## **Gi TJOVER**

# Green is the new black



REPORT

A Revolt report on the luxury redefined by the sustainability era.



## New Forces of Luxury Emerge

Mystique, indulgence, tradition, decadence, legacy. These values have long formed the foundations of luxury, and have shaped the market into the powerhouse that it is today.

But times are changing. An existential storm is arising in the world of luxury, shaped by culture and driven by sustainability. And our research points to five opposing forces that are redefining the category. Luxury brands' ability to evolve and balance the contrasting forces will determine their future success.

The luxury market has shown remarkable resilience through the pandemic, and is expected to hit \$1.5 trillion by 2025. But which brands continue to be a part of this boom rests on their ability to adapt to the five key challenges our research has identified<sup>1</sup>.

Our latest research surveying 2000 consumers across the UK, US, France and China shows that:

76<sup>0</sup>/n

of consumers believe luxury brands need to do more to act sustainably

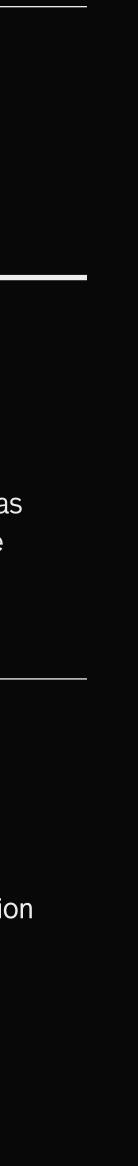
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believe it is luxury brands who must set new standards for the rest of the industry to follow

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state that luxury brands may lose them as customers if they are unable to become more purposeful

Times are changing. Ultimately, luxury brands' ability to evolve inline with new opposing forces will determine their success: for this report, we've identified five key challenges posed to luxury fashion and beauty brands



In this report we'll explore how luxury brands can navigate the five key shifts the category is undergoing by...

## 01

Maintain their legacy and tradition whilst evolving to progress across ethics and technology

02

Provide deeper meaning for consumers, when historically their success has been built on status

03

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## 04

Explore innovative business models that place weight on utilizing the old, rather than pushing the new

## 05

Bring a sense of locality into a brand that has grown to be something so global

Balance the desire for greater transparency, with the intrinsic mystique associated

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## Methodology

We surveyed 2000 consumers across the UK, US, France and China to find out their thoughts on the future of luxury brands. We surveyed a number of different demographics:



Those born between 1997-2012, whose age in 2022 ranges from 9-24



Those born between 1981-1996, whose age in 2022 ranges from 26-41

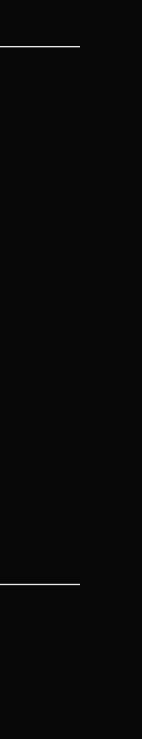
## Gen X

Those born between 1965 - 1980, whose age in 2022 ranges from 42-57

## Millennials

## Boomers

Those born between 1965 - 1980, whose age in 2022 ranges from 42-57

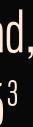


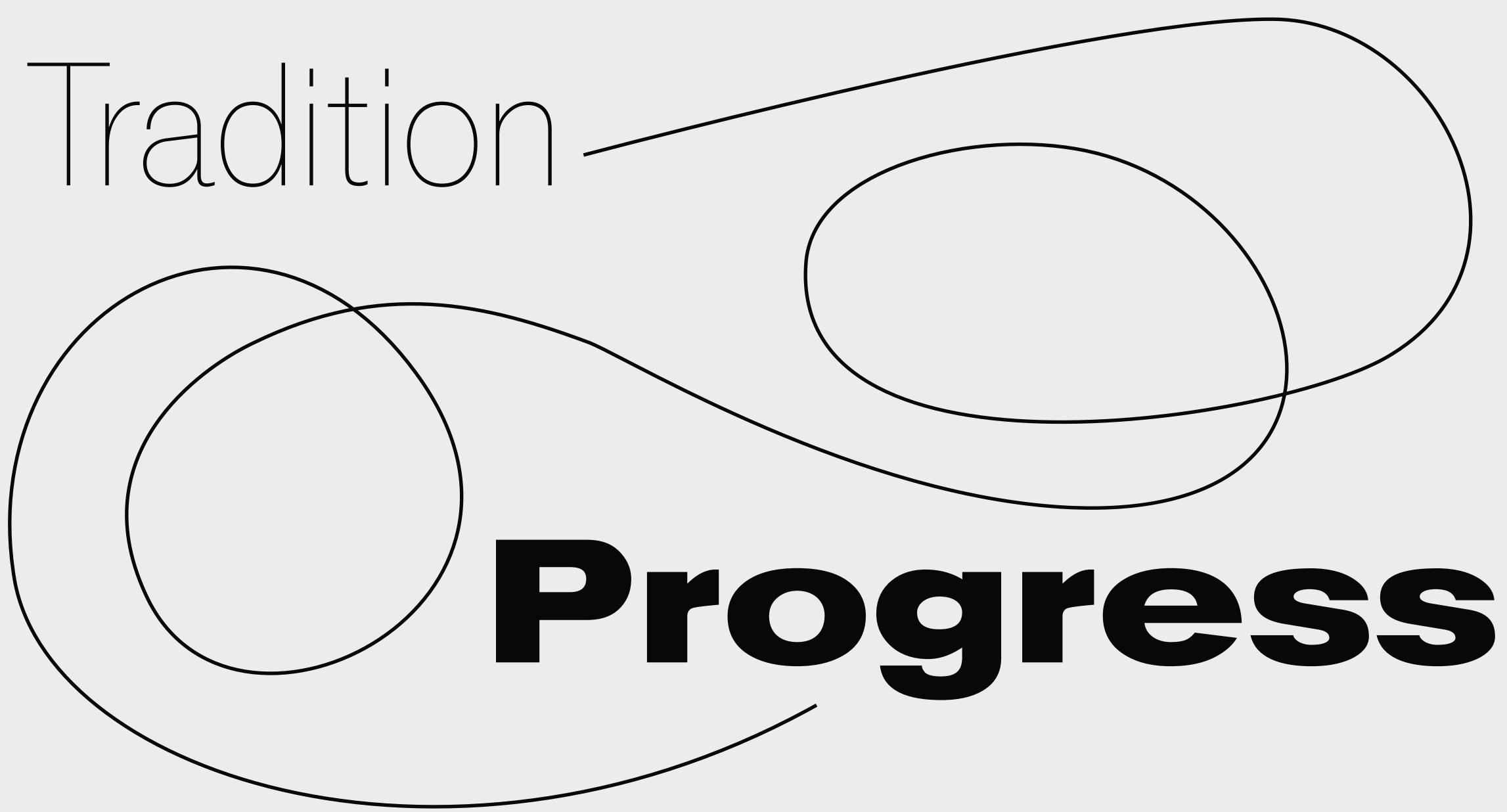
Gen Z and Millennials: It is estimated that Gen Z and Millennials will contribute 130% of market growth between now and 2025<sup>2</sup>

Whilst Gen X currently equate to around 38% of luxury spend, their power will lessen, estimated to reduce to 33% by  $2025^3$ 

Baby Boomers currently make up 28% of luxury spend, set to reduce to 9% in  $2025^3$ 

Introduction





## Tradition

## (noun)

a long-established custom/belief that has been passed on from generations

With heritage credentials no longer enough to win over consumers who choose brands based on their personal values and beliefs, traditional pillars of luxury are being re-imagined by emerging generations. Whilst luxury's legacy of superiority and supreme quality may hold true for older audiences, emerging hygiene factors like inclusivity and social impact are set to change the playing field.

"Luxury today needs to redefine the way it's presented to be comprehensive to different generations and different cultural groupings. Luxury brands need to adopt a wholly more open, accessible attitude in order to resonate with these more politically engaged, globally aware consumer groups that value diversity and disdain the status quo."

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- <u>Suzy Menkes, International Editor, Vogue</u>

believe that luxury brands need to evolve in order to remain relevant

# /////

of consumers state that "if a luxury brand isn't clear on its purpose for people and planet, they may lose me as a customer"



## Progress

## (noun)

## development towards an improved or more advanced condition

Whilst luxury used to be reserved for exclusive circles, a rising tide of affluence, pressure from always on social media and online shopping, has resulted in a much more democratic luxury industry. Cancel culture is on the rise, and brands are increasingly under more and more scrutiny. Similarly, with the metaverse expected to present \$50bn+ opportunities for luxury over the next decade, new worlds are appearing for brands to engage with their consumers in ways never seen before.

