Luxury's moment of reckoning

REPORT

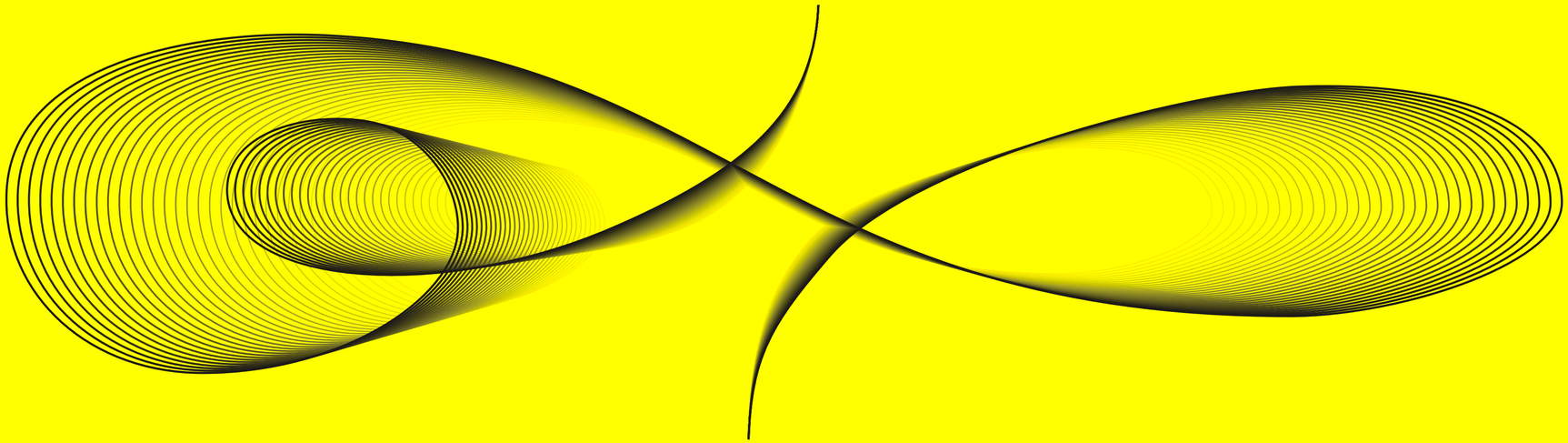
A Revolt report on the future of sustainable luxury.

In 2021, we set out to understand how the foundational values that luxury is built on - mystique, indulgence, tradition, decadence, legacy - are being challenged by new, more purpose-driven forces. We postulated that luxury brands' ability to evolve and balance these contrasting forces will determine their future success.

Three years on, the luxury category is booming. LVMH has officially become the first ever European company to reach a $500 billion valuation[1] and the top stock market listed luxury companies that account for over 50% of all luxury products sold worldwide recorded their highest shares valuation in 2023[2]. This growth comes with even fiercer competition - it's no longer enough to be aware of these five forces, luxury brands need to be acting with purpose and determination to win with a rapidly growing and diversifying consumer base.

But what next? We have looked at how these forces are challenging and elevating luxury brands now and in the future, with new trends and learnings for luxury brands. These cross everything from the impact of AI, to the deployment of innovative new materials and the ultimate luxury - guilt-free consumption.

TRADITION



PROGRESS

TRADITION being challenged by PROGRESS

(noun) a long-established custom/belief that has been passed on from generations.

(noun) development towards an improvement or more advanced condition.

In our last report, we explored how the luxury category was in a state of flux. Established brands were grappling with what they should and could change, while retaining their essence. We saw some were taking bolder steps through brand vandalism and finding purpose, but this was likely to resonate with more conscious and playful consumers.

The process of creating luxury products has traditionally favoured craftsmanship and deliberateness, but innovations in the tech world are challenging what this journey could and should look like. To adapt and reap the benefits of this progress shouldn't devalue the outcome, it is rather an opportunity to expand the horizons of creativity in ways previously unimaginable.

Harness AI's potential to reduce waste across the supply chain.

Now a new force of progress is challenging the category with limitless opportunities for sustainability, if used correctly. Like the rest of the world, luxury is understanding who it is now and in the future with generative artificial intelligence.

Consultancy McKinsey estimates that in the next three to five years generative AI could potentially add $150 billion, or even up to $275 billion[3], to the apparel, fashion, and luxury sectors' operating profits.

