

Gen Z & the paradox of luxury

Luxury Daily Round Table May 2017



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In a nutshell

- Luxury was always designed for and inspired by youth but could only be afforded by the 'older' consumer. As youth changes – new paradigm emerges for luxury
- Gen Z is set to challenge the key principles of luxury
 - Exclusivity
 - Brand control
 - Universality
 - Extrinsic values
- Gen Z redefining luxury – are you ready ?

One of the most important demographic trend of our time is the rise of Gen Z

- Born between 1998 – 2016
- Shaped by distinct economic, social, technological and geopolitical trends, It's a generation like no other



Globally they will be a power to reckon with

- 2.5B Gen Z population

N. America
82M



Europe
156M



Asia Pacific
1,396M



Latin/South
America
213M



Africa
600M



Our recent research (US focused) identified six characteristics of Gen Z

Embracing diversity



Taking Responsibility



Mastering Technology



Valuing community



Redefining Status



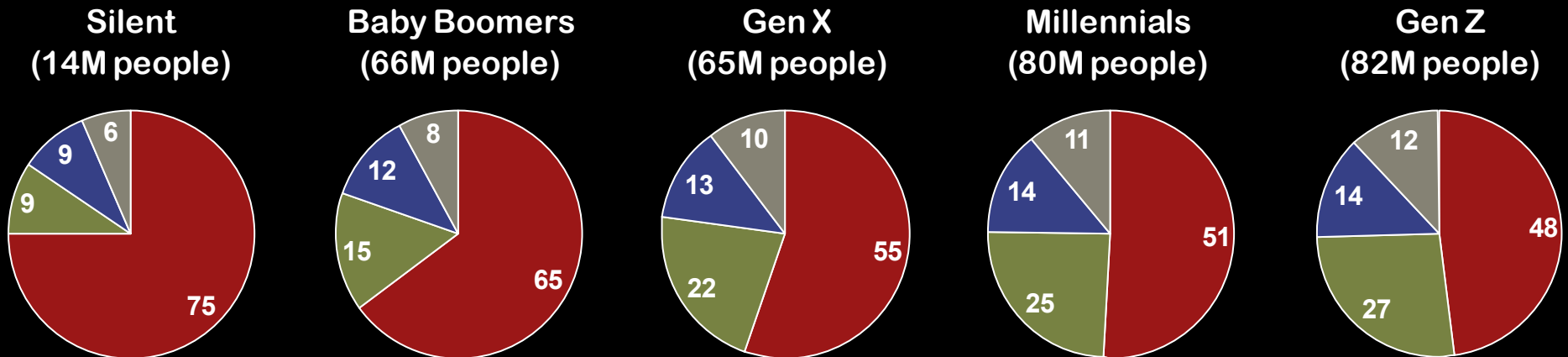
Exercising Influence



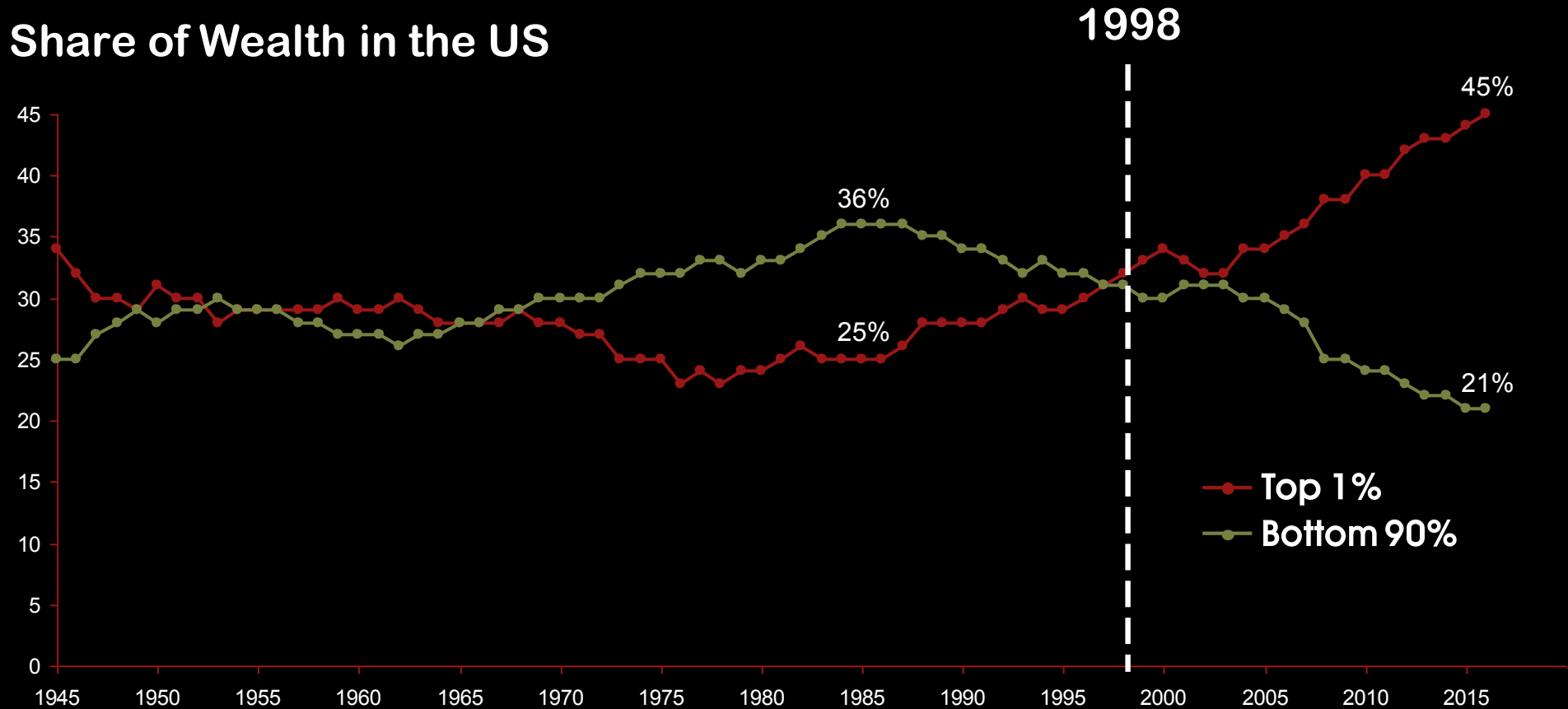
Embracing Diversity : Gen Z is the first majority minority generation