"What the luxury brand of today might represent to its users, might be completely different from those from 15 years ago. But luxury brands need to create their firm connective thread. As long as they hold their internal values, the flesh of the company can change."

- Wilson Oryema

of Gen Z consumers believe that luxury brands need to move away from heritage to become more future-focused

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care more about what luxury brands are doing in the future, than what they've done in the past

# So What?

# Be Clear What You Can And Can't Change





## Spotlight On: Wilson Oryema Institute of Digital Fashion

"Luxury brands need to understand that they can break pieces of the organization apart and put it back together again. Brands can take on new lives, elements of the company can interchange. There needs to be a connective thread, but brands need to understand that they can change the flesh of the company. We're going through tumultuous times - so be clear on the different aspects you are comfortable changing - is it design, is it aesthetic, is it values? Push for consistency from old to new, but know when transformation needs to occur."



### Fred Perry

Fred Perry discontinued a Polo shirt that had become associated with far right fascist group 'The Proud Boys'. The iconic black and yellow polo shirt had been adopted by the group and consequently became associated with their views, in order to take a stand against this, in a time where it is becoming increasingly important to promote the right cultural values, the brand announced that they will no longer sell the Black/Yellow/Yellow twin tipped shirt in the US and Canada.







#### Dolce & Gabbana - NFTs

Inspired by Venetian artist traditions, Dolce & Gabbana released their first NFT collection - 'Dress from a Dream' during their fashion show in Venice in September 2021. Rather than targeting the younger, crypto-oriented gaming market, Dolce & Gabbana's first NFT collection targeted their more traditional audience, showing brands can pay homage to their existing customer base whilst still embracing new movements within the world at large.

# So What?

## Don't Be Afraid To Brand Vandalise

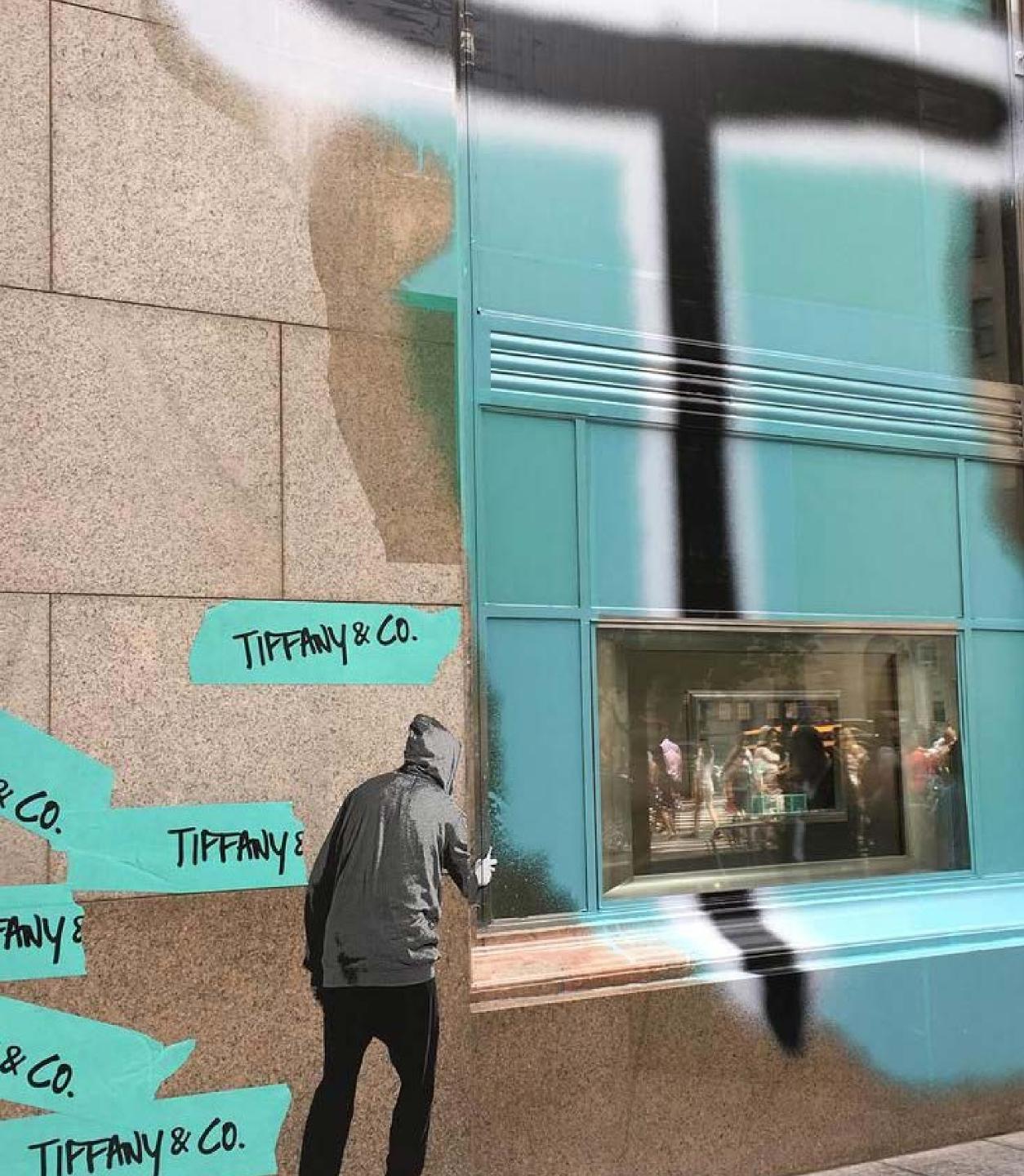
No matter where this new disruptive mood stemmed from, what is clear is that a trend for unraveling brand codes and poking fun at luxury has rippled throughout the industry. Younger generations have a great appetite for this type of brand vandalism because it shows luxury brands are shaking off their stuffy shackles and opening up to a new era of customers, becoming much more accessible.

#### Gucci & Balenciaga

Gucci's brand image may be steeped in historical references, but its new marketing strategy is thoroughly modern. From mastering meme culture (#TFW) and pursuing metaverse design to super-friendly staff and customer journeys that encourage exploration. Meanwhile, Balenciaga – famed for its bold experimentation and pop-culture partnerships – launched its Spring/Summer 2022 collection during Paris fashion week with a one-off episode of The Simpsons. Both Balenciaga and Gucci have moved beyond the era of monolithic brand visions and secretive houses gate-keeping codes, evidenced by their unprecedented "mutual contamination" fashion show marking Gucci's 100th birthday; something rarely seen in the industry.

## BALENLAGA





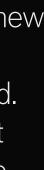
## Tiffany & Co.

Tiffany, a poster child for classically elegant luxe, re-branded their 5th Avenue flagship to be vandalised with spray paint. Mainlining New York's graffiti heritage, the brand described the #Tiffanyblue campaign as "bringing a jolt of energy to New York City streets". This marked their more disruptive strategy to embrace 'fearless cultural ambience', with the aim to 'keep things real'.



# So What? Futureproof Through Purpose

Whether it starts off as a brand cause, or is a new criteria for marketing and brand teams, elevating a wider social or sustainable mission that benefits society is becoming the new standard. To futureproof your business, luxury brands must place purpose at the heart of their strategy moving forward. Tracing back values and interrogating the past and present impact you want your brand to have on the world can help propel your brand into a new era of purpose.





### Harry Styles – Pleasing

Harry Styles' recent entry to beauty with his pioneering beauty brand 'Pleasing' shines light on the growing desire to place purpose at the heart. With the mission of "bringing joyful experiences and products, and dispelling the myth of a binary existence", the brand has firmly established itself as prioritizing inclusivity.

"Luxury brands can lead, raise the bar, educate and continue to inspire in a way that is humane and very much engaged with the social issues we are facing today."

- Margarita Arrigada, Founder of Valdé.