But pushing the boundaries of design is just the tip of the iceberg - gen AI has the potential to transform luxury's entire process from early-stage design to production and consumer experience. With this comes exciting possibilities for reducing waste - a critical issue for luxury brands. A common luxury clothing practice of destroying excess stock has caused so much outcry that the EU is now backing a ban on it[4], putting additional pressure on brands to find alternative ways to manufacture and control the supply of luxury goods.

From reducing the amount of physical samples needed at the design stage to finding innovative ways to use by-products of the manufacturing process, gen AI has the potential to streamline and innovate in a way never seen before.

“The transformative power of gen AI will become more evident as use cases move beyond one-off projects and become embedded within fashion’s value chain.”

— (Business of Fashion x McKinsey)[5]

73%

of fashion executives said generative AI will be a priority for their businesses in 2024. (Business of Fashion x McKinsey)[6]

As much as a quarter of generative AI's potential value in fashion may be driven by use cases in design and product development. (Business of Fashion x McKinsey)[7]

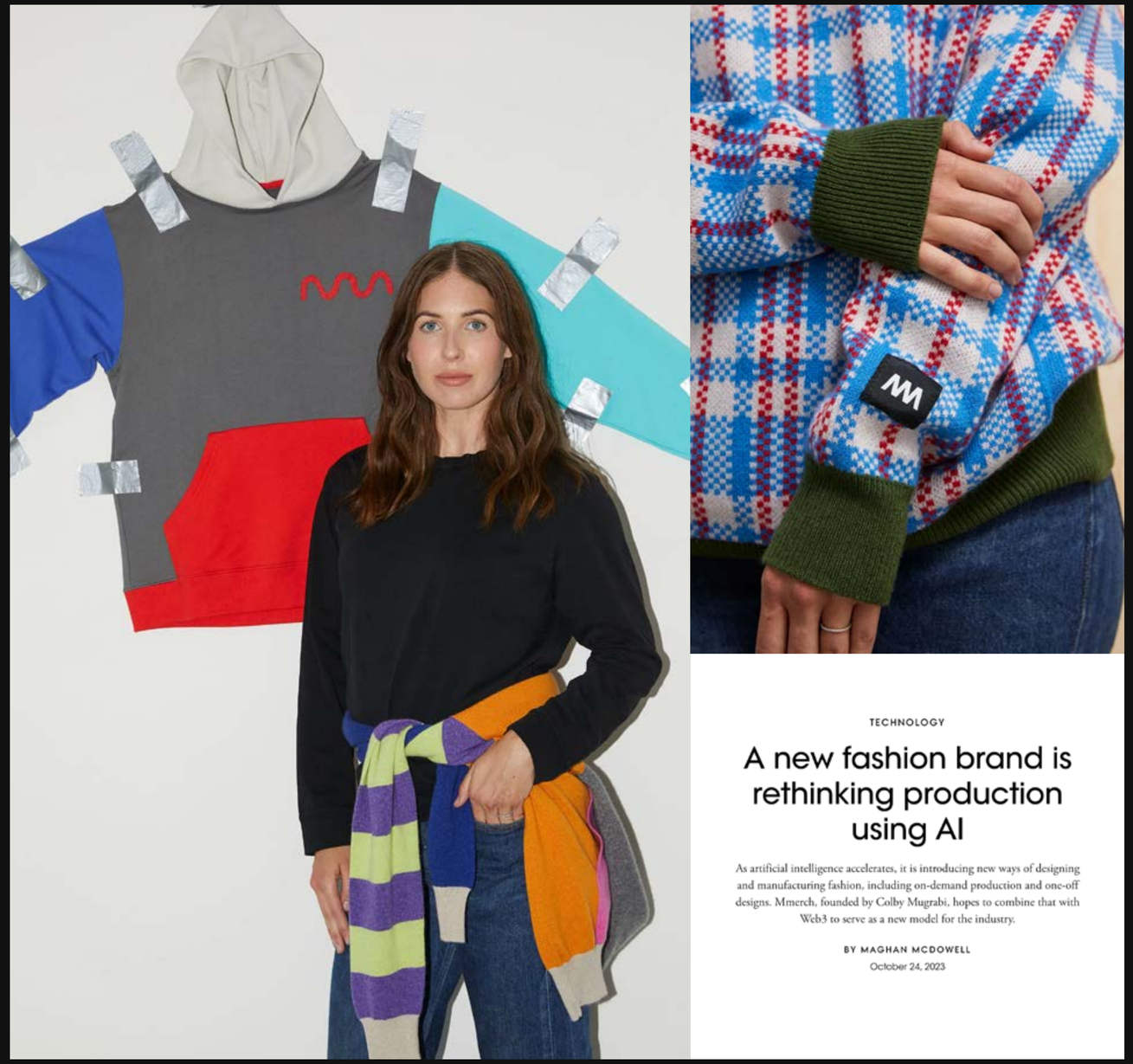
Use AI to create more sustainable processes.

