How Should the $350bn Luxury Industry Regain Relevance?

Matter

Matter Intelligence Opinions comprehensively analyse the commercial and cultural forces transforming the industry's relationship to its customers. In the first iteration, Matter assesses how the luxury industry lost its relevance, the strategies navigating the downturn best, and the tactical opportunities available to restore the connection between brands and their communities. Informed by proprietary data and unique insight from our community of global experts, the opinion concludes with Matter's Five Focus Points for 2025.

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Executive Summary

The luxury industry is suffering as a result of performance legitimacy*. Post-pandemic savings and accelerating wealth inequality have masked a growing dissonance between aspirational consumers and the luxury businesses that sell to them.

The disproportionately high impact of inflation on middle-income consumers, the rise of dupe culture and resale, as well as increasing expenditure on aesthetics and travel, has shifted value perceptions and spending habits amongst aspirational consumers. Some companies, like Telfar, Khaite, and Our Legacy, are maintaining their relevance to these cohorts by reflecting consumer preferences and lifestyles in their product and pricing strategies, and fostering genuine community connection.

Only a tiny cohort of companies with the most enduring resale values, primarily Hermès, Chanel, and The Row, are effectively shoring up their cultural position and customer strategies to protect their relevance to an increasingly selective and uninterested 1%. Now, the most business-critical shift for the industry to appreciate is that the rich are no longer spending widely enough across multiple brands to sustain its desired growth rates.

As the luxury industry faces a lean forecast of 1–2% growth in 2025, we break down what really matters most to luxury consumers, rich and aspirational, and how brands can best reconnect with either or both cohorts over five chapters: macro-economic context, cultural shifts, consumer behaviour, commercial tactics, and a conclusion identifying Five Focus Points for 2025.

*A term used to describe the compliance of populations to governments who increase standards of living without increasing individual rights, democratic processes, or transparency. Here, it reflects the rampant financial growth achieved primarily by price hikes, as well as excessive collaborations, unjustified category expansions, and adopting cheaper production processes, decreasing brand equity while increasing shareholder performance.

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Chapter 1
Macroeconomic Context

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If you know that…

- In 2024, 80% of the luxury industry's growth stemmed from price increases. The resulting performance legitimacy obscured a dangerous inflection point and diminishing relevance.
- Financial pressure on middle-income aspirational luxury consumers will intensify or be perceived to intensify before it eases in key markets including the U.S., China and Europe.
- Between 2022 to 2027 the global cohort of UHNWIs is forecast to grow 5%.
- However, higher pricing strategies have made luxury brands reliant on a comparatively tiny cohort of consumers. Competition for these consumers is intensifying.
- Perceptions of exclusivity and cultural value are narrowing around the few luxury brands which retain their value in resale markets and have avoided overexposure.
- For the majority of brands, the rich are not spending enough to justify pricing aspirational luxury consumers out, who are responsible for 50% of industry revenues.
- Chanel and Hermès are retaining resale value more effectively than Louis Vuitton, Dior, and Prada in 2024. 90% of the 20 biggest publicly owned luxury brands showed declines in stock value.
- Price increases have prompted greater consumer scrutiny into product value, while supply chain scandals have exposed the fallacy of much of luxury's craftsmanship myth-making.
- Previous slowdowns, the result of cyclical global macroeconomics, created soft demand for 12–18 months. China's structural issues still may extend this slowdown.
- The U.S. is expected to be the primary engine of the industry's modest growth (1–2%) in 2025.

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Aspirational consumers are facing headwinds globally, while the rich are getting richer. But HNW customers are no longer spending significantly enough across multiple brands to sustain the industry's growth.

Luxury Miscalculates its Customer Base

The luxury industry relies on two distinct consumer cohorts to achieve success: aspirational luxury consumers (ALCs) and high net worth individuals (HNWIs). In the past, as business models evolved and retail networks expanded, striking the right balance between the cohorts was a significant but not impossible challenge. However, years of consistent and aggressive price increases, at times dubious category expansion, and an increased focus on the wealthiest of shoppers has upset that equilibrium.

Indeed, as the rich got richer, the personal luxury industry experienced decades of turbulent but impressive growth, growing from $134 billion in 2000 to $381 billion in 2024 according to Bain & Company. Now, the income inequality that partially drove that expansion is becoming an economic hindrance, creating two distinct consumer groups relevant to luxury's success. These two cohorts are now arguably too disparate to authentically service and communicate to concurrently.

Post-pandemic savings and accelerating wealth inequality have masked a growing dissonance between aspirational luxury consumers and the businesses that sell to them. Globally, macroeconomic headwinds are impacting discretionary expenditure of aspirational consumers significantly. While inflation may be cooling, it has not and does not impact consumer cohorts evenly, with middle-income earners still the worst affected.

The Economist found that for the lowest earners in the U.S., inflation was approximately 13.5%. For those in the middle of the spectrum, it was closer to 15.5%. The wealthiest faced inflation of about 14%. In the US, despite cooling inflation in the world's best performing economy, the 2024 performance in overall comparable sales of department stores like Macy's (-2%) and budget conscious retailers like Target (+2%) and TJ Maxx (+4%) illustrates that the majority of consumers are trading down, seeking value.

In 2024, McKinsey & Company data found that ALCs (individuals, aged 18–65, who purchased at least one item from a luxury fashion brand in the past six months, and spend €3,000 to €10,000 on fashion annually) accounted for 50% of the total revenue generated by luxury brands in seven core markets: China, the U.S., the United Kingdom, Germany, Italy, France, and Switzerland. A fact many in the industry seem to have forgotten.

Rather than reflect the constrained times facing much of the public, many luxury companies chose a different route—misconstruing post-pandemic savings and revenge buying as evidence of the durable resonance of craftsmanship marketing narratives, secure cultural relevance, and the acquiescence of customers to higher prices.

With income inequality increasing in the U.S., France, Germany, and other "advanced" economies, focusing on the richest consumers made sense. The Oxfam Inequality report found that in 2024, billionaire wealth grew by $2 trillion, at three times the rate of the previous year and equating to roughly $5.7 billion a day of earnings.

But maximising the immediate-term profitability that could be generated from these consumers through pricing strategies, without innovatively expanding, elevating, and extending how brands serviced their communities has reduced much of the luxury industry's relevance to the rich. Thanks to a decade of over-exposure in communication and sales channels, fewer and fewer luxury brands carry enough perceived exclusivity to appeal to the 1%. Chanel and Hermès are retaining resale values more effectively than Louis Vuitton, Dior, and Prada.

Aspirational luxury consumers account for 50% of the total revenue generated by luxury brands in the U.S., China, the U.K., Germany, Italy & France —McKinsey & Co.

The fashion and luxury industries are suffering as a result of performance legitimacy —Matter

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U.S. inflation was ~15.5% for the middle of the spectrum. For the wealthiest ~14% —The Economist

Breaking Veblen Theory

The Business of Fashion and McKinsey & Co. found that 80% of industry growth in 2024 was driven by price increases rather than volume growth. And prices certainly are higher. The New York Times shared that from October 2019 to April 2024, the price of Prada's Galleria Saffiano bag increased 111%, the cost of Louis Vuitton's canvas Speedy bag doubled, Gucci's Marmont small matelassé added 75% to its RRP, and in the same five year period, Chanel added $5000 to the price of its medium 2.55 leather flap bag (just below a 50% increase).

HSBC analysis revealed that luxury price increases have added 52% to the cost of the average luxury product in Europe between 2019 and 2024. Responsible for 50% of luxury revenues, the financial landscape aspirational consumers must navigate is critical to the fortunes of the luxury industry.

Disconnecting the prices of products from the economic reality facing the consumers that generate half of your revenue, and therefore pricing them out of your core offering, is ambitious or foolish.

However, pricing strategies did more than create short-term double-digit growth for the industry and increase barriers to entry for middle-income consumers. Inadvertently, such rampant price increases called into question the value proposition underpinning our contemporary iteration of the luxury industry: in its globalised, scaled, at-times-mass-produced reality.

Recent headlines exacerbated these issues. On June 11th 2024, Reuters reported the news that a Milan court appointed a commissioner to run an LVMH-owned maker of Dior-branded handbags, after an investigation into four of its suppliers based in the surroundings of Italy's fashion capital uncovered illegal working conditions for staff. The margin achieved between the amount paid to the supplier for a specific handbag and the price charged to the consumer is a little over 97.5% (€53 -> €2600). A previous investigation in 2024 targeted one of the suppliers in Giorgio Armani's supply chain. Dozens of other brands could be embroiled in the ensuing investigations.

Veblen theory, named after the American economist Thorstein Veblen, refers to an increase in demand for products as prices increase as a result of consumers considering the product an exclusive status symbol. For decades, luxury could rely on this facet of consumer psychology to increase prices. However, Veblen priced goods are dependent on consumers perceiving goods as signifiers of status. They must possess the commensurate quality to elevate the product above others, and cultural context that marks them as distinct and special. Most luxury products are unable to make such a claim today.

Consumer sentiment is shifting. In 2023, Matter analysed proprietary data on over 150 million majority Gen Z and Millennial luxury consumers. Only 42% of the audience claimed high quality products to be their primary motivation in purchasing luxury. In 2024, Matter analysed another comparable data set, again of over 150 million luxury consumers, the majority of them Gen Z and Millennial. Over 78% claimed high quality products as their primary motivation. In 2025, Vogue Business found that 52% luxury consumers selected 'to decrease prices' as one of the top 3 measures for luxury brands to better appeal to consumers, followed by improvements in sustainability and ethics (34%) and to improve product quality (32%).

High prices and poor quality are as ill-suited to price-insensitive, status-conscious elites as they are to aspirational consumers making celebratory purchases they assume will meet the high quality expectations inflated by marketing. Luxury's aggressive price increases are a short-term strategy that has proven to be exactly that: short-term. How much this has impacted luxury's most prized asset, its image, will be analysed later in this opinion.

97.5%—The margin between the amount paid to the supplier for a handbag and the price charged to the consumer —Matter

52%—The increase in cost of the average luxury product in Europe between 2019 and 2024—HSBC

Headwinds for Aspirational Consumers Worldwide

The psychological pressure felt by middle-income consumers in the U.S. is not going away soon. Data from the New York Federal Reserve Bank found that credit card balances increased by $24 billion to hit $1.17 trillion, and car loans increased by $18 billion to reach $1.64 trillion. In terms of inflation, in January 2025 the University of Michigan's highly regarded survey of consumer sentiment found that consumers expect inflation to increase by 3.3% over the next year.

However, that anxiety over rising prices was recorded during a period when economic conditions were actually improving for consumers. According to the survey, "this significant shift in inflation psychology, paired with stable but subdued overall sentiment, suggests consumers are becoming more worried about long-term economic prospects despite feeling some immediate relief from cost pressures."

If aspirational consumers in the world's highest performing economy are cautious due to the spectre of rising prices, there are real fears to face in China, across the eurozone, in India, and in the United Kingdom.

China Loses Consumer Confidence

"A negative wealth effect from falling property and stock prices, as well as low wage growth amid various industries' cost cutting, is dragging consumption and causing a pivot from big ticket purchases toward the basic 'eat, drink, and play' themed consumption," Lynn Song, chief economist for Greater China at ING tells Reuters.

For years now, the Chinese economy's over-reliance on the property sector has hampered consumer confidence significantly. In the consumer sector, Reuters reports retail sales hit an 18-month low in 2024, as deflation forced businesses to slash prices across categories from automotives to apparel.

Although policy easing and export strength meant China's gross domestic product reached 4.9% in 2024, up from The World Bank's June forecast of 4.8%, but below the all-important 5% set by Xi Jinping. The Economist reports that money continues to be moved from China into Singapore and other financial boltholes at a record-breaking pace—largely due those continuing issues in the property and bonds markets Song references.

Credit card balances increased by $24 billion to hit $1.17 trillion—New York Federal Reserve Bank

"This significant shift in inflation psychology, paired with stable but subdued overall sentiment, suggests consumers are becoming more worried about long-term economic prospects despite feeling some immediate relief from cost pressures"
—University of Michigan

Indeed, the property sector in China is described by some as a failing Ponzi scheme due to developers selling prospective homes to generate the funds required to complete sold units. It accounts for approximately 25% of the country's GDP, and 31% if infrastructure is included. Property values may be at risk of falling by another 20% or 25%, which would drop them to about half of the peak in prices. Goldman Sachs Research estimates that China's unsold inventory of housing would amount to $13 trillion if it were fully built. By comparison, they estimate just $1.3 trillion in sales this year.

These challenges are ongoing. In January 2025, China's Central Bank stopped buying bonds as fears of deflation began to emanate in the market and investors swerved riskier assets like stocks and real estate to place their funds in government backed bonds, which then began to decrease in value as the behaviour was adopted market-wide.

18-month low—Retail sales' poor performance in China in 2024, as deflation forced businesses to slash prices across categories from automotives to apparel—Reuters

"In China, a pivot from big ticket purchases toward the basic 'eat, drink, and play' themed consumption"—Lynn Song, chief economist for Greater China at ING

In China, the First Tremors of a Youth Quake?

In 2023, the National Bureau of Statistics of China shared data showing that 21.3% of 16–24 year olds are unemployed in urban centres. In 2024, the Bureau changed its methodology to exclude university graduates, managing a drop in the rate to 16.1%.

However, scholars at Tsinghua University say if you add the "professional sons and daughters" supported by their parents in exchange for help with chores, and the youth "lying flat" protesting the inequity of the job market compared to their emotional and financial investment into education, the reality could be that as many as 50% of 16–24 year-olds are out of the workforce.

"Currently in the zeitgeist, people are looking for a better work-life balance, especially the younger generation who are very focused on not working too much, not being, as we call it: 'grilled to death by the machine'. That is a really important new mental shift. They're getting very good at saying 'no' to things and owning their own lifestyle," explains Bohan Qiu, founder of Shanghai- and Seoul-based creative agency Boh Project, which has worked with Chanel, Versace, Gucci, Supreme, and Lemaire.

Dependents unable or unwilling to leave the familial nest are not entering the workforce, and increasing consumption rates themselves. Instead, they represent continuing financial drains for their earning parents, in turn hampering their own expenditure. "It's easy to see why younger populations are disenchanted. But at the same time, barometers of success and virtues like filial piety are deeply entrenched," Zoe Suen writes in the Matter Memo: China's Youth Culture and Individualistic Expenditure.

Despite new cultural expressions emerging, which is in itself a significant development, adherence to social norms is still prevalent among the young. "While many may be frustrated with what's expected of them, only a minority—albeit a slowly growing one—will reject them outright. When it comes to spending, one might point to the rise of niche brands (xiǎozhòng pǐnpái), and a broader desire to define one's personal style, as outlets for younger consumers looking to express themselves and control a part of their lives that remains uniquely their own. Previous generations were taught to spend practically, and work towards success by pulling themselves up by their bootstraps; now younger shoppers are more inclined to spend for emotional and experiential value," continues Suen.

"Currently in the zeitgeist, people are looking for a better work-life balance, especially the younger generation"
—Bohan Qiu

50%—The proportion of 16–24 year-olds that could be out of the workforce in urban centres
—Tsinghua University Scholars

The Middle-Income Trap Grows Teeth

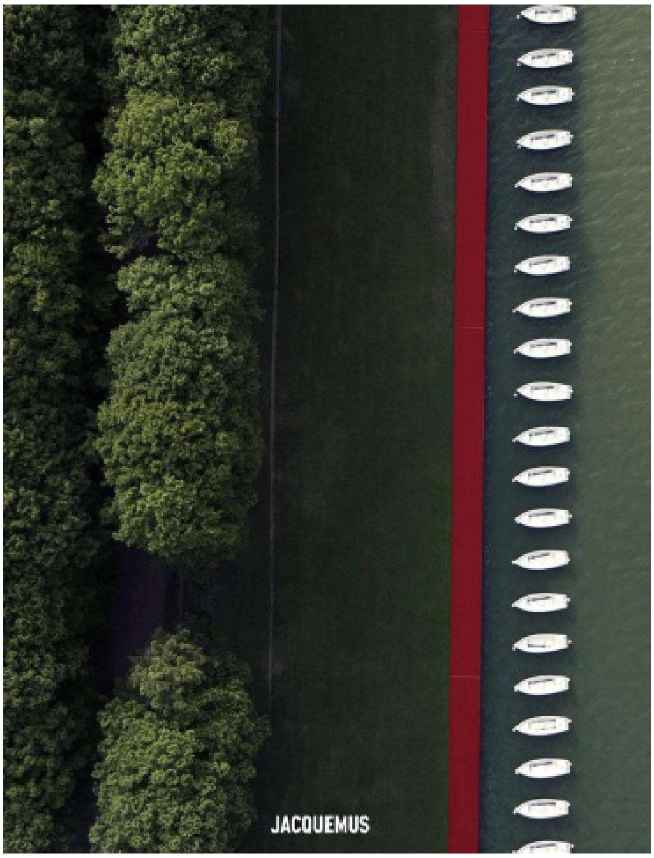
A 2024 World Bank report shares that since 1990, only 34 middle-income countries have transitioned to high-income status. More than a third of that number were integrated into the EU or were the beneficiaries of newly discovered oil reserves.