Luxury Redefined

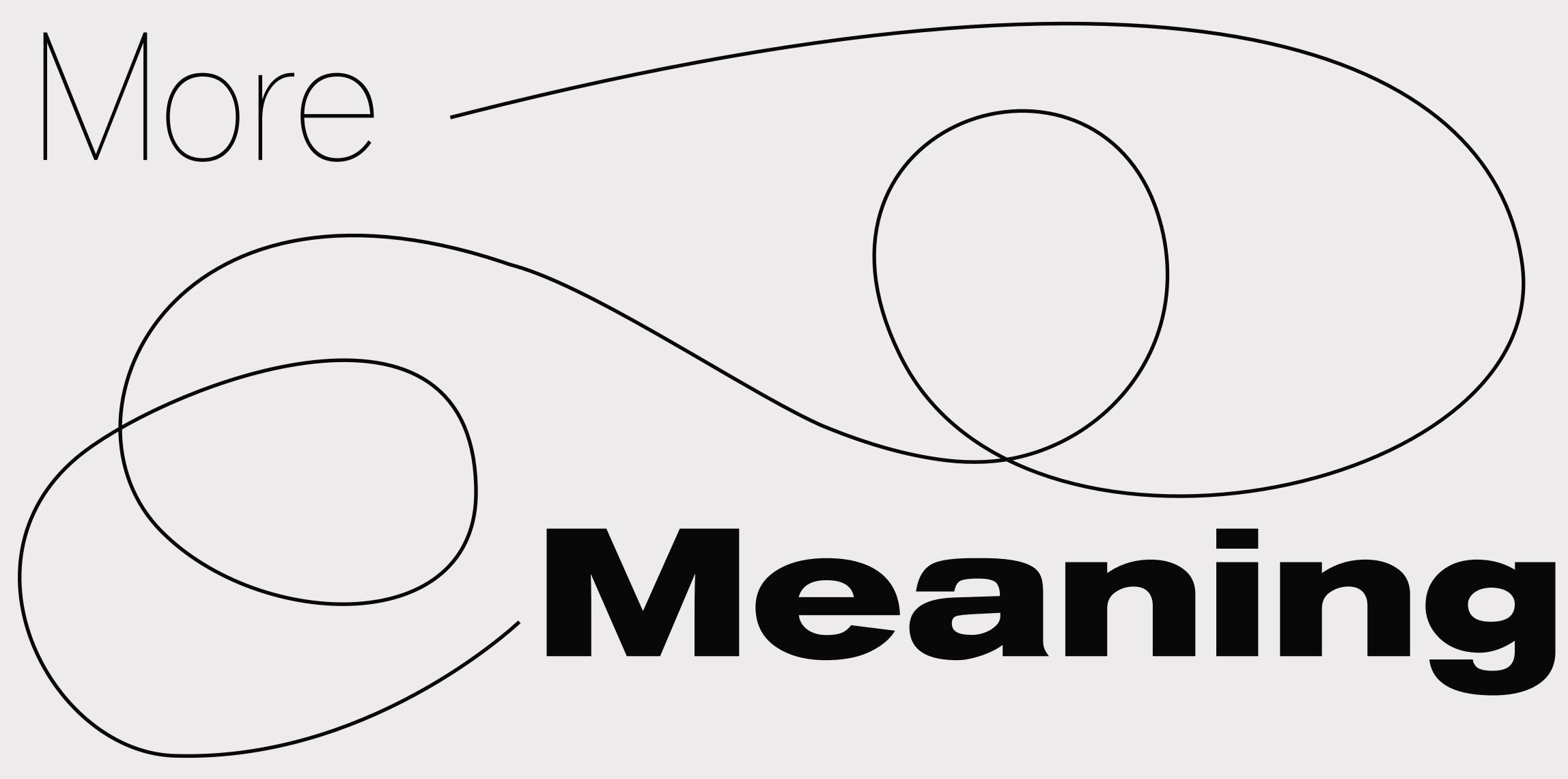




#### L'Oréal Paris – Women of Worth

For the last 17 years, L'Oréal Paris has recognized founders and leaders of grassroot nonprofits that have supported a breadth of causes. In their latest addition, understanding the lack of female representation in the NFT space, and wanting to create additional revenue sources for their Women of Worth philanthropy program, L'Oréal Paris commissioned five female artists to create NFTs. "We feel it's important to identify spaces in which we can make an impact however small or large — and lead with our values."





## More

## (adjective)

## comparative of much or many, with most as superlative

Luxury has always been a world portraying impeccable quality, elitism and exclusivity. But the pandemic has accelerated a shift away from materialism and has driven people to focus less on 'owning more' and instead on 'feeling more'. Consumers are increasingly seeking out intrinsic value over luxury brand status favouring brands that facilitate experiences that contribute to their sense of purpose and well-being. "It's likely that the crisis will mark a turning point for luxury as we knew it – luxury brands will continue to redefine themselves, expanding their mission beyond creativity and excellence, becoming enablers of social and cultural change. Where once it was all about status, logos and exclusivity, luxury brands are now actors in social conversations, driven by renewed sense of purpose and responsibility."

- <u>Claudia D'Arpizio, Bain</u>

46

of consumers feel that luxury brands no longer connect with them as much as in the past

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# 62%

of consumers believe that luxury brands are at risk of not keeping up with new, innovative brands



## Meaning

## (noun)

## important or worthwhile quality; purpose

Now more than ever consumers are demanding deeper brand stories. It's not about buying into exclusive lifestyles anymore, but rather about manifesting personal values and beliefs through informed choices of luxury. Stories of indulgence are no longer enough. Crops of independent brands are making waves in the accessible luxury space, biting at the heels of more established luxury brands.

"I have nothing against make-up and can personally pay testament to the mood-boosting power of a red lip – but come the fuck on. Covering acne with concealer is not an empowering act that rejects the male gaze. It's what beauty standards have told women they have to do for decades. We need a lot more from these brands."

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believe that Luxury brands need to be more inclusive and want luxury brands to engage more with diverse grassroots communities

- Dazed, The word 'empowerment' has literally lost all meaning

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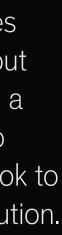
stating that Luxury brands need to make more of a stand on social issues

More vs. Meaning



# So What? Partner With Planetary Progressives

Don't be afraid to collaborate and partner across disciplines for greater purpose and innovation. Luxury needs to step out of its ivory towers, loosen its authoritative voice, work with a multitude of experts in their field and invite audiences in to play and co-create in a more communal luxury garden. Look to strategic partners to encourage a participatory brand evolution.



## Kering x Fashion for Good

In 2017 Kering joined forces with Fashion for Good and the C&A Foundation to accelerate sustainable innovation within the luxury goods and fashion industry. PVH, Stella McCartney, Chanel and others subsequently came on board. The aim is to disrupt, scale and support ideas that place sustainable practices at the heart of luxury.

## L'Oréal x Founders Factory

Through strategic investment in Founders Factory, a London-based leading global digital accelerator and incubator, L'Oréal seeks to select five high potential earlystage startups each year to integrate into its accelerator program. Hoping to focus on disruptive ideas and co-develop new services to change the game in the beauty industry.

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# So What? Find Allies To Bridge The Perception Gap

Whilst luxury brands may find it hard to shake past perceptions, collaborations are a new way to connect with contrasting communities, brands and initiatives. With 60% of Millennials reporting collaboration purchases within the luxury market, compared to just 20% of Baby Boomers<sup>2</sup>, it's clear that this approach is welcomed by the next generation of purchasers. By collaborating with unexpected organizations, luxury brands can illustrate fresh and adaptive routes into connecting with emerging consumers in an often playful and relevant way, whilst still maintaining the core of their brand.





### Balenciaga x Fortnite

Balenciaga is working with Epic Games to create virtual wearable accessories and weaponry that players could buy in the Fortnite metaverse. Balenciaga has also created its own separate business division, solely dedicated towards the metaverse and its future lucrative opportunities.

#### The North Face x Gucci

Launched in November 2020, Gucci have taken the quest for meaning one step further by building brand experiences that reflect cultural values like never before. The campaign celebrating 'The Great Outdoors', was announced on TikTok, and leveraged North Face's fearless and relatable brand and serious sustainability credentials with Gucci's High fashion factor to deliver a free-spirited campaign that drove real cultural relevance for this audience. Gaining over 8.6m views on TikTok, the campaign also centred Francis Bourgeois, the Tik-Tok train-spotting star, only further tapped into a new and unique subset of consumers.

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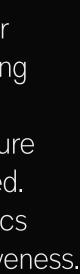
## Gucci x SEGA Games

Understanding playful self-sabotage, Gucci's S/S18 collection of accessories were taken over by Japanese gaming brand, SEGA. Both the logo and name was replaced with a retro font, paying homage to eighties video gaming culture.



# So What? Embrace The Insurgent Spirit

Whilst luxury brands have previously created strong greater barriers to entry, emerging brands are increasingly beginning to dominate the arena. With social media propelling new brands into the psyche of consumers, with less infrastructure and operations in place, they can offer adaptability at speed. Watching and embracing insurgent brands' advocacy, tactics and innovations will help luxury brands maintain competitiveness.