— Stella Mccartney x Protein Evolution

Stella McCartney has been at the forefront of sustainable luxury fashion for thirty years, so its partnership with Protein Evolution[8] is unsurprising as it continues to push the industry to do better with materials chosen for new garments.

Launched at COP28, this innovative material challenges the impact of synthetic fabrics like polyester using technology that transforms rigid packaging and industrial textile waste into textile-grade polyester that can be broken down into raw materials by AI-designed enzymes. This makes the material infinitely recyclable with a significantly lower carbon footprint than traditional petroleum-based polyester.

The decision to launch at COP28 alongside 15 next-gen pioneers in bio- and plant-based alternatives to plastic, animal leather and fur was a deliberate move to advocate for policy and regulatory change in the industry around sustainable business and decarbonisation. The collection was displayed in a Sustainable Market concept that had debuted at the designer's Summer 2024 show, creating a unique intersection of consumption in an anti-consumption context that poses a provocation to the industry around the future of sustainable consumption.



TECHNOLOGY

A new fashion brand is rethinking production using AI

As artificial intelligence accelerates, it is introducing new ways of designing and manufacturing fashion, including on-demand production and one-off designs. Mmerch, founded by Colby Mugrabi, hopes to combine that with Web3 to serve as a new model for the industry.

BY MAGHAN MCDOWELL

October 24, 2023

AI can become the story.

— Mmerch

Gen AI has huge potential, but communicating in a way that engages consumers and retains an aspirational image is key. New gen luxury brands like Mmerch[9] are using AI at the centre of their offering to tell a new story around sustainable design and waste.

The brand combines AI and Web3 innovations to create limited-edition drops with unique, one-of-one items designed using generative algorithms. But this is so much more than design and hype culture; gen AI is being used to inform an on-demand manufacturing model which creates less waste by limiting overproduction of unsold items.

MYSTIQUE

TRANSPARENCY

MYSTIQUE being challenged by TRANSPARENCY

(noun) a quality of mystery, glamour or power associated with someone or something.

(noun) the condition of being transparent, in relation to people and entities, is being honest and not misleading.

The mystique associated with luxury has historically been the foundation of its allure - the promise of entry to a decadent, mysterious world that is reserved for the few. But bigger driving forces around the future of our planet and the wellbeing of workers are challenging traditional values of the category with a new focus on transparency, ethics, and accountability.

In our last report, we explored how some leaders in the category are setting the new “bare minimum” and looked at two must-do’s to respond to this new force - making your sustainability information easy and accessible for consumers, and fuelling new brand stories through transparency that still capture the glamour, romance, and magic of your world.

Tell stripped back stories of conscious consumption.

Three years on, the world of luxury continues to adapt to shoppers' increasingly sustainable behaviours in ways that retain its sense of elusivity. We've seen trends like "quiet luxury" and "de-influencing" dominate as a rejection of fast fashion-style culture in favour of quality and classic styles that are made to last - possibly inspiring Bottega's 2022 commitment to offer lifetime warranty[10] on all newly acquired handbags. We are also seeing a surge of more minimalist, design-led approaches across luxury food and drink brands that are vying to become "in the know" status symbols in themselves.

As a new generation of luxury shoppers begin to wield their spending power, luxury brands can leverage these trends to tell more stripped back stories of quality and craftsmanship. By leaning into these new codes of mystique transparency, brands can frame themselves as sources of stability and comfort in the context of economic uncertainty, climate change and upheaval.

“In the pandemic, there wasn’t much of a centralised identity because we weren’t able to participate in our local cultures. We instead participated in this huge pastiche of internet culture, where we went through a million trends and subgroups. Now, we’ve reached this point where people perhaps feel so over-catered to that they’re actually paring back to this quite simple, quite elevated, quite timeless aesthetic.”

