9.1 Concluding Considerations

New technologies have provided to people, for the first time, the possibility of continuous confrontation, research and exploration without limits. An unexpected, expressive freedom has given rise to an open, informed and global generation, that of Millennials, who are digital natives and accustomed to the speed and connectedness of the world wide web.

Millennials is the generation more likely to spend on luxury products and are considered as the most important segment for luxury market and they have specific and at times peculiar characteristics. They are the first high-tech and digitally connected generation and they embrace new media much more than previous generations. Millennials’ values are distinct from their previous generations and it becomes imperative to understand their “state of mind” and develop ad hoc strategies.

Millennials are always on, get information about fashion products from their peers, brands, social media, celebrities, blogs and influencers. Moreover, Millennials use social media to contribute with their own posts, to share experiences and to participate to a community. Luxury
firms’ marketing strategy is increasingly complex because Millennials are both users and producers of digital media.

Millennials are hyperconnected, spend money rapidly, they are impatient and demanding. Influencers and clients show their daily lives and purchases using social media that reinforce the pressure to conform to the norms of the reference group. Accessibility and inclusivity feed the web and social networks: new collections and luxury items rapidly spread on the web. They are bought and exhibited on Instagram or Facebook by clients, and there is no waiting time to see, buy and show items.

Fashion brands are catering to their new clients’ needs with the help of novel technologies available.

Companies must start relying more on e-commerce, social media or influencers. Digital communication is the link between brands and their communities. With the increasing purchases of luxury brands online, it is becoming highly necessary to understand factors underlying millennials’ attitudes toward luxury fashion brands.

The “see-now-buy-now” strategy was born to compete in this fast-paced and ever-changing scenario in which images and news spread at the speed of light. We have seen the positive aspects of the model involve products arriving on the market when there is the highest peak of interest for the catwalk items and products more aligned to trends and needs along with positive effects on sales and brand visibility. Moreover, SNBN protects brands from fast fashion players imitating products and increases the possibility of inducing consumers to buy first, avoiding discount for a large amount of goods to sell the garments.

On the other hand, there is the concern about the effects of SNBN pressure on creativity. Leading designers are required to constantly align with market demands at the expense of innovation. The SNBN concept has literally divided the judgments between those who find it a good idea and those who find it cannot fit the rhythms that have always guided the luxury industry—creativity, quality and craftsmanship take time. Adopting the SNBN business model implies dedicating less time for production.

Furthermore, Maisons are continuously required to produce new items to satisfy their clients. The proliferation of capsule collections and mid-season collections feeds this recursive loop of the fast acquisition,
sharing and consumption of luxury goods. Luxury is becoming fast. However, the higher pace of consumption and diffusion of new collections render them more quickly obsolete and raise questions regarding their value. In this context, social networks are in line with clients’ desire to express themselves and exhibit their new luxury items to their community. Digital communication is the link between fast luxury, clients’ attitude toward consumerism and rapid products’ obsolescence. Digital communication growth is momentous and necessarily rapid.

To address this issue, brands rely on artistic collaborations that enhance their creativity and feed clients’ continuous need for newness. Furthermore, these collaborations generate original capsule collections that, being signed by artists, appear as real works of art. Garments thus have their value restored and their aura of uniqueness and exclusivity, which cannot be on sale, remains intact; catwalks become shows and creative directors are artists themselves. Art reaches out to consumerism by signing its garments. These “signed” collections feed a new concept of luxury, one which is more eclectic and can reach a younger and wider audience while creating a growing buzz around the brand. For example, Gucci uses digital platforms to give visibility to its artistic collaborations, thereby creating a self-reinforcing cycle in which artistic collaborations add value to collections, generate new capsules—which also generate new contents for online platforms that support sales—and tremendously increase the visibility of the brand.

If Millennials are “Always On”, it is clear that there can be no success without an adequate digital strategy that can capture the attention of the audience at a time when images and information are in excess. Firms began to shift their marketing efforts from targeting everyone, everywhere, to focusing on the luxury customers of the future, the Millennials.

