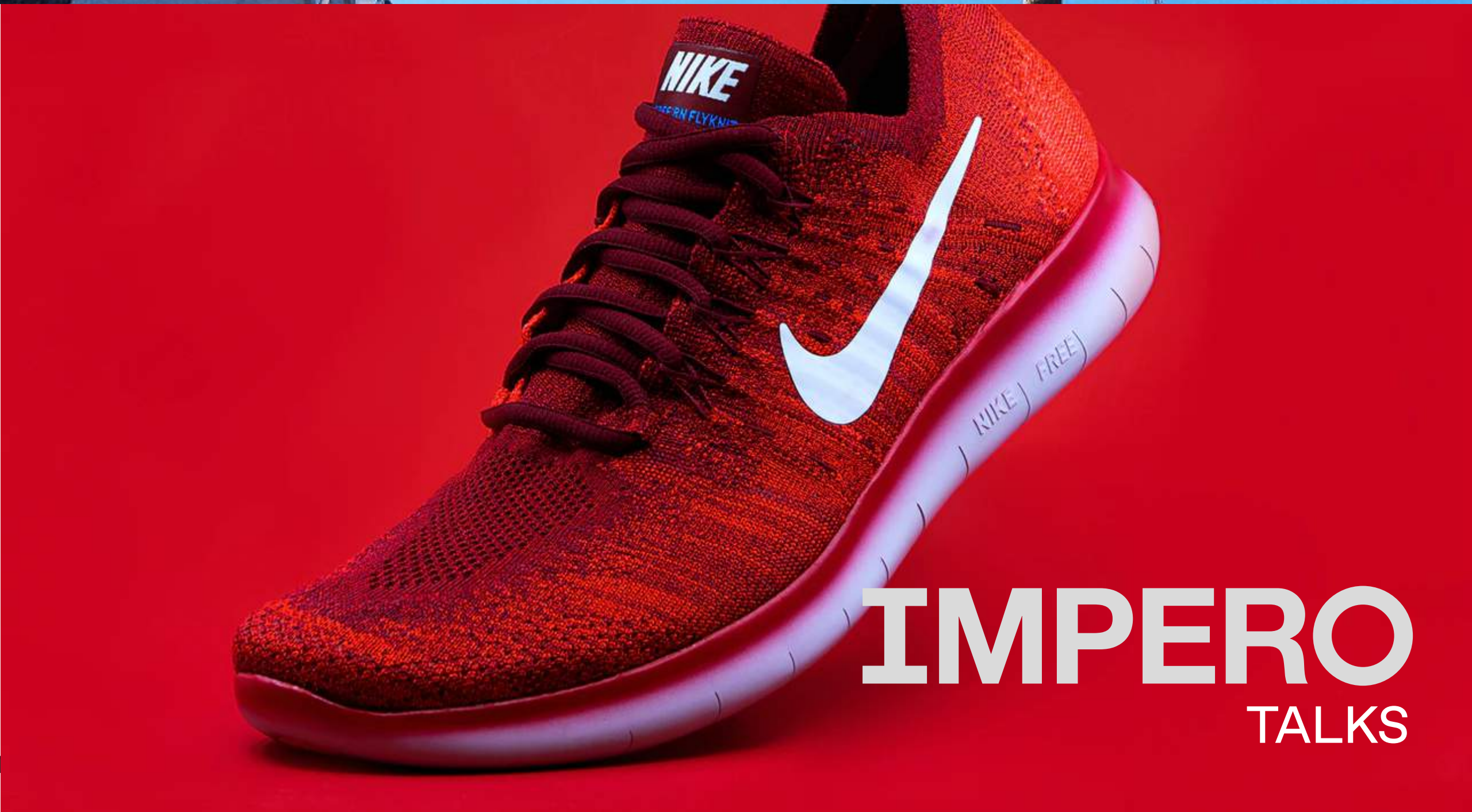




Future Trends Series

# How Gen Z are driving change for the world's most prestigious brands



IMPERO

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TALKS

In this report we look into why and how premium brands are engaging Gen Z consumers, and explore our own research and insights into some of the brands who are leading the way across fashion, alcohol and technology. Impero's owner and Executive Creative Director, Michael Scantlebury, examines the strategies of brands such as Ciroc, Hennessy, Supreme and Burberry as he aims to identify how these brands are increasing their cultural relevancy.