— Benji Park, @fashionboy[11]

The number of luxury buyers who say standing out in a crowd is important to them has dropped 13% year-on-year. (GWI[12], 2023)

70%

of Indian consumers agree that premium products are of superior quality as compared to regular products. (Premium Living - India, 2023)[13]

What makes it sustainable can also make it luxurious.

While previously the pinnacle of luxury travel was private jets, a more purposeful method of travel is having a resurgence. Luxury trains, like Orient Express La Dolce Vita[14] and Great Journeys New Zealand[15], offer journeys that are an experience in themselves for design-conscious travelers. Their significantly lower environmental impact is just one part of the appeal, alongside ultra-premium surroundings, as well as spacious and elevated dining/entertainment areas.

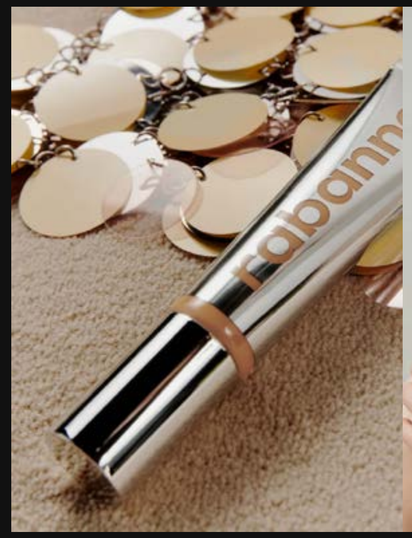
This trend is only set to grow, as indicated by luxury powerhouses LVMH and Accor expanding their presence on rails[16] from Scotland to Singapore and South America.

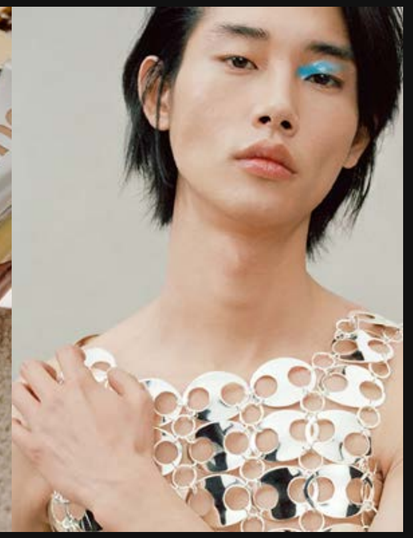
Tell a new quality story at intersection of craft and innovation.

— Ruinart

As the world's first established champagne maison, Ruinart has experience of trailblazing in the luxury category. Its new transparency platform[17] engages consumers through product life cycle transparency, from details on its vineyards to packaging, transport and waste reduction initiatives - combining craft with innovation to tell a new story of quality and prestige that will resonate with a new generation of luxury conscious consumers.

— 1969





— Present

Strip back to what makes you iconic.

— Rabanne

On the eve of its 60th birthday, French fashion house Paco Rabanne announced a new stripped back identity[18] and its first ever range of make up. Though the new identity is well placed to speak to a new generation's preference for elegant, timeless and minimalistic aesthetics, it also derives inspiration from the brand's first ever fragrance, Calandre, which it launched in 1969.