"The battle for global economic prosperity will be largely won or lost in middle-income countries," Indermit Gill, chief economist of the World Bank and one of the authors of the World Development Report tells the BBC.

Now, those countries and their economies are facing rapidly-ageing populations, rising trade, technology protectionism in "advanced" economies, as well as the urgent need for an accelerated energy transition.

In 2024, the World Development Report found that India will need 75 years to reach a quarter of America's per capita income. Historically, as countries grow wealthier, retroactive research has revealed that a "trap" exists at around 10% of U.S. GDP per capita ($8,000). Pushing through this middle-income range to become an "advanced economy," as the self-appointed members of the G7 refer to themselves, is challenging.

The 2024 World Development Report found that more than 100 countries—ranging from India, to China, to Brazil, to South Africa, face "serious obstacles" that could hinder their efforts to become high-income countries in the next few decades. Globally, middle-income consumers are being buffeted by forces outside of their control: inflation, technologically driven disruption, global insecurity, and decreasing birth rates.



75 years—The time it will take for India to reach a quarter of America's per capita income—World Development Report

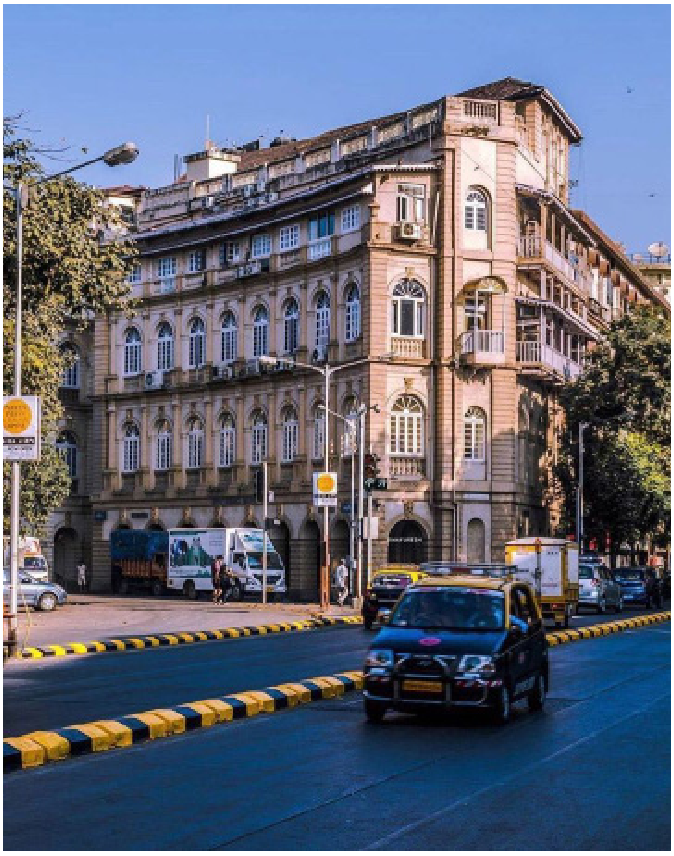
The 1% Gets Bigger

Most, if not all of those forces, are making the rich richer. The global ultra HNW population is expected to grow at 5% annually between 2023 and 2028, according to Knight Frank's 2024 Wealth Report.

Undeniably HNWIs are still spending globally. McKinsey & Co. data shows that between 2019 and 2023, luxury's highest spenders (€70,000+ p.a.) drove 25–30% of the luxury industry's growth. Euromonitor reports that some brands raised prices of selected pieces as much as 50 to 100% over a four-year period.

As to which region's elite are spending the most on luxury, McKinsey & Co. found sales in China amounted to approximately 40% of global luxury goods growth from 2019 to 2023, while the U.S. drove 30%, Europe 10%, South Korea 8%, Japan and ROW 4%. Looking to 2025, the United States is expected to be the primary driver of growth in the industry due to China's dampened consumer confidence.

Income inequality is increasing in the U.S., U.K., France, Germany, and other "advanced" economies. The world is now on track to see five trillionaires within a decade, the Oxford Inequality Report reveals.



Income inequality is increasing in the U.S., U.K. France, Germany, and other "advanced" economies—Matter

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25–30%—The proportion of the luxury industry's growth driven by luxury's highest spenders (€ 70,000+ p.a.) —McKinsey & Co.

India & The GCC

Indeed, pockets of extreme prosperity continue to emerge. While India as a whole may take 75 years to reach high income status, a report by Knight Frank estimates India's UHNWIs will have grown by 58.4% from 12,069 to nearly 20,000 individuals in the five years from 2022 to 2027.

The extreme wealth accumulated by India's elite, typified by the Ambani and Adani families, is comparatively untapped in the country due to a surprisingly nascent luxury retail ecosystem and infrastructure. Indian UHNWIs mostly execute their spending in global capitals, not domestically. That is however improving at speed with investments like Mumbai's Jio World Plaza and the reinvigoration of Horniman Circle.

Another region of particular note and affinity to extreme wealth is the Gulf Cooperation Council (GCC). Valued at approximately $80 billion today by Euromonitor, the GCC fashion and luxury market is one of the most promising areas of opportunity for the industry—especially if conflict in the region can continue to be halted following the cessation of the ceasefire.

With an average GDP per capita twice that of Asia and approaching the European average, a rich cultural heritage and a burgeoning interest in fashion, the GCC is projected to grow by approximately $20 billion by the end of the decade, creating a $100 billion market.

The Kingdom of Saudi Arabia's (KSA) luxury market alone grew by close to 100% from 2018 to 2023, according to statistics shared by the KSA Fashion Commission, and is projected to reach over $7 billion by 2028, accounting for 17% of the total KSA fashion & luxury market. Today, Saudi Arabia is home to nearly 130,000 millionaires, and Euromonitor projects that number to increase by 96,000 by 2030 (reaching 226,000).

Notably, however, over 60% of the luxury spending by the top demographic cluster is abroad in fashion capitals like London, Paris, and Dubai. The United Arab Emirates's (UAE) luxury market, dominated by Dubai, was valued at $4 billion in 2023. Forecasts by the IMARC Group expect it to reach $6.7 billion in 2032. Dubai has approximately 72,000 millionaires. In Kuwait, 16% of nationals are millionaires.

226,000—The number of millionaires forecast to live in KSA by 2030—Euromonitor

With an average GDP per capita twice that of Asia and approaching the European average, and a burgeoning interest in fashion, the GCC luxury and fashion market is projected to grow by $20 billion by 2030, creating a $100 billion market—Euromonitor

"It's a crowded market and there's less opportunity. I've never seen it so crowded. There's so much more competition. For most consumers, in terms of pricing, a chiffon dress for €5,000 is not going to sell if you can do that at [a brand like] Chanel for the same price. There has to be a much more rigorous appraisal of the product assortment to bring it back down to reality," Caroline Issa, chief-executive and fashion director of Tank Magazine and British Fashion Council Executive Board Member tells Matter.

Indeed, for most brands, the very rich are not spending enough to justify pricing out aspirational consumers from entry-level goods. "All of the luxury brands went after the 1%, but the 1% is smarter than that. They all have their existing brands, and yes, once in a while a brand will come along and they will say, 'yes, I am going to switch my allegiance'. At the same time raising the price for the sake of raising the price, some prices went to unimaginable highs, and you saw a fall off from ready-to-wear to accessories even among the wealthy," Ida Petersson, Good Eggs Agency co-founder and ex-buying director of Browns, tells Matter.

In 2024, BoF reported that 90% of the 20 biggest publicly owned luxury brands showed declines in stock value. Indeed, even if the top 2% of customers are responsible for 30–40% of sales, as is the case in some luxury maisons, the poor performance of luxury stock over the past 12 months shows the limitations of an entire industry relying on price-insensitive consumers.

McKinsey & Co. analysis, based on the McKinsey & Co. State of Tourism and Hospitality 2024 report, found that those that spent €10,000–70,000 and those that spent €3,000–10,000 contributed between 15–20% and 10–15% to the luxury industry's growth respectively. Some brands are leaving that revenue untapped, relying on unimaginative products or overly ambitious pricing.

"Longtermism—long-term consumerism, where you buy products, conscious that you will own and use them over the long-term," is rising in significance on social channels in China and its cultural ambit, Bohan Qiu tells Matter. Due to the focus by consumers on more durable cultural relevance and more rational value calculations, many brands will be excluded from this trend.

"Longtermism"—buying products conscious that you will own and use them over the long-term—is rising in significance on social channels in China —Matter

True Luxury Association Narrows

Indeed, globalisation and algorithmic homogenisation have evolved elite spending comprehensively. Simply being rich no longer wields the clout it once did. To gain it back, UHNWI investment into luxury has become more strategic and increasingly narrow. The most business-critical shift for the industry to appreciate is that the rich are no longer spending widely enough across multiple brands to sustain luxury's growth.

A small cohort of companies, critically maintaining the highest resale values as well as cultural positioning, led by Hermès, Chanel, and The Row, are effectively shoring up their positions and customer strategies to protect their relevance and reliance on this increasingly selective and uninterested 1%. How they are doing so and which other brands are capable of doing so will be analysed later in the opinion.

Looking at commercial performance in the near term, BoF and McKinsey & Co's State of Luxury report estimates that top-spending clients will create 65% to 80% of global luxury market growth through 2027. Convincing them to invest outside a handful of luxury brands that have defied over-exposure and cultural ennui will only become more challenging in the year ahead.

Luca Solca, head of luxury goods research at Bernstein, wrote in 2024: "Luxury's current woes are mostly coming from a global cyclical slowdown, exacerbated by structural difficulties in China [...] historically, soft patches in demand have been 4–6 quarters, and subsequent demand recoveries have been rapid."

That may well be the case, but the fact remains: a quality and relevance to cost ratio is now what consumers care about. Not brand legacies and inflated storytelling. "I think on both [aspirational and HNW] ends brands need to sharpen their knives," Bohan Qiu tells Matter.

65-80% —The proportion of growth top spending clients are forecast to be responsible for through to 2027—BoF & McKinsey & Co. State of Luxury Report 2025

UHNWI investment into luxury has become more strategic and increasingly narrow—Matter

What Matters

U.S. economic and trade policy will exacerbate both aspirational consumer headwinds and income polarisation. Yet it remains the land of opportunity for the luxury industry. Intensely dampened consumer confidence in China is prompting a shift in consumption attitudes and tastes, away from causal luxury towards investment pieces, experiences, and China-born creativity. There is no "new China," in terms of markets — India and Africa lack the retail infrastructure needed to scale operations quickly. Europe is flat at no-growth. Elsewhere,the teeth of the middle-income trap are sharper due to protectionism and ageing populations. More positively, the GCC represents a comparatively significant opportunity for brands willing to invest focus as well as resources. Southeast Asia is buoyant but nascent.

Chapter 2: Cultural Shifts

Contents

If you know that...

- Only 30% of aspirational luxury consumers say they are likely to choose logo-centric products, despite the popularity of producing these styles.
- The status of run-of-the-factory "luxury" items has been negatively impacted by low barriers to entry to cheaply produced, brand-sanctioned alternatives of true luxury products.
- "These days, [...] we prefer signs that are harder to fake. Taking a photo with a Birkin? Easy. Maintaining your yuppie deluxe lifestyle with two kids and a mortgage? A little harder. Think caseless iPhones, 10.30am fitness classes, not having roommates" Edward Lau.
- 68% of respondents were unhappy about the volume of sponsored content on social media platforms in 2024.
- Trust in ambassadors has plummeted: 87% of consumers believe it's likely that influencers don't use the products they advertise, 37% trust celebrity endorsements as authentic.
- TikTok and other short-form video apps like YouTube Shorts, Douyin and Xiaohongshu, invited billions of consumers into facets of luxury brands previously inaccessible to them.
- A study found that 64% of Gen Z respondents have used TikTok as a search engine. Videos with the hashtag #GRWM have been viewed more than 325 billion times and counting.
- Accusations of poor quality have hit the culturesphere, levelled at a number of major brands by members of the general public whose videos have gained millions of views.
- TikTok users found a censorship workaround by using #diorbag to refer to drones spotted in the U.S. Tri-state area.
- 33% of U.S. adults intentionally bought a dupe. 50% say they buy for the savings, while 17% say even if they could afford the genuine luxury product, dupes are "a great alternative".

...Go to Chapter 3: Consumer Behaviour

Short-form video apps have effectively ended brand image control. The industry is over-exposed culturally and commercially due to UGC and an arms-race in brand and paid marketing. Price increases have hastened the rise of 'dupe culture' and invited critical expertise into pre-purchase value assessments. Combined, this has eroded consumer belief in luxury's exclusivity and impacted its product's desirability. "The challenge that all brands are facing is we're reaching this extreme state of mono-culture," Justin Moran, Paper's editor-in-chief tells Matter.

#Dupe Culture

"In the 21st century, globalized supply chains and frictionless ecommerce have both expanded our shopping options and exacerbated our authenticity anxiety. We must not only consider copies but also copies of copies and copies of copies of copies. Drowning in a sea of imitations, some have found a life raft in embracing inauthenticity as a virtue. On TikTok, consumers frequently obsess over viral 'dupes'," wrote W. David Marx in his 2023 essay: 'Authenticity Anxiety. Buying the Dream.'

Indeed they do. Posts labelled with #dupe have now been viewed in excess of 6 billion times. Initially, #dupe culture originated in online discourse relating to the beauty industry. In the wake of an ingredients-focused trend, content creators would share their analysis of a beauty product's formula to identify its actual value to consumers—beyond branding and packaging. Now, dupe culture has jumped out of the beauty industry and into the mainstream.

A 2024 survey, conducted by the European Union Intellectual Property Office, showed that more than 50% of consumers between the ages of 15 and 24 said they had purchased at least one counterfeit product online in the last 12 months. Luxury's vast supply chains and manufacturing ecosystems easily enable the creation of "super-fakes" or "yuandan goods", products made with the same materials and manufacturing processes as bona fide luxury goods, but sold illegally though unsanctioned over-runs—critically without the brand mark-up.

50%—Half of 15 to 24 year-olds surveyed say they purchased at least one counterfeit product online in the last 12 months—European Union Intellectual Property Office

Despite the name, consumers aren't being 'duped'. The Guardian reports that 33% of U.S. adults intentionally bought a dupe of a luxury product. 50% say they buy dupes for the savings. Indeed, the total value of counterfeit and pirated goods will hit $3 trillion this year, triple the amount in 2013, reports the Organisation for Economic Co-operation and Development.

Due to the nature of the products, fashion's #dupe culture is distinct from the beauty community. It falls into two camps: high-quality counterfeiting and, secondly, public, often critical, assessments of the value of materials and craftsmanship in luxury goods, and their wear-performance, which are typically positioned as objective acts of service for fellow consumers.

This content has quickly become popular among video-app-users. In 2024, accusations that price hikes were unconnected to quality production methods entered the zeitgeist in online forums like TikTok, Instagram and Xiaohongshu. Worse, as products began to be perceived as lacking the requisite quality, service-experience, or design-innovation to justify the price increase, the perception of luxury goods as overpriced goods, reduced in quality, and made with questionable ethics and impact, gained traction. Today, consumers are increasingly dubious of the foundation of luxury's value proposition: that high prices equal high quality.

The psychology behind dupe culture is attractive to a more informed and cynical consumer base. Its tenet is: the value of the materials and the craftsmanship necessary to create a good represent the true value of it, not the price dictated by the brand that created and owns its design and IP.

