Welcome!

Introduction
Explore NBCUniversal’s latest perspectives and insights into the Luxury industry. This report provides an overview of recent marketplace dynamics, our prediction of key future trends impacting the industry, and strategic recommendations for Luxury brands and marketers as they navigate what’s next.

Our Approach
At NBCUniversal, we have a legacy of working with a diverse range of Luxury partners to build their brands. This report has been created based on NBCU’s:
• Ongoing Industry Evaluation
• Conversations with Luxury Advertisers and Agencies
• Continual Marketplace Analysis
• Examination of Consumer Attitudes towards the Luxury Industry
IN 2022, NBCU DEVELOPED INSIGHTS ACROSS:
12 Luxury Subsectors & the Way Consumers Buy Them

- Alcohol
- Retail
- Apparel Handbags
- Apparel Shoes
- Apparel Fashion
- Accessories Jewelry
- Accessories Watches
- Home + Life Electronics
- Home + Life Automotive
- Home + Life Travel
- Home + Life Home
- Home + Life Finance
Contents

2022 Landscape

Luxury Forward-Looking Trends

NBCU Luxury Strategic Considerations

NBCU Relevant Materials
2022 Landscape
Overview Of Key Luxury Marketplace Dynamics
For Luxury, 2022 Demonstrated the Rise of Relevance

Connecting with culture and people while remaining true to their brand identity, and true to luxury.

We’re trying to be more aspirational, which is more inclusive, and we want to meet the consumers where they are. The last thing we want to do is exclude people.

KALPANA BAGAMANE
Kering’s Chief Diversity, Inclusion & Talent Officer

Source: 1. RetailWire
The Luxury Industry Continued to Evolve, While Remaining True to its Essence

Brands are Seen as Cutting-edge Innovators

Luxury brands made their initial entry into virtual environments. Brands such as Gucci (Gucci Garden), Louis Vuitton (Louis the Game), and EssilorLuxottica (Smart Glasses with Meta and Ray-Ban) created immersive experiences and products for consumers.

A Return to Retail, Balanced with Ecomm

Luxury online sales have grown and are predicted to account for 30% of all sales by 2025. However, brick-and-mortar revenue will not disappear, as brands have continued to open stores in untapped locations, serving clientele who relocated.

The Rise of Upcycling

Brands leaned into consumer’s increasing desire for conscious consumerism and a circular economy. This aspiration, combined with the timelessness and scarcity of luxury goods, makes them ideal for the resale market.

Increased Focus on Diversity

Luxury brands acknowledged the growth potential of multicultural audiences and began to reflect that in more representative advertising and influencer partnerships. Marketers also started to develop DE&I strategies to help the overall category become more diverse.

Luxury Brands Have Been Partnering with Diverse Influencers

**Kendrick Lamar x Louis Vuitton**
Louis Vuitton’s Spring/Summer 2023 show began with a performance by Florida A&M University’s famous marching band, setting the stage for rapper Kendrick Lamar’s performance, a tribute to the late Virgil Abloh.¹

**aespa x Chopard**
K-pop group aespa showcased Chopard’s Happy Hearts jewelry and Happy Watch collections in the brand’s latest campaign for its Happy Diamonds line. Chopard partnered with the group for their embodiment of femininity, fantasy, and futurism.²

**Bad Bunny x Jacquemus**
Jacquemus’ Spring 2022 campaign included Puerto Rican musician Bad Bunny, as the spirit of the brand is reflected in Bad Bunny’s personal style. The campaign made a statement regarding gender roles by styling the musician in skirts and dresses.³

**Zendaya x Valentino**
Gen Z icon Zendaya partnered with Valentino to promote their Fall 2022 collection. This shade of “PP Pink” caused disruption across the fashion industry with its homage to Valentino; Zendaya’s promotion only made it more popular.⁴

**A$AP Rocky x Mercedes-Benz**
Rapper A$AP Rocky and his creative agency AWGE worked with Mercedes-Benz to create a nostalgic capsule collection. The ’90s-inspired range of apparel and accessories merges music, fashion, and auto.⁵

BRANDS ACROSS LUXURY SUBSECTORS

Benefited from Marketplace Conditions

Automotive
In 2Q, the luxury auto market experienced higher sales than non-luxury due better availability of cars during the chip shortage.1
As of 3Q, ultra-luxury shows little impact from the threat of recession, with key brands posting high 1H22 earnings.2