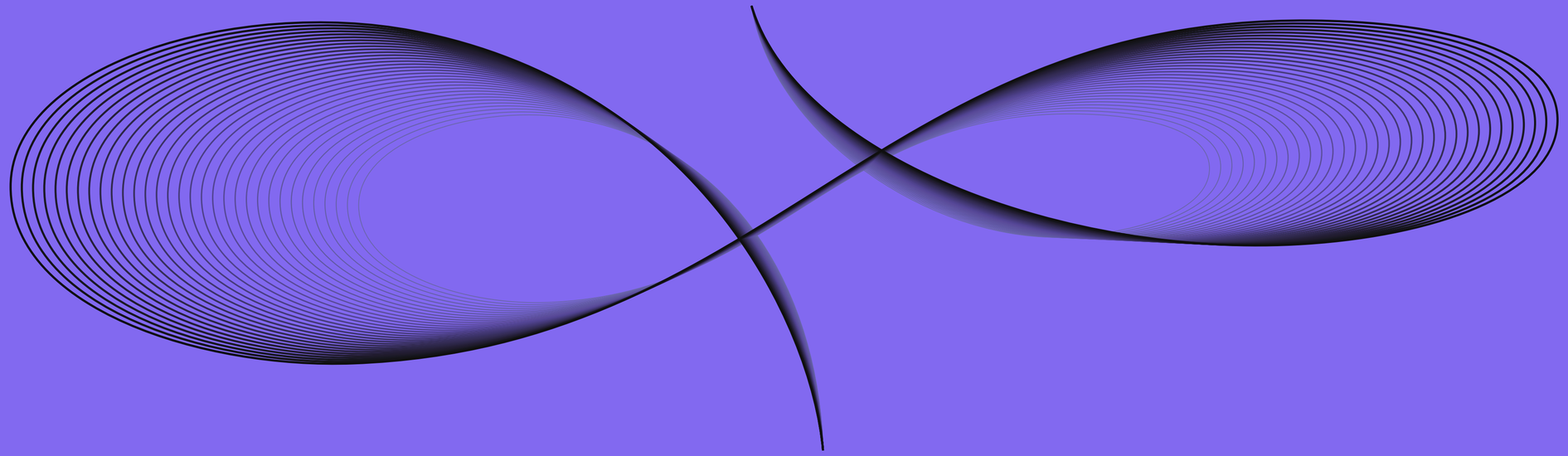
The brand's heritage is also used to tell sustainability stories[19] - calling out its founder's pioneering use of toilet chains to manufacture the house's iconic metal bag and its 1997 invention of a recyclable aluminum bottle for its signature fragrance.

For luxury brands looking to tell more stripped back stories at a brand level, understanding what you should and could play with is vital to avoid losing your identity in a growing trend of "blanding"[20]. Using your heritage also allows you to explore how sustainability becomes the next credible chapter in your brand story, rather than being perceived as a complete pivot.

“With this new visual identity, the brand embraces a more refined signature, with the smooth silhouette of the ‘R’ monogram signaling a confident modern minimalism as the brand enters a chapter.”

— Rabanne

NEW



OLD

NEW being challenged by OLD

(adjective) produced, introduced, or discovered recently or now for the first time, not existing before.

(noun) possessed or used for a long time.

We explored the democratisation of luxury through new collaborations and craft-driven circularity in our last report, something that has been reinforced with an endless stream of purpose-driven collaborations[21] and the boom of luxury resale[22] in the three years since our last report.

Since then, we have seen how the changing face of the luxury consumer is further challenging the category to change how it behaves in order to stay relevant. Luxury's shifting paradigm is favouring collaboration, inclusivity, and self-expression over materialism, exclusivity and status.

New influences drive inclusivity.

A cultural shift has emerged which speaks to what luxury represents and who it's reserved for. Brands are having to prove their cultural credentials to be accepted by consumers, rather than expecting consumers to change themselves to be worthy of association with the brand. This new wave of younger, more diverse luxury consumers are almost exclusively driving growth[23] in the category and have very different expectations of how a brand should behave and what constitutes luxury.

One way we're seeing this is a new generation of designers who have more diverse backgrounds who are blurring the lines between design, performance and purpose to connect with wider audiences.

We're also seeing brands diversify and build brand equity through new revenue streams - building a lifestyle that offers varying levels of buy in. This goes from the uber exclusive Chopard hotel[24], opened in November 2023, to the Gucci Garden in Roblox[25] that engaged a new generation of gamers.

It's not just luxury brands that can tap into this force either. Younger luxury consumers have different codes of what constitutes luxury and lines can be blurred - take Heinz's viral Absolut partnership[26] which elevated two mainstream brands using premium cues.

“It’s true that these younger consumers, they’re asking more questions than we would have asked at their age around how products have been manufactured and what your brand is doing for the community.”

— Vincent Vuillaume[27], Hublot Watches

By 2030, Generations Y, Z, and Alpha will become the biggest buyers of luxury by far, representing 80% of global purchases. (Bain & Co)[28]

35%

of US luxury consumers are people of colour, and there is similar growth across Canada, Europe, Singapore, Japan, Hong Kong, and other G7 countries. (Diversity for Social Impact)[29]

Do inclusion properly.

— Gucci x Aira

Gucci's ability to adapt and grow alongside the changing face of luxury is already a case study in itself, but one standout initiative shows the potential of legacy luxury brands to set the standard in inclusivity.

In 2023, it announced a global 3-year partnership with Aira[30] , a visual interpreting service, to give blind and low vision shoppers free access to Aira's visual assistance service at Gucci stores, offices, and events. This partnership not only supports shoppers and employees who are blind and have low vision to shop and work at Gucci, but sets a standard in the category for meaningful accessibility.

