NBCUniversal
2023
Luxury Industry Assessment
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
NBCUniversal Has a Unique Perspective

Luxury Transcends Categories
Offering a diverse range of products & experiences

Crosses Levels of Purchasing Power
Rooted in price and available touchpoints

Ultra High End
Super Premium
Core Luxury
Affordable Luxury
Contents

01. Looking Back: 2023 in Review
02. Looking Ahead: Key Industry Trends to Watch
03. Media Trends to Watch
04. Partnering with NBCU
In 2023, Luxury Brands Remained Invested in the Future, pursuing innovation and new audiences.
Luxury Brands Continued To Expand Beyond Traditional Business Models - Exploring New Technologies, Media, & Experiences in 2023

A Focus on Sustainability

Facing consumer pressure and new regulations, luxury brands have been working to make their products, operations, and future vision more sustainable. The biggest areas of focus have been on creating industry-wide collaborations and increasing circularity.¹

The Move to Ultra-Luxury

Brands began shifting focus to a small group of the highest-spending customers (who account for the majority of sales), even re-positioning as “ultra-luxury,” as they are less likely to be impacted by an economic downturn, compared to aspirational buyers who reduced luxury spending.²

Continued Investment in the Metaverse

Luxury brands, including Dior, Gucci, Givenchy Beauty, Rimowa, and Demain, continued innovating in the metaverse and launching NFTs, going against the grain as other industries pulled back, as brands focus on “experiential luxury.”³

‘Quiet Luxury’ Commands Attention

Though not a new trend among affluent consumers, ‘quiet luxury’ became a hot topic, due to not wanting to flaunt their wealth amidst widespread “economic anxiety,”⁴ as well as the popularity of the final season of HBO’s Succession.

BRANDS ACROSS LUXURY SUB-CATEGORIES ARE
Navigating & Responding to Shifting Marketplace Dynamics & Consumer Attitudes

Auto
As affluence continued to grow, the US premium and luxury car market became more competitive as the overall industry trended towards being a luxury market. The $80K–$149K segment is more competitive as new brands enter & current brands expand.

1 in 5 new registrations in March 2023 was a luxury vehicle²

Jewelry
Broadening their reign and further solidifying their luxury status, more brands entered the luxury jewelry space in ‘23. As newcomers join the luxury and “haute joaillerie” space, they are building their brands reflective of contemporary cultural values such as experience vs. product.

+10% Growth predicted for jewelry, driven by uber-luxe³

Travel
Sustainable luxe travel continued to increase in importance for brands and travelers– across affluence levels, ethnicity, race⁴. While environmental sustainability controls the spotlight, brands and travelers are finding ways to contribute to social and economic sustainability.

47% of Affluent/High Net Worth travelers feel obligated to be more sustainable during luxury travel (+9pp vs. 2021)⁴

Resale
The popularity of Y2K fashion and vintage goods has fueled an increase in demand for real vintage and luxury products. Resale has made these accessible to a wider group of consumers that otherwise wouldn’t be able to afford them.

66% of TheRealReal’s customers say they shop resale primarily to get a good deal⁵

Key Luxury Headlines from 2023

**BUSINESS CHANGES**

7/10/23

“Louis Vuitton, Dior Get New CEOs in LVMH Shakeup” // “As Gucci’s CEO Steps Down, Saint Laurent’s Chief Steps Up”

**MERGERS & ACQUISITIONS**

8/10/23

“The New York Times

“Tapestry and Capri Announce a Luxury Merger”

**TRENDING COMPETITION**

4/10/23

“Gen Z loves dupes. Is this bad news for luxury fashion brands?”

**GLOBAL INFLUENCE**

1/28/23

“Politico

“China reopens borders after 3 years of COVID travel restrictions”

Click on a tile to read the article
**MARKETPLACE PARTNERSHIP EXAMPLES**

**Evolving Their Strategy & Storytelling**

- **Bella Poarch x Hugo Boss**
  - Leaning into Cultural Moments
  - Hugo Boss continued to harness culture in its latest collaboration with with internationally followed gamer and cosplay TikToker Bella Poarch who touts the third most followed account on the platform. Their partnership extending from marketing to fashion lines.