35%
Of the luxury auto market is multicultural, with Hispanics leading in sales3

Apparel & Accessories
Media spend increased 39% to $1.3B, as fine jewelry brands increased digital spend to follow consumption trends.4
As social media drives hype around already-coveted items, luxury buyers are turning to personal shoppers and platforms to find both new and vintage pieces.5

$23B
1H22 revenue for LVMH’s apparel and accessories business, up 22% vs 1H216

+20%
The increase in sales for Coty’s prestige division in 4Q22 (fiscal year)8

Toiletries & Cosmetics
Due to the “lipstick effect,” consumers are splurging on smaller luxuries, such as skin care and fragrances.7
Cosmetics and Fragrance contributed most to the subsector’s 111% increase in media spend,4 with people returning to offices and social events.

Travel
Even as prices rise, private jet bookings increased, as HNWI turn to private flights amid continued COVID concerns and commercial flight uncertainty.
At the same time, many celebrities have come under public scrutiny for their own private jet’s negative impact on the environment.9

+30%
The increase in monthly flights of private jets since 20199

Luxury Forward-Looking Trends

Key Trends We Expect to Influence Luxury Marketing & Media Strategies
LOOKING AHEAD,

Key Luxury Trends We Expect to Influence Marketing & Media Strategies

- Luxury Trailblazes the Metaverse and Web3
- Getting Crafty with Media
- Connecting with High-Net-Worth Multicultural Consumers
- Leveraging Brand Love to Create a Curated Lifestyle
Luxury Trailblazes the Metaverse and Web3

Leading the charge in marketing innovation, and making it known

Luxury runs in the Metaverse so other industries can walk.

High-end brands are not afraid to do what it takes for the world to take notice. As the explorers of the digital universe, they never shy away from disruption and originality to make a statement, from products to marketing.

We expect the Luxury market to continue leading in innovation through the Metaverse and web3 as they have done in their own craft – always show-stopping, in your face and on your radar, just from new heights.

The Industry is Invested
The virtual luxury goods market is positioned to grow to $50M by 2030 according to Morgan Stanley.¹

CONSUMERS ARE BOUGHT IN:
Gucci’s virtual handbag Gucci Dionysus, sold for $4K while the physical bag retailed for less than $700.²

Luxury Leaders Are All In
“Fashion brands were particularly slow to social media. They don't want to be late again.”

Charles Hambro
Co-Founder and CEO, GEEIQ
Helping Fashion Brands Navigate The Metaverse

Their Innovation Know No Bounds
getting patients to invest more in their care

EXAMPLE:
Remy Martin x Usher NFT
A Global campaign with a limited-edition bottle, NFT, and AR capabilities featuring Usher’s voice blended into artwork – exploring the intersectionality of technology, music, and art.³

Sources: 1. Yahoo Finance; 2. CNN Style; 3. Rolling Stone
Getting Crafty with Media

Bringing the same level of creativity from luxury products to new promotion

Luxury will never go out of style, but it is venturing into new territory.

To connect with a changing consumer and to keep pace with DTC brands, the industry will need to focus more on diversified media strategies, without losing identity.

We expect luxury brands to own the innovative marketing space, the way they do for their own products. They will explore breakthrough ways to build trust with a younger consumer, while keeping the bond with its loyal clientele.

New Platforms & Voices

Going beyond the traditional by embracing the latest social platforms like TikTok and its trusted creators who are native to the platform to promote campaigns.

Creators and influencers have a 70% media impact value coming from TikTok for luxury

New Vernacular

Speaking Gen Z and Millennials’ language, relating to their interests and values, without losing what makes them premium. It’s high end, but not stuffy.

Affluent Millennials and Gen Z consumers will make up 70% of the luxury market by 2025 and 130% of its growth

New Technology

Making bold moves through omnichannel digital enhancements that drive higher media impact value, including phygital; engaging consumers where they are.