Interrogate your history when borrowing from a culture.

— Burberry's Greasy Spoon Cafe

Burberry's 2023 Greasy Spoon pop up[31] for London Fashion Week, while well received by some, was accused by others of fetishisising working class culture[32]. Given the brand's history of distancing itself from working class consumers, this move was perceived as inauthentic and exploitative from this new generation of luxury consumers who want to see their own values represented by the brands they buy into.

MORE

MEANING

MORE being challenged by MEANING

(adjective) comparative of much or many, with most as superlative.

(noun) important or worthwhile quality; purpose.

In our last report, we looked at how the pandemic was shifting luxury consumer's priorities from owning more to feeling more - seeking out brands that tell more purposeful, deeper stories and contribute to their overall sense of wellbeing and purpose.

Three years on, this has only accelerated and brands are having to be more deliberate and sophisticated in how they tell those stories. Brands need to be less reliant on partners and allies to bridge the gap, instead being more confident in bringing their own sustainability stories to the table.

Luxury is in a great position compared to other industries where the sustainable alternative is often seen as inferior or a compromise - by telling the right stories those sustainable actions can pay back in trust and connection.

Futureproof with unexpected alternatives.

What luxury products are made of has always been a key story in this category. Quality, provenance, and uniqueness are all contributing factors to value when it comes to more premium products, but we are now seeing sustainability and purpose propel them to an even more aspirational status.

The luxury category - unlike other categories - is not compromised by quality perceptions when it comes to sustainable alternatives. Craftsmanship and quality are inherently associated with luxury products, so brands that can tell a compelling story around the decision to use sustainable materials are more likely to be trusted for those choices.

Given that the world's resources are stretched to breaking point, the time has never been more critical for lesser used ingredients and traditional by-products of production to be used for innovative luxury offerings. And with luxury consumers looking for the ultimate luxury - guilt free consumption - brands with fresh ideas on how to source, farm, and produce their products and with sustainable ingredients are getting attention.

“Ten years ago, it was just not understood why there was a need in the first place to have materials that have a lower environmental impact. [Now] it’s become very clear that unless you really are involved in these discussions [and] trying to establish these partnerships, you’re going to be left behind.”

— Nina Marenzi, Founder of the Future Fabrics Expo[33]

88%

of APAC luxury consumers said they would either stop buying from, or spend less on a luxury brand that creates excessive waste. (inspiring-i x Delta Global)[34]

Around 77% of shoppers in Europe have revealed they are interested in buying sustainable luxury products, with 51% of them even willing to pay up to 10% extra for items sustainability made or shipped. (RetailX)[35]

Tell a premium waste story.

— Pangaia

Pangaia's[36] vision to inspire and accelerate an Earth Positive Future is evident in their decision to use sustainable and circular materials[37] like Grape leather, an alternative to animal and synthetic leather made from grape waste from the winemaking industry, or Food Dye Capsules, which are generated by extracting ingredients from food waste disposed of by food companies and farms.

“We pioneer and use materials that consider the delicate balance between planet, functionality and purpose.”

— Pangaia

Embed circularity into your offering.

— Circumference[38]

Through a partnership with the family-owned winery and vineyard Bedell Cellars, Circumference harvests discarded grape leaves and uses a chemical-free extraction process to derive things like antioxidants and vitamins for its products. Not only does the partnership encourage circularity, but it also allows both businesses to look beyond their own footprint to make an impact.

“root to leaf and back again.”

Circumference is bringing circular sustainability to the beauty industry.

GLOBAL

LOCAL

GLOBAL being challenged by LOCAL

(noun) relating to the whole world, worldwide.

(noun) relating or restricted to a particular area or one's neighbourhood.

In our last report we looked at how China's luxury market growth is set to shape the future of the industry, as well as the world. A younger generation of shoppers and the COVID pandemic accelerated China's luxury digital transformation which has created opportunities for niche and new market entrants.

And while historically, bigger global brands have dominated the market we predicted there would be a new era of opportunity for affordable luxury domestic brands who can integrate their local cultural advantage with sustainable practices.

Three years on, luxury brands are still engaging in localised marketing efforts to connect more meaningfully with consumers, but getting it right requires understanding the authentic role your brand can play in a local environment. In this context, premium is being cued with authentic cultural cues and speaking to micro-communities in key markets.