- **Barbie Movie X Chanel**
  - Driving Relevance Through Partnerships
  - With Margot Robbie already being a global ambassador of the fashion powerhouse, Chanel extended their partnership by having Barbie wear the iconic CC throughout various looks in the Barbie movie.

- **Coach x Lil Nas X**
  - Standing Out via OOH
  - Fashion house Coach created an eye-catching 3D OOH experience with Lil Nas X to get onlookers to be confident and embrace all different facets of oneself. Coach continued this initiative and deepened their collaboration with Lil Nas X over the last year.

- **World Cup x Louis Vuitton**
  - Teaming Up with Sports
  - Louis Vuitton won the World Cup in terms of audience engagement with their campaign “Victory Is a State of Mind” with Messi and Ronaldo at the forefront with +180M social media engagements.
Looking Ahead

KEY INDUSTRY TRENDS TO WATCH
LOOKING AHEAD

Key Luxury Trends & Sub-Categories
We Expect to Influence Marketing & Media Strategies

- Adapting to the New Age
- Cultivating the Relationship with Newcomers
- Luxury Shopping Lines Get Blurred
- Seeking Out Elevated Experiences
- Evolving Subcategories to Watch Luxury Auto, Luxury Wellness
Adapting to the New Age

Instead of responding to modern culture on the surface, it will become deeply rooted in everything luxury does, big or small.

The products they craft, the tech they adopt, and the experiences they build, should evoke feeling when they share it with the world, long and short-term.

“Last year, it was a little bit like, ‘Should we be doing this?’ This year, it’s, ‘How do we do it?’”
- Sarah Keeble
Luxury Marketing Director, Verb Brands

Capture Attention With Small Culture
The latest fast-moving fads, spanning:

- Real-Time Relevance
- Talkability & Shareability
- Swells of Popularity

e.g., Luxury goods and K-Pop (e.g., Loewe, Dior, D&G)

Win Audiences Over with Big Culture
Long-standing values and traditions, giving brands the opportunity to:

- Resonate on Values
  e.g., bringing green efforts to the forefront

- Break Through with Partnerships
  e.g., collaboration steeped in tradition

- Spark Emotion via Relevant Talent
  e.g., featuring voices that include and don’t alienate

“The Fashion Pact” from Kering, Chanel, Chloe, etc.
Tiffany X US Open Trophies & Activation
Prada 100% recycled fine jewelry with Amanda Gorman

Sources:

Talkability & Shareability

Real-Time Relevance

Swells of Popularity

Resonate on Values

Break Through with Partnerships

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Real-Time Relevance

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Cultivating the Relationship with Newcomers

Gen Z will be luxury’s primary shopper by 2030. While that’s not today, building loyalty with them now will benefit in the long run because it cannot be assumed they will show up only for craft and excellence.

Attention and trust is earned. Understanding that luxury is a state of mind for them – not about price or symbol, but values and distinction – will help avoid brand dilution and buyer fatigue.

How Gen Z Defines Wealth
Gen Z shoppers purchase luxury items 3-5 years earlier than millennials

3/4 consumers would rather feel fulfilled now than save for the future

46% Nearly half reports feeling wealthy, more than Gen X and Baby Boomers

25% currently feel secure with finances, but predict they will be more in the future

60% African American Gen Z identify as mostly or fully financially independent

They Expect Brands & Marketing to Align with Their Principles

Honesty
- gives everyday brands runway to reposition as luxury
- e.g., eBay Luxury Exchange Pop Up

Sustainability
- feels good to invest in new notions; maintaining quality and heritage
- e.g., Rolex Certified Pre-Owned Programme

Self Expression
- embraces who you are instead of becoming someone else
- e.g., YSL Men’s Fragrance MYSLF with Austin Butler

Luxury Shopping Lines Get Blurred

The physical meets digital shopping experience feels more natural to consumers now.