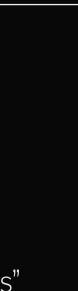


### Cortiez Clothing

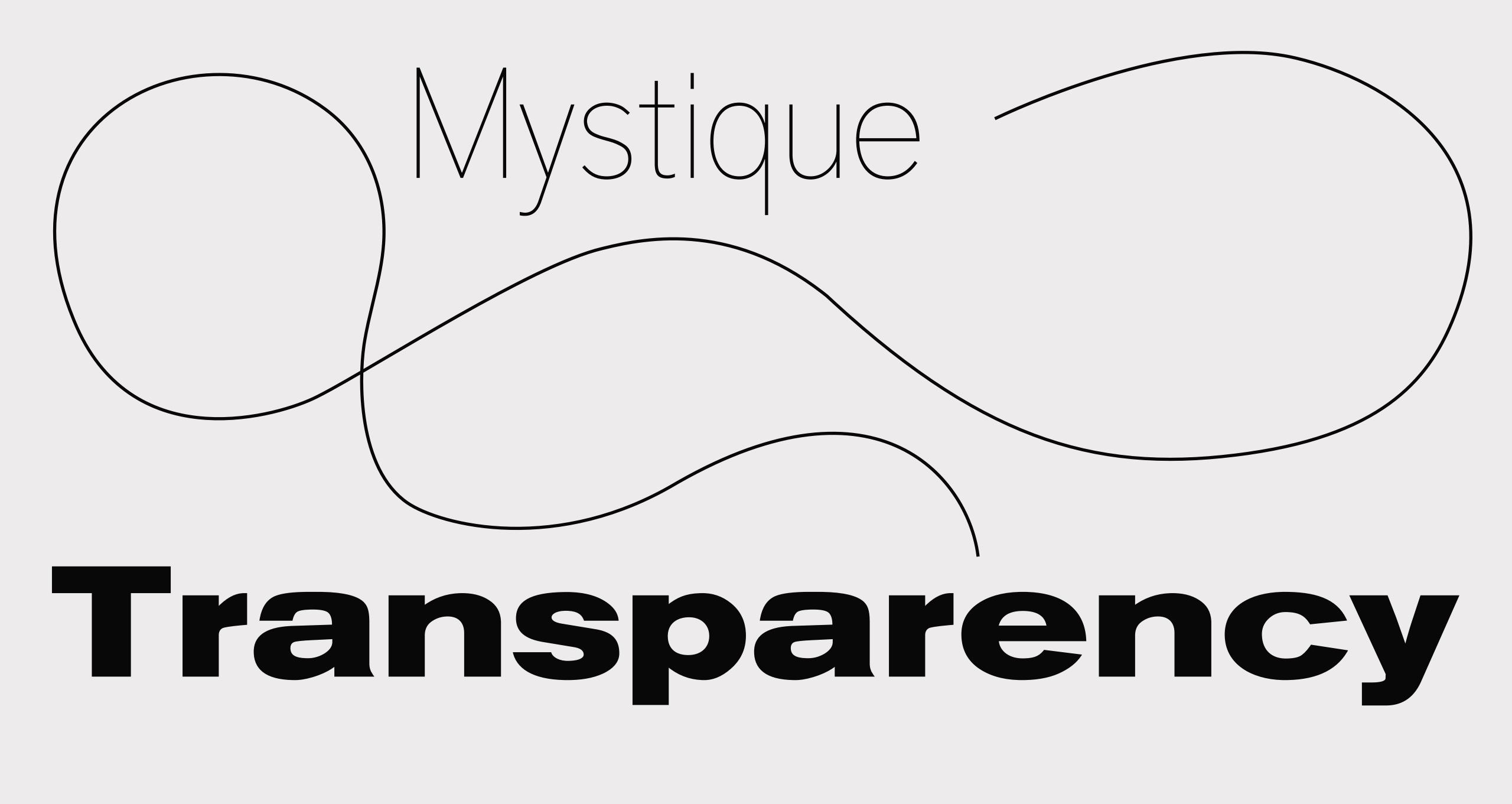
Directly challenging other brands' lack of authentic purpose, grassroots, disruptor brand Cortiez 'shut London down' in January of 2022, when the CEO Clint asked fans to bring their luxury jackets to exchange for one of Cortiez' new collections. Donating all exchanged luxury coats which ranged from The North Face, Moncler, Supreme and Stüssy to homelessness charities in the city, Clint spoke to the need for luxury brands to step up and make more of an impact, if they wish to 'continue taking space'. The brand was co-signed by late Louis Vuitton creative director and Off-White founder Virgil Abloh.

### Volition

Beauty brand Volition places its brand community first by relying on customers' ideas and votes to launch new products. Their customers, who they call "innovators" submit pitches for products, and depending on originality and feasibility, get put up for vote. After reaching a certain threshold, the product gets turned into a reality. This approach not only creates a continual flow of innovation, but crowd-sourcing enables customers to feel a part of the process and is more likely to create a success rate through continual buy-in.







## Mystique

## (noun)

a quality of mystery, glamour, or power associated with someone or something

Like a members club designed to protect both club and member, much of luxury's allure is in its mystique - the process, the profits, the people. With this being among the category's unique selling points, luxury brands have long been more comfortable with opacity. It's now time to get uncomfortable. These foundations look increasingly shaky in this new age where consumers and citizens demand transparency, inclusivity and action for the common good.

"Luxury brands have a big part to play in fashion's evolution around transparency, because they are so influential culturally. Not only do they have responsibility to evolve their own supply chain, but they have a real opportunity to be more transparent. They can tell a different story about fashion - one that isn't about overproduction and constantly chasing the next trend, but the craft and paying their workers - approaches which used to be at the heart of luxury."

- Ruth MacGilp, Fashion Revolution

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to hide

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of consumers state if a luxury brand is too mysterious they feel like they have something <u>/////n</u>

who state that if a luxury brand is totally transparent, it removes the allure

Mystique vs. Transparency



## Transparency

#### (noun)

#### the condition of being transparent, in relation to people and entities, is being honest and not misleading

With a growing increase in the awareness of the fashion industry's impacts on the climate, as well as the demand for greater worker rights and copyright for emerging creatives, Instagram pages such as <u>Diet Prada</u> and <u>Estee Laundry</u> throw brands wide open to scrutiny. With consumers learning about the darkness behind corporate curtains, the world will no longer settle for sheer. As momentum for change builds alongside campaigns to end exploitation, consumers will expect companies to offer more dignity, security and justice to workers throughout the global industry.

"For the first time, we're seeing a lot of luxury brands disclose their first tier suppliers - where their clothes are cut and sewn. Gucci, Prada, Miu Miu and Fendi, it's encouraging. But there's a long way to go. 99% of all the brands Fashion Revolution reviewed don't disclose the number of employees that are paying a living wage, less than 10% of all brands are publishing a policy on credit terms with suppliers, and only 14% of brands disclose the quantity of clothes they produce."

- Ruth MacGilp, Fashion Revolution

of consumers state that Luxury brands need to give more transparency around their sustainability efforts and worker rights (rising to 91% for Chinese consumers)

of consumers state that if a luxury brand shows intent towards future ethical behaviour, they will forgive past mistakes





## So What? Understand The New Bare Minimum

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Spotlight On: Ruth MacGilp Fashion Revolution

"In general, luxury brands are a bit more hesitant to disclose information than their fast-fashion counterparts. There's a huge hurdle to overcome in that luxury brands want to maintain their mystique. Whilst for the first time, luxury brands like Armani, Chloe and Versace are beginning to participate in the Transparency Index, more progress is still needed.

A key part of luxury branding is showing the level of craft, but it can't just be a spotlight on one person. We need luxury brands to take greater responsibility in disclosing their information across the board - levels of overproduction, workers rights, payment policies. As momentum for change builds alongside campaigns to end exploitation, consumers will expect companies to offer more dignity, security and justice to workers throughout the global industry. The industry needs legislation, but we've seen for the luxury brands that do take the step and begin disclosing their information, it benefits them exponentially.

To find out how brands can work with us and make greater strides in transparency, go to: <u>fashionrevolution.org/about/get-involved/</u> <u>retailer/brands/"</u>



## So What? Make It Easy

Whilst consumers increasingly want to shop with purpose, at present, an attitude-behaviour gap exists around sustainability. Nearly half (48%) of consumers don't know how or where to find sustainable clothes, and 42% are confused about what makes clothing sustainable<sup>4</sup>. Brands must increasingly make sustainability credentials easy to understand and accessible for consumers.