Race & Ethnicity by Generation in 2026

White Black
Hispanic Other

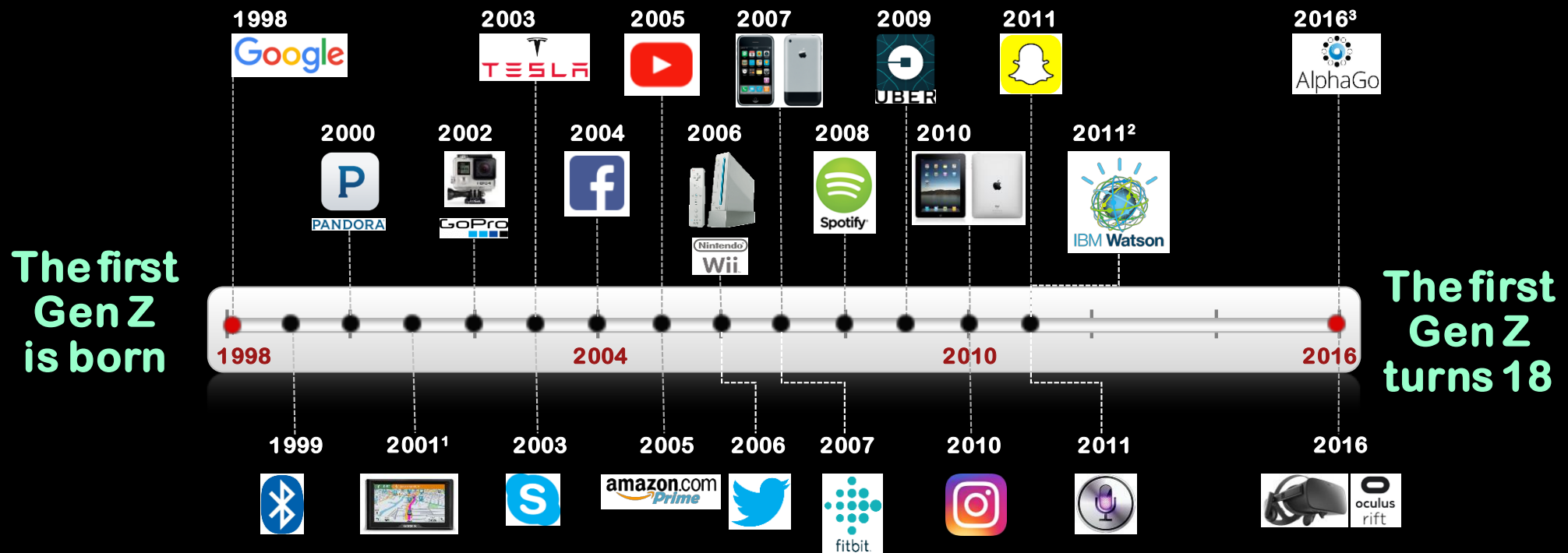


Taking Responsibility : Growing up, Gen Z witnessed the impact of the Great Recession



Mastering Technology : Gen Z are the “digital intuitive”

Growing up in constant digital innovation



1. Private companies began pumping out personal GPS products, like the in-car navigation devices from Tom Tom and Garmin
2. IBM Watson, an AI computer system beat two all-time champions of Jeopardy at their own game
3. Google Deepmind, an AI computer system beat the world champion at GO

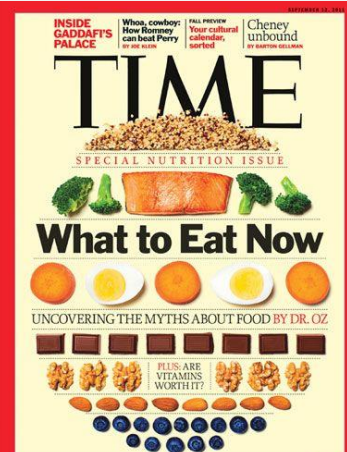
Valuing Community: Gen Z experienced constant exposure to social and geo-political unrest