As new tech is introduced and business models adapt to the needs of emerging buyers, customers will experience the same emotions and excellence no matter where they are shopping, now without questioning it as much.

People Are More Willing to Buy Big-Ticket Items Online

55% of millennials are very interested in buying big-ticket items online

87% of expecting and current parents + big-ticket BNPL users, are more likely to want more extras for kids

147i Luxury buyers more likely to be ok buying big-ticket items online

And Tap AI For a Personalized & Superior Customer Experience

Virtual Fitting Rooms
Recommendation Apps
Digital Concierge

E.g., Amorepacific’s Authentic Color Master by Tonework facial recognition tech answers younger, diverse buyers’ desire for customized beauty, matching unique skin tones & conditions

With a Dash of Multisensory In-Store Shopping

EXAMPLE:
Dior’s Parisien flagship on Avenue Montaigne in Paris
Beyond the retail space, it features a museum, restaurant, pastry café, lush garden, and hotel suite
Seeking Out Elevated Experiences

If luxury builds it, the wealthy will come, around the globe and beyond.

As experience takes precedence for luxury consumers, the industry will foster relationships with loyal clients by rewarding them with unique moments across destinations, that build lasting memories and drive incremental spend for brands.

Tourism Boomerang

As travel returns to pre-pandemic levels, luxury goods could see a boost thanks to the “feel-good factor” and travel incentives

180M
Outbound Chinese tourist travel in 2019

8M
Outbound Chinese tourist travel in 2022

180M
Expected to reach pre-pandemic levels in 2024

Feel-Good Factors

Affluent High-Net Worth want to see new parts of the world and learn
Jolt of excitement exploring once in a lifetime, experiential luxury in new destinations

Travel Incentives

Feels like saving when making luxury purchases in Europe and receiving VAT Refunds
Luxury airport shopping has its benefits through Duty Free

Peak Curiosity of the Affluent

LUXE COLLABORATIONS: Jimmy Choo x Mytheresa Venice experience with gondola tour and private culinary journey

EXTREME EXPEDITIONS: High-risk and one-of-a-kind e.g., Virgin Galactic trips to space, $450K/ticket avg. cost

**Evolving Subcategory to Watch**

**Luxury Auto**

**Why to watch:** Luxury auto has shown resiliency in the face of economic downturns, built to meet the needs of every type of luxury buyer, from high-net-worth to aspirational, across ethnicities and cultures.

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**Affordable Luxury**

Vehicle avg MSRP <$50K

**Inventory**

Very high

**Example Brands**

1% of Total Ad Spend

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**Core Luxury**

Premium vehicle avg MSRP <$80K

**Inventory**

Average

**Example Brands**

95% of Total Ad Spend

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**Superpremium**

True luxe vehicle avg MSRP >$80K

**Inventory**

Average to limited

**Example Brands**

3% of Total Ad Spend

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**Ultra High End**

Exotic vehicle avg MSRP >$150K

**Inventory**

Limited

**Example Brands**

1% of Total Ad Spend

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**Ad Spend**

$843M

Luxury Auto 2022 U.S. Ad Spend

(16% of total auto spend FY 2022)

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Sources: MediaRadar August 2023; McKinsey Luxury Car Trends; Statista
Evolving Subcategory to Watch

Luxury Wellness

Why to watch: The wellness industry is one of the fastest-growing markets in the world and expected to reach $7T by 2025\(^1\), with affluent buyers more willing to pay a premium and travel far and wide in the name of healing.