In part this is due to the educational nature of many short-form video apps. It is no coincidence that accusations of poor product quality levelled at luxury brands found roots on apps like TikTok, and other video platforms like Xiaohongshu, Douyin and YouTube. It is not all brain rot. Many Gen Z consumers see TikTok as a source of truth; a study by Adobe found that 64% of Gen Z respondents have used TikTok as a search engine.

6 Billion—The number of views of posts labelled with #dupe—TikTok

"Drowning in a sea of imitations, some have found a life raft in embracing inauthenticity as a virtue"—W. David Marx, 'Authenticity Anxiety. Buying the Dream.'

Quality Critique

In the summer of 2024 on New York City's Canal Street, an infamous mecca for the selling of luxury fakes, The RealReal displayed a series of super-fakes in an activation designed to emphasise its authentication capabilities. It also broadcasted quite how wide-ranging and high-quality super-fakes are. However, online critiques that can be readily perceived as factual with a reach of millions are potentially even more damaging to revenues, if at one stage they overwhelm the credibility of a specific brand. The #dupe content genre that began in beauty has been quickly adopted by commentators on luxury fashion, with a particular focus on luxury accessories.

The emergence of TikTok and other short-form video apps, like YouTube Shorts, Douyin and Xiaohongshu, invited billions behind the scenes and into the proverbial factory itself. Tanner Leatherstein, the nom-de-plume of a popular content creator on TikTok and Instagram, is an example of quite how different the media environment for luxury brands has become. A trained tanner and leather worker, his videos focus on dismantling luxury accessories to their constituent parts, revealing plastic covered cotton and other unexpected yet now-common elements in many luxury products.

This year, to share two illustrative examples, he alleges that Jacquemus' Mini Bambino "was so poorly made," and the Prada Cleo was "not worth the money," to his 1.1 million followers on TikTok, among hundreds of other product reviews.

The Guardian reports that 17% of U.S. consumers say that even if they could afford the genuine article, dupes are a great alternative. The Walmart Birkin bag, an $80 handbag that was clearly inspired by the Hermès original, went on sale over the 2024 holiday period. Just a few years ago the incredulity of this reality would have stretched beyond belief. Today, the only reason the sell-out consumer-hit 'Wirkins' are no longer available is because genuine Hermès products will now be sold in Walmart's 3rd party marketplace through its partnership with Rebag.

17%—U.S. consumers who say that even if they could afford the genuine article, dupes are a great alternative—The Guardian

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Sell-out consumer-hit 'Wirkins' are no longer available [...] instead genuine Hermès products will be sold on Walmart's 3rd party marketplace—Matter

Distribution Strategies Mine Brand Equity

For decades, the industry sent mixed messages to its customers. Couture shows that inspired lipstick shades were palatable enough myths for consumers to accept in the early aughts. Today, however, the luxury industry's paradoxical business model—goods for the few sold to the many—is a harder pill to swallow.

In part, this is due to shifting cultural mores and media consumption habits, especially the impact of short-form video apps. But it is also a consequence of luxury's commitment to over-consumption and its inability to manage inventory tightly at scale. The Macy's and TJ Maxx 2024 results quoted at the beginning of chapter 1 (-2% and +4% respectively) expose as much about customer perceptions of value as they do disposable income levels.

Culturally, the status of run-of-the-factory luxury items has been negatively impacted by the low barriers to entry for cheaply produced, brand-sanctioned alternatives to the true luxury products they create. Unable to rely on quality materialisation or design innovation to transfer value to consumers at the price point they were manufacturing for, heavily-logoed, cheap products became more and more popular to produce but less and less popular to consume.

The decision by brands to deal with the glut of inventory created by COVID-19 by flooding both own-branded outlets and consignment stores like TJ Maxx, placed "luxury" products into new contexts, directly contradictory to any allusions to scarcity or specialness. A McKinsey & Co. Consumer Survey in 2023 found that only 30% of aspirational luxury consumers exhibit a penchant for logo-centric products.

This problem was compounded by the industry's paid media strategies. Having enjoyed years of predictable revenue and secure ROI, costs spiked and performance dipped as shifts to data-privacy policies and the end of the cookie era decreased the relevance of paid media assets to their audiences and negatively impacted the return on investment they could generate.

This in turn prompted many brands to invest more, publishing more and more highly commercial content, seeking a biting point where paid strategies became effective again, damaging brand perception yet further in the process. In 2024, BoF published survey results that found 68% of respondents were unhappy about the high volume of sponsored content on social media platforms. In 2025, to stand out in a deluge of luxury advertising, Balenciaga released a productless campaign of a happy-looking otter floating in flowers, and Loro Piana filmed a man leaning and waving at the camera.

Indeed, retaining that association between a luxury branded product and exclusivity, excellent production processes and the finest materials, in the face of waves of interchangeable, mass-produced products is irrational. As status signifiers luxury products are more expensive and less impactful than ever for aspirational customers.

"In the time of the 'Oat Milk Elite', status signifiers can be difficult to decode. What once might have been a universal signal of wealth like a Rolex or a Chanel Bag, now can under certain circumstances instead ironically communicate the lack thereof," wrote Edmund Lau, founder of creative agency Esoteric, cultural strategist and renowned internet culture commentator, and creator of the New Luxury Pyramid (see left).

The thrust of his insight is that subtler status signals, unbranded and un-fakeable, have been reasserted into the zeitgeist, as a consequence of luxury brands commercial over exposure muddying social perceptions. "These days, it seems like we prefer signs that are harder to fake. Taking a photo with a Birkin? Easy. Maintaining your yuppie deluxe lifestyle with two kids and a mortgage? A little harder. Think caseless iPhones, 10.30am fitness classes, not having roommates," he writes.

Luxury's over-exposure in communication channels is mirrored by its over-exposure in sales channels. The rise of resale will be discussed in more detail in the next chapter on Consumer Behaviour, however at this juncture it is worth noting again that partnerships like that of Rebag and Walmart now mean even the mighty Hermès Birkin bag may be available at the online third party market place of the U.S.'s largest retailer.

"The notion of trying to stand out, by purchasing something that is hyped, no longer [has] social cachet," Kyuhee Baik, creative strategist for brands including Stüssy Korea, Hyein Seo, and Adidas tells Matter

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> "The notion of trying to stand out by purchasing something that is hyped no longer [has] social cachet"—Kyuhee Baik, creative strategist for brands including Stüssy Korea, Hyein Seo, and Adidas

Creators Wax, Celebrities Wane

"For a very long time, the fashion industry bet on the fact that consumers simply accepted that [brands] had all the authority and that was it. Now, there's so many voices in the room and things are more personal," Juliana Salazar, a brand consultant who has worked with the likes of Ganni, Aimé Leon Dore, ASICS, Ghia, Nike, Stock X and Tiffany & Co., tells Matter.

"Anytime a brand has wanted to lean on the traditional influencers that have millions of followers, in my experience it doesn't translate into anything. It doesn't mean that they're all bad, but there's few of them that actually move the needle. Even Beyoncé doesn't move products," she continues.

While the stars of the short-form video zeitgeist are rising in significance, the power of celebrities and influencers to drive sales is diminishing. For years, a luxury brand could rely on two things to cement its connection to consumers at scale: its unique connection to celebrity and the power of influencers.

"In this day and age, does celebrity cut through anymore? I don't know. Do I believe that the age of influencers who work for multiple brands is going to keep working? Absolutely not. I think now [we have reached] a saturation point where every day is a different paid post," Caroline Issa shares with Matter.

According to a recent study by Wakefield Research, 87% of consumers believe it's likely that influencers don't even use the products they advertise. Only 38% of Millennials trust celebrity endorsements according to a 2024 BoF survey. Appointing internet personalities into your stable of ambassadors like Hugo Boss and Gucci did with Khaby Lame and Amelia Dimoldenberg is not sufficient to replace the loss of more effective direct commercial relationships with ambassadors and influencers paying greater dividends.

Influence Shifts to Expertise

Now, the scale of celebrity activations has blunted their effectiveness. Images of talent in borrowed clothing have become commoditised, new ones available on-demand each day thanks to a globalised attention economy. What's more, established talent has a harder job in assimilating to the free-wheeling, off-the-cuff, self-deprecating communication styles connecting to audiences today. As Tina Fey told Bowen Yang on his podcast co-hosted with Matt Rogers, La Culturistas, "Authenticity is dangerous and expensive." But for consumers raised on social media, authenticity is table stakes. Caroline Issa tells Matter, "The tastemakers are actually the people who are authorities in their field or who have very, very informed strong points of view. I actually think we only want to hear from experts now. Does that mean that they are very narrow in focus? Potentially." That might not matter.

Matter's proprietary analysis of the engagement patterns of over 200 million luxury consumers found that 'experts' such as Veneda Carter, Lotta Volkova and Betsy Johnson, featured in the top 3 account types individuals are following on social media. Genuine expertise increasingly wields genuine influence.

87%—Consumers who believe it's likely that influencers don't even use the products they advertise—Wakefield Research

"For a very long time, the fashion industry bet on the fact that consumers simply accepted that [brands] are the authority" Juliana Salazar

TikTok Ends Brand Image Control

Video consumption is transforming how consumers receive information and form opinions on luxury products. Short-form video apps connect consumers across wealth brackets and geographical distances. They remove company control over brand image, product use, and customer identities. There is also a growing understanding they are homogenising taste due to the levels of consumer engagement they enjoy.

"The challenge that all brands are facing is we're reaching this extreme state of mono-culture. All we do is sit on our phones, subject to the algorithm and what it is serving us. If you're creating things for the success of a For You Page, or any sort of social media feed, those things will start to look the same because [the algorithm] doesn't actually reward differentiation.

When you think of the pre-internet, or even early stages of the internet, smaller communities were rewarded and cultivated. They're not anymore. So that's why you see the same brand ambassadors across all fashion brands, you see the same faces at every fashion show or every single fashion event. And it starts to feel like, what is the difference?" Editor-in-chief of Paper Magazine Justin Moran tells Matter.

Now, user-generated content exposes every experience and every product a luxury house has to offer at scale to the public at large, shared by individuals with no ties to brands or guardrails in place. Activate Consulting found that the average American consumes 5 hours and 18 minutes of video every day on platforms like TikTok and YouTube. Comparatively, messaging and social media consume 1 hour 39 minutes.

Videos with the hashtag #GRWM have been viewed more than 325 billion times and counting. Individuals with the very best money can buy, like Kylie Jenner, North West, Jamie Xie, Skylar Chase and Audrey Peters gained or maintained huge followings through designer haul videos, wardrobe tours, and Get Ready With Me (GRWM) videos.

This has increased awareness among the general public of what true luxury or ultra luxury products and experiences actually are, in turn tarnishing products that are not priced to be inaccessible. An Hermès scarf is no longer enough. Only a Kelly or Birkin will do. Increasingly, only a Kelly or a Birkin in a dust bag with the Hermès logo embroidered in blue, denoting it as a special edition. Perhaps mono-culture isn't dead, it just morphed into the consumption of the same finite group of products.

TikTok users found a censorship workaround by using #diorbag to refer to drones spotted in the U.S. Tri-state area—Matter

5 hours and 18 minutes —The time the average American spends consuming video content daily—Activate Consulting

Chanel is not alone. Hermès is so inundated with user generated content made on SFV apps advising viewers on the best "SA strategy," (sales associate strategy—the bedrock of Hermès intentional scarcity strategy), it has become an entire sub-genre dubbed 'The Hermès Wish' or 'Hermès Game'. There are now hundreds of thousands of videos created by customers advising others on how best to manipulate the system behind how Hermès distributes its bags to customers. There are just as many featuring creators sharing their latest experience in purchasing accessories at Hermès.

The organic reach this has created is staggering. Which is exactly why it could become a risk. How Hermès will manage the success of its scarcity strategy, magnified by the billions of users of video apps when it has no control over its exposure or image remains to be seen.

The sheer randomness of internet culture is almost hilariously ill-suited to luxury's controlled brand image. Brand association reached astronomical levels for Christian Dior in December 2024, when TikTok users found a censorship workaround by using #diorbag to refer to drones spotted in the U.S. Tri-state area, believed by a vocal few to be extraterrestrial. Loewe sensibly turned this new dynamic on its head somewhat, co-opting audio of Sofia Richie Grainge's husband, Elliot Grainge, referring to its footwear as something "a rich duck would wear," in its own video content.

Unofficial Ambassadors

Another major shift ushered in by short-form video apps was to put the power of brand association in the hands of the general public. Unlike its predecessor, Instagram, TikTok For You pages are curated based on the engagement of the content, not the following of the creator. Due to its algorithm's orientation around an interest-graph rather than a socio-graph, promoting content to users based on their interests not their social network, TikTok effectively democratised reach. Xiaohongshu and Douyin had already done this in Asia, while YouTube Shorts and Instagram Reels are following suit. Today, many more people matter.

As a result, individuals with no official links to brands have become highly associated with them and their products. Bravo Real Housewife and food and beverage entrepreneur Bethenny Frankel released a stream of TikTok videos in the summer of 2024, promoting the claim she had been refused entry at one of Chanel's appointment-only retail locations. An instance she ascribed to the brand's "elitist" attitude. Over the succeeding weeks and months she created numerous videos themed around a feud never publicly acknowledged by Chanel with no factual public record available to verify events. At the time of writing, if you type the word Chanel into TikTok the most liked video is one created by Frankel relating to her claims.

> How Hermès will manage the success of its scarcity strategy, magnified by the billions of users of video apps when it has no control over its exposure or image remains to be seen
> —Matter

> 325 Billion—Views of videos with the hashtag #GRWM
> —TikTok

What Matters

For the economic global elite, the industry is too over-exposed to retain widespread cultural cachet or credibility. UGC hastened the rise of Dupe culture and the widespread adoption of resale across price points. Combined, they have overwhelmed new luxury goods' value propositions in the minds of many W.E.I.R.D (Western, Educated, Industrialized, Rich, and Democratic) consumers. In middle income economies however, brands' roles as status signifiers are less impacted. The result? Relevance for the apex of the industry with highly-selective but price-insensitive elites, and broader relevance in new markets where the scale of the opportunity will remain significantly smaller for decades.

Chapter 3: Consumer Behaviour

Contents

If you know that…

- The purchasing power of Gen Z is varied and anxiety-ridden. With wages failing to rise with inflation, this generation "have grown up in a time when work doesn't pay."
- Younger consumers today are orienting around culture and identity expenditure rather than aspiring to archival material possessions, or vibe-driven, not product-driven expenditure.
- Gen Z are more interested in self-narration than material possession: 69% agreed that "the luxury brands I wear express something about me."
- 25% of Gen Z consumers shop at Temu, Shein, TikTok Shop, and AliExpress at least once a week, while 44% of Gen Z make at least one purchase on Shein monthly.
- The once-monolithic hot product has been replaced by styling aesthetics like "quiet luxury" or "old money", which don't orbit around a specific item, but rather a set of vibes or moods.
- In 2021, the global market for merch was valued at $10.2 billion. By 2026, it is forecast to grow to $13.2 billion.
- "(顶尖) 'Dǐng nán is trending among male customers. It translates to 'top guy.' A male consumer passionate about style, and digging out the coolest archival things."—Bohan Qiu
- Resale is a major route into luxury brands. The RealReal's top 5 most-searched brands of 2024 in order were: Louis Vuitton, Chanel, Prada, Gucci and Loewe.
- In 2024, the prices of Hermès' second-hand products continued to grow, while Louis Vuitton and Dior experienced a decline, according to Bernstein Research.
- "I'm seeing a significant ramp up of super, super, super VIP CRM programmes from every brand at every show."—Bohan Qiu

…Go to Chapter 4: Commercial Tactics

Today, travel, beauty, and aesthetics—all manner of transformational identity-driven expenditure—sit higher in many consumer cohort's spending priorities than personal luxury goods. The extent of how much beauty, aesthetics, and lifestyle investments have overtaken luxury goods expenditure is outside the scope of this opinion, but is worth noting here for the sake of completeness. This chapter analyses customer behaviour trends specifically relevant to the personal luxury goods industry. Indeed, for both HNWIs and ALCs, purchase motivations and the channels they transact in are evolving. Styling trends have overtaken product trends. The once monolithic 'It' products no longer exist. The elite are increasingly only willing to invest more to get more, sending brands' clienteling strategies into over-drive, while aspirational consumers are trading down. Resale's superior cultural credibility among influential cohorts is now creating competition for new-season styles.