Millennials are also powerful trendsetters capable of influencing the behavior and expectations of those around them. Consequently, brands must be closely connected to their clients to quickly satisfy them via new garments and communication channels and must reflect their everyday lives by producing clothes that are more “wearable” in the many pictures posted on social media. Collections have started including an increasing number of garments that look toward street and pop culture and push
brands to achieve a complex balance between heritage and tradition and innovation, reaching the so-called zeroing strategy in which brands’ DNA can be significantly reshaped.

The book shows how the notion of luxury is subject to significant relativity and how this concept it is still evolving. Inaccessible luxury was characterized by custom-made products produced in limited numbers and distributed through a highly selective network. Creativity, quality and craftsmanship are the pillars of traditional or old luxury, and they require time. However, creativity and quality are still the pillars of new luxury, which compresses time. The “new luxury” has a lower degree of uniqueness and it is more inclusive and nearer to our everyday life, especially to that of Millennials. Coherently, luxury brands are undergoing a phase labelled “re-branding,” or zeroing, which signals the need to profoundly revise the brand image to cater to the most crucial ‘Millennial’ needs and expectations.

In the last few years, luxury fashion firms have been facing challenging new business models that are affecting the ways in which they conduct business and manage several key processes and resources. The most successful business models are the ones that have been able to scrutinize and interpret the “Millennial state of mind” at multiple levels, from products to communication and distribution strategies. E-commerce integrated with physical retail has led to the birth of the omnichannel strategy that today also embraces social media, a tool for communication, sharing and sales, which celebrate the marriage between fashion, speed, consumerism and art.

Finally, in this revolutionary environment, fashion houses are called upon to innovate by leveraging new technologies, respecting the environment and their heritage. The use of 3D printing in the fashion industry poses a number of advantages compared to traditional manufacturing processes, including an accelerated design and production processes, lower inventory, warehousing, packaging, and transportation costs. Also smart textiles have high performing and innovative functionalities that can boost the growth of luxury fashion. Generation Y and Z especially value active smart textiles. But while additive manufacturing and smart textiles can be the next frontier of competition in fashion, in luxury fashion they still present some criticalities. In this setting, manual and
artisan processes are largely considered one of the pillars of the traditional luxury and an important competitive factor: production processes are not standardized and repeatable, and the personal skills of expert craftsmen play a leading role. Firms in the luxury industry will need to craft a new luxury concept by combining technology with heritage, technology and uniqueness by relying on digital one-to-one customization processes.

Today, Maisons reinforce public awareness of their brand by increasing their proximity to Millennials: communication proximity via social networks, selling proximity via omnichannel strategies and product proximity by increasing the number of collections that rely on more innovative, sustainable materials as well as the street-style concept required by new generations. Proximity is also achieved by bringing in Millennials as new creative directors who share the same mindsets as these new clients, which enables them to easily understand the tastes and ethics of their own generation.

Fashion is characterized by cycles, and the aforementioned is the cycle of two-way proximity in which fashion brands and clients are closer than ever and are shaping each other.

Proprietary shops, heritage, quality, craftsmanship and prices are still constitutive elements of luxury but are not the variables that can attract new clients, particularly Millennials.

Therefore, luxury fashion firms compete in an environment in which two different sets of competitive variables, traditional and new, coexist. However, these two sets are coherent and complementary within their own boundaries and less so with each other and challenge firms willing to design a new competitive landscape. For these reasons, fashion firms seem to be on tightropes in search for a balance between speed and creativity, speed and quality, innovation and heritage, art and sales, sustainability and sales, proximity and exclusivity.

In the next years, and especially after Coronavirus pandemic crisis, firms may not be able to sustain these tensions, they have adopted the fast fashion business model and applied it to luxury products. But luxury takes time and luxury product should be timeless icons. Indeed, new luxury may be forced to decide which of its features will be its new building blocks, such as omnichannel strategies, and which should be abandoned, such as the “see-now-buy-now” sales model.
In the next years we will understand if new luxury will definitely substitute old luxury. In the days when I am writing the conclusions of this book, the Coronavirus is spreading in Europe and around the world. E-commerce trucks and vans are occupying the shopping streets and threatening traditional retails, forced to close. During the next weeks e-commerce will grow further at the expense of physical stores. The impact of Coronavirus on exports will be felt but luxury brands with the most organized online platforms can continue to sell. In short, e-commerce is no longer a mere alternative and an additional opportunity to increase sales, but today it is simply the only reality and new luxury models based on digital technologies may be closer than ever.

