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3 UNLIKELY WAYS MILLENNIALS ARE CHANGING THE LUXURY MARKET

MILLENNIALS ARE RE-THINKING WHAT LUXURY MEANS TO THEM, WHETHER THEY MEAN TO OR NOT—ALL BY SHIFTING THEIR SPENDING TO HIGH-END ITEMS OUTSIDE OF JEWELRY AND COUTURE, AND CHANGING UP THE WAY THEY BUY AND SELL.

Traditional luxury stores and brands are losing luster with young consumers, and their bottom lines back that up. The global luxury market shrunk last year, for the first time since 2009 [according to CNBC](#), and individual brands are feeling young consumers' collective cold shoulder. For instance, a recent brand equity poll shows Nordstrom is losing favor with Millennials as they skip luxury department stores for off-price options. [MediaPost reported](#) that while the full-price store's sales showed a 2.8% drop from 2016, discount chain Nordstrom Rack's sales offset most of the losses by spiking 2.4%. While many brands are struggling, things may be looking slightly up. Some luxury retailers' attempts to reconnect with consumers may be working, [according to estimates](#) that the luxury market's shrinkage has stopped in 2017.

So while it may not be the end of traditional luxury as we know it, many young consumers are re-thinking what they're willing to pay more for. We've been tracking Millennials' [Blurred \(Luxury\) Lines](#) for some time, and in our most recent survey, 72% of 18-35-year-olds told Ypulse they think luxury is a feeling not a thing, and 81% said it's important that luxury *feels* luxurious. That kind of mentality might be a powerful reason why whole new industries are getting the chance to be considered luxury—and price themselves accordingly. [According to Quartz](#), the meaning of “luxury” is complicated today but has to do with the trappings of hipster-chic via the purchase of “locally raised eggs, yoga classes, [and] organic cotton teeshirts.” Since Louis XIV, luxury has been about showing off social status—and back then, wealth and pomp did the trick. But nowadays, you're more likely to find a modern Marie Antoinette perusing the organic food aisle or shopping second-hand athleisure than at high-end stores sifting through couture. Here are just a few surprising ways luxury is changing, thanks to Millennials:

Values-Based Buying

“Organic,” “sustainable,” and “ethical” can be luxury terms for Millennials, [according to Quartz](#). The generation is making “conscious consumerism” a status symbol—caring about what's in your coffee or where your clothing was made is not only the new cool, but the new luxe. Ypulse data recently found that 40% of 18-35-year-olds are more likely to buy a product labeled as “eco-friendly” and 44% are influenced by the label “sustainable.” But only so many can *afford* to care and it doesn't hurt that many of the objects under scrutiny tie into other must-have trends of the moment, like cult beauty brands, skincare, and wellness as whole. [The Cut](#) noted that health and fitness is another sign of status for young consumers (think: SoulCycle classes), while Ypulse's most recent survey found that 64% of 18-35-year-olds agree that self-care is a luxury. One big way Millennials have recently paid the price for their values is via their obsession with natural products. The “Natural Obsession” spans industries, with three in ten Millennials [eating only organic](#) and three in five scanning [beauty product labels for clean ingredients](#). But values-based buying doesn't stop at small products and produce. Tesla cracked Millennials' list of [luxury brands they most want to own](#) with their electric car offerings.

(That Model X SUV could be the perfect place to tote organic groceries.) Millennials' ethical tendencies usually translate to higher price points, so *ipso facto*, you have one aspect of the new luxury.

Luxury Retail Resale

Millennials & Gen Z are turning a profit online and on mobile by re-selling their retail, granting them access to luxury at a lower price. Thredup, Poshmark, and Depop are just a few of the most popular brands [cashing in on the resale economy's](#) \$18 billion market, and some shoppers say they are making \$300 a week on the platforms. [Footwear News](#) found that some are also using social to sell, often in conjunction with apps or sites, including Snapchat, Facebook Groups, and Instagram. One high-end resale site in particular is thinking of creative ways to appeal to the Millennial consumer looking for low-cost luxury. Tradesy, an online peer-to-peer luxury goods marketplace, [reports that](#) over half of its new users are 18-35-year-olds, and over 50% of sales are made on mobile, "the favored means of web access for younger consumers." Even the editors at [Vogue](#) say they're consignment shoppers as they break down some of the top ways to buy and sell high-end items digitally in 2018. If that's not detailed enough, [Huffington Post](#) published a second-hand luxury gifting guide. (Does that count as re-gifting, or no?)

Streetwear Is the New Couture

The best way to show off success may be with a pair of sweatpants—if they're from the right brand. And while [the athleisure trend](#) is nothing new, the pieces hitting the runway and being re-defined as luxury apparel are. Brands like Supreme and Vetements have gained cult followings for their coveted higher-end athleisure wear, rooted in hip hop and skate culture. Classic luxury brands have taken notice, and are "co-opting" everything about streetwear, from designs to drops. [Glossy reports](#) that not only are brands borrowing design inspo from streetwear, but marketing tactics, too. Everyone from Gucci to Givenchy is adopting the drop model by releasing items in limited amounts, over "tapped out and boring" seasonal sales "to create artificial scarcity and regain excitement." Despite losing some of young consumers' interest to the newcomers, classic luxury brands have accepted cult streetwear brands into the fold with enthusiasm; they're pairing up for collabs and runway shows to reel people back in by association with the cool brands on the block. If you can't beat them, why not join them?

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