Invite Me! Buying into the Jet-Set

"I'm seeing a significant ramp up in super, super, super VIP CRM programmes from every brand at every show," Bohan Qiu tells Matter. Today, the rich that engage with the luxury industry are not simply acquiring the finest products, matched to their tastes, at an appropriate price. Many invest in personal luxury goods to achieve other goals. Be it status through acquisition of rare and costly goods, social inclusion into brand activities (through investment in special editions), fame on social media, or any other purchase driver unrelated to value for money.

As the rich get more populous, the need to distinguish oneself is becoming more apparent, and it is driving significant business. For some. The biggest category growth increases in 2024 were made in leather goods and highly elevated products, what McKinsey & Co. dubbed "brand icons" like Versace chain-mail dresses, Louis Vuitton trunks, or special editions from Hermès, like the Kelly Picnic or Mini Doll Picto. Part of the appeal of that expenditure is the lifestyle experiences they unlock. Proximity to luxury fashion and luxury brands, access to unique clienteling experiences and postable, Getty-searchable status markers like runway shows and brand events, are globally relevant ways of standing out in an ever expanding international elite.

A multitude of luxury brands now repeat shows and tour shows to create more elevated touch-points with their highest spending consumers. Each event is infused with the expectation that expenditure ahead of the show, at the show and after the show, is the appropriate way to express gratitude for an invitation. Indeed, luxury clienteling strategies are reminiscent of the heyday of paid media strategies: invest enough and you cross a tipping point to unlock expenditure at a predictable rate.

> “Those who attended were expected to spend a minimum of $100,000 purchasing [Tiffany & Co.] jewellery”—Jeannette Neumann, Bloomberg News

> Luxury clienteling strategies are reminiscent of the heyday of paid media strategies: invest enough and you cross a tipping point—Matter

Prior to the Arnault-era, Tiffany & Co. invited 100 of its highest net worth customers to spend three or four days in an exclusive setting up to twice a year. “Those who attended were expected to spend a minimum of $100,000 purchasing jewellery. Last year, Tiffany hosted more than half a dozen of those events and stretched them out over several weeks to allow more people to attend,” reports Jeannette Neumann of Bloomberg news.

LuxExperience, the new name for MyTheresa post its acquisition of Net-a-Porter from Richemont, Europe’s largest and most successful luxury and fashion ecommerce player, has maintained its success and performance by focusing on its top-tier customers. They typically spend six figures with the business annually—and drive approximately 40% of its overall business. To do that, the brand arranges regular VIP clienteling experiences—it took 30 customers to Brunello Cucinelli’s birthday party in Florence for example—for which they shopped prior and throughout to match their perceived dressing-needs for the occasion. The events take roughly 3 months to plan and are hosted 25+ times a year.

But competition between houses for the same tiny number of clients engaged enough with the industry and its culture to continue investing up-to seven-figure sums annually is intense. “Even for the very wealthy, the added value of storytelling is becoming less powerful to justify a price,” Bohan Qiu tells Matter.

“Inviting top VIP Chinese customers to a show in Paris and putting them front row next to a celebrity. It’s not enough anymore. They want the brand to customize a private trip to the designer’s house for dinner or commission a portrait from the artist they’re collaborating with. Every single luxury brand is hunting down these 10 customers that are uber wealthy,” Bohan Qiu tells Matter.

As this clienteling-on-steroids strategy scales up, there is a risk that granting access into the inner-sanctums of luxury so publicly diminishes its appeal. Yes, it is still an incredibly selective group of individuals that are invited, but their access is amplified to millions. A relationship with a fashion house used to denote a star becoming an A-Lister. Now, it might just make you queen bee of the freshman class of an Ivy League university.

"It's also becoming less cool for the young customer to wear luxury. There's so many great options from younger, smaller brands that react much faster and I feel much closer to," Bohan Qiu tells Matter.

Indeed, in the context of dupe culture and significant luxury product price increases, the elevated contemporary category has re-emerged in a new guise—exemplified by Our Legacy, Lemaire and Auralee, best described as Rational Luxury.

"Prices going up have created openings for brands that offer a premium good at a price that is slightly lower than luxury. Because they're positioned at this understandable luxury price point, it's not so scary for the consumer," says Berkowitz.

Normal, Anxious People

"With wages failing to rise with inflation," as Dr Eliza Filby notes, "Gen Z have grown up in a time when work doesn't pay."

The polycrisis is undoubtedly impacting how an anxious generation spends their income. Despite the fact they are the dominant cohort in the workforce, the purchasing power of Gen Z is varied yet anxiety-ridden. Simultaneously however, the financial assets of Millennials and Gen Z grew the most of any generation over the last three years, with Gen Z amassing nearly $6 trillion, according to data published by CNN.

For individuals without independent financial means, traditional markers of adulthood are often out of reach, prompting a greater range of expenditure due to the lack of appreciable investment opportunities. In the absence of saving for a housing deposit or down payment, age-related salary increases are unlocking discretionary incomes to serve new purposes. That used to include luxury goods as markers of progress and belonging in new cohorts. Today, not so much.

For individuals without independent financial means, traditional markers of adulthood are often out of reach, prompting a greater range of expenditure due to lack of investment opportunities—Matter

Vibes Over Value

Indeed, "at an aspirational level, there is no longer a leading coveted "it" bag or an "it" shoe in the culturesphere. Younger consumers today are orienting around culture and identity expenditure rather than aspiring to archival material possessions," Matter's Ismene Ormonde writes in the Matter Memo 'Why Styling Trends Are Killing Product Trends'.

The once-monolithic hot product has been replaced by styling aesthetics like "quiet luxury" or "old money", which don't orbit around a specific item, but rather a set of vibes, moods, and characters, thereby diminishing the dominance of many short-lived product-led trends. Quiet luxury's 'vibe' is achievable across the price spectrum—whether you're wearing Hermès, Max Mara, Massimo Dutti, Zara, or Shein.

A 2024 Ipsos study showed that when making luxury purchases, Gen Z are more interested in self-narration than material possession: 69% agreed that "the luxury brands I wear express something about me." The distinction is, rather than commit to one, today they emulate as many of them as they wish to. The result is many consumers are purchasing for what the product represents, the aesthetics or vibe it's associated with—rather than because a specific product has heat.

"There's a Venn diagram between the customers for Wales Bonner Adidas, Supreme, and Bottega Veneta today. And I think the overall through line is that people want to look like they're wearing the clothes and the clothes are not wearing them," Jian DeLeon, men's fashion director at Nordstrom, tells Matter.

Styling has become particularly important as a newer wave of formalisation meets an older wave of casualisation (via the impact of streetwear on fashion). Thom Bettridge, editor-in-chief and chief brand officer of i-D tells Matter: "Today, the people I look up to culturally are actually smart enough to know what they like and rep for it. Sometimes the trend cycle catches up to them rather than the leaders following it faster. We're in a trend cycle that's spinning out of control. Part of that means that there's also an undercurrent that's very post-trend. It's almost less about moving faster than everyone else and more about who holds the cultural currency that trends gravitate towards," he explains.

Another upshot is the explosion of 'merch' in fashion consumer's wardrobes. Dazed Studio's Izzy Farmiloe writes in newsletter 'The Weekly Echo Chamber': "As the old adage goes, been there, done that, got the t-shirt. Sign, signifier, signified; through merch, you can signal your place into whatever cultural milieu you aspire to inhabit," In 2021, the global market for merch was valued at $10.2 billion. By 2026, it is expected to grow to $13.2 billion, she reports.

"People want to look like they're wearing the clothes and the clothes are not wearing them,"—Jian DeLeon, men's fashion at Nordstrom

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$13.2 billion—the forecast size of the global 'Merch' market in 2026—Dazed Studio

Aspirational Shoppers Trade Down in The U.S.

Compounding luxury's relevance problem are two still relatively new market entrants from China: Shein and Temu. The ultra-fast fashion companies enabled clothing expenditure to become a lever many American families could pull to ease their outgoings. It also enabled younger consumers to buy and style their way into numerous aesthetic trends at minimal costs. Apple revealed that Temu was the most downloaded app in the U.S. in 2024 and data compiled by Omnisend found that 25% of Gen Z consumers shop at Temu, Shein, TikTok Shop, and AliExpress at least once a week, while 44% of Gen Z make at least one purchase on Shein monthly.

Despite misconceptions, this shift in consumption patterns towards ultra-fast, ultra-cheap clothing is also evident in the data for affluent and older consumers. In 2024, BoF reported that 40% of U.S. consumers had shopped at Shein. It also found that future purchasing intent for ultra-fast fashion was higher than Shein and Temu's first and second generation rivals H&M and Zara. Cheap and disposable clothing enables participation in short-lived aesthetic trends or "cores" across the wage-spectrum, with purchases for children at times opening the door for their parents' expenditure.

For aspirational luxury consumers in the U.S., in the absence of dramatic policy shifts, this shopping-down trend will continue. At time of writing, President Donald Trump has 'paused' 25% tariffs on Mexican and Canadian-made goods and applied 10% tariffs on some Chinese goods. Tariffs are central to Trump's political mandate and are expected to feature more impactfully in his second term than the first. All but the rich will feel the impact.

"The idea that tariffs drive up prices is a very classroom thing to say," Simeon Siegel, BMO's senior retail analyst, tells The Cut's Chantal Fernandez. "If no one wants those $80 jeans for $100, they'll just go on sale." Brands that "don't have the permission" to raise prices—those that believe shoppers will simply stop shopping from them—are not expected to try to. Instead, analysts forecast that brands will adopt other tactics, such as using cheaper fabrics or pressuring their factories to charge them less.

Resale for Rich and Poor

The resale industry offers a tempting solution to higher prices and a consumer need for higher status goods. Especially in a cultural context where styling and vibes have replaced 'It' products.

"The next generation grew up seeing everything, and they are super knowledgeable about these things. They have a much higher sense of judgement on what's cool and what's not. Now there's a new term, 'dǐng nán' (顶男) which is trending among male customers. It translates to 'top men' or 'top guy," Bohan Qiu tells Matter. "These guys wear the coolest archival Walter van Beirendonck with some Arc'teryx, some Kiko, and a bit of streetwear. They don't wear it in the traditional sense. They're passionate about style, digging out the coolest, often archival things. There's a big community around this. They're nurturing another group called 'dǐng nu' (top women), girls into similar brands, lifestyles, and dressing," he continues.

Resale's growth increasing cultural relevance is one of the most significant shifts in consumer behaviour in the past decade. Now, new-season products must compete against the best of past seasons, at more affordable prices and absent of any stigma. Arguably, in the West at least, second-hand clothing has more cultural credibility.

ThredUp analysis found that in the U.S. 55% of consumers say if the economy doesn't improve, they'll spend a higher proportion of their apparel budget on secondhand clothing. Already, respondents spent nearly half of their apparel budget on secondhand in the last 12 months. In 2025, it forecasts that 10% of the global apparel market will be made up of secondhand clothing and that two in five apparel items bought in the last 12 months were secondhand.

On The RealReal's platform, luxury's traction is growing. In 2024, buyer growth in the $1,000—$3,000 bag price range increased by 13% year over year, marking the largest uptick of any price category—"with a focus on good investments over trends." The top 5 most-searched brands of 2024 on the platform were, from first to fifth: Louis Vuitton, Chanel, Prada, Gucci and Loewe. Brands with better resale value in China are much more resilient in performance within their own channels. In 2024, the prices of Hermès's second-hand products continued to grow, while many other luxury brands, including Louis Vuitton and Dior experienced a decline, according to Bernstein Research.

> Now, new-season products must compete against the best of past seasons, at affordable prices and absent of any stigma
> —Matter

Secondhand luxury is thriving in China, mirroring Japan and South Korea. The Chinese resale market is projected to grow from 58 billion RMB ($8 billion USD) in 2020 to 217 billion RMB ($30 billion USD) this year, per iResearch data. The cultural authenticity that luxury resale offers, and the ability for consumers to buy into aesthetic identities with higher status goods, possessing higher cultural value than the equivalently priced new products, are the dominant appeal.

Quilt.AI analysis in August 2024 for BoF Insights found that: 25% of online customer conversations about luxury resale are linked to an appreciation for the uniqueness and history of secondhand and vintage luxury, 24% is related to the affordability and accessibility of pre-owned luxury goods; and 20% of conversations concerned reliable platforms and authenticity.

Technological advancements are aiding adoption. Depop, which was acquired by Etsy in 2021, grew 30% year-on-year. In September, Depop introduced an AI tool that can automatically generate a listing description and item info such as category, colour, sub-category and brand, based on a single photo. Coach is using digital identities to enable similar "instant resale" through a partnership with Poshmark. The opportunity that owned inventory strategies represent for the luxury industry will be discussed in the next chapter.

In 2024, the prices of Hermès' second-hand products continued to grow, while many other luxury brands, including Louis Vuitton and Dior experienced a decline—Bernstein Research

What Matters

Younger cohorts seek vibes and aesthetics over 'It' products while the elite are only willing to invest more to get more. In the 'Information Age' the power of storytelling as an elite purchase driver is diminishing, increasing UHNWI expectations around additional perks related to top-tier investment in products. For aspirational luxury consumers in the U.S., in the absence of dramatic policy shifts, this shopping-down trend will continue. Resale's growth and increasing cultural relevance and positive associations are one of the most significant shifts in consumer behaviour in the past decade.

Chapter 4(I)
Commercial Tactics, The Status Quo

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Part 1: Existing Tactics, Best Results

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  Scale Alternative Lines—Hermès
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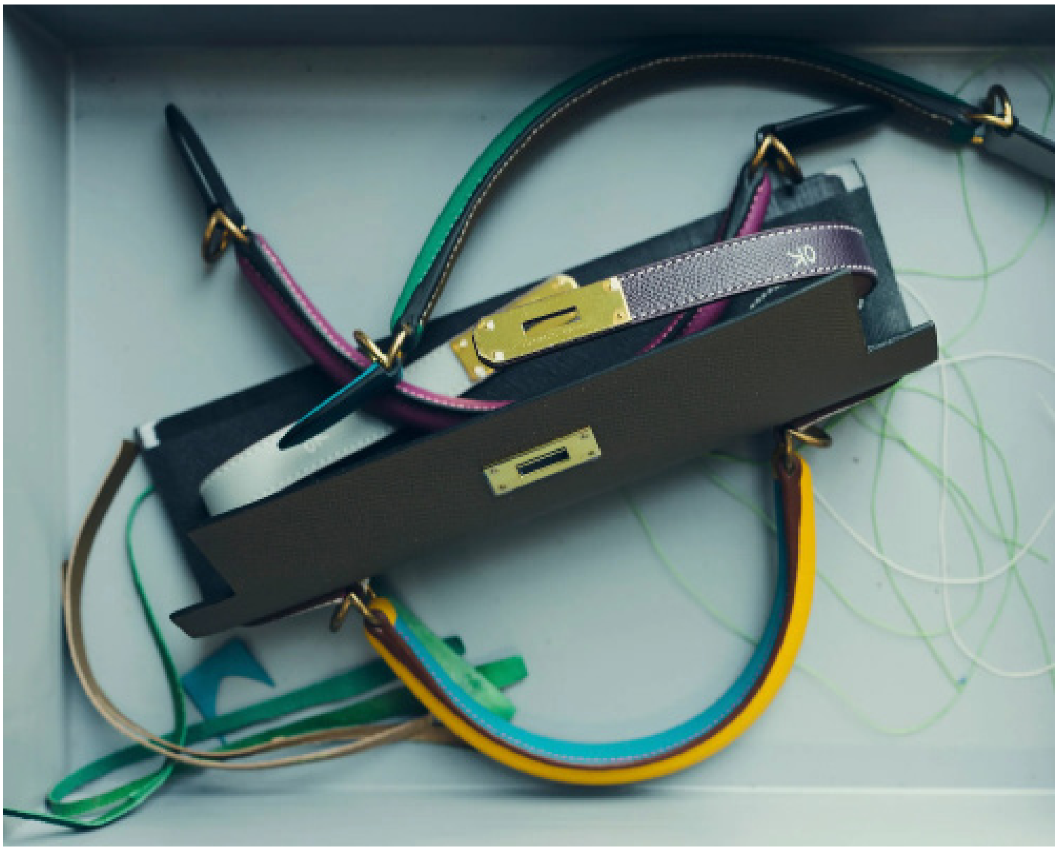
- Aesthetic Application not Innovation—Miu Miu, Balenciaga
  Styling trends are killing product trends. A creative vision that can dominate consumer expenditure can be rooted in aesthetic codes already present in it.
- Surfing the Zeitgeist—Marc Jacobs, Loewe
  A series of brand entry-points which allow consumers to telegraph their belonging to a community at the forefront of the zeitgeist. Products are not innovative, but rather associative.
- Everywhere All at Once—LVMH
  As the world's largest luxury maison, Louis Vuitton's all encompassing exposure underlines its synonymity with luxury. For others, the trick is retaining a sense of humanity.
- Can't Afford It? Experience It—Industry wide
  "In a digital world, physicality is everything. [...] The branded product is a souvenir to an experience. An experience that puts you in the know"—Izzy Farmiloe.
- Customising "Opulence"—Tiffany & Co.
  Tiffany & Co., acquired a group of five specialist manufacturers to expand its high jewellery category and has grown the category by over 300%.