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Tourism

Hotel group programs and wellness retreats

**Industry Growth:** $1.3T

Expected global market worth by 2025\(^1\)

**Example Programs:**
- Journey to Peace at Aman
- Raffles Second Nature Program

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Physical Activity

Social-wellness clubs, application-only gyms

**Industry Growth:** $1.2T

Expected global market size by 2025\(^2\)

**Example Programs:**
- Heimat fitness club
- Monarch Athletic Club
- Remedy Place wellness club

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Health

Medical concierge, medical spa, membership travel insurance

**Industry Growth:** $1T

Expected global market worth of by 2025\(^1\)

**Example Programs:**
- MedJet travel insurance
- Clean Market IV drips
- Prive Swiss private mental health care

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Personal Care

Luxury spas & clubs, skincare treatments and procedures

**Industry Growth:** $1.4T

Expected global market size by 2025\(^1\)

**Example Programs:**
- The Well New York and Bay Harbor Islands
- Mono Threading

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Sources: Global Wellness Institute; health growth value combines traditional and complementary medicine plus public health, prevention and personalized medicine

\(^1\) Data from 2020

\(^2\) Data from 2019
Adapting to the New Age
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Cultivating the Relationship with Newcomers
Building loyalty with Gen Z now will benefit in the long run because it’s not assumed they will show up only for craft and excellence.

Luxury Shopping Lines Get Blurred
The physical meets digital shopping experience feels more natural to consumers now.

Seeking Out Elevated Experiences
If luxury builds it, the wealthy will come, around the globe and beyond.

Evolving Subcategories & Brands to watch include Luxury Auto, Luxury Wellness
Media Trends to Watch
Media Trends to Watch

The industry is invested in the future, pursuing innovation and new partnerships to establish brand presence across channels and platforms.

DISCONNECT BETWEEN Consumer Behavior & Streaming Spend

Luxury continues to invest in print as readership remains, however, are slow to spend on streaming, where viewership is rising.

+9pp Increase in the percent of the luxury audience who are streaming from 2019-2022 (79% v. 88%)¹
43% Avg. luxury Print SoS² 1% Avg. luxury Streaming SoS²

Sports Partnerships ON THE RISE

From live event sponsorships (LVMH X Paris 2024) to athlete collaborations (Prada and Reilly Opelka), expect to see Luxury catch hold of share typically reserved for traditional athletic brands.

"Just as we saw more luxury brands getting into the sneaker space, we're gonna see the same thing [with sports]." – Matt Moorut, Gartner

The Impact Of Marketing TO DRIVE LUXURY SALES ⁵

The more aware consumers are of a brand's ad, the more likely they are to consider & purchase.

Luxury brands that spend heavily on marketing win market share.

When brands pull back ad spend, it causes a slowdown in sales³

EMPHASIS ON Growth & Brand Building

As revenue rises, so too does ad spend, tapped not just for reach and engagement but also increasing product price points.⁵

8% vs. 6%
Median Ad Spend as % of Revenue in FY 2022
Median Ad Spend as % of Revenue in FY 2019

Sources: 1. MRI-Simmons Cord Evolution Study Trend Analysis November 2019-2022
Studies. Any Streaming Service is defined as "used any streaming service in past 30 days." Live Traditional TV is defined as "watch >1 hours of live traditional TV per week." Print is defined as "read ≥2 magazine issues/avg month OR read ≥2+ newspaper issues/avg 28 days.; 2. MediaRadar, Luxury Brands, 2022; 3. Wall Street Journal; 4. Glossy; 5. GroupM

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Partnering with NBCU

STRATEGIC CONSIDERATIONS & PARTNERSHIP EXAMPLES
Leveraging Key Media & Marketing Principles To Be a Part of Culture and not above it

CREATING Emotional Connections
Building quality connections and being relevant on luxury’s terms and ours

CENTERING AROUND Premium Environments
Reflecting luxury’s image and position, where their audience can be found

CRAFTING Immersive Experiences
Inviting our audience to experience luxury’s brand story in unique, innovative ways, curated for them

Powered by data-led & data-informed opportunities & measured for success
Strategic Considerations