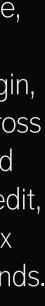


## LMVH x Prada Group – Aura Blockchain Consortium

In April 2021, LVMH, Prada Group and Richemont joined forces to create the Aura Blockchain Consortium - making it possible for consumers to access the product history and proof of authenticity of luxury goods – from sourcing to sales, all the way to second-hand markets. The ambition is to set standards for the luxury industry relating to innovation, transparency, and blockchain technology.

#### Cult Beauty x Provenance

Cult Beauty has recently partnered with Provenance - an organization utilizing its data platform and blockchain technology to enable brands to track, verify and communicate information about their products. By embedding interactive 'Proof Point' claims on its e-commerce site, the retailer is providing customers with consistent, credible information about origin, supply and impact at the point of sale across 90+ brands. Provenance has also enabled <u>Cult Beauty</u> to develop their sustainable edit, 'Cult Conscious', which has generated 1.7x higher sales volumes for participating brands.





# So What? Fuel Stories Through Transparency

Whilst Luxury brands need to embrace greater openness and transparency, this doesn't have to mean leaving the door open for anyone to stumble in. Brands can play an active role in providing a window into their world - their business, sourcing of materials, production and supply chain. The art of transparency can still exude glamour, romance and magic and, if done well, can be a route to greater brand engagement. It's all in how you tell your inner story.







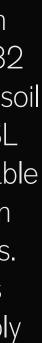
#### Gucci ArtLab

Gucci ArtLab, part of Gucci's Equilibrium program, serves as a futuristic modern centre of industrial craft, serving as a think tank and launch pad for new, sustainable innovation. Whilst consumers aren't permitted entry, they are invited to 'look in' via beautifully crafted footage of the innovators at work. A sense of brand allure and mystique is maintained whilst at the same time inviting consumers in 'behind the scenes' of the brand at work.

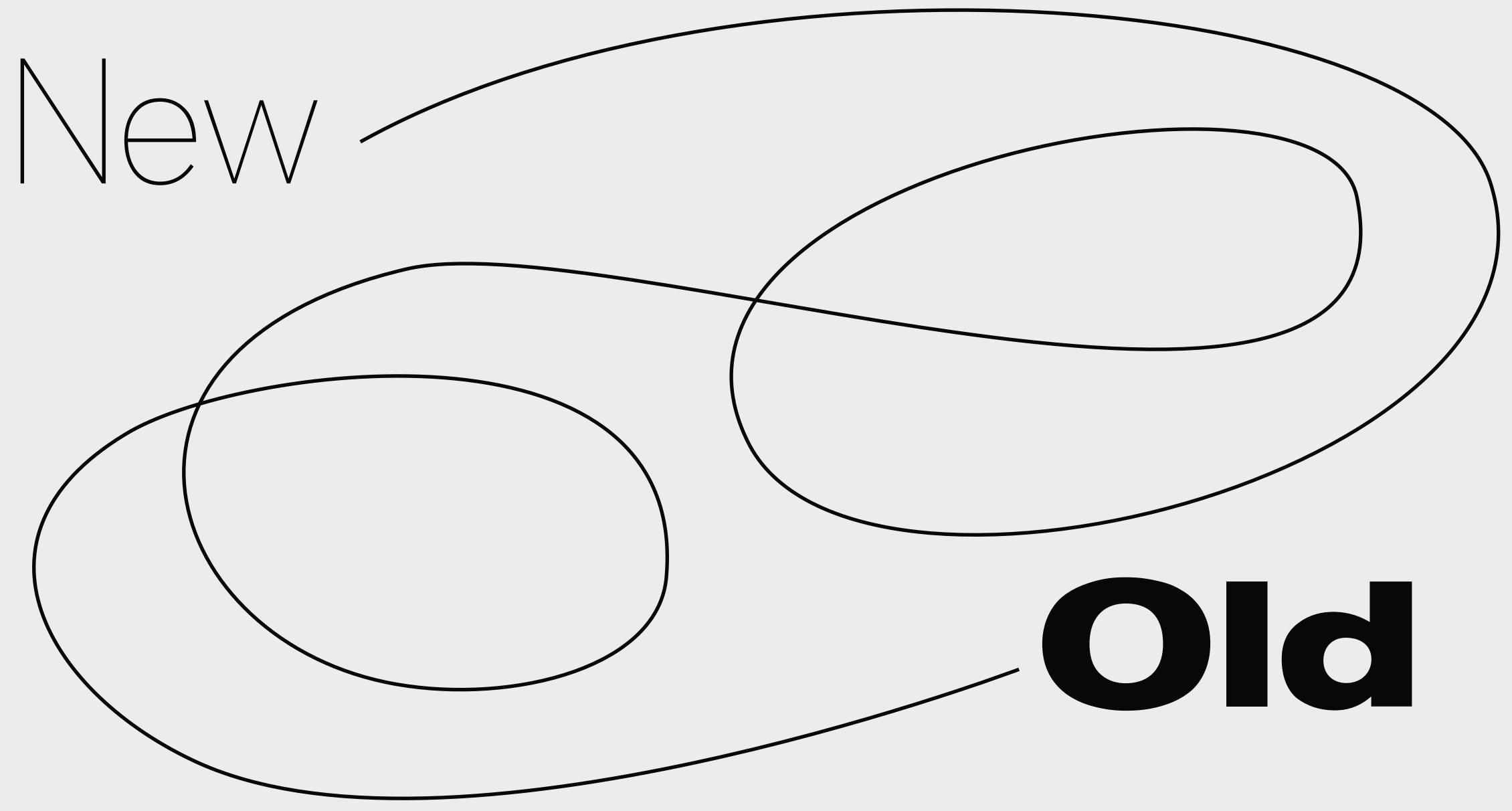
#### YSL Ourika Gardens

In 2013, YSL Beauty created its Ourika Gardens. Located in Morocco's Atlas mountains, it is a collaboration between the brand, dry landscape designers and a cooperative of 32 local women. The botanicals grown here, in pollution-free soil and by using organic farming methods, are infused into YSL products which are wrapped in reusable, refillable, recyclable or compostable packaging. The local women who work on the project have doubled their income in the ensuing years. Consumers are invited into Ourika gardens, via the brand's owned channels, to view the beauty of YSL's product supply chain for themselves.









#### (Adjective)

produced, introduced, or discovered recently or now for the first time; not existing before

Whilst promoting circularity is what the planet needs - it can also seem like the antithesis of indulgent consumerism and exclusivity. Luxury has long been built off of the feeling of indulgence and gratification.

- Ruth MacGilp, Fashion Revolution

of adults admit they have purchased new luxury clothes due to the emotional fulfilment it brings<sup>5</sup>

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#### "Genuine circularity strategy is crucial. The constant chase for newness - buy buy, now now now - they have a responsibility to change that. We're in a climate crisis, we need to take more urgent action. As brands themselves, they have the influence to move forward,

to push for a slower fashion industry."

The average consumer bought 60% more clothes in 2015 than in 2000, but kept each garment for half as long<sup>6</sup>.





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#### (Adjective)

#### possessed or used for a long time

In recent years, fashion and beauty brands have been under fire for their pollution and waste problem, with a drive to assess current business models to strive for a more circular world. In parallel, we've also seen consumer shifts in the desire to buy old, rather than new. Whether its a more accessible price point, the desire for unique archival fashion or the awareness of the resale opportunity, it would seem this is a behaviour set to stay.

"Second-hand luxury is rapidly becoming mainstream. And it is not just the lower price that attracts these true-luxury consumers. It is often the only way they can buy scarce, limited-edition, special sold-out collaborations missed the first time or vintage items."

- Sarah Willersdorf, Boston Consulting Group

The global second hand luxury market has grown five times quicker than new sales 2021<sup>7</sup>

## 63<sup>0</sup>/n

of consumers are excited by the prospect of buying second-hand luxury products (note, this drops to 55%) for Chinese consumers)

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of Gen Z consumers consider the resale value when purchasing luxury goods<sup>2</sup>



## So What? Seek A New Breed of Collaboration



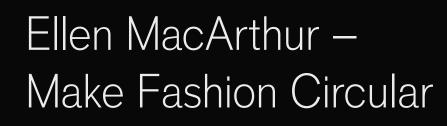
## Spotlight On: Sustain Sportswear

"Ultimately, the real challenge is realising that no scale is sustainable. The minute you start to scale production, your carbon footprint is going to become a lot bigger. If you're making more stuff, it's not sustainable. The only way to scale sustainability is to focus on circularity - creating from new is never going to be sustainable at scale, no matter how good your processes are or materials are. You can definitely do better but it's never going to be best.