Online sales will become the single biggest channel for personal luxury goods by 2025, making up 30% of the market

Examples:

- Gucci Model TikTok Challenge
- Four Seasons Love Language
- Porsche Showroom X Magik Book

Sources: 1. eMarketer; 2. Bain & Company, Luxe Digital.
Connecting with High-Net-Worth Multicultural Consumers

Engaging a growing segment in an authentic way

As the world continues to become more diverse and multi-faceted, luxury brands are turning their attention to under-addressed consumer groups.

With a growing population and spending power, HNW Multiculturals are a key audience for luxury brands.

We expect brands to more genuinely connect with these consumers through equitable business practices and representative advertising.

Luxury brands are important to them…

56%
agree “I prefer to buy designer or luxury brands” (166i)¹

…and so is their culture,

75%
agree “my cultural or ethnic heritage is a very important part of my life” (139i)¹

Examples of Brands Leaning In

Nordstrom
was a sponsor of the 2022 HBCU Battle of the Brains, in order to attract a “talented and diverse workforce”²

LVMH
launched a partnership with Harlem’s Fashion Row to “discover, mentor, and showcase” emerging BIPOC designers³

Note: HNW multicultural consumers are defined as Asian, Black, Native American, or Hispanic Adults 18+ in Households with an income of $500K+ and liquid assets of $1M+.

Sources: 1. Ipsos Affluent Survey USA Doublebase 2022 (base of Adults 18+ with HHI $125K+); 2. Nordstrom; 3. WWD
Leveraging Brand Love to Create a Curated Lifestyle

Creating a fully immersive way of life as it continues to be at the forefront of evolving lifestyle brands

While brand stretching has always been part of luxury’s brand arsenal, some companies have begun to push into whole new areas, like curating playlists, creating films, or building exclusive condos. We expect luxury brands to evolve by creating new goods, services and ideas to curate for their most loyal consumers.

Using new ways to reinforce brand identities, we believe it will evolve until a person could survive through brand recommendations alone. Examples include themed meal kits, luxury condos, and product extensions into everyday household goods.

Sources: 1. Spotify; 2. Gucci; 3. Lamborghini

CURATING THROUGH...

Art and Culture

Chanel’s Film Recontre(s)
Cartier’s VR Opera Les Larmes d’Eugenie
Christian Louboutin’s London Street Art

Experiences

Restoration Hardware (RH) Retail/Hybrid Hotel Location
Ralph Lauren’s Polo Club
Tiffany’s Blue Box Cafe

Home & Life

Gucci’s Custom Xbox Series X
LVMH’s Krug’s Cookbook
Bentley’s Bentley Residence Miami
SUMMARY

Key Luxury Trends We Expect to Influence Marketing & Media Strategies

Luxury Trailblazes the Metaverse and Web3
Leading the charge in marketing innovation, and making it known

Getting Crafty with Media
Bringing the same level of creativity from luxury products to new promotion

Connecting with High-Net-Worth Multicultural Consumers
Engaging a growing segment in an authentic way

Leveraging Brand Love to Create a Curated Lifestyle
Creating a fully immersive way of life as it continues to be at the forefront of evolving lifestyle brands
NBCU Luxury Strategic Considerations

Key Considerations for Driving Growth for Luxury Brands
From Local To National To Global
01. Lead with Creativity & Innovation

Lead with your creativity and emotion, inspiring audiences to immerse themselves in your brand’s identity through rich storytelling across channels that is both relevant to them and true to the brand.

02. Stun Viewers Through Streaming

Make an impression and spark intrigue in premium environments relevant to your brand and audience. Consider audience mindset and timing when leveraging with dominant ad innovations.

03. Design Your Audience Targeting

Leverage your data and our data across digital, linear, and streaming to engage known audiences and identify new ones. Tailor messaging by objective to meet the needs and motivations for purchase.