9.2 Directions for Future Research

Despite the globalization of fashion industry, the definition of luxury goods remains, at least partially, contingent on the age, socio-demographic or psychographic variables up to the individual level. The concept of luxury has more facets than expected, which change in time and on the basis of the perspective from which it is scrutinized. While this book focused on how Millennials conceive the new luxury, future studies should analyze similarities and differences between Generations Y and Z and discuss if and how the advent of Generation Z is expected to modify the current luxury fashion firms’ business model.

The luxury fashion market has grown steadily in the last years. Particularly in the last years we observed a growth of the Chinese, Indian and Middle East markets. As luxury markets expand globally, more cross-cultural research is needed to better understand how clients’ behavior and needs are impacted by their country-specific culture.

A question relevant to global expansion is till what extent luxury fashion firms can standardize their offering worldwide. Firms can develop multiple collections targeted to different countries or try to push more “global” collections. This is a crucial point especially for smaller firms with limited resources. Interestingly, this is a relevant topic that once again recalls the need to understand how the concept of luxury is continuously evolving and if and till what extent it is country specific.
Globalization has also led to the shift from small family-owned businesses to multinational enterprises. In this scenario of new luxury and global growth, bigger firms and groups are those better equipped to face many raising opportunities and threats deriving by digital technologies. Nevertheless, we still have many medium firms that operate in the industry. Researchers will have to understand if SMEs can still be competitive in the luxury fashion industry and how.

Researchers will also have to reflect if new entrants could be favored having no burden from the past and being free to design their strategy relying on new technologies, new generations’ value and building more sustainable production processes and value chains. Interestingly the new luxury can both require a “lifting” or a zeroing to traditional luxury brands (the incumbents) but it can also ease the entrance of new firms with a value proposition in line with Millennials’ needs and equipped to benefit to the fullest from new technologies. Examples are Off-White, which is an iconic brand of street-style, or Stella McCartney, committed to operating a modern and responsible business never using leather or fur and pioneering new alternative materials.

Also, we do not know yet which will be the exact impact of the Coronavirus Pandemic crisis over the industry growth and how long it will last. We can expect that this crisis may led to further polarization between bigger and smaller firms, firms with healthy and critical balance sheets prior to the crisis, firms with digital capacity and online platforms and firms dependent on wholesalers, firms that learned to communicate with clients via social media and firms still focused on the relevance of fashion shows, firms with more agile supply chains and firms with longer supply chains that may face long shortage.

To date, scholars have empirically investigated the most diffused firms’ omnichannel strategies and the supporting technological solutions, but we still need studies that show how firms manage the integration of a high number of different touchpoints and that describe how these strategies change in time by adopting a processual view. Future competition in the luxury fashion will be increasingly based on the omnichannel consumer experience, with the need of achieving a consistently high quality of interactions at all customer touchpoints. Customers will increasingly require personalized experiences across all
touchpoints, which will require firms to find technologies to identify consumers and to interact with them in real time. In this context artificial intelligence and big data analytics are the technologies expected to dominate firms’ ability to effectively interact with clients.

Furthermore, successful omnichannel retail do not only require technologies but also competences and human resources to manage continuously changing functions, from logistics to sales activities. In this setting we need to understand how the management can lead this change by designing effective omnichannel strategies, identifying the required technologies and competences across multiple functions. Consequently, by shedding light on how and why omnichannel will influence business opportunities and operations, future studies can contribute to a deeper understanding of the process through which firms can approach an omnichannel strategy.

Luxury fashion industry is integrating complex and wide technological and social changes. Additional studies are needed to understand how Maisons will cope with the old vs new luxury’s trade-offs, which variables will lead to superior competitive advantage, how new technologies and their usage will shape competitive advantaged and if old luxury will become a niche in the new luxury sector.

Additional studies are also of importance to understand how other Maisons, and particularly those of LVMH Group, are transforming their business models to answer to Millennials’ needs and to benefit from the integration of new technologies.

Finally, in-depth longitudinal case studies are needed to understand if the new luxury is an economically, socially and environmentally sustainable business model in the long run.