**Driving Growth for Luxury Brands**

<table>
<thead>
<tr>
<th>Leverage Data To Build Connection</th>
<th>Achieving Impactful Scale &amp; Precision</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Why</strong></td>
<td>Audience media behaviors are shifting, and expectations of brands are rising. Engaging audiences on their terms is table-stakes.</td>
</tr>
<tr>
<td><strong>How</strong></td>
<td>Use a data-informed and data-led approach to understand attitudes, motivations, and behaviors of your audience. Ensure content is transmedia.</td>
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<thead>
<tr>
<th>Tell The Story Through The Lens of Your Audience</th>
<th>To Stand Out</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Why</strong></td>
<td>Consumers are facing a plethora of choices across levels and sub-categories. Marrying culture and brand content has the power to elicit emotion, build connection, and foster credibility.</td>
</tr>
<tr>
<td><strong>How</strong></td>
<td>Tap into fandom with relevant premium talent, films, platforms, and content – maximizing amplification across channels to solidify relevance and engagement.</td>
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<tr>
<th>Invite Viewers Into Your Brand</th>
<th>Creating Immersive Contemporary Connections</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Why</strong></td>
<td>The next generation of luxury buyers are looking for brands that align with their values &amp; lifestyle – and whose expectations are for that of a frictionless experience. Purchase is going beyond the product.</td>
</tr>
<tr>
<td><strong>How</strong></td>
<td>Leverage ad innovations, premium events and content to invite new and core audiences into your brand story, creating curiosity and driving discovery.</td>
</tr>
</tbody>
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<tr>
<th>Engage High-Net-Worth Multiculturals</th>
<th>For Short-Term &amp; Long-Term Growth</th>
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<tr>
<td><strong>Why</strong></td>
<td>HNW Multiculturals are a growing population and have increasing spending power, making them a key audience.</td>
</tr>
<tr>
<td><strong>How</strong></td>
<td>Create or attach your brand to content and media rooted in individuals’ culture, fostering and maintaining connections with HNW Multiculturals.</td>
</tr>
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</table>
NBCU Solutions for Delivering Brand & Business Impact for Luxury Brands

Leverage Data To Connect With Audiences
Achieving Impactful Scale & Precision

Audience Targeting & Automation
Reach audiences where they engage across the NBCU platform and partners
- Peacock
- Data-Driven Linear (DDL)
- Apple News

Trusted & Quality Content
Making a splash through Small Culture
Leaning into “love of the game” with live Sports
Creating connections via The Talent Room
Aligning with the craft of film

Tell The Story Through The Lens of Your Audience
To Stand Out

Invite Audiences Into Your Brand
Creating Immersive Contemporary Connections

Premium Environments
Commercial Innov. peacock
Immersive Experiences
Apple News
Social Sync

Engage High-Net-Worth Multiculturals
For Short-Term & Long-Term Growth

Opportunities Reflecting Culture & Societal Expectations
Celebrating heritage through Big Culture Moments
Speaking to passions with Tentpole Coverage
Feed into emotions via Seasonal Occasions

Creating Emotional Connections, Centering Around Premium Moments, & Crafting Immersive Experiences
How Our Partners Are Evolving Their Media Strategy & Storytelling

Leaning into Small Cultural Moments

E! and Mercedes teamed up to show the power of two high-end, elegantly-designed revolutions: the Mercedes EQS SUV and the E! Glambot at the 2023 Grammy & Oscar Awards.

Driving Engagement through Innovations

Paco Rabane partnered with Elle Fanning on a Peacock Ad Innovation seeking to increase awareness and consideration for the brand’s new fragrance while also driving traffic and online conversion through the feature of a QR code.

Aligning with Big Culture

Audi sponsored Top Chef VIP Season 2 across Peacock and Telemundo.com, surrounding the series with its new creative – built for the first time in Spanish versus being dubbed – spotlighting Hispanic culture.

Owning Seasonal Moments

Louis Vuitton celebrated this year’s Mother’s Day with an Apple News campaign that included a Wish List spotlight, a targeted rotational display, and an outstream video placement.
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NBCU LUXURY CLIENT STRATEGY TEAM:
Megan Ryan, Nikita Tolani