*Brands evaluated are market leaders or the most illustrative example of the strategies analysed.



In this Chapter, Matter analyses a selection of the tactics currently utilised by the luxury industry to maintain relevance and secure luxury positioning. In Part Two, we posit more radical evolutions to existing strategies to regain relevance and commercial success and retain it.

Protect Hero Manufacturing, Scale Alternate Lines: Hermès

"It's not expensive. It's costly," Hermès' artistic director Pierre-Alexis Dumas told Sharyn Alfonsi on CBS' '60 Minutes' in December 2024.

"Expensive is a product which is not delivering what it's supposed to deliver, but you've paid quite a large amount of money for it, and then it betrays you. That's expensive. The cost is the actual price of making an object properly with the required level of attention so that you have an object of quality," he continues. Indeed, objects of quality are the constant Hermès has built its business around, especially its leather goods and saddlery division.

The dependably high resale values of Hermès bags, its restraint in price increases and its notable absence from conversations around diminishing quality standards in luxury have all helped it continue to perform, especially in the downturn in China. Its most recent results are a testament to the success of its strategy. The company generated €3.7 billion ($3.99 billion) in revenue for the three months ending in September 2024, an 11.3% increase.

Keeping production below demand yet manageably scaled, while producing much greater numbers of silk scarves, ubiquitous logoed throws and objets d'art, in addition to a fragrance business and still-under-developed beauty business, ensures a growing, highly profitable business with luxury craftsmanship at its heart. That craftsmanship is not required to be a foundation for the whole of the business however, just maintain its spirit. In 2023, Bernstein estimated The Birkin and Kelly accounted for $2 billion of business. At the time, a little over 15% of total revenues at Hermès.

Make no mistake however, Hermès has worked hard to do a better job than its principal rivals to retain its true luxury association. In 2022, at the peak of the price hikes Hermès raised prices by 3.5%, half as much as the 7% average price increase at Louis Vuitton.

The Dumas-family dominated Hermès Group also apply self-imposed volume growth caps in its leather goods production, set at 6% to 7% annually. Combining that rigour and the good fortune of an ownership structure that will think long term, enables Hermès to maintain craftsmanship commitments to a degree it can be considered and marketed as luxury production. Each bag continues to be stitched by hand and Hermès recruits fewer than 500 artisans a year to ensure it can train them sufficiently. "The real quality control of Hermès is the pride of the person who makes the bag," executive chairman Axel Dumas, Pierre-Alexis' cousin, previously stated.

The brand prefers long waiting lists to the risks associated with accelerating production—Axel Dumas previously stated the group has no plans to change this scarcity-model. In 2022, he told reporters "It takes 15 hours to make an Hermès bag. Contrary to what people may think, we're always very sad when we have to say to our customers, 'No', because we don't have that. Even if there's a lot of demand, I'm not going to start doing them in 13 hours to raise production." Dumas noted at the time the group had considerably run down stocks in 2021 to adhere to its principles—just the kind of advantages a family controlled group has.

After Louis Vuitton and Chanel, Hermès is the third largest luxury brand, but due to its production methods and vertically integrated supply networks, it is more resilient to fluctuating energy and materials costs. But even Hermès is not immune to the challenges facing a polarised industry: executives have shared they are seeing a dip in traffic from aspirational clients, impacting higher volume products such as silk scarves.

6–7% p.a.—The Dumas-family dominated Hermès Group created self-imposed volume growth caps in its leather goods production.

"Expensive is a product which is not delivering what it's supposed to deliver, but you've paid quite a large amount of money for it, and then it betrays you. That's expensive"—Pierre Alexisis Dumas, CBS' 60 Minutes

Aesthetic Application not Innovation—Miu Miu, Balenciaga, Loro Piana

"[Miu Miu] is not a brand success story but rather the emergence of a dominant aesthetic trend," the head buyer at one of Asia's most prestigious multibrand retailers tells Matter. Miu Miu's youthful, bookish-yet-sporty look has become the most commercially engaging global aesthetic because it is a novel yet accessible style identity. Consistently rising since 2019, Miu Miu's revenues increased by 97% over the first nine months of 2024 and by 105% in Q3.

As consumers change between aesthetic identities more frequently, the distinctive accessibility of Miu Miu found truly impressive traction in China. The stellar performance of the brand chimed with cultural shifts in China, critically evolving the girl-ification codes popularised by Chanel and Dior in the last decade, which were no longer emblematic of the zeitgeist. "Miu Miu became synonymous with shifting social attitudes around ageing and style in China," journalist and the author of the Floss Substack Zoe Suen tells Matter.

Much like the Balenciaga-mania before it, the genius behind Miu Miu's success is its prosaicness. Indeed, stylist Lotta Volkova's ability to channel cues from how people actually want to dress in a contemporary way, and elevate it into aspirational, recognisable aesthetics is unparalleled. Her styling was a part of two of the biggest leaps in brand relevance of the last decade.

In System Magazine, Miuccia Prada says of Lotta: "[She] has a natural connection and understanding of fashion, and more importantly of contemporary culture. I also admire her curiosity and respect of individuals". Her agency even markets her ability to "consistently define the energy of things to come."

Not everyone can be Lotta or Miuccia, or Demna or even Gurum Gvasalia for that matter, but the key takeaway here is: creative vision that commercially dominates a market can be rooted in aesthetic codes already present in it. Styling trends are killing product trends.

"[Miu Miu] is not a brand success story but rather the emergence of a dominant aesthetic trend" —head buyer at one of Asia's most prestigious multibrand retailers

"The thing that is really resonating is the stuff that is quieter but still incredibly recognizable"—Justin Berkowitz, strategic partner for NN.07 in the U.S. and former men's fashion director of Bloomingdales

"The thing that is really resonating is the stuff that is quieter but still incredibly recognizable. Most often, what we see with people in the store, is they gravitate towards brands like Prada or Bottega, where they've got these really recognizable brand hallmarks. All of them have a logo, but they use the logo in a very smart way. It's an identifier, a signifier. It's not necessarily about incredibly bold design or incredibly shouted versions of a logo. Instead, it's these quieter elements that still say, 'I bought a really nice thing'," Justin Berkowitz, former men's fashion director of Bloomingdales and now a strategic partner for NN.07, tells Matter.

Loro Piana's Summer Walk loafers are emblematic of the commercial traction the right brand association can give perfectly normal footwear, just distinctive enough to be identifiable "It's that understated, almost covert design that people are looking for—that 'insider' design element," a leading stylist to Hollywood talent tells Matter.

105%—Miu Miu year-over-year sales growth in Q3 2024

Surfing the Zeitgeist: Marc Jacobs, Loewe

In today's attention economy, a like, share or follow, is the real entry-level product to the luxury industry. Highly present within the attention economy, Marc Jacobs have successfully created a series of entry-points which allow consumers to telegraph their belonging to an in-the-know community at the forefront of the zeitgeist.

The products themselves are not innovative, but rather associative. In fact, the brand's Summer 2024 "What's In My Bag" campaign took this idea to extremes, using transparent designs in order to laser in on the celebrity-curated contents of the bags—while the bags themselves were quite literally invisible.

Marc Jacobs' reactive marketing creative includes a best-in-class TikTok strategy, working with viral talent at the speed of culture. From letting Sylvanian Drama take over their account with typically chaotic storytelling, working with viral ventriloquist dolls, to partnering with Nara Smith to bake a tote bag from scratch, @marcjacobs has become what trend forecasting service Corq terms an "entertainment portal" rather than a brand account. Newness is prioritised in the creation and telegraphing of all brand signals, whether it's talent, merchandising, or marketing—but crucially, not in product. The design of the tote bag is simple in concept and execution, channeling individuals' affinity to the brand via their affinity to the zeitgeist.

Loewe has equally earned its place in the Gen Z zeitgeist, with content like the Loewe Tomato, animated walking Puzzle bags and Elliot Grainge's 'rich duck' audio. Charlie Smith, their CMO, tells Vogue Business they're "trying to deeply engage with the culture of any platform, rather than doing something surface-level." More impressive however is Loewe's talent strategy, which reaches a crescendo at its runway show each season. No brand has tracked the evolution of the masculine ideal in the zeitgeist better than Loewe, capturing eye-balls of all genders in the process.

Following these early adopters today with sufficient creative brilliance to cut through is a challenge. What demand there is in the channels is being served by others already. It's not an insurmountable challenge, though the prospect of a TikTok ban will likely make investment too tentative for the necessary experimentation. Internal talent and operational trust to post and collaborate at speed is critical.

Everywhere All at Once: LVMH

In 2024, LVMH reported €85 billion in sales. That same year, the conglomerate spent the comparatively affordable $163 million to be the "premium" partner of the Olympic games: Louis Vuitton had a major feature in its Opening Ceremony and Dior and Berluti also featured. Meanwhile, Möet Hennessy supplied champagne, Chaumet made the medals, Vuitton the trays. The list goes on.

For those present in the city, the impact of Out Of Home (OOH) advertising, and the sense that one of France's most famous businesses was welcoming the international community to its home city was palpable.

Commentators speaking off the record pointed to the fact that LVMH was making a play for Paris itself, primarily to prevent any other rivals, likely Kering, the other major French-founded luxury conglomerate, or Swiss-based Richemont, from seizing the opportunity. During the 2024 Olympic Games in Paris, 11.2 million people visited the Greater Paris area, including tourists, day-trippers, and residents. Data from the Office de Tourisme de Paris calculates this was a 4% increase from 2023, with a 13% increase of international visitors.

750 million—Formula 1's global audience—Nielsen Sports Study, December 2024

2 Billion—Grand Slam Tennis' global audience—Roland Garros

However, even one of the world's most visited cities pales in comparison to the convening power of big sport. In 2024, Paris welcomed 50 million visitors. In 2024, Formula 1 reached a total audience of 750 million viewers, a recent study by Nielsen Sports reports.

LVMH now has a 10-year sponsorship deal, announced last October, with Liberty Media-owned Formula One which covers the Louis Vuitton, Moët Hennessy and TAG Heuer brands and will be centered around 'The Paddock Club', Formula One's prestigious pit-side entertainment and refreshment facilities.

The 2024 report by Nielsen Sports shares: "What's impressive is that in just the past three years, Formula 1 has seen global interest grow by 5.7% or approximately 50 million new fans since 2021". Over 41% are women. "Formula One is a perfect example of a rights owner innovating its relationship with fans," says Jon Stainer, global general manager of Nielsen Sports.

And F1 is not the only sport LVMH has sought to dominate. In May 2024, Louis Vuitton released its Core Values campaign featuring two genuine tennis icons: Rafael Nadal and Roger Federer, captured journeying across the Dolomites by Annie Leibovitz. The popularity of Grand Slam tennis reached new heights in 2024, with a combined viewership of almost 2 billion people. Six months before that, to celebrate the football World Cup, it reunited two more sports icons: Cristiano Ronaldo and Lionel Messi. Data released by FIFA, soccer's international governing body, shows that the final of the 2023 World Cup reached 1.5 billion viewers. Louis Vuitton has maintained a partnership with FIFA to create trophy cases since 2010.

In 2021, Luca Solca, head of luxury goods research at Bernstein, told the author of this opinion, "You have brands that make more than €10 billion of revenue per year and invest mid-to-high single digits in communication. That creates a huge amount of fire power. Bigger brands clearly have a scale advantage."

As the world's largest luxury brand, Louis Vuitton's significant scale-advantage and constant global exposure underlines its synonymity with luxury. Long-term, perhaps there is a risk of overexposure, but the scale advantage would enable an adjustment before real damage.

For others, the trick is retaining a sense of surprise and delight to offset impressions of over-exposure of a brand and a product that consumers want to believe is exclusive, scarce, and special. Chanel's decision to enter into a long-term deal to sponsor the Boat Race, a historic race between the UK's two top universities Oxford and Cambridge, meets the criteria of being highly relevant to its audience and commercial strategies, while retaining a sense of charm and humanity.

Can't Afford It? Experience It: Industry-wide

"In a digital world, physicality is everything. [...] The branded product is a souvenir to an experience. An experience that puts you in the know," Izzy Farmiloe writes in Dazed Studio's newsletter 'The Weekly Echo Chamber'

Indeed, in terms of true luxury products, entry-level prices have much higher barriers to entry than previously was the case. As a result, brand merch, typically ephemeral or in a low cost category, is emerging as a popular tactic to stimulate consumer engagement with priced out customers and at times prompt social amplification.

Buying products for lifestyle inclusion is not limited to the rich. Consumers are already coalescing around products created in service of ongoing lifestyle needs, rather than brief fashion trends. Brands like Alo Yoga and Erewhon achieve the same lifestyle inclusion markers at an aspirational level that luxury used to, aiding customers in picking up and putting down different aesthetic identities as they consume and discard them.

The appeal of an affordable if ephemeral piece of a luxury brand, attained through engagement with an activation is still at times compelling to low-value consumers. The right concept and right market create significant brand reach through the resulting UGC. The activation and merch become a prop to cast the aspirational customer in one of the selection of aesthetic lifestyles they project.

> **The smartest activations focus on building data profiles of future customers priced out of entry-level goods—Matter**

> **"Brands like Alo Yoga and Erewhon achieve the same lifestyle inclusion markers at an aspirational level that luxury used to"—Matter**

Numerous brands have adopted the strategy: Chloé's flower bouquet stall, Loewe x On's matcha activation, Miu Miu's 'Summer Reads' pop-up (generating $852,000 in media impact value in the first two days post-launch). Prada taking over

Shanghai's wet market, replete with branded wrapping for fresh seafood. Loewe's exhibition in Shanghai. Louis Vuitton tapped coffee culture in the same city. Aimé Leon Dore and Ralph Lauren both have significant food and beverage plays.

The smartest activations of this nature focus on the data play in building connections with future customers, now priced out of entry-level goods. Louis Vuitton has started investing in airport spaces, building an invite only premium lounge in Doha, Qatar (capturing HNW nationals as they fly to shop, no doubt). The more democratic walk-in Café Louis Vuitton, a partnership with Parisian chef Cyril Lignac, is the latest addition to the brand's hospitality portfolio. Louis Vuitton has another Café concept in Ginza and a seasonal restaurant in St Tropez, among 20 restaurants, cafés, chocolate shops and airport lounges around the world. The broadly relevant nature of a travel hub is part of the plan.

"While the luxury industry has long sought to court young shoppers (in order to build brand loyalty early in the consumer's lifetime), overlooking "older" ALCs means missing out on a significant segment of consumers," writes Gemma D'Auria in the State of Luxury.

Customising "Opulence" —Tiffany & Co.

In and amongst high-profile, high-budget marketing campaigns with the likes of Beyoncé, Jay Z, Nike and the estate of Jean-Michel Basquiat, Tiffany & Co. has undergone a significant elevation of its assortment and expansion of its manufacturing capabilities. To better tap into a polarised luxury cohort and price insensitive customers, Tiffany & Co. acquired a group of five specialist manufacturers as it grows its high jewellery category.

Tiffany's high jewellery prices run to the tens of millions and are described by the company as the "height of opulence [...] pure luxury." In a June 2023 interview with BoF, chief executive Anthony Ledru said the company had grown its high jewellery business by 300% since LVMH's acquisition. Access to Nathalie Verdeille, chief artistic officer of jewellery and high jewellery who was hired from Cartier, has stimulated sales of significant personalised, bespoke pieces. The designer is renowned for her skill at serving the 1%'s jewellery needs.