India’s luxury coming of age moment.

We chose to look at India this time round for a number of reasons. Firstly, in April 2024 it officially surpassed China in terms of population with a recorded figure of 1,425,775,850. This growth is unlikely to slow anytime soon with an average 86,000[39] babies born a day in India compared with 49,400 in China.

This growth is being seen in its luxury market too with an expected 10% growth over the next 5 years[40] and its number of millionaires set to double from 796,000 in 2021 to 1.6 million by 2026[41]. Indian luxury consumers are on the rise, but what sets them apart from the traditional luxury consumer? Their more modest backgrounds - they are upwardly mobile professionals or start-up entrepreneurs that have entered the luxury market without prior associations. This has implications for what they value and how they connect with both international and domestic brands.

Another key factor is the country’s online infrastructure, which has seen rapid improvement thanks in part to the pandemic. This opens up new opportunities for luxury e-commerce but understanding how to connect meaningfully with consumers through digital comms will be key to get consideration.

“This is a coming-of-age moment for Indian luxury. India is now home to a generation of young and affluent consumers with global exposure, who are willing to spend on the finer things in life.”

— Ashish Dikshit, Managing Director of ABFRL, India’s Largest Fashion and Retail Group

“Brands should be asking, how do we take the best of both worlds while maintaining the distinct brand DNA? Can you put a twist on it that speaks to the local market?”

— Henry Stupp, President of EMEA and India for ABG

India's luxury market is projected to expand to

3.5x

by 2030 (Bain & Company)[42]

In 2022, Indians consumed over 75 lakh 'cases' of Scotch whisky, including premium brands such as Johnnie Walker, Glenfiddich and Dewar's, almost doubling the consumption recorded in 2020 — 39 lakh cases. (Economic Times India)[43]

Demonstrate cultural understanding.

— Louis Vuitton

Exclusive collections with local nuance can drive deeper connections and demonstrate the brand's respect of local culture. Louis Vuitton's Rani Pink collection[44] is an excellent example of this - in 2022 this collection launched exclusively to Indian consumers as a romantic ode to the colour of Indian royalty, Rani Pink and its cultural context.

The collection recognizes the significance of Rani Pink in India's cultural celebrations while introducing modern styles that will excite a new generation of luxury consumers. Gold is also used throughout for its association with prosperity and luck in Indian culture.

Consider partnerships with local artisans.

— House of Anita Dongre

It's not just big global brands that are driving growth, India also has a thriving homegrown luxury scene that is challenging how things are done. Anita Dongre is a Bombay-born designer who has created one of India's leading fashion houses, House of Anita Dongre[45] .

The brand embraces sustainability in its whollest form - from the "compassionate" materials chosen over traditional leathers and furs, to empowering rural artisans through its women empowerment initiative. The environmental impact of the brand is also carefully considered to ensure minimal energy, carbon, and water is wasted.

“Indian consumers have increased their preference for Indian brands over the last decade,” says BCG’s Singhi.

“Other things being equal, [Indian] consumers would prefer an Indian brand more than 50 per cent of the time.”

— Abheek Singhi, Managing Director of Global Consultancy BCG

Reference Appendix

1	CNBC
2	Deloitte
3	Vogue Business
4	Financial Times
5,6,7	Business of Fashion X McKinsey
8	Just Style
9	Mmerch
10	Forbes
11	Fashionboy
12	GWI
13	Mintel
14	La Dolce Vita
15	Great Journeys New Zealand
16	Forbes
17	Ruinart
18	Fashionista
19	Paco Rabanne
20	Flux Branding
21	Sustainable Brands
22	Globe news wire
23	Bain
24	Robb Report
25	Roblox
26	KraftHeinz
27	Simplifield
28	CNBC
29	Naia Toke
30	Equilibrium
31	Wallpaper
32	The Saint
33	The sustainable angle
34	Delta Global
35	Internet Retailing
36	Pangaia
37	Pangaia
38	Circumference
39	The Guardian
40	Luxus
41	Straitstimes
42	Bain & Company
43	The Economic Times
44	Lifestyle Asia
45	Anita Dongre

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Pg 14	Conde Nast , Luxury hospitality
Pg 18	Glamour Magazine , Fashionista
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Pg 24	Gucci
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Pg 37	CNN
Pg 38	The Impression
Pg 39	Behance
Pg 40	Harpers Bazaar
Pg 42	Vogue

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