Geopolitical and Corporate events that marked Gen Z



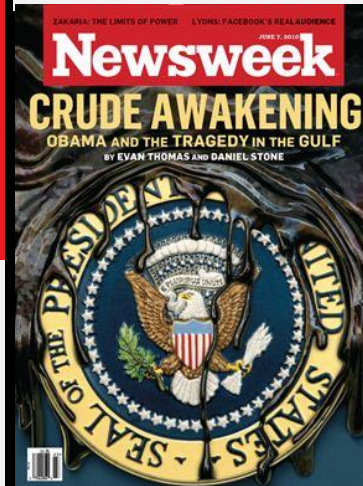
Climate change was never up for debate

Healthy food movement shaped their diets



Gen Z followed the **War on terror** from the beginning

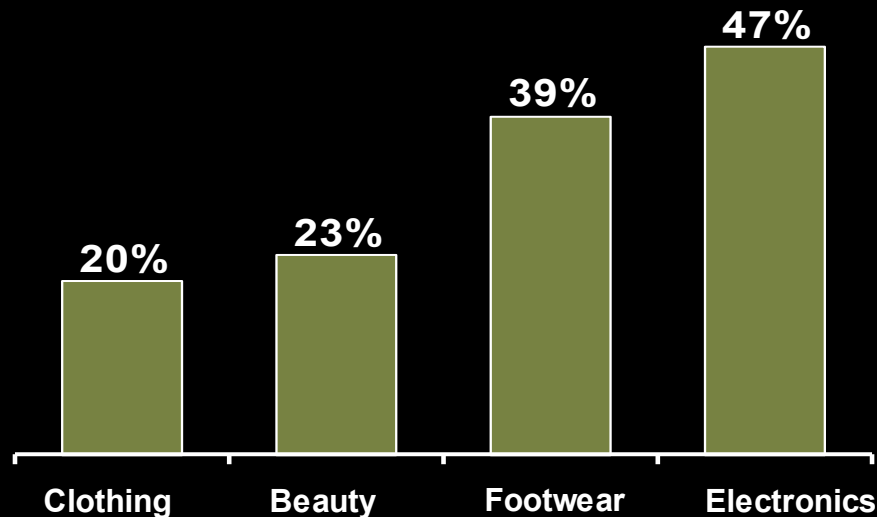
Major environmental disasters caused by companies



International communities brought the **refugee crisis** close

These life experiences shaped their attitudes towards spending and consumption

They are not brand loyal



% of Gen Z saying that Brand is more important than price

Luxury is about quality not brand

“Luxury Brands annoy me ...they are about “show off”, but I trust their quality. ... I am willing to spend on items that are high quality and that will last for long time...”