To do this, brands must work with NGOs, think-tanks, infrastructural partners, designers, manufacturers and policy makers. By partnering with others, luxury brands can create quantum leaps in progress around design, supply chains and sustainability initiatives."





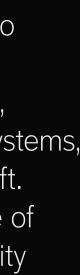


Make Fashion Circular brings together leaders from across the fashion industry, including brands, municipalities, NGOs, and innovators behind a shared vision to radically redesign the fashion industry. Partners include H&M Group and Partners, PVH Corp, and the Ralph Lauren Corporation.

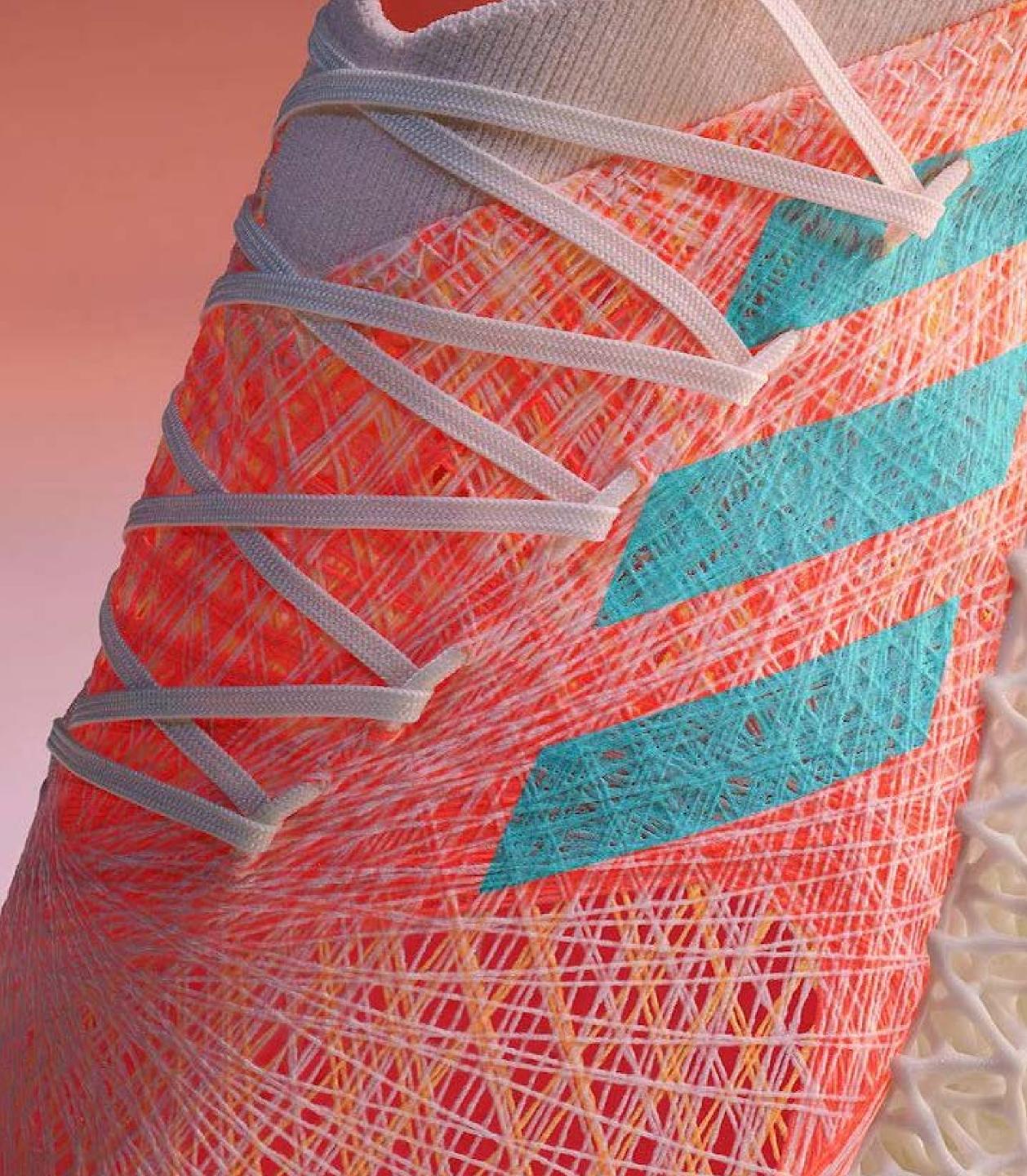


## So What? Pair Circularity With Craft

With 30.6% of consumers purchasing luxury goods due to the craftsmanship, it's clear that this is a real driver which circularity can harness. Whether it be technical intricacies, the design blueprints, an artistic innovation or rethinking systems, circularity itself is underpinned by the ability to employ craft. If brands embrace this, and position circularity as a source of innovation and progress, it may allow them to gain credibility and engagement from their consumers.







#### Adidas Futurecraft

Adidas' FUTURECRAFT.LOOP project aimed at tackling the problem of plastic waste, enabling a "closed loop " or circular manufacturing model, where the raw materials can be repurposed again and again. Through various iterations, Adidas positioned circularity as the next frontier of humankind. Creating behind the scenes blogs on YouTube, in-store immersions and consumer releases, the brand harnessed the process to connect with sustainably-minded consumers and designers.

#### Clase Azul

Clase Azul is internationally recognized for its unique bottles which were created for upcycling, the decanter can be reused as a lamp, candle holder, vase and more once the tequila is finished. The bottles are handmade by a small indigenous community in Mexico state, the Mazahuas, where roughly 120 artisans spend about two weeks creating each bottle one by one.



#### Hermès

The antithesis of fast fashion, Hermès highlights the beauty in restoring and repairing treasured luxury items so that their original craftsmanship and acquired sentimental value can live on. Bringing to life the work of a Hermès repair atelier in Hong Kong, through a beautifully crafted documentary called 'Footsteps across the World', the viewer is invited in to see the care and craftsmanship with which Hermès handbags are restored to their former glory.

#### Richard Mille

High end watches are no stranger to the resale market, yet brands have distanced themselves from the resale and customisation of their watches. Many are not interested in taking ownership of the resale process concerning its product and go as far as to discourage customisation with clauses that void the warranty. <u>Richard Mille</u> on the other hand is embracing resale and has its own pre-owned platform to regulate the authenticity of the products.



## So What? Build Tomorrow's Business Models Today

Whilst fashion brands have continued to push new releases, it is in fact second hand luxury that is outperforming new sales. The global second hand luxury market grew more than five times quicker than new sales in 2021. With our research finding that 81% of consumers believe resale platforms make buying luxury brands more accessible, it's a positive route to extending the life cycle of luxury brands' products.