04. Create a Connection with High-Net-Worth Multicultural

Create and maintain connections with High-Net-Worth Multicultural through content and media rooted in their culture.
<table>
<thead>
<tr>
<th>01.</th>
<th>Lead with Creativity &amp; Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Why:</strong> Unique content elicits emotion, builds connections, and creates memories. Leverage video’s versatility to maximize amplification across platforms and pair with culturally relevant talent, films, platforms, and content to solidify relevance and engagement.</td>
<td></td>
</tr>
<tr>
<td><strong>Good For:</strong> Awareness</td>
<td>Brand Recall</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>02.</th>
<th>Stun Viewers Through Streaming</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Why:</strong> Luxury audiences, such as HNWI, are watching video across devices more than ever. Streaming affords the opportunity to connect with key audiences at scale, maintain a top-of-mind presence, and create opportunities for immediate discovery.</td>
<td></td>
</tr>
<tr>
<td><strong>Good For:</strong> Awareness</td>
<td>Ad Recall</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>03.</th>
<th>Design Your Audience Targeting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Why:</strong> As the industry continues to transform, leveraging combined data sources helps identify new high-value audiences, facilitates timely learnings and optimizations, and allows for tailored messaging.</td>
<td></td>
</tr>
<tr>
<td><strong>Good For:</strong> Targeted Reach</td>
<td>Incremental Reach</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>04.</th>
<th>Create a Connection with High-Net-Worth Multiculturals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Why:</strong> HNW Multiculturals are a growing population and have increasing spending power, making them a key audience for luxury brands in both the short-term and long-term.</td>
<td></td>
</tr>
<tr>
<td><strong>Good For:</strong> Awareness</td>
<td>Sentiment</td>
</tr>
</tbody>
</table>
01. Lead with Creativity & Innovation

Inspire audiences to immerse themselves in your brand’s identity through rich storytelling that is both relevant to them and true to the brand.

Crafting Bespoke Stories
Amplify Your Brand Message

Co-create with our best-in-class producers and talent to share your unique story in culturally relevant environments.

Recommended Solutions:
- Content Studio
- The Talent Room
- Film Partnerships
- Apple News

Opening the Door to Premium Moments
Celebrating and Defining Culture

Align your brand with the most exclusive moments in culture, sports and beyond throughout the year.

Recommended Solutions:
- Cultural Moments
- International & Key Sports
- Leadership Summits

Leading with Innovation
Disruptive Experiences on Emerging Platforms

Activate tech-forward, elevated ideas in line with the needs and expectations of today’s consumers.

Recommended Solutions:
- Ad Innovation
- Social Extension
- Livestream
- Gamification
- Apple News

The Top 10 brands that are most advanced are also those that invest most in story, experience and technology.

Sources: 1. Jing Daily; 2. Luxury Daily

"...Being perceived as innovative by clients is critical to the success of luxury brands."

E X A M P L E :
- Bespoke Stories
  - Original Storytelling
    - Focus Features’ Reel Destinations Series

E X A M P L E :
- Premium Moments
  - Leadership Summits
    - NBC News’ Aspen Ideas Festival 2023

E X A M P L E :
- Innovation
  - In-Game Advertising
    - Anzu Integration
02. 

Stun Viewers Through Streaming

Make an impression and spark intrigue in premium environments

90%

of those considered HNWI or True Luxe Stream (+4pp vs. 1H19)

AND THEY ARE...

+31%

more likely to be a streamer than the average population (+12pp vs. 1H19)

Own The Space

BY EMBRACING THE STREAMING EXPERIENCE

Ad Innovations

CAPTURE ATTENTION AND FUEL DISCOVERY

Own the space and connect with your key audiences using ad innovations that immediately invite viewers into your brand experience

Contextual

ENSURE BRAND & AUDIENCE RELEVANCE

Create a relevant and authentic connection with your audience in premium programming through AI-powered proprietary technology

---

Source: GlobalWebIndex, based on 1Q19-2Q22.

Luxury Audiences: True Luxe or Luxury Audience. Any Streaming: Time Spent Watching Online TV/Streaming on an Average Day. Light Streamers: Time Spent Watching Online TV/Streaming Less than 1 Hour on an Average Day. Medium Streamers: Time Spent Watching Online TV/Streaming 1-4 Hours on an Average Day. Heavy Streamers: Time Spent Watching Online TV/Streaming 4+ Hours on an Average Day. Lifts Based on 1Q19 vs. 2Q22, 1H2022-2Q22, 1H2019-1Q2020.
02. Stun Viewers Through Streaming by being the Star of the Experience

Capture attention and create lasting impressions in pristine, clean, premier relevant environments

Binge Ad

Be the exclusive sponsor of an ad-free viewer experience, rewarding viewers with an ad-free episode when they have watched 2 episodes in a row of the same show

Solo Ad

Be the only advertiser of an episode through exclusive sponsorship, which includes a short intro and your Solo Ad midroll