In July 2024, Jeannette Neumann, a reporter at Bloomberg, shared that she had learned the sales target for Tiffany & Co.'s Fifth Avenue flagship was more than $60 million in December 2023. The goal was about double what they'd sold a year earlier. In the end she reports it reached $50 million, but a Tiffany spokesperson told Bloomberg its top 20 client advisors earned as much as 75% more than last year.

Such significant price elasticity achieved through personalisation is rare in the personal soft luxury goods industry. Even exotic skinned Hermès handbags are a fraction of the price. The most expensive in public knowledge is a white Himalaya Birkin with diamond-encrusted hardware which sold for a little over $450,000 at Sotheby's in 2022. But, customisation and clienteling remain imperative for top-tier clients. The rub, as it is for Tiffany & Co. too, is that the costs of impressing, hosting, and servicing UHNW consumers is significant and guarantees less long-term loyalty than that of the less global and less informed previous generational cohorts.

300%—The growth in Tiffany & Co.'s High Jewellery Division post acquisition—BoF

"The height of opulence [...] pure luxury"—Tiffany & Co. describing Tiffany & Co. High Jewellery products

Chapter 4(ii):
Commercial Tactics, Opportunities in Evolution

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  "Prices going up have created openings for brands that offer a premium good at a price that is slightly lower [...]. Because they're positioned at this understandable luxury price point," Justin Berkowitz.

*Brands evaluated are market leaders or the most illustrative example of the strategies analysed.

In the second part of this chapter, Matter posits strategies that exist in the market which represent routes to long-term cultural relevance and commercial success if adopted, optimised, or evolved. Undoubtedly, these tactics are best suited to W.E.I.R.D. (Western, Educated, Industrialised, Rich, Democracies) Economies and China. However, as Gemma D'Auria notes in BoF and McKinsey & Co.'s State of Luxury report, "dynamism in emerging markets such as the Middle East, India, and other Asia–Pacific regions will not compensate for single-digit growth expected in luxury's core markets, including the United States, Europe, and China." Luxury has to repair its relationship with consumers in its heartlands—or else risk irreversible irrelevance.

(More) Owned Inventory—Rolex

Resale is now a major entryway into the luxury industry, a growing competitor to new season stock and a predictable indicator of consumer engagement with a brand. All of which raises the potential of controlled inventory models for luxury accessories, in which buy-back schemes and resale values are managed by the brand producing the goods.

Longterm, the greatest opportunity stemming from owned inventory models is the ability to limit the availability of goods and as a result increase prices. A return to Veblen theory. In a future context, it enables decreasing production but increasing profit, preventing further breaches of our planetary boundaries.

Regulation from the European Commission will require many luxury goods to be fitted with unique Digital Product Passports (DPPs) as early as 2027. DPPs are uniquely linked to a singular physical product, and used to document points of transaction and transference across its entire lifecycle. This includes information on the provenance of materials, manufacturing processes, supply chain data, environmental impact, and recommendations for end-of-life use—all accessed on a smartphone via digital markers like NFC tags or QR codes.

With the onset of digital product passport (DPP) regulation in the European Union, for many brands the technology that would enable an owned inventory model will already be required to access the EU block's markets. Digital product passports will track information on an independent blockchain in order to be compliant.

The small electronics industry has created a strong precedent for the model, it too acting after the passing of legislation that created Extended Producer Responsibility. Critically, this established that a premium price and perception can be set and maintained, through centralised repairs and sales facilities, evidenced through guarantees, warranties and authorised entities.

One immediate advantage is the effective management of resale prices to prevent shocks to main sales channels. Brands with better resale value are more performance-resilient in their own channels. As mentioned, Bernstein Research found the prices of Hermès' second-hand products continued to grow, while Louis Vuitton and Dior experienced a decline in 2024.

This evolution is not only relevant to vertically integrated brands. Other luxury brands would be well advised to note Rolex's distribution strategy. Limited to its own network of boutiques and authorised dealerships, typically deliveries are made once a fortnight by the company—with unknown stock inside. Rolex retains complete control over what it sends where and when. Recently, Rolex has started to allow some models to be ordered, but it never offers a guaranteed timeframe.

According to a confidential Luxury Bazaar source, one of Rolex's authorized dealers, the wholesale price of any Rolex model is about 65% of the retail price. "This means that to a Rolex Retailer, selling a Yellow Gold Submariner Date is worth about 4x more than selling the coveted steel version of the same watch. Thus, authorised dealers understandably tend to "reward" big-spending customers with favorable allocations for [the most popular] steel models. The ones the moderate-spending customers want the most. This is part of what contributes to the common man's struggle to get the most popular Rolex watches," it reports.

The commercial opportunities of stimulating and driving demand for specific models in specific markets, while artificially increasing or decreasing the availability of other models is already understood by some players in the soft-luxury industry. Those advantages are even more compelling in an era of sustained global disruption and ultra-responsive marketing. Wholesale strategies for luxury are already much more highly controlled. This is an evolution already underway.

65% of RRP—Rolex's approximate wholesale price across its ranges—anonymous authorised dealer for Rolex, Luxury Bazaar

Luxury at Your Service—Flamingo Estate

"People are more driven by [whether] something's actually bringing them a connection to their fulfilment or their purpose, especially if it's connected with community," Asha Harper, ex design lead at Nike Lab tells Matter. "And a lot of brands are trying to pivot back to the service module structure, rather than just storytelling for the sake of storytelling," she continued.

The same DPP technology which could support owned-inventory models should also unlock the next iteration of CRM strategies for luxury. In addition to documenting points of transaction and transference across a product's lifecycle, DPP technology creates a direct channel of communication between brand and consumer. One that is not yet utilized enough.

Embedding DPP technology enables products to become vehicles through which brands can deliver content and services to the end-customer (Balenciaga has already released an exclusive Mina track this way, for example. Versace is another early adopter). This makes the opportunity for luxury brands to become service businesses more realistic. This is a timely move. Consumer taste is shifting away from mass-produced, highly commoditised items. This is creating an opportunity for more varied, nuanced product and distribution strategies that create a greater sense of relevance and delight among brand communities.

The best example of this is Flamingo Estate. The seven-acre estate in LA built a $10 million+ business on products like $250 jars of honey harvested from celebrity homes including Lebron James, Tiffany Haddish, Ai Weiwei and Julianne Moore, and dried strawberries "dusted with guajillo chile and a squeeze of lime" for $80—pre-shipping. It sold 2,500 Heirloom tomato candles an hour after Oprah placed them in her 2023 favourite things.

"I really do think we've got these two customer segments," founder Richard Christensen tells the New York Times. "We've got people who care a lot about the environment and about sourcing and about farming. Then I think we've got this customer here who's a luxury shopper, who thinks the house is curated and likes the brand and especially the collaborations we do, and sometimes they cross over. But very rarely, actually."

Aspirational customers are now more motivated by experiential expenditure. Their value assessments are informed by relevance-to-lifestyle-experiences and immediate affordability, rather than value for money or a desire to 'complete' material acquisitions of a specific type. Yes, this era of extreme wealth polarisation has created cohorts of price-insensitive consumers. But it has also created cohorts of price-sensitive consumers who are reckless with their discretionary income because they do not think it feasible to save for the traditional markers of adulthood in the cities they live in.

The genius of the Flamingo Estate brand is how well it taps into the willingness of luxury consumers from all income brackets to buy into products that are seasonal, limited and above all special—no matter the cost, so long as it does not cross a threshold affordability.

$250—The cost of Flamingo Estate's honey, farmed in celebrities' gardens, including Lebron James, Tiffany Haddish, Ai Weiwei and Julianne Moore

Embedding DPP technology enables products to become vehicles through which brands can deliver content and services to the end-customer—Matter

The Flamingo Estate brand now uses ingredients from over 100 local farms; 75% of customers are women between 24 and 40 years old. Of course luxury brands, have, will, and probably should continue to extend product ranges into the natural world so many are already commercially connected to. Foodstuffs are one of the last major commodity classes not subsumed into luxury—yet. In fact, Flamingo Estate has already held pop ups in the Hamptons with Dries Van Noten and Missoni.

But more compelling is the opportunity for brands to drop specific products within a small time-frame and push them directly to consumers through CRM. Is there a maximum price Louis Vuitton could charge for its limited-edition ear-defenders at the Monaco Grand Prix if they are worn by the right people first? What about the cost of the accessory that contains the digital marker through which the CRM messages would be broadcast? The same could be said of ultra-limited-edition tennis caps at Wimbledon for Ralph Lauren, Maison Michel x Chanel panamas ahead of the "Open de France Barnes" polo tournament at Chantilly Polo Club, Rick Owens boots for raves in Berlin, etc.

The potential also exists to unlock service business revenues: travel tips and concierge by Louis Vuitton, access to the latest longevity and aesthetic treatments, exclusive lifestyle experiences curated for brand-communities—the possibilities are manifest. Luxury lifestyle management businesses have followed in the wake of concierge services like Quintessentially. Ellidore, Knightsbridge Circle, Velocity Black, and Ten Group orientate their offer and USP varyingly across the UHNWI-to-HNWI spectrum, helping the rich rich better.

The innovation here is the ability for brands to position themselves closer still to their community's lifestyles and create finite purchase opportunities linked to specific wear-occasions. It creates event-specific products at elevated or affordable costs, curated for the lifestyles of brands' communities.

From Product Placement to Exec Producer— Saint Laurent, Versace, Kering, LVMH

An OMD Worldwide and Yahoo study found that Gen Z loses active attention to advertising in 1.3 seconds. That means it is entertainment—and not advertising—that is connecting brands to communities today.

As a result, luxury brands are establishing deeper ties with the entertainment industry. Kering bought a majority stake in talent agency CAA. LVMH has launched 22 Montaigne—which explores opportunities for the brands to collaborate with entertainment creators, producers, and distributors on film, TV, and audio projects. Similarly, Versace and music label Roc Nation recently announced a long-term partnership.

A number of luxury brands have wardrobed shows like the short-lived reboot of Gossip Girl. Some have entered the plot: Ami had itself written into Emily in Paris for an undisclosed sum, which sources allege to be in seven figures.

But Saint Laurent's collaboration on the Oscar nominated Emila Perez directed by auteur Jacques Audiard is a new standard in execution. Throughout the film, characters played by Selena Gomez, Karla Sofía Gascón and Zoe Saldaña, along with many, many others, wear specially designed Anthony Vaccarello for Saint Laurent. The words "Anthony Vaccarello for Saint Laurent" are emblazoned across the screen in huge scale as the film starts, and it features lingering shots of Saint Laurent earrings, high heels and handbags throughout.

Why not build your own entertainment vehicle around your product—make the movie yourself?—Matter

$750 million to $1.4 billion—Luca Solca's estimate of marketing budgets for $10+ billion brands (5–9% of operating revenue). Other estimates are higher still.

Though the film has been marred in controversy, not least prompted by resurfaced tweets from Karla Sofía Gascón, one of its two nominated stars, it represents a watershed moment in the collaboration of luxury and entertainment. Luxury is one of the few industries that spends so heavily on advertising and marketing that producing films, TV shows, albums, is a feasible endeavour if the pay off is right. The median of Luca Solca's estimation would result in between $750 million to $1.4 billion of marketing spending power for Hermès, Chanel and Louis Vuitton.

Talent want to be associated with brands. Narratives need costumes. Previous IPs like Sex & The City have driven the growth and development of multi-million dollar brands. If advertising isn't working, partnering with entertainment vehicles and retroactively fitting products into them is at odds with luxury's typical levels of brand image control. Why not build your own entertainment vehicle around your product? Make the movie yourself.

Technological shifts brought about by XR stages could also play a part in this opportunity, enabling brands to better tap into gaming. A point which will be raised in more detail within the conclusion.

Aspirational customers are now more motivated by experiential expenditure. Their value assessments are informed by relevance-to-lifestyle and immediate affordability, rather than value for money or a desire to 'complete' material acquisitions of a specific type—Matter

Private Shows, Private Stores... Private Brands?—Chanel, The Row, The Yellowstone Club

For the Autumn/Winter 2024 Paris shows, The Row's ban on phones and photography at its show (it provided notebooks for attendees instead), was one of the most reported-on stories of the season.

The decision joined a wider conversation in the industry zeitgeist about the privatisation of luxury for elite spenders. Chanel, Dior and Gucci, among others, have all invested in retail networks designed either exclusively or primarily for HNW spenders: Gucci's Salon on Melrose where it hosts a significant inventory of high jewellery; Chanel and Dior's private floors, accessed through exclusive elevators in Shanghai's Plaza 66. Other instances have already been discussed in this opinion.

Unquestionably, growing wealth inequality is creating a ready market for astronomically priced amenities—especially if built on the promise of exclusivity and realistic expectations of privacy on a smart-phone surveillance-obsessed planet. The Yellowstone Club, for example, has 864 members and describes itself as the "world's only private ski and golf community," located in the now famous corner of Montana. To become a member you must be a home-owner. House prices start in the $6 million to $7 million range for a 1 bedroom condo and go up to north of $30 million.

The combined worth of its membership was reported as in excess of $290 billion in 2024. "It's more business leaders than celebrities," at $400,000 for initiation and around $60,000 annually, "it's just too expensive," the member shared with The San Francisco Standard. The primary appeal here is privacy standards and membership selectiveness.

"You're at the gym next to Gisele [Bündchen]. It's truly unbelievable," the member told The San Francisco Standard. The source's fellow members include Microsoft founder Bill Gates, Meta bro-disaster Mark Zuckerberg, Instagram co-founder Kevin Systrom, investor Warren Buffett, and former Google CEO Eric Schmidt, according to a lawsuit filed by Jamaican ex-workers who alleged discrimination, which was later settled. Schmidt hosts a summit there every July, the San Francisco Standard reports. Others are drawn from venture capital firms like Khosla

Ventures, General Catalyst, Menlo Ventures and Greenoaks.

Allegedly, Jessica Biel and Justin Timberlake are raising children there and Paris Hilton DJ'd at her own birthday party at the resort. The question is, how private can a brand that creates physical products get? Chanel and Hermès' experience on TikTok would imply: not very.

Bizarrely, Paris Hilton and technology might hold the answer. The DJ, lobbyist, and TV-star brought media attention to a photo-obscuring scarf when she wore it in 2021. Beyoncé, French Montana, Kevin Hart, Nick Jonas, Cameron Diaz, Chance the Rapper, and Trevor Noah have since worn the scarf, designed and sold by London-based company Ishu.

While current iterations are too rudimentary to appeal to elite consumers, consumer concerns over privacy and increasing price ceilings are a strong impetus to invest in development. The opportunity to prevent over-exposure on social channels and rely on exclusivity and novelty could find traction if handled impeccably. Perhaps the facially-obscuring, status-awarding sunglasses of the future is unidentifiable clothing, obscured both on social media and in paparazzi shots.

"You're at the gym next to Gisele [Bündchen]. It's truly unbelievable"—anonymous Yellowstone Club member, The San Francisco Standard

Actual Value Transferal—Telfar, Khaite, Corteiz, Auralee, Métier, Saman Amel

"For a fashion consumer today, there needs to be a combination of a novel design in some way, shape or form, and a practical and versatile object. It has to speak to multiple wear occasions for it to be something that can really gain broader traction," Justin Berkowitz, strategic partner at NN.07 and former fashion director at Bloomingdale's, tells Matter.

Off-kilter pricing strategies to consumer realities are creating significant opportunities for something Matter refers to as Rational Luxury: Auralee, Lemaire, Our Legacy, Khaite—the brands with heat today have tapped into luxury consumer cohorts at lower price points with quieter brands. What Telfar has done so convincingly is make a genuine transferral of value a central part of its experience.

"Many brands use price as a barrier to entry. I never wanted that for my brand," designer Telfar Clemens tells Fast Company. Despite their popularity, the brand's shopping bags continue to be priced at under $300.

As part of the Telfar Live Price format, new items were dropped weekly and consumer demand determined cost. Prices rose from the wholesale price up to a recommended retail price. Once an item sold out, prices were set at that point. The company also launched its 'Bag Security Programme' in 2020 to tackle resellers and bots selling out styles and immediately re-selling them at a mark-up. The strategy amounted to an unlimited pre-order programme designed for a greater number of customers. Not all companies that excel at genuine value transferals build their brands around it. Auralee, Lemaire, Our Legacy, as mentioned, have all hit sweet spots with consumers in their perceived value for money.

