Millennials and Gen Z are now more likely to embrace luxury than their elders

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We knew that Generations Y and Z had become prime targets for the major luxury labels, but a study reveals that even more than the older generations, buyers from these generations have taken a major turn towards purchasing luxury items in the past year. And these younger consumers bring new expectations to these brands, especially in terms of new technologies and sustainability.

Who said that luxury was the territory of Boomers? This is no longer the case; on the contrary, the younger generations are now turning to the high-end and even very high-end items in growing numbers. That's one of the findings of the latest report released by payment services company Klarna*: Gen Zers (63%) and millennials (63%) purchased more luxury items than their elders (45% for Gen Xers and 25% for Baby Boomers) in the past 12 months.

With the pandemic, luxury brands have understood the importance of accelerating their transition to digital. Something that has become essential given that their customers are increasingly composed of members of younger generations. Entitled "The State of Smooth: Unpacking Luxury in 2022," the report tells us that eight out of 10 luxury consumers see a brand's commitment to innovation and new technologies as a key purchasing criterion, and more than a third favor mobile apps to make a luxury purchase online.

From social networks to metaverse

"A new generation of younger, digitally-savvy luxury shoppers is emerging, with new preferences towards how they shop and pay," said David Sykes, Head of North America, Klarna. "While the allure of brand names (52%) and exclusivity (39%) still drive luxury purchases, today's high-end shoppers are looking for greater flexibility and innovation throughout their shopping experiences.

Faced with these ever-younger consumers, luxury brands should not neglect their presence on social networks
either. More than eight out of ten Gen Z consumers (83%) and nearly two-thirds of Millennials say they follow luxury brands on social networks. And almost as many, respectively 75% and 63%, say they have purchased something after discovering a product on a social network, with YouTube and TikTok in the lead.

And the rush of big fashion houses into the metaverse is not likely to reverse the trend. More than six out of ten respondents who have already heard of the metaverse say they are interested in purchasing luxury goods via this new channel. Generally speaking, there is a growing interest among consumers for new technologies, including virtual fitting rooms that allow them to test products without having to leave their couch (22%).

Luxury, a symbol of sustainability?

Between quality, artisanal techniques and local circuits, can luxury not in fact quite easily embrace sustainability? This seems to be the opinion of those who turn to so-called high-end products today. Nearly six out of ten respondents (59%) say that their luxury purchases are more sustainable, and more than four out of ten consider that it even offers long-term savings because of the quality of the products, with Gen Z in particular having a "buy-less buy-better mindset."

* Klarna's luxury survey was conducted in collaboration with research agency Dynata among a representative sample of more than 4,000 consumers aged 18 to over 65 in 5 countries in October 2021, including 1,060 respondents in France.