Pod Bounce

Be the only brand in the first break of an episode offering an ad-free break, with the option of being the exclusive advertisement in the second break

Pod Bounce

Be the focus of the audience’s attention with interactive experiences that encourage action and fuel discovery

Message Memorability vs. Midroll +17%

Likeability vs. Standard Midroll +16%

Brand Memorability +21%

Total Interaction Rate +75%

See details in notes
02. Stun Viewers Through Streaming by Relevant Program Episodes

Brand- / audience-relevant episodes of top Peacock Premier shows aligned by category using IAB Tech Lab’s standardized content taxonomy

Interests & Influences
- Technology
- Culture & Travel
- Sports

Category/Brand + Audience Understanding = CONTEXTUAL OPPORTUNITIES

IAB CATEGORIES

Technology
- The latest tech news to start the morning

Travel
- Documentaries on the weekend with family

Sports
- International sports such as Premier League during the season

CONTEXTUAL ALIGNMENT CAN ACHIEVE KEY METRICS

+15% improvement ad recall and purchase intent

Source: 1. WARC, Journal of Advertising Research Meta-analysis of contextual alignment studies
03. Design Your Audience Targeting Across Streaming and Linear

Leverage your data and our data to meet audiences with relevant messaging, and gather key learnings for media and messaging.

Brands can bring their audiences to match to NBCU IDs or partner to develop custom audiences.

NBCU can create new custom audiences by combining a client’s or agency’s data with ours.

Audiences can be further expanded through lookalike modeling.

AdSmart provides seamless connection to NBCU inventory for audience targeting.
03. Design Your Audience Targeting with Apple

Leverage Apple News data to meet audiences with relevant messaging in contextually relevant environments

- **Apple Registration Data**
  - e.g., Demo Targeting

- **Apple Purchase Data**
  - e.g., Geo Targeting

- **Luxury App Store Downloads**
  - e.g., App Segment Targeting

- **Apple News Contextual Data**
  - e.g., Contextual Targeting

- **Apple News Behavioral Data**
  - e.g., Behavioral Targeting

**Shoppable Ad Units**

- Swipe Unit
- Carousel
- Exploration Grid
- Drag & Drop

**Sample Publications**

- TIME
- HIGHSNobiety
- VOGUE
- COMPLEX
04. Create a Connection with High-Net-Worth Multiculturals

Best practices for maintaining and creating connections with important growth audiences

Understanding & Connecting with Culture

• Consumers lean into brands and storytellers who understand the nuances of their culture - what makes each culture distinct and the common threads between cultures
• Consumers want brands to celebrate cultural moments and passion pillars
• They expect brands to actively support and play a role in culture

Authentic Representation & Storytelling

• Actively seek media and brands that tell genuine stories - busting stereotypes
• Authentic representation is crucial and if done effectively, builds trust – building loyalty to brands and stories
• Celebrity brand ambassadors play key roles in establishing credibility with a brand’s messaging

Making 200%ers the Protagonists

• Multifaceted, individualized, diverse approach to storytelling. One size does not fit all.
• 100% rooted in heritage and 100% rooted in U.S. Culture
• Toggle between traditions, heritage, culture, and language
• Diverse, yet one.
NBCU Relevant Materials
Example Luxury Industry Partnerships
NBCUNIVERSAL

Luxury Partnership Examples

- Chanel
- Peacock
- Hermes
- Mercedes-Benz
- Polestar
- Lexus
- Bel & Air

Examples of luxury partnerships include Chanel, Peacock, Hermes, Mercedes-Benz, Polestar, Lexus, and Bel & Air.
NBCU Luxury Industry Content
TOGETHER SITE

Category Content & Strategies

Luxury Audiences Streaming Overview

The Curated Lifestyle

Luxury Marketing Lookbook

Today's Future: How Luxury's Digital Evolution is Helping to Define the Metaverse

Luxury Case Studies

AdSmart + Luxury Auto Foot Traffic

Mavericks with Ari Melber + Cadillac

AdSmart + Travel Luxury Resort
2022
Luxury Industry Assessment

NBCUniversal

NBCU LUXURY CLIENT STRATEGY TEAM:
Megan Ryan, Nikita Tolani, Rosie Nisanyan, Cherese Butler