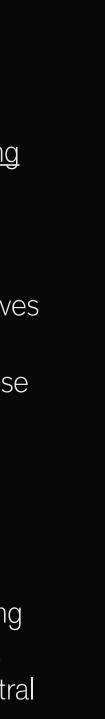


#### McCartney & McQueen

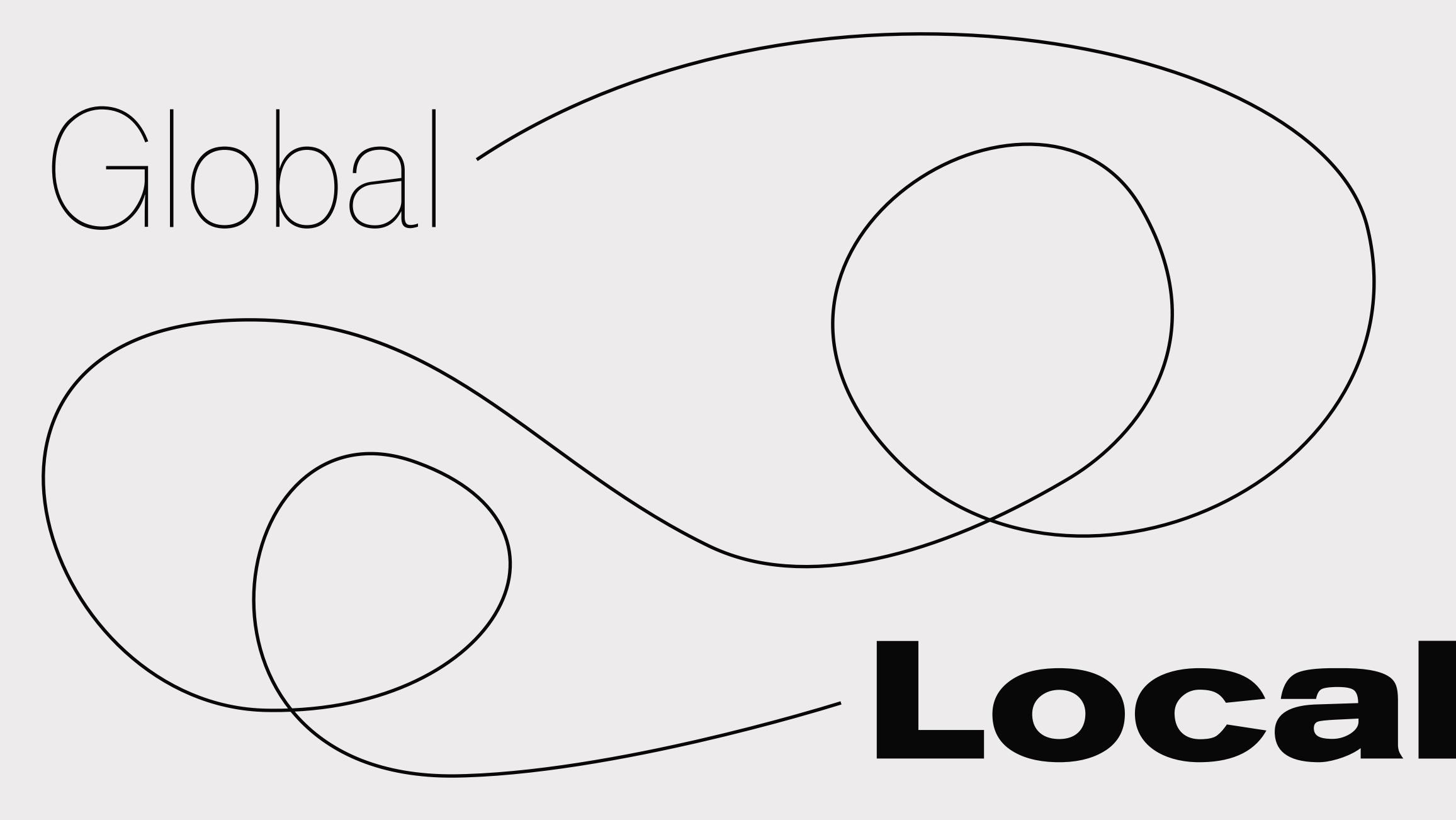
Stella McCartney's partnership with US second hand retailer, The RealReal, and Alexander McQueen's collaboration with the Vestiaire Collective are just two examples of leading Luxury houses making circularity viable and desirable. By incentivising customers to extend the lifespan of their purchases through resale and providing special hangtag, contactless technology to authenticate original items, second-hand selling and buying is going mainstream providing a win for the planet and new brand revenue streams.

#### Ace of Air

The brand introduces a <u>concept of renting</u> product packaging, which implies that consumers buy the product but the packaging does not belong to them this, along with their point system incentives them to return the packaging once no longer needed. The buyer can then choose to either return their packaging and refill the product, or continue paying the rent fee which varies from \$2-3 depending on the product. Planet Points amassed from sustainable behaviours can be used to gift 'Planet Partners' (charities). Shipping products back has also been thought out with UPS, to create a 100% carbon neutral ground shipping process.



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#### (Adjective)

#### relating to the whole world; worldwide

Logomania once characterized the luxury market and consumer - with highly sought after logos emblazoned across every luxury item across the globe. Instead of buying into monolithic brand worlds, consumers are instead curating their very own, personal styles which money alone can't buy. As consumers seek to shop niche, locally and even anonymously, big luxury is having to rethink its approach.

"A lot of people would often discover or buy luxury brands during travel trips to the big international cities, and whilst there, they might also buy some whilst doing international travel in airports in the boutiques within the airports. That has really been turned on its head. They've almost had to devise strategies to go to those consumers rather than expecting the consumers to come to them. Local marketing has definitely become more important."

- Neil Saunders, Global Data Retail

In 2018, Chinese consumers took more than 150 million trips abroad<sup>8</sup>

ER

Purchases outside the mainland estimated to account for more than half of China's luxury spending that year<sup>8</sup>





## Loca

### (Adjective)

#### relating or restricted to a particular area or one's neighbourhood

Due to the pandemic, luxury brands have seen a surge through domestic sales. From Shanghai to Copenhagen, a growing sense of community and desire to support local businesses and creativity is burgeoning. For many, this shows a shift in traditional revenue streams, and opens up new opportunities for more community-driven, local strategies. Meanwhile in China the growth of the 'quochao' trend has been accelerated by the pandemic, focusing luxury spend on domestic brands and growing support for local, home grown talent.

- Stefan Siegel, Not Just a LabelNot Just a Label

Luxury purchases made locally have grown by 50-60% since  $2019^{1}$ 

#### "It's really interesting times for emerging designers." Over the last 10 to 12 years that Not Just a Label has been around, the product of emerging designers has always been the same: they create locally, they create things in small batches, made to order items and that

has not changed. But what has changed is that the luxury item that has been made for you by a designer that nobody else knows, 10 years ago, it was seen as the sideshow to the bigger brands."

> China's consumers spent \$73.6 billion on luxury goods at home last year, up 36% from 2020<sup>1</sup>



## So What? Take To The Streets

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#### Gucci

When Gucci turned 100, the luxury house hit the road on a global tour, emphasising music and celebrating presence in hidden neighbourhoods. The "Gucci 100" pop-ups included New York's Meatpacking neighbourhood, Shoreditch in London, and Miami's Design District and California's South Coast Plaza.



## So What? Leverage Local Flavour For Global Reach





#### Louis Vuitton x NBA

Louis Vuitton first announced a three-year creative partnership with the National Basketball Association (NBA) back in January 2020. Producing bespoke Trophy Travel Case, dual iconography, and a debut capsule collection of limited-edition clothing, this partnership exists at the intersection of French craftsmanship and American sports.

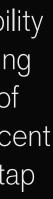
#### Ms MIN

For luxury brands hoping to tap into the Chinese market, Ms MIN are who to take pointers off. One of China's most respected independent luxury design houses has rejected Western fashion calendars entirely, with collections in line with the 24 Chinese Solar Terms. Weights of fabrics are chosen in response to the solar term and garment colours are inspired by traditional Chinese medicine (TCM) where fiery reds are present in winter collections for their heating benefits and green silk satins in high summer for the colour's healing effects.



## So What? Forge A New Army of Ambassadors

Whether it be Kering & LVMH's model charter, Balenciaga employing models of all ages on the catwalk runway, disability activist Sinead Burke's work with Gucci or Paloma becoming the face of 'curve' modelling, initiatives to make the world of luxury more diverse and inclusive have been growing in recent years. Global brands must continue to use their power to tap into often underrepresented groups around the world.