"Khaite's price positioning is really smart. Khaite has the halo effect of who Cate [Holstein, founder] is and she has a very strong community, and they sort of live and die in Khaite," Ida Petersson, Good Eggs Agency co-founder and ex-buying director of Browns, tells Matter. Petersson went on to praise how well Khaite wardrobes its community's lifestyles at prices that enable regular expenditure. The commercial results are clear. "I think at most retailers Khaite will have actually overtaken The Row in terms of size of business, not that the Row has been diminished," she continued.

Métier, worn by the likes of Katie Holmes, Kate Middleton and Nicole Kidman, was quickly regarded as a serious contender in the luxury accessories industry, despite infamously high barriers to entry due to craftsmanship and quality standards. Its success is rooted in how well it reflects its community's tastes for sophistication and restraint and the precision and functionality of its bag designs. Both telegraph its nuanced understanding of the lifestyle needs of its community, positively impacting their lived-experiences through using Métier products, generating genuine value transferral in the process. Swedish tailoring brand Saman Amel is similarly able to map their community's needs and elevate them to delight customers.

Indeed, value transferral is not limited to value for money. Corteiz exploded into the luxury industry's consciousness thanks to its unapologetic guerilla marketing tactics which broadcast the depth of community engagement it enjoyed.

The brand has hosted a pop-up car boot auction in London's Soho. It organised the 'BOLO Exchange' in a West London car park, where the brand's community were told they could trade jackets from other brands for Corteiz's new puffer jacket. The North Face, Moncler, and Supreme products collected, worth £16,000+, were later donated to St. Lawrence's Larder, a non-profit organisation that feeds people experiencing homelessness. In 2023, it launched its Nike collaboration with a football-goal shooting competition. Fans that could hit the cross bar of the goal got a pair in their size. Anyone that did it in the new shoes got a £1,000 sweetener.

Now worn by Drake, Central Cee, Dave, Jorja Smith, and Stormzy, British-Nigerian Clint (also known as Clint419), founded the company in West London in 2017. Its website previously operated with restricted access gained by a password shared through private social networks. The original Instagram account was private. The brand recently crowdsourced designs for its first ready-to-wear drop, asking for technical drawings and specific SKUs from the community it represents and platforms. They obliged, of course.

£16,000+—The total value of the North Face, Moncler, Supreme and other branded products swapped by fans for Corteiz 'Bolo' jackets—Clint419

"I think at most retailers Khaite will have actually overtaken The Row in terms of size of business"—Ida Petersson, co-founder of Good Eggs Agency and former Buying Director of Browns

Chapter 5: Conclusion

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*Brands evaluated are market leaders or the most illustrative example of the strategies analysed.

Action Required, Irrelevance is a Risk

Luxury brands should objectively assess what their products' relevance to consumers is built on in today's market and in preparation for the future. With shifting mores around inequality, and more informed and connected consumers, the industry's role in global culture is less secure. Social media has dispelled the myths the modern industry relies on: that items produced in the millions are exclusive, that logos and high prices denote quality, and that others will consistently be impressed by either.

In "advanced economies", polarising wealth inequality has pushed consumer cohorts' purchasing behaviour out of the central sweet spot from which luxury houses made such significant revenues. Status signalling has become more nuanced in luxury's core-markets. The growth potential of the markets where luxury's traditional value proposition still holds, and its run-of-factory products still have sway, is insufficient to offset slowing performance in the U.S., China, and Europe.

Despite sensitivity around pricing, it is the relevance-to-cost ratio not value-to-cost ratio that matters most to consumers. With the right cultural and emotional context, HNWIs and ALCs will both spring for elevated versions of goods or services across price ranges and categories. Their cost threshold: affordability in that exact moment. Their purchase motivations are now more personal than societal.

In an interconnected culturesphere that puts a premium on authentic communication, brands must now connect to disparate consumer groups, with vastly different economic realities and purchasing behaviours—concurrently. The ability to craft effective messaging for each, in full view of the other, without negatively impacting its offering to either, is the next tightrope for the industry to traverse.

Much of the future forecasting today is rooted in analysis of how AI will transform our industry. No doubt, LLMs will elevate customer service and decrease operational costs. We also expect that GANs will soon be responsible for a huge proportion of content creation. But the adoption of AI will not regain industry relevance alone. The industry must reframe its value proposition in contemporary terms. Operationally, AI is transformative. But it is no silver bullet culturally.

The attrition rate we expect to see in brands that rely on increasingly-outdated associations of 'exclusivity', 'quality', and 'social status', is alarmingly high. The likelihood of supply chain shocks and tariff-induced pricing challenges equally so. Authentic, defensible brand authority—in culture, craftsmanship, creativity, whatever—and a genuine transferral of value are the foundation of successful brand strategies today.

Five Focus Points For 2025

In macroeconomic terms, securing and nurturing performance in the U.S. market represents the highest priority for luxury brands, followed by the Chinese market. To do so, brands would be well served to recognise that expenditure from the 55+ and -18 cohorts is now a fundamental consideration for success.

For brands willing to reestablish their authority and create real value for their communities, Matter identified five high potential cultural verticals to maximise performance: Sport in the U.S.; China's Youth Evolution; Men Post-Streetwear; Saudi-women and Saudi-pride; and, finally, Smart Glasses & Gaming Worlds.

Enter the U.S. Sportsverse

In 2025, the opportunity exists for brands to engage with sports in a more nuanced way, that will increase emotional impact whilst still achieving impressive reach.

"Sport is now the only by-appointment thing to tune into live—everything else is on demand. This makes it the only thing left in society that really drives a huge volume of people at specific moments. For brands, that's very special and valuable." Clive Reeves, then head of PwC's UK sports division, told Daniel-Yaw Miller—the author of the Sportsverse newsletter on Substack and a key commentator on the dynamic between sports, luxury, and fashion.

Sports-sponsorship will grow from $63.1 billion in 2021 to $109 billion by 2030, forecasts PwC. Though the Olympics provided some strong moments, undoubtedly the WNBA was the biggest sports story for luxury in real terms in 2024. Prada dressed Caitlin Clark for the WNBA drafts, a first for the brand and the highest scoring player in any basketball league last year, but it was Glossier that climbed to the top of the podium.

Glossier became the official beauty partner of the WNBA back in 2020, when ESPN data shows regular season games averaged 205,000 viewers. In 2024, games averaged 1.2 million viewers, up 155% from 2023. Glossier's decision to act early has granted its ongoing partnership an authentic purpose and a secure place in WNBA culture.

Building association with future stars at the beginning of their journeys will connect emotionally with typically untapped fandoms. "College sports is the epitome of that in the U.S. I can't think of any other phenomenon that will get 90,000 people in small towns to fill out an arena to watch 18-year-olds play sports. It is the only pathway to become a successful athlete in American sports. You're seeing people who are the future of your national sports teams," Miller tells Matter.

Beyond college sports, new professional leagues are being founded that offer fresh stages for fans and luxury to engage with, and different dynamics than incumbent leagues like the NBA and WNBA. A key example is Miami's Unrivaled League, which now takes place in the traditional off-season. The Unrivaled League founders Napheesa Collier and Breanna Stewart won gold in Paris and are "at the top of their game, in the middle of their playing careers."

"They want to solve a massive issue in women's basketball and that's the fact that the WNBA season has a six month off-season where women have to play overseas, away from their families," says Miller. "They also can't market themselves in their home region [during off-season]. So they've partnered with investors and made a three-month-long league in Miami. They've recruited the best players from all around the world, [and are paying them] with the highest average salary in women's sports ever. Each player in the league gets a minimum salary of $250,000." High-tech, custom built, digitally integrated stadiums are also evolving the fan experience.

Miller tells Matter that another "identically structured," volleyball league has emerged, League One Volleyball (LOVB), as well as a new tennis league, the Ultimate Tennis Showdown (UTS), which aims to recruit new fans to the sport by significantly shortening the length of a traditional tennis match, encouraging fans to react as loudly as they would at a football game, creating an immersive and more democratic experience. "These new sports are where we're going to find the new sports stars and new stories. I think brands still haven't really cottoned on to those leagues", he says.

Luxury has leaned on sports stars' global reach for decades, but now the convening power of sport has made it one of the last global monocultures and a critical channel to consumers. In an extremely divided United States, luxury's primary driver for growth in the near future, professional sport is uniquely apolitical. What's more, athletes come equipped with ready-made narratives and benefit from continuing spikes in relevance due to their day jobs.

Young athletes are moving away from "plugs" and personal shoppers—whose job was to source "logo-heavy luxury and streetwear items"—to focus on working with stylists. From Kyle Kuzma repping Hermès Birkins, to Jared McCain collaborating with nail polish brand Sally Hansen, individual sports stars are raising the profile of styling whilst wielding their influence to expand what masculinity looks like on the largest global cultural stage for men.

"It's not just the top 0.1% of athletes who need full time stylists, it's the majority of them now," explains Miller. Red carpet events and photocalls have been supplemented by athletes at a wholly new scale. "[Fashion partnerships] probably pay the least but can give you the most cultural relevance from a marketing standpoint," WAA sports agent Tom Chapman tells BoF.

"Sports has always been seen as providing a unifying male space in culture, and men's growing interest in wellness is only accelerating its importance. What has changed, however, are the ways in which athletes are now presenting themselves—with fashion emerging as a key differentiator in establishing their individual identities," Matter's Ismene Ormonde writes.

However, in terms of brand reach, engagement, and ROI, the still-criminally-underinvested-in women's sports leagues represent the greatest opportunity. LVMH may have secured a 10-year Formula 1 deal where it will own the Paddock Club, but it's not the only luxury play in the resurgent sport. Currently, 40% of F1 fans are female. However, only 7% of drivers at formula level are women. Just 4% of whom compete at the highest level. In 2024, Charlotte Tilbury signed a deal back with F1 Academy — Formula 1's development arm to prepare female drivers to progress to higher levels of competition. There's now a Charlotte Tilbury car driven by 19-year old racer Lola Lovinfosse. Look Out for the Matter Memo: The Athlete-Era Dawns, in Q2 2025.

$109 billion—Sports-sponsorship forecast size in 2030, up from $63.1 billion in 2021 —PwC

"These new sports are where we're going to find the new sports stars and new stories. Brands still haven't really cottoned on to those leagues" —Daniel-Yaw Miller, founder of Sportsverse substack

China's Youth is Changing

"China's Big Tech scene has seen big changes in recent years. From cross-sector regulations — anti-monopoly probes, data privacy reforms, and labour laws cracking down on the country's infamous '996' work schedules (9am to 9pm, six days a week) – to widespread layoffs, it's clear that the growth-at-all-costs days are in the rearview. In turn, disenchantment with desk jobs and growing discourse around work-life balance have driven young Chinese to immerse themselves in nature and seek fulfilment in less material things," Zoe Suen writes in the Matter Memo: China's Youth is Changing.

It's easy to see why younger populations are disenchanted. But at the same time, barometers of success and virtues like filial piety are deeply entrenched in culture. While many may be frustrated with what's expected of them, only a minority — albeit a slowly growing one — will reject them outright. Ashley Yang, a Shanghai-based brand strategist, differentiates between young Chinese living in big cities (who deal with greater stress while also enjoying a more cosmopolitan lifestyle, and may feel less pressured by traditional family values) and those in smaller cities or rural towns, who tend to get married and have kids early. "Young people are living on two very different ends of the spectrum," she says.

When it comes to spending, one might point to the rise of niche brands (xiǎozhòng pǐnpái), and a broader desire to define one's personal style, as outlets for younger consumers looking to express themselves and control a part of their lives that remains uniquely their own. Previous generations were taught to spend practically, and work towards success by pulling themselves up by their bootstraps; now younger shoppers are more inclined to spend for emotional and experiential value. Pop Mart, the designer collectible sensation behind the viral blind box toy 'Labubu,' is just one example.

xiǎozhòng pǐnpái—The term for niche brands, which are now growing in relevance in China—Zoe Suen for Matter

"Young people are living on two very different ends of the spectrum"—Ashley Yang, a Shanghai-based brand strategist, differentiates between young Chinese living in big cities and those in smaller cities or rural towns

Brands looking to understand Chinese youth must also consider the geo-political climate they're growing up in. Unlike neighbouring Asian powers Japan and South Korea, Chinese soft power largely suffered in the 2000s as a result of geo-political tensions and policies, as well as racist narratives resurfacing throughout the pandemic. Studies have shown that negative sentiment of China, in the US, is mirrored by the Chinese view of Americans. The so-called national wave (guócháo), which drove greater demand for homegrown brands and new interpretations of traditional Chinese design (xīn zhōngshì), gained traction in this context.

Where China used to receive, rather than incubate, trends, and a designer's success was determined by reception elsewhere, Western markets now hold less sway over Chinese tastes. A lucrative local idol economy, a rich network of hyper-curated concept stores, and recommendation-driven social media apps like Xiaohongshu all played a role. Practically, this shift is pronounced in education: last year, Hong Kong saw a 25% year-on-year decline in high school grads choosing to study abroad, a record low; according to data collected by the Economist Intelligence Unit, though outbound students from China to the U.S. are increasing post-pandemic, figures remain well below pre-Covid projections.

Online, content centred around rural living, such as those by lifestyle vlogger Li Ziqi, has helped broadcast the appeal of travelling and living outside dense megacities. Dali, a city in the scenic Yunnan province, is the epicentre of China's emerging bohemian movement: searches for "Dali" surged 290% in July 2023. The rising cost of living in major hubs, and improved infrastructure in rural areas, have upped momentum. Yang, for one, has several friends living as digital nomads, and has seen a growing cohort of young Chinese move to second- and, third-tier cities, and even villages, for a slower pace of life. "They might not be making as much money, but they're gaining a lot in terms of self-development and overall happiness. It's interesting to see more people choose quality of life over the usual big-city grind," she says. Discover more in the Matter Memo: China's Youth is Changing

Men Post-Streetwear

The mainstream co-option of streetwear from the communities that shaped it was a seismic shift in how men buy, talk, and feel about clothes. Suddenly, a new kind of male consumer was born—an everyman comfortable making significant non-functional fashion purchases, and motivated by the industry's deep ties to music, sports, and skate culture. In the wake of streetwear's rise and fall, a much more engaged and still-growing male fashion consumer cohort has been established—whose needs are still misunderstood.

Chris Black, co-host of the How Long Gone podcast, agrees, telling Matter: "When I was 15, I would go to a record store or a skate shop. Now it's 15-year-olds in SoHo getting a Gucci hoodie for their birthday because that's what they want. And now it's clothes. The biggest shift [in men's culture] is that it's cool to be into clothes as a man... Guys want to buy them, just to buy them and to be a part of something. It used to be, not even weird, it just wasn't popular culture."

36%—the percentage of American consumers who have purchased fashion outside of their gender identity—Klarna

The new man is looking for products that don't exist yet, and Our Legacy has tapped into this market: with $40 million in annual revenue according to the New York Times, the brand recently sold a minority stake to LVMH. "Formalisation has happened," says Daniel-Yaw Miller, "But at the same time, from the other side, there's been an inherent casualisation that has meant that everyone is in that middle zone." In looking to strike this balance, sportswear stalwarts like New Balance and Hoka have released 'sneaker-loafers'; brands like Dries Van

Noten have released jumpsuits and printed co-ords; and Wales Bonner have created sheer and embroidered mesh rugby shirts, a custom version of which was recently worn by Paul Mescal as he hosted Saturday Night Live.

These products straddle formal and casual, whilst also leaning into newer masculine aesthetics: as a leading stylist to Hollywood acting talent tells Matter, there are "boys that are interested in fashion and will wear sort of more directional things, but won't be pushed to a point of a Miu Miu ballet flat, for example, within their day to day wardrobe. It's that middle ground, it's something softer." Jian DeLeon describes to Matter what he calls: "the 'Nomad'—it's a good descriptor of where the majority of young customers are. They don't say, 'who am I going to be?', they say, 'who am I going to be today?'. The 'I'm in my blank era' style speaks to certain consumer behaviours."

He notes, for example, consumers wearing "a vintage shirt with a new Hermès jacket," and that "this new kind of mixing and matching is about mixing things that are affordable, things that feel special, which is why you've seen this rise of artisanal brands like Evan Kinori and Auralee being championed. In menswear, there's been a new focus on subtle elegance in clothing… Lemaire and Our Legacy are labels that don't necessarily traffic in the realm of logos but have each honed a set of design codes that result in recognizable icons for a certain subset of plugged-in menswear enthusiasts. These are clothes meant to be worn and to bring joy to the wearer," he continues.