Let's start off by stating the obvious; It's been a crazy period for all companies, everywhere and everyone all at once is wondering what the future holds and where sustainable revenue will come from. While short term planning is understandable, brands must continue to think about the long term too.

The changes of the last 6 – 18 months have exacerbated the new face of luxury, with the fashion industry leading the way in that change.

So what can brands learn from the more recent changes?

Impero has researched the strategies behind some of the world's leading luxury brands to understand how they continue to leverage traditional marketing to their consumer base while at the same time resonating with a younger demographic, and outline why it is so vital for them to do so.

# What do we already know about Gen Z?

This is the generation that spends all day on their phones – who doesn't?

They drink less than 'Boomers' – Probably a good thing.

They have less sex than millennials – make of that what you may.

They prefer job security over career development – understandable considering the economic uncertainty of the last decade.



Another name for this generation, if you take them at face value, could be 'Gen Sensible' – or 'Gen Very Sensible'.

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These broad demographic insights are probably now two to three years old. When you are young, how you operate in the world matures quickly and there is a huge difference between a 16-year old and a 24-year old.



# What does this mean for luxury?

So, if this is 'Gen Sensible', then what does it mean for the definition of luxury which is anything but sensible?

The definition of luxury is 'a collection of expensive things that you don't really need.'

Something doesn't add up here because whenever you go to Soho and look at who it is lining up outside of the luxury skate shop Supreme, or outside any new shop opening, the queue is always packed with Gen Z. So what is happening here?

One piece of research we discovered claimed that Gen Z is twice as likely than Gen X to buy luxury items as treats.



# Why are luxury brands so keen to engage with Gen Z?

The reason why this is happening is cyclical. In every demographic there are dominant cultural tribes that set the cultural agenda. These are the people who tell the rest of us what is cool. That usually happens when the consumer is aged around 20 – 28. These tribes are usually bigger than their scale and they influence consumers outside of their own demographic and that makes them highly sought after, meaning luxury brands aren't just trying to sell stuff to them – they are trying to engage them as they set the agenda to the rest of us.





Over the last 10 years, we have seen the Hipster win through as the dominant tribe. You didn't have to be a hipster to partake in the trends they were creating. They were the reason why we started drinking Aperol Spritzers and Negronis and why we book holiday accommodation through Airbnb over classic Hilton hotels. They set the cultural agenda and brought back the idea of craft, heritage, and experience, over things. They are the reason we sit around drinking Lattes when a decade ago Nescafé Gold Blend was fine.

Hipsters drove change in product design, marketing, and consumption outside of their own demographic and that is exactly what tribes end up doing. Before millennials you would walk into a pub and find mass-produced lager on tap; Fosters, Carlsberg, Carling. Now we sit around drinking IPAs from micro-brewery and local beer brands. And that's because hipsters set the agenda around craft and experience. The rest of us happily follow along when it seems as though there is something new and exciting that has been set by these cultural influencers.

It's the same with tea. 10 or 15 years ago you would walk into a supermarket and probably be happy buying PG Tips. But now you can drink any manner of "exotic" teas from brands like Tea Pigs and Twinings. It is no longer niche, you can buy them from Tesco or Ocado.

# The new tribe is already here

Already driving influence in a significant way is the Street Culture tribe. Brand marketers, whether they are in luxury or not, should be checking them out. They have almost gone back to a 90s vibe away from niche brands to big brands. They have an ostentatious vibe with bling which has been upgraded to bling 2.0 now. This tribe is setting the cultural agenda for the rest of us and they are buying big into luxury brands.

Street Culture is at the intersection of street sports like skateboarding and parkour, and hip hop and street fashion. They are buying back into known brands which is important as it is very hard for any niche brands to get scale.

According to a High Snobriety report, it found that 42% of luxury consumers described Street Culture as their dominant style and cultural influence and they are using high profile brands to create their identities in an age where identity is becoming much more fluid.