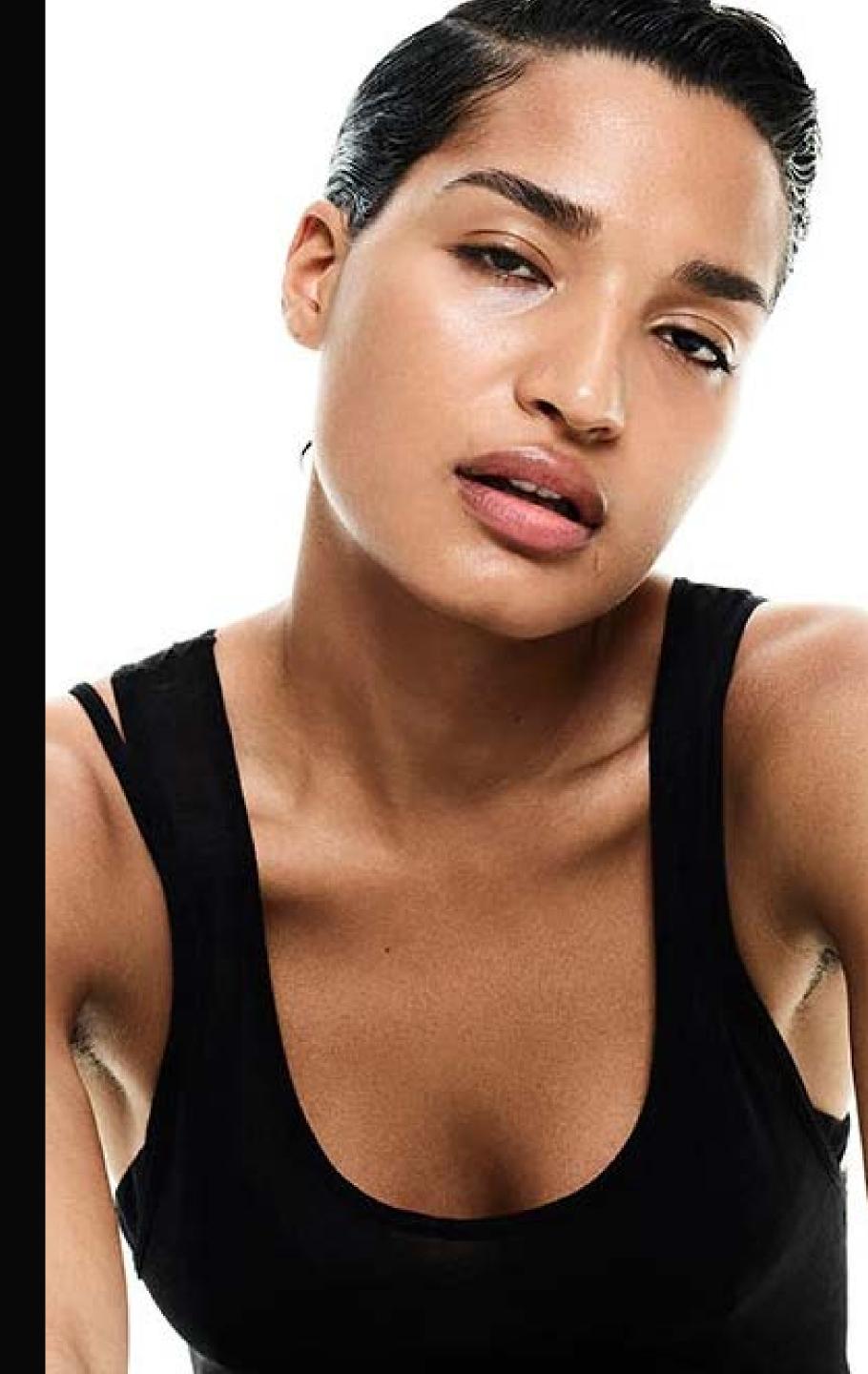


#### 15% Pledge

As part of the 15% Pledge campaign in North America, businesses dedicate 15% of their shelf space to Black-owned brands. Luxury brands and retailers including Sephora, Bloomingdales, Modus Operandi and Macy's have been among the many to pledge so far. Another example is Zalando's partnership with Not Just a Label giving luxury consumers access to a whole new community of emerging designers.

#### YSL: Ambassadors

As part of YSLs new marketing initiative to reach Gen-Z beauty shoppers, the luxury beauty label announced actor and model Indya Moore, transgender and non-binary model and actress known for playing the role of Angel Evangelista in the television series Pose, and named one of Times' 100 most influential people. Paired with the recent work of disability activist Sinead Burke's work with Gucci, initiatives to make the world of luxury more diverse and inclusive have been growing in recent years.



## Summary

### Tradition Progress

Be Clear What You Can And Can't Change Don't Be Afraid To Brand Vandalise Futureproof Through Purpose

### Mystique Transparency

Understand The New Bare Minimum

Make It Easy

Fuel Stories Through Transparency

#### Old

Seek A New Breed Of Collaboration Pair Circularity With Craft Built Tomorrow's Business Models Today



### More Meaning

Partner With Planetary Progressives Find Allies To Bridge The Perception Gap Embrace The Insurgent Spirit

Global Local

Take To The Streets

Leverage Local Flavour For Global Reach

Forge A New Army Of Ambassadors



## Spotlight On: China

On track to become <u>the world's largest luxury</u> <u>goods market by 2025</u>, China will shape the future of the industry, and the world. Having rebounded from the pandemic quicker than any other market, China's luxury goods market finished in 2021 with strong double digit growth, being repatriated domestically due to international travel restrictions.

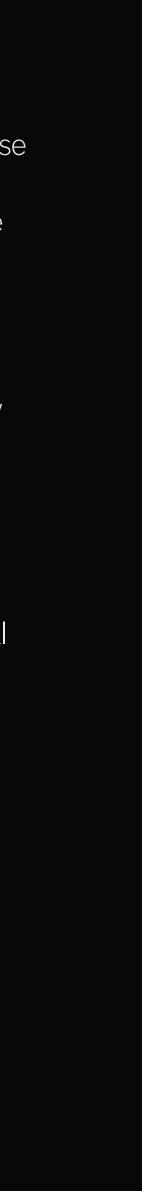
Young affluent consumers born between 1990-2000 now account for <u>50% of</u> <u>luxury consumers and 46% of luxury sales</u> in <u>China</u>. Radically different to the 1st generation of Chinese luxury consumers, this is the generation who grew up in a time of economic prosperity and rise of accessible internet.

COVID has also accelerated the digitization of the luxury market and creating opportunity for niche online market entrants. Whilst the repatriation of luxury spend domestically has given new impetus to an already growing trend favouring Chinese home-grown brands and designers and the imbuing of luxury goods with Chinese culture and traditions.

Whilst historically foreign brands have dominated the Chinese luxury market, analysts foresee a new era of opportunity for domestic brands particularly in the affordable luxury market:

"As long as domestic, affordable luxury brands integrate their local cultural advantage with sustainable environmental protection, they may win strong affinity among local consumers."

- <u>Jocelyn Dong</u>, <u>Research Analyst, Mintel China 2021</u>



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## 93%

of Chinese consumers believe luxury brands need to do more to act sustainably

## $810/_{0}$

of Chinese consumers believe it is luxury brands who must set new standards for the rest of the industry to follow

## $84^{0/0}$

of Chinese consumers state that "If a luxury brand isn't clear on its purpose for people and planet, they may lose me as a customer"

of Chinese consumers agree that "In addition to craftsmanship, affordable luxury brands should dedicate efforts on technology and sustainability"9

#### **"There is no luxury** without China, there is no sustainability without China"

- François Pinault, Chairman and CEO of Kering, speaking in 2019





# Reference Appendix

- Bain: The Future of Luxury: Bouncing back from Covid-19 01
- BCG and Altagamma: 3 ways millennials and gen x consumers are 02 radically transforming the luxury market
- 03 <u>Statista</u>
- 04 Genomatica: Consumers want sustainable clothing
- 05 WRI: By the Numbers: The Economic, Social and Environmental Impacts of "Fast Fashion"
- 06 Warc: The WARC guide to net zero marketing
- 07 McKinsey: A perspective for the luxury goods industry during and after corona virus
- Mintel: Affordable Luxury China 2021 80





## Image Appendix

<sup>2</sup> g 10	<u>Wilson Oryema x</u>
9g 11	<u>Fred Perry</u>
<sup>2</sup> g 12	<u>D&amp;G Dress from</u>
<sup>2</sup> g 14	<u>The Simpsons x</u>
<sup>2</sup> g 15	<u> Tiffany &amp; Co. – #</u>
<sup>9</sup> g 17	<u>Pleasing</u>
<sup>9</sup> g 18	<u>L'Oréal x Amber '</u>
g 23	Fashion for Good
g 25	<u>Ocean Outdoor (</u>
<sup>2</sup> g 26	<u>Gucci X Sega G</u>
<sup>2</sup> g 28	<u>Clint149</u>
g 33	<u>Ruth Macgilp</u>

Paul Smith
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- <u>a Dream: Gold</u>
- <u>Balenciaga</u>
- tiffanyblue Campaign
- <u>Vittoria</u>
- <u>}</u>
- <u>(Balenciaga x Fortnite)</u>
- <u>ames</u>

- Pg 35 <u>Aura Luxury Blockchain</u>
- Pg 37 <u>Gucci ArtLab</u>
- Pg 42 <u>Sustain Sportswear</u>
- Pg 43 <u>Ellen Macarthur Foundation</u> <u>– Make Fashion Circular</u>
- Pg 45 Adidas Futurecraft strung
- Pg 46 <u>Hermés Paris The Planet</u>
- Pg 48 Stella McCartney x The RealReal
- Pg 53 <u>Gucci 100 Pop-Ups</u>
- Pg 55 LV x NBA Collection Season 1
- Pg 57 Indya Moore YSL Beauty Ambassador



# Revolt Intelligence





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REPORT