The new fashion-aware male consumer is still under-served by the menswear market. A leading stylist to male Hollywood talent tells Matter, of walking into most luxury stores: "There's a suit section. And then everything else is either explicitly sportswear or really basic shirts and knitwear". As Daniel-Yaw Miller says, "How many of the most influential groups dress now is in a homogenized middle ground, where you want to be able to move in various circles and settings and environments whilst looking good, whilst looking sophisticated, but without looking overly formal or overly casual."

For some consumers, gendered purchasing behaviours are blurring: 36% of American consumers have purchased fashion outside of their gender identity, according to Klarna. Womenswear accessories like The Row's Margaux bag are often bestsellers for men, Mytheresa's (now LuxExperience) head of menswear buying Sophie Jordan tells Vogue Business. "I'm not saying fashion is unisex, but I think men are more comfortable in pushing the boundaries of what they wear," Luke Raymond, senior menswear editor at Farfetch, tells WWD. WGSN predicts "Soft Masculinity" as a key trend for 2025, with accessories like Alice bands and headbands set to make their way into men's wardrobes, rising by 25% in the US. Discover more in the Matter Memo: As Streetwear Dips, Brands Are Missing an Opportunity to Capture Male Consumers.

> "[Men] that are interested in fashion and will wear more directional things, but won't be pushed to the point of Miu Miu ballet flat, for example. It's that middle ground, it's something softer"

Saudi-women and Saudi-pride

Valued at $80 billion+ today, the GCC fashion and luxury market is forecast to grow 25% in 6 years, as a result of compelling demographics, increasing living standards for aspirational consumers, a significant repatriation of spend post-pandemic, high concentrations of HNWIs, and burgeoning cultural pride and identity expression on a global stage.

As the most populous country in the GCC, with approximately 37 million people in 2024, the Kingdom of Saudi Arabia's (KSA) population is expected to keep expanding, topping 40 million by 2030, Euromonitor forecasts. Unlike many European counterparts, where only 30–35% of the population are under 30, 60% of Saudis, nearly 20 million people, fall into this age group.

The KSA's Vision 2030 goal to achieve 30% female participation in the labour force by 2030 has already been achieved. A study published in 2024 found that female labour participation rose from 22% in 2018 to 34% in 2022. In the same timeframe, the proportion of women in managerial positions grew from 8% to almost 20%. This consumer cohort of women recently empowered to work are newly financially independent consumers. In terms of categories, beauty will continue to experience robust growth with a forecast 11% compound annual growth rate through 2028, fueled by increasing disposable income for women, as well as tourism inflow and the trend of gifting Saudi-inspired products, in which fragrance features strongly.

In the KSA, an upward trend on retail spend-per-capita is already evident. Euromonitor found that retail spend currently sits at an average of $800 annually, increasing by 15% between 2022 and 2024. Euromonitor data puts ecommerce penetration in Saudi Arabia's Fashion and Luxury sector at 13%. That is significantly lower than international benchmarks: 39% in the UK, 32% in the US, and 29% in China. Mall space in Saudi Arabia is set to double by the end of the decade, supported by more than 20 private sector and government-backed giga-projects. With so much retail space coming online in the near term, where and how retail ecosystems are expanded will be a critical driver of success. Brand curation and place making will distinguish the mall-projects that achieve long-term relevance to shoppers.

35 out of the 50 largest luxury brands introduced Ramadan collections, including Prada, Louis Vuitton, Dior, and Gucci. Exclusive collections for Ramadan and Eid can contribute up to 15% of annual revenue according to KSA government data. But to truly stimulate growth, more must be done to match consumer preferences. As fashion businesses come to strengthen or expand their presence in the region, the international industry must do a better job at reflecting the distinctions in identity, experience, and exposure present across the Middle East.

GCC consumers expect international brands to provide experiences that match international standards: exclusive, region-specific merchandise, personalized VIP services, and exclusive in-store events. Despite their embrace of western styles, young Saudis remain deeply proud of their cultural heritage, a sentiment particularly strong when compared to their counterparts in the UAE, where 45% of yearly spending goes to international brands according to Euromonitor. Businesses that augment and platform GCC culture at the scale it deserves will not only unlock growth—they will be celebrated for it. Look out for the Matter Memo: In the GCC, The Race to Representation in Q2 2025.

70%—The proportion of the 50 largest luxury brands that have released Ramadan collections—KSA Fashion Commission

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KSA's Vision 2030 goal to achieve 30% female participation in the labour force by 2030 has already been achieved—KSA workplace data

Smart Glasses & Gaming Worlds

New hardware is constantly being touted as 'the next iPhone' - a level of wariness is advised. The hype machine in the early 2020s suggested that consumers were ready for widespread headset adoption: the next generation of hardware, their portal into the metaverse. But in 2024, only 50% of existing headset owners use them every day, according to Kantar.

The smart glasses market is set to reach $10.6 billion by 2030, according to data from Goldstein Market Intelligence. By comparison, the global smartphone market currently sits at $457.18 billion. Meta CEO Mark Zuckerberg revealed that the company sold 1 million Ray-Ban smart glasses in 2024, partly via a campaign which featured Gen Z favourite, the model Gabbriette.

The marketing for models like Meta Ray-Bans or EvenRealities G1 emphasises "simple, real-world augmented reality", with features like voice command and single-touch buttons allowing for hands-free communication. Zuckerberg has said that glasses "have full context on what's going on around you as they help you with whatever you're trying to do". The use cases which will drive adoption are typically prosaic: directions, video calls, and search queries. Health tracking is also a point of interest amidst the wellness boom, while companies have touted the security benefits of smart glasses with GPS tracking and emergency alerts.

For luxury, glasses can also offer AI-supported shopping (online and in real life), product authentication for shopping resale, and digitally-augmented clothing or beauty.

But building product desirability is as important as use cases. In tackling the idea of wearables as uncool or pretentious—think the "glasshole" stereotype which badly affected the adoption of Google Glass—a focus on style is necessary, as seen in Meta's Ray-Ban collaboration, Tag Heuer's new smartwatches, and Chanel's Première Sound audio timepiece.

Luxury has gone some way to exploring this desire for more 360-degree virtual experiences—MyTheresa (now LuxExperience) launched a spatial computing app with Apple's Vision Pro which provides "immersive digital luxury shopping" and an "all-encompassing, emotional shopping experience".

$457.18 billion—current valuation of the global smartphone market —Goldstein Market Intelligence

$10.6 billion—forecast valuation of the global smart glasses market in 2030 —Goldstein Market Intelligenc

Currently, VR headsets continue to face difficulties in consumer adoption. Tech analyst Benedict Evans argues that the so-called "VR winter" is not so much a problem of innovation as a "product-market fit" issue: "The devices will get better, lighter and cheaper, but it's much less obvious whether that's enough. How many people will care?". The Humane AI Pin, which failed to find traction in 2024, launched without a head of marketing: consumers need storytelling to understand why they should buy into new tech, and those stories are yet to be entirely convincing.

Futuristic visions of the metaverse are not an appealing use case for mass consumers: speaking to the author of this opinion, creative technologist Ommy Akhe notes the importance of "realistic implementations" over "unrealistic fantasies", arguing that a wearable should "digitally integrate itself in a way that becomes unnoticeable to your everyday".

New tech needs real-world application, but consumers are also looking for gateways into the culturesphere. The route to adoption is two-pronged: creating practical use cases, and crafting desirable products. The virtual reality (VR) gaming market is projected to grow to $24.51 billion in 2025, according to the Business Research Company. 76% of adults in the U.S. are gamers, and the industry is now larger than the global box office and music industries combined. Overall, there are estimated to be more than 3 billion gamers worldwide, as per Priori Data.

And unsurprisingly, these hyper-engaged gamers make very attentive consumers: moreover, Bain & Company found that immersive gamers are even more engaged than non-immersive gamers. A recent attention study by Dentsu found that gaming commands 100% ad-viewing rates, outperforming other media such as social media, which stands at 79%. Moreover, Activision Blizzard Media found that immersive experiences drive greater ad recall, purchase intent, and brand favorability. Ommy Akhe tells Matter, "Games are the social networks of the new generation. A lot of people are just socializing there with their friends."

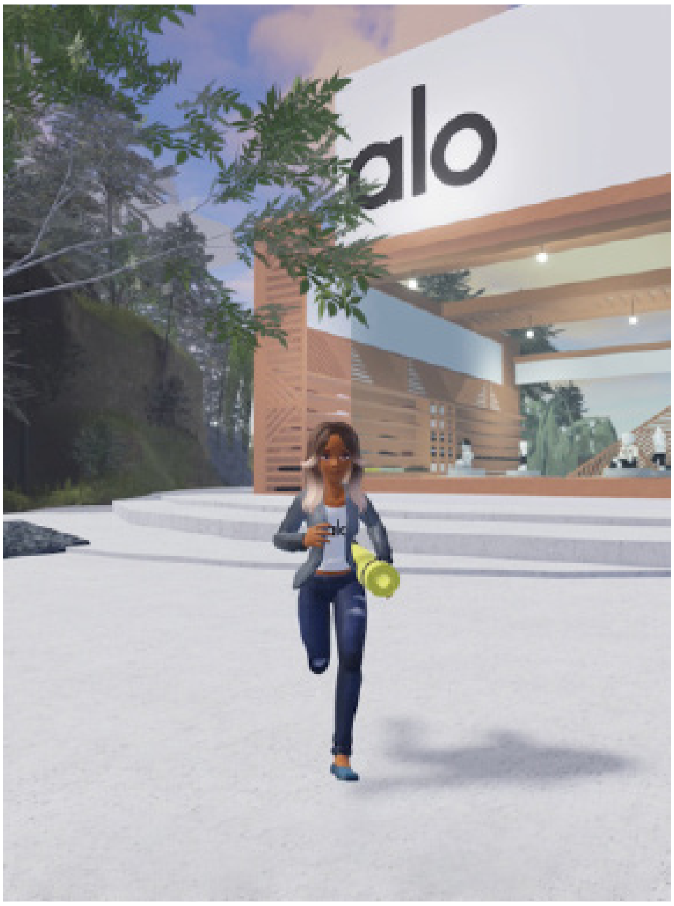
"The most important thing to consider about the online environment is the ability for an individual to create themselves. Today, there's very much a separation between your digital world and your physical world. But when it comes to the metaverse, it's the seamless integration and the frictionless between the two that's extremely important. How you want to perceive yourself and how you present yourself online now becomes something that you can almost force or allow other people to see yourself as due to that seamless integration," she continues.

Smart glasses unlock the opportunity for luxury brands to create and sell digital brand markers. "Coming from this gaming generation, we really understand drop culture and how these games became hyper real, as did movies and VFX," says Alissa Aulbekova, co-founder of Auroboros, a leading luxury tech-fashion house designing for physical and digital worlds, "We've been playing Second Life and also Sims where we have digital skins. If we look at costume design in Marvel, essentially that is digital clothing that they're wearing. So this industry is not actually that young. So, it's more and more bringing the customer into this gamified experience where they can see something on the avatar but also purchase it for themselves or maybe even for the avatar," she continues.

"1 in 10 people in America now buy purely for the sake of wearing that piece for social media. That means that outfit is already digital," her co-founder Paula Sello adds.

"What we really haven't seen brands doing in the digital space is exploring the fact that there's no physical limitations to design, you can wear fire, you can wear materials that don't exist. So that kind of creativity and self expression at such fast turnaround is very appealing for a modern audience because they can change the looks at essentially no material cost," Aulbekova adds.

There is significant commercial opportunity in smart glasses if consumer adoption reaches critical mass. "If I decide that one day I want to wear a designer skin, other people will be seeing that through those shared spaces, whether that be in the physical world or the digital world. Because [of optical technology], it is so seamless you aren't able to tell or differentiate between the two. In a digital space, there's obviously a high profit margin because digital products are infinitely scalable. You write one program or you have one object, and obviously this can be duplicated, whether it be a million times or one time". For now, however, the primary use case for digital fashion remains social media, which though frictionless, is not seamless.



3 Billion—The estimated number of gamers worldwide —Priori Data

If consumers do adopt headsets en masse, luxury may have to become comfortable with new forms of aesthetics. There is a cultural bifurcation occurring in videographic entertainment. XR stages and high budget film making are pushing the boundaries of fully released digital worlds which will likely create a novel integration of movie and gaming experiences in the next decade. Instead of green screens, entire universes are rendered and displayed in perfect detail behind live actors, removing reliance on the natural worlds for sets entirely.

However, in gaming, the best, richest graphics are not necessarily defining success—just picture Roblox's block-head-style avatars, or the pandemic popularity of the simple mobile game Among Us. As The New York Times reports, "video game graphics have become hyperrealistic over the past four decades, with companies pouring money into the technology, but in recent years the visual upgrades have had diminishing returns." Nintendo has told its customers that graphics are not a priority for the company.

Minecraft, whose aesthetics are simple and stubbornly anti-realistic, remains one of the most popular games of all time and vies for number-one-best-seller status with the even simpler Tetris. "Playing is an excuse for hanging out with other people," Joost van Dreunen, a professor at New York University, tells the New York Times. Gamers are looking for fun above all: social play is increasingly part of adults' social lexicons, as everyone seeks out their "inner child".

In February 2024, Michael Kors launched a limited time-period collaboration with Fashionverse, a gaming solution for fashion backed by Hilfiger Ventures, in collaboration with game publisher Tilting Point. Inspired by Michael Kors' spring collection, players partook in daily scenes: airport travel, the office, and photoshoots, while styling a diverse array of characters using simple click-and-drag graphics. Very much in the vein of the Kim Kardashian Hollywood game. In just six weeks it amassed over a million downloads and saw the creation of nearly 5 million unique scenes by players.

As a result, there are two plays for the industry in gaming. Collaborate in building intricate, stunningly realised digital worlds and gain the skills and refine the processes that will unlock metaversal digital products. Or, use high levels of engagement and cheaper-to-produce interfaces to capitalise on the widest spread global digital behaviour. Look out for the Matter Memo: 'Digital Immersion' in H2 of 2025.

"The devices will get better, lighter and cheaper, but much less obvious whether that's enough. How many people will care?"—Benedict Evans

"The most important thing to consider about the online environment is the ability for an individual to create themselves" —Ommy Akhe, creative technologist

About Matter

Matter is an intelligence, strategy, and communications company, built on a unique understanding of what matters most in contemporary market conditions. Our expertise and intelligence are focussed on consumer behaviour, commerce and culture.

Robin Mellery-Pratt

Robin is a Partner of Matter, and leads the company's Intelligence and Strategic output. Prior to Matter, as Global Head of Content Strategy at The Business of Fashion, Robin designed how the media company services its B2B community with executive insights, company presentations, white papers and thought leadership events. In 2017, he co-created the Lyst Index and in 2021, he wrote and hosted 'Transforming Luxury', a 6-episode podcast series downloaded 500k+ times during its launch period. He has led creative campaigns with Dior, Ferragamo and Coach and global partnerships with Google, TikTok, Shopify and more. He spent seven years in editorial roles at The Sunday Times Style, Vogue India, The Times, The Telegraph and BoF prior to his strategic work.

Matter Services

Matter services deliver solutions that drive our clients' commercial performance, and increase cultural relevance.

1. Brand-Market-Fit
Appraisal of brand positioning against market conditions, shifts in culture and evolving consumer behaviour, informing the optimisation of community engagement strategies.

2. Opportunity-Market-Fit
Custom insights determining the shape, scale, and viability of a product launch, market-entry, or other brand initiative or opportunity. Analysis of the potential risks and reputational drift.

3. Executive Briefings
Educational or diagnostic workshops built from our proprietary intelligence, focussed on business-critical shifts in the market and the new executive knowledge imperatives.

4. Executional Optimisation
In real time, Matter strategists identify how shifts in the market impact brand activities, and advise on how best to respond—either on-demand or at a regular quarterly cadence.

5. Experts' Insights
Access to Matter's market-leading community of industry experts, cultural innovators, and trend leaders who continue to influence behaviours and define the zeitgeist globally.

6. Brand Marketing & Communications
Ideation and implementation consultancy, inclusive of brand narratives, social campaigns, talent strategies, and go-to-market planning, aligned to evolving market conditions.

For business enquiries, or to learn more about our services, contact us via info@matter-consulting.com

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