# The new tribe is already here

“It’s brands, not bands that young people are thirsting for” is a quotation from the report which sums up the importance of brands to this tribe to help them create their identities.

Street culture has broken through because it has learned how to digitise its product by being loud. These brands are big and loud enough to stand out on newsfeeds – so when you buy them as a young kid you get the opportunity to digitise the experience and share it online.

This movement is made up of two ideas to be aware of:

**Flex:** Showing off your valuables in a non-humble way.

**Drip:** Describing your outfit, similar to swag.

There are tribes and cultural connections globally and this is an eye-opener for many brands when they see how much they exist online and how connected they are around the world, they see that kids have more in common with some kids in New York than they do with kids living down the street because its all happening online.



# Why have brands become important to this tribe?

This tribe is truly the first made up of digital natives. They were born into this world where they are connected online, their phones are all smartphones which they pay for monthly, so they don't notice it, it's super fast and they have the whole world in their back pockets whenever they want it.

Consequently, media brands such as Spotify, Netflix, and YouTube have exploded and the old pillars of identity have become ubiquitous and free. No longer is it just about what type of music you listen to. Music is free and it is instant. If the whole world listens to an album it does so at the same time and there isn't as much clout to that anymore when the whole world got it for free rather than paying for it on a CD. The same has happened with Netflix which can create global events releasing movies and TV series to everyone at the same time.





### **And this will only speed up**

Just look at Warner Brother's decision to release all of its movies in cinemas and on HBO Max at the same time [5] – this is softening up the cinema industry for other production companies to say they are no longer going to wait for cinemas, which haven't kept up with the times. They will look to release their content to as many people as possible as soon as they can because that is how they can create hype.

### **More and more content is now free and all of us can go online to access it.**

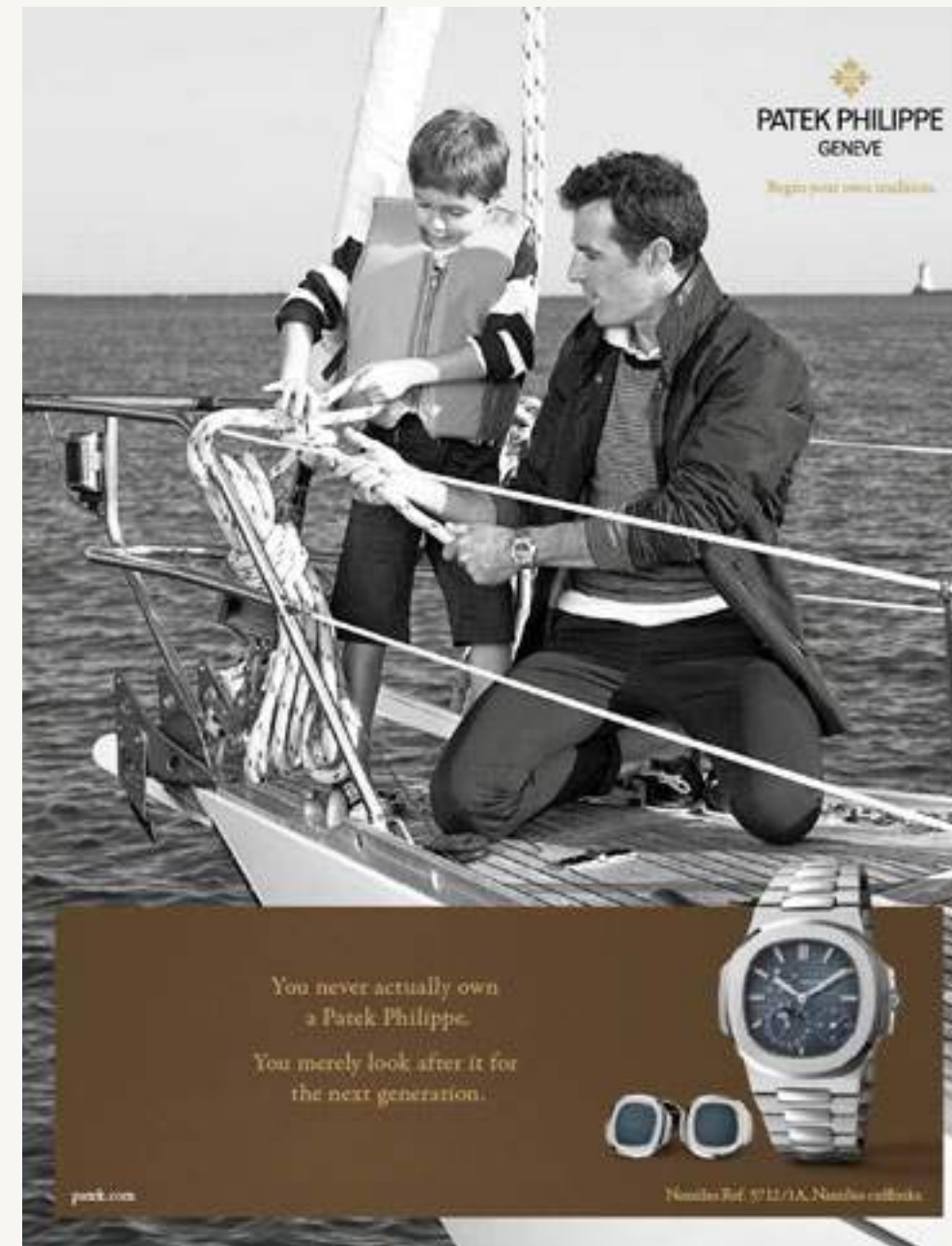
But brands still hold value, however, as consumers must still buy and pay for them – especially those brands that are conspicuous by their nature; the car you drive or the clothes you wear. For the first time in a generation, kids are gravitating back to, and are embracing brands, to identify who they are in the world purely due to the fact that it costs a lot to wear the logo of brands such as Off-White.

# What affect is street culture having on luxury?

A good example to look at is Patek Phillipe. Everything about this brand has always been about absolute exclusivity, and it has used its mass messaging to build that exclusivity.

It has an exclusive price-point, an exclusive brand appeal with an advertising campaign that has been around for years with the classic line; *'You never actually own a Patek Phillipe, you look after it for the next generation'*.

It is always a handsome rich white guy with his rich and handsome white son. But the whole message is designed by its nature to be exclusive – it's basically saying, if your dad doesn't own one of these, then you can't either.



The New York Times

It Could Take 8 Years to Get This Patek Philippe. If You Can Get on the List.



Annual Calendar Ref. 5396R,  
Calatrava cufflinks.  
patek.com





Patek Phillipe only creates 60,000 watches a year and they are exclusively crafted but most importantly they spend a huge amount of money and effort telling the world that only so many people can wear these watches, so the exclusivity of this brand is a shared idea.

And that form of exclusivity still has a place in culture, but it is losing its appeal with the younger generation and now the line between luxury and street is blurring. An example of that is the French label Balenciaga which has created a denim jacket with its branding emblazed across the back, retailing at \$800.

# Luxury is being democratised without devaluing luxury

*“Luxury is anything you covet. To me, if it’s coveted, it’s luxurious to you, and that makes the idea of luxury different to each individual. For a young kid, it could be as simple as their first Supreme T-shirt. That kid is going to remember that first tee for the rest of their life. Your first luxury purchase is so important to you; it’s something you won’t ever want to give up.”*

Virgin Abloh,  
CEO, Off-White



# Making luxury accessible

Lowering the barrier of entry to luxury brands has led to a change in how they interact with the world.

Look at the luxury brands on Fifth Avenue in New York who used to employ scary security guards to dissuade young kids from coming into the store, believing them to be timewasters. Instead, they would let in the 55-year-old clientele. Now they welcome the younger generations with open arms.

And increasingly, you even see brands such as Louis Vuitton and Balenciaga creating experiences like games and VR experiences, aimed at youth audiences too.



Now, luxury is flexing the rules of behaviour and turning up in places it would never have done before. For example, Off-White's partnership with Ikea. By becoming accessible and bucking the traditional traits and behaviour of luxury, they are becoming youthful and rebellious.





If Rolex can go out and collaborate with Supreme and allow them to write the words 'Fuck em' on the face of the watch, then the rules of luxury have changed. It's no longer about exclusivity, it's about being accessible and breaking rules along the way. But is it a good idea and is it financially rewarding?

Well, yes.

# Gucci

Take a look at the revolution taking place at Gucci under Creative Director, Alessandro Michel - someone who grew up in the skateboarding tribe, who is managing to appeal to a younger generation more successfully than any other fashion brands.

In the last two years the company has lowered its consumer age by a decade and is achieving phenomenal growth because they have made their brand more accessible.

Since he joined, Gucci has seen its revenue triple and in 2018, 62% of its £8 billion in sales came from those who were aged 35 and under, with Gen Z it's fastest growing consumer base.



# Rolls Royce

Over the last 13 years Rolls Royce has also had a concentrated effort to lower the age of its buyers – the average age now is 43 years old, down from 56. It has achieved this off the back of going after the influencer market, celebrity endorsements, sports stars and gamers.

Did it work? Well, 2019 saw it record its best sales year ever which it cites as being down to this strategy.



# Hennessy

The French cognac brand Hennessy has turned to rap music in its mission to engage with youthful consumers and as a consequence has doubled in size over the last decade and been a category leader, selling 8 million cases a year.





# Supreme

The skate retailer has just been acquired in a deal worth \$2.1 billion.

By attaching themselves to youth, brands are outgrowing exponentially against their competitors and growing their brands off the back of them.



# How are these brands operating?

Luxury used to be about one exclusive aesthetic – trying to sell off the back that you are in a club if you buy these exclusive things.

It's now inclusive and accessible to everyone.

“The exclusivity could be about a product, but the exclusivity of a brand is something very different. Today, what is going to win is inclusivity of the brand, in all the aspects — shops, advertising, communication and people, especially.”



# Alessandro Michel, Creative Director, Gucci

However, it is not only all about looking youthful and grungy and being about the street culture tribe. What almost all successful brands are doing is operating against both strategies, and simultaneously doing both at the same time.

A brand such as Gucci will have content with Harry Styles wearing a t-shirt and walking through a working-class neighbourhood in the UK, create t-shirts with their brand name written in a font that looks like old record labels, align with rap artists and try and adopt an unpolished aesthetic, and a dedicated app to personalise Gucci trainers. But at the same time it continues to produce the high-price apparel that it is world famous for too, and put out advertising in its traditional style. It's doing both things.

The same is true of Hennessy, which in the same week can launch a series of short films by Ridley Scott about the odyssey of the taste of its XO range, one of the more expensive cognacs and it looks like a classical luxury advertising campaign, whilst simultaneously releasing a video with rap artist Tone Gotti where one of its products will turn up 12 times in the first minute.





This feels like rules of marketing are being broken. Where traditionally brands would have always communicated in the same way so people can build memory associations with them, the new ways luxury brands are communicating is ripping up the rule book. They can be dangerous on one side and still be exclusive at the same time. That mix is vitally important.

And it's not just their marketing – kids are buying into brands at a much more accessible price point. For example, with Hennessy VS, cheaper than the usual bottles but slightly more expensive than its competitors, it keeps it comparatively premium which provides them access to that luxury lifestyle.

Brands today must be more accessible but allow people buy into the flex of their brands at lower touchpoints as that is where they will get consumers to want the brand and buy into it by attaching cultural currency to it. For example, a Louis Vuitton phone case – it doesn't say 'look at me I can afford it' because it's more affordable, it says; 'I'm connected to this culture, I understand the cultural significance of this brand. I'm cool.' and that is what is described as Bling 2.0.

They become culturally valued by doing things that young people value. They don't create content, they create news and attention. When you set out to create content you try and create something about the craft or how your brand started, or how the fabrics are imported. These kids don't give a shit if your brand is 100 years old or two years old, they are just attracted to anything that is new and exciting which becomes cultural currency. And that allows major brands to partner with attention grabbing projects.

# Having a voice isn't brave, it's hygiene

Luxury brands understand the need to back a purpose, whether it is Burberry backing Marcus Rashford to campaign for kids school lunches or Noah, the skate clothing label, which posted information around how to vote during the presidential election to make younger people more aware.

During the Black Lives Matter movement coming to the fore, luxury brands such as Supreme, Hennessy and Marc Jacobs were the most vocal. They weren't scared of what it meant. They were brave enough to go out and make a stand.

These learnings are important not just if you are in the luxury category but if you are in most categories. Make sure you are getting ahead of the curve and not turning up late to the party. They are reaping the rewards for going out there and talking about issues – and they are not brave by talking about it, but arguably, the brands who are being brave are the ones who are not talking about it. They are the brands who will be on the wrong side of history and if you don't do this then in the next four or five years you will stick out like a sore thumb for not having a voice.





The notion of having a social cause at the heart of a brand has changed a little bit, you can't have cause without style. No one will buy something they don't want just for the cause anymore.

We're at the stage where social awareness is hygiene.

It can no longer be the center purpose of your brand to engage this generation. The center of a brand must be cultural collateral. That's what young kids expect from a brand.

For example, Apple is carbon neutral and has made an open pledge that by 2030 all their products will be too – however, they don't talk about it other than a way that is hygiene.

People don't buy Apple because it's an environmental brand. They expect that it should be, but they buy it because it's a premium and desirable product.

# Brands must seek out and grab attention

We've never lived in a world where there is so much to see and do on and offline.

The commodity for a brand these days is attention.

We see so much content that is forgettable. Attention is what every brand should want and it means rethinking the plan for brand building.

There is no point spending months preparing a PowerPoint around one big ad that runs each summer. If you are only live on TV and on billboards for just six weeks, then you have just given every other brand and competitor in your category an advantage over you for the other 46 months of the year. You cannot survive anymore based solely on seasonal advertising campaigns. It's no longer how the world works. This is a generation brought up on drop culture who expects to be constantly fed.



The Whopper *DAY 28*



THE BEAUTY  
OF NO ARTIFICIAL  
PRESERVATIVES

# Ciroc

Ciroc lives on a cycle of news where it created 5 collaborations in 7 months with Moschino, Vivienne Westwood, Fioucci, Pantone and Findac. They are always-on and grabbing attention to stay front-of-mind with the consumer, and they're doing this over spending money on TV. Not everyone can afford to be on TV every single week so it's about prioritising the most important thing to be done.

It's not just a luxury game. Brands such as KFC, Nike, Hennessy and Burger King employ this strategy to continuously win consumer attention. It means they can put thing out into the world that are surprising, brave and unexpected and get away with it. How? Well, when you prioritise attention in an always-on manner, you actually de-risk your marketing because it becomes part of a bigger picture where consumers look forward to the next brand communication, or activity.





# Takeaways

## How luxury brands are winning the next generation:

1. They are attaching themselves to the dominant consumer tribe that's setting the cultural agenda
2. They've made their brand seductively accessible - in comms and in product
3. They're making news not content and give their brands cultural bling (not just price tag bling)
4. They've found their voice - but realise it's hygiene
5. They're moving impatiently to an always-on model of grabbing attention - over traditional seasonal campaigns



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As an independent creative agency, we're able to scale our operations to each client's unique needs. We offer the following services to get the job done.

### 01 Strategy & insight

- ✦ Brand strategy
- ✦ Communication strategy
- ✦ Content and social strategy
- ✦ Research, insight & reporting
- ✦ Retail safaris

### 04 Influencer & social engagement

- ✦ Influencer recruitment
- ✦ Influencer activations
- ✦ Community management
- ✦ Social growth

### 02 Through the line campaigns

- ✦ Integrated 360 campaigns
- ✦ Social/content/digital campaigns
- ✦ In-store campaigns
- ✦ Brand activations

### 05 Content & production

- ✦ Content strategy and creative
- ✦ Film and photography
- ✦ Graphic and animated content

### 03 Branding, design, packaging

- ✦ Brand world design
- ✦ Digital/web design
- ✦ Communication design
- ✦ Packaging
- ✦ POS and merch

### 06 Studio & production

- ✦ Illustration and animation
- ✦ 3d rendering
- ✦ Version production
- ✦ Film and photography
- ✦ Post production

# Get in touch.

If you'd like to find out more about how Impero can help with your brand strategy or campaigns, get in touch with Coris at [coris@weareimpero.com](mailto:coris@weareimpero.com)

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