Redefining Status- from “I am what I own” to I am what I do - its all about the experience

from



To

On our last trip in this four weeks we started for a SUP & hiking trip. First stop was the beautiful lake "Crestasee". The water was soo clear an we saw some watersnakes.
Birgit Bless



NO PHOTOSHOP, I SWEAR.



Like Share

And about being unique ..



*"I don't like to
dress like
everyone else...
fashion is the
same everywhere
I go, even
abroad...
same stores,
same brands..."*

*so I look for ways
to be **unique**, I look
to different eras
and try to create
different looks ...
I am doing 90's
right now..."*

How can Luxury brands
relate to Gen Z ?

The five fundamentals for engaging Gen Z

- Inclusion
- Engagement
- Personalization
- Intrinsic value and Values
- Experience, Experience, Experience



Inclusion is a given



Being a post-gender, post-race generation, Gen Z expect brands to be inclusive in their communications

Engagement matters

With little brand loyalty, capturing the hearts and minds of Gen Z will require:

- **Story Telling**
- **Two ways (Digital) communication**
- **Leverage of influencers**
- **Emphasis on community**



Personalization is key



Gen Z want to
make their mark
Including on
products they
have purchased.

#Unique

#Different

are key words in
their vocabulary

Intrinsic value and Values



Gen Z value quality and product longevity. They will respond positively to brand that emphasis these attributes

**In addition, they want to buy from brands that reflect their values of
Ethics & Honesty**

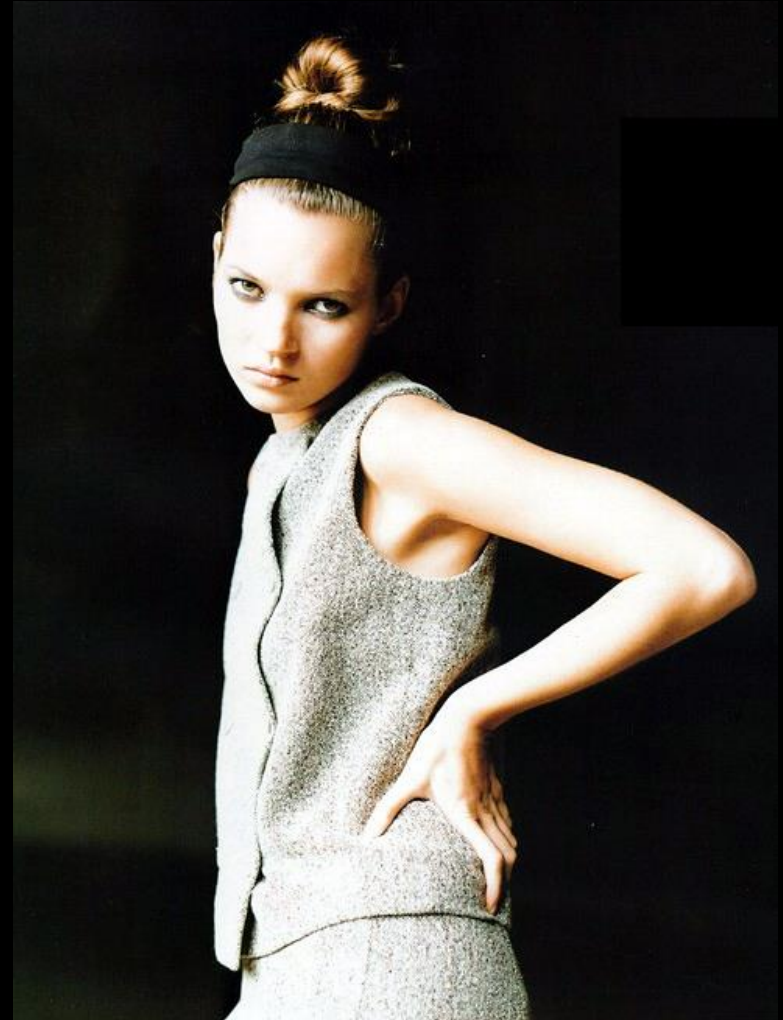
Experience, Experience, Experience



Experiences are important to Gen Z because they offer an opportunity to create lasting memories....

Gen Z is redefining luxury

- Inclusive
- Shared
- Personalized
- Less Impulsive
- Values driven
- Intrinsic value focused



Thank You

For further details and Gen Z